

VILLAGE OF LENA
Lena, Illinois

Annual Financial Report

April 30, 2013

(With Independent Auditor's Report Thereon)

VILLAGE OF LENA

* * * * *

BOARD OF TRUSTEES

David Ackerman, Trustee, to May 2013
Dennis Bergman, President, to May 2013
Greg Broge, Trustee, to May 2015
Ron Buchenau, Trustee, to May 2013
Darryl Canon, Trustee, to May 2015
Henry Saavedra, Trustee, to May 2013
Gary Schaible, Trustee, to May 2013

* * * * *

CLERK

Lynn Polhill, to May 2013

* * * * *

TREASURER

Bernard Hicks, to May 2013

* * * * *

MAYOR

Dennis Bergman, to May 2013

VILLAGE OF LENA
ANNUAL FINANCIAL REPORT
Year Ended April 30, 2013

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Independent Auditor's Report

To the Honorable Mayor and the Board of Trustees
Village of Lena
Lena, Illinois 61048

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Village of Lena, Illinois (the Village) as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Village of Lena, Illinois, as of April 30, 2013, and the respective changes in financial position – modified cash basis and, where applicable, cash flows – modified cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Village of Lena, Illinois' financial statements. The information listed in the table of contents as "Other Information", which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed in the table of contents as "Supplemental Information" are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Village of Lena, Illinois. The "Supplemental Information" and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly

to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole on the basis of accounting as described in Note 1.

The 2012 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to the auditing procedures applied by us and our report dated October 18, 2012 expressed an unqualified opinion that such information was fairly stated in all material respects in relation to the 2012 financial statements taken as a whole on the basis of accounting as described in Note 1.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Village of Lena, Illinois' financial statements. The information listed in the table of contents as "Other Supplementary Information", which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, on our consideration of Village of Lena, Illinois' internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Lena, Illinois' internal control over compliance.

A handwritten signature in black ink that reads "Panning Group, LLC". The signature is written in a cursive, slightly slanted style.

Freeport, Illinois
October 21, 2013



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Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and the Board of Trustees
Village of Lena
Lena, Illinois 61048

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Village of Lena, Illinois (the Village) as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise Village of Lena, Illinois' basic financial statements, and have issued our report thereon dated October 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Lena, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as identified in Finding 13-1.

We also noted certain other matters involving the internal control over financial reporting that we reported to management of Village of Lena, Illinois in a separate letter dated October 21, 2013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Lena, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Village of Lena, Illinois' Response to Findings

Village of Lena, Illinois' response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Village of Lena, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suited or any other purpose.



Freeport, Illinois
October 21, 2013

VILLAGE OF LENA

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Pooled cash and cash equivalents	\$ 853,260	\$ 629,261	\$ 1,482,521	\$ -
Non-pooled cash	1,492,810	150,803	1,643,613	65,473
Investments	723,470	-	723,470	140,602
Internal balances	-	-	-	-
Due from component unit	-	-	-	-
Restricted assets:				
Non-pooled cash	-	-	-	-
Investments	-	-	-	20,000
Total current assets	<u>3,069,540</u>	<u>780,064</u>	<u>3,849,604</u>	<u>226,075</u>
Non-current assets:				
Interfund advance receivable	-	-	-	-
Capital assets not being depreciated	63,729	3,795,724	3,859,453	10,007
Capital assets (net of accumulated depreciation)	761,700	2,742,483	3,504,183	-
Total non-current assets	<u>825,429</u>	<u>6,538,207</u>	<u>7,363,636</u>	<u>10,007</u>
Total assets	<u>3,894,969</u>	<u>7,318,271</u>	<u>11,213,240</u>	<u>236,082</u>
Liabilities				
Current liabilities:				
Due to primary government	-	-	-	137
Notes, lease oblig., and est. claims payable	-	152,505	152,505	-
Total current liabilities	<u>-</u>	<u>152,505</u>	<u>152,505</u>	<u>137</u>
Non-current liabilities:				
Interfund advance payable, non-current	-	-	-	-
Notes, lease obligations, and estimated claims payable, non-current	-	4,722,802	4,722,802	-
Total non-current liabilities	<u>-</u>	<u>4,722,802</u>	<u>4,722,802</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>4,875,307</u>	<u>4,875,307</u>	<u>137</u>
Net Position				
Net investment in capital assets	825,429	1,662,900	2,488,329	10,007
Restricted for:				
Streets & highways	60,450	-	60,450	-
Capital improvements	56,258	43,376	99,634	-
Economic development	730,048	-	730,048	-
Other purposes	24,787	-	24,787	-
Cemetery care (nonexpendable)	-	-	-	20,000
Unrestricted	2,197,997	736,688	2,934,685	205,938
Total net position	<u>\$ 3,894,969</u>	<u>\$ 2,442,964</u>	<u>\$ 6,337,933</u>	<u>\$ 235,945</u>

See accompanying notes to basic financial statements.

VILLAGE OF LENA

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended April 30, 2013

Functions/Programs	Program Revenues			Net (Expenditure) Revenue and Change in Net Position		Component Unit
	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-type Activities	
Primary government:						
Governmental activities:						
General government	\$ 514,387	\$ 12,816	\$ -	\$ (386,320)	\$ -	\$ (386,320)
Public safety - police	282,450	12,519	-	(269,931)	-	(269,931)
Streets & highways	629,650	1,168	62,537	(565,945)	-	(565,945)
Economic development	419,077	-	-	(419,077)	-	(419,077)
Total governmental activities	1,845,564	26,503	177,788	(1,641,273)	-	(1,641,273)
Business-type activities:						
Solid waste management	143,570	147,634	-	-	4,064	4,064
Water utilities	204,601	416,033	-	-	211,432	211,432
Sewer utilities	462,099	520,076	-	-	57,977	57,977
Total business-type activities	810,270	1,083,743	-	-	273,473	273,473
Total primary government	\$ 2,655,834	\$ 1,110,246	\$ 177,788	\$ (1,641,273)	\$ 273,473	\$ (1,367,800)
Component units:						
Lena Cemetery Association:						
Cemetery	22,377	13,300	-	-	-	(9,077)
Total component units	\$ 22,377	\$ 13,300	\$ -	\$ -	\$ -	\$ (9,077)
Changes in net position:						
Net (expense) revenue				(1,641,273)	273,473	(1,367,800)
General revenues:						
Taxes:						
Property taxes				858,415	-	858,415
Sales and use taxes				292,470	-	292,470
Income taxes				283,043	-	283,043
Corp. personal prop. replacement tax				16,135	-	16,135
Motor fuel tax				69,987	-	69,987
Franchise taxes (fees)				20,857	-	20,857
Telecommunication taxes				29,418	-	29,418
Intergovernmental				-	-	-
Investment income (unrestricted)				15,951	1,218	17,169
Other interest income				112	-	112
Miscellaneous				19,325	-	19,325
Transfers - internal activity				1,605,713	1,218	1,606,931
Total general revenues and transfers				(35,560)	274,691	239,131
Changes in net position				3,930,529	2,168,273	6,098,802
Net position - beginning				-	-	-
Prior Period Adjustment				\$ 3,894,969	\$ 2,442,964	\$ 6,337,933
Net position - ending						\$ 235,945

See accompanying notes to basic financial statements.

VILLAGE OF LENA

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
 GOVERNMENTAL FUNDS
 April 30, 2013

	<u>General</u>	<u>Special Tax Allocation Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets					
Pooled cash and cash equivalents	\$ 40,959	\$ 730,048	\$ 1,208	\$ 81,045	\$ 853,260
Non-pooled cash	2,157,038	-	59,242	-	2,216,280
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from component unit	-	-	-	-	-
Interfund advance receivable	-	-	-	-	-
Total assets	<u>\$ 2,197,997</u>	<u>\$ 730,048</u>	<u>\$ 60,450</u>	<u>\$ 81,045</u>	<u>\$ 3,069,540</u>
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Due to component unit	-	-	-	-	-
Interfund advance payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted for:					
Capital projects	-	-	-	56,258	56,258
Retirement	-	-	-	20,988	20,988
Road maintenance & projects	-	-	60,450	-	60,450
Economic Development	-	730,048	-	-	730,048
Other purposes	-	-	-	3,799	3,799
Assigned	-	-	-	-	-
Unassigned	2,197,997	-	-	-	2,197,997
Total fund balances	<u>2,197,997</u>	<u>730,048</u>	<u>60,450</u>	<u>81,045</u>	<u>3,069,540</u>
Total liabilities and fund balances	<u>\$ 2,197,997</u>	<u>\$ 730,048</u>	<u>\$ 60,450</u>	<u>\$ 81,045</u>	<u>3,069,540</u>

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds.	1,642,050
Depreciation expense on capital assets does not require the use of current financial resources and therefore are not reported in governmental funds.	(816,621)
Net position of governmental activities	<u>\$ 3,894,969</u>

See accompanying notes to basic financial statements.

VILLAGE OF LENA

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - CASH BASIS

GOVERNMENTAL FUNDS

Year Ended April 30, 2013

	<u>General</u>	<u>Special Tax Allocation Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues received					
Property taxes	\$ 248,492	\$ 491,723	\$ -	\$ 118,200	\$ 858,415
Corp. personal prop. replacement tax	10,615	-	-	5,520	16,135
Sales and use tax	292,470	-	-	-	292,470
Income taxes	283,043	-	-	-	283,043
Motor fuel tax	-	-	69,987	-	69,987
Telecommunication taxes	-	-	-	29,418	29,418
Franchise taxes (fees)	20,857	-	-	-	20,857
Other fees	1,381	-	-	-	1,381
Licenses and permits	9,135	-	-	-	9,135
Fines and forfeitures	12,519	-	-	-	12,519
Investment income	11,959	2,760	643	589	15,951
Other interest income	35	77	-	-	112
Charges for services	1,168	-	-	-	1,168
Rental income	2,300	-	-	-	2,300
Intergovernmental programs	-	-	62,537	115,251	177,788
Other	19,325	-	-	-	19,325
Total revenues	<u>913,299</u>	<u>494,560</u>	<u>133,167</u>	<u>268,978</u>	<u>1,810,004</u>
Expenditures disbursed					
Current:					
General government	268,843	-	-	239,085	507,928
Public safety	267,221	-	-	-	267,221
Streets & highways	244,900	-	324,540	19,939	589,379
Economic development	26,314	392,764	-	-	419,078
Total current expenditures	<u>807,278</u>	<u>392,764</u>	<u>324,540</u>	<u>259,024</u>	<u>1,783,606</u>
Capital outlay	64,778	-	-	-	64,778
Total expenditures	<u>872,056</u>	<u>392,764</u>	<u>324,540</u>	<u>259,024</u>	<u>1,848,384</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	41,243	101,796	(191,373)	9,954	(38,380)
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	41,243	101,796	(191,373)	9,954	(38,380)
Fund balances, beginning	2,151,896	628,252	256,681	71,091	3,107,919
Change in prior period balances	4,858	-	(4,858)	-	-
Fund balances, ending	<u>\$ 2,197,997</u>	<u>\$ 730,048</u>	<u>\$ 60,450</u>	<u>\$ 81,045</u>	<u>\$ 3,069,539</u>

See accompanying notes to basic financial statements.

VILLAGE OF LENA

RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES - CASH BASIS OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended April 30, 2013

Net change in fund balance - total governmental funds	\$ (38,380)
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 by which capital outlays of \$67,713 exceeded depreciation of (\$64,893) in the current period.	2,820
Change in net position of governmental activities	<u>\$ (35,560)</u>

See accompanying notes to basic financial statements.

VILLAGE OF LENA

STATEMENT OF ASSETS, LIABILITIES AND FUND NET POSITION - MODIFIED CASH BASIS
 PROPRIETARY FUNDS

April 30, 2013

	Business-Type Activities			Total Enterprise Funds
	Water Utilities	Sewer Utilities	Solid Waste Management	
Assets				
Current assets:				
Pooled cash and cash equivalents	\$ 447,910	\$ 137,264	\$ 44,087	\$ 629,261
Non-pooled cash	-	150,803	-	150,803
Investments	-	-	-	-
Interfund advance receivable	-	-	-	-
Restricted assets:				
Non-pooled cash	-	-	-	-
Total current assets	<u>447,910</u>	<u>288,067</u>	<u>44,087</u>	<u>780,064</u>
Non-current assets:				
Advances to other funds	-	-	-	-
Capital assets:				
Capital assets not being depreciated	3,795,724	-	-	3,795,724
Capital assets being depreciated, net	<u>724,949</u>	<u>2,017,534</u>	<u>-</u>	<u>2,742,483</u>
Total non-current assets	<u>4,520,673</u>	<u>2,017,534</u>	<u>-</u>	<u>6,538,207</u>
Total assets	<u>4,968,583</u>	<u>2,305,601</u>	<u>44,087</u>	<u>7,318,271</u>
Liabilities				
Current liabilities:				
Interfund advance payable, current	-	-	-	-
Notes, lease oblig., and est. claims payable	-	<u>152,505</u>	-	<u>152,505</u>
Total current liabilities	-	<u>152,505</u>	-	<u>152,505</u>
Non-current liabilities:				
Notes, lease obligations, and estimated claims payable, non-current	<u>3,809,077</u>	<u>913,725</u>	-	<u>4,722,802</u>
Interfund advance payable, non-current	-	-	-	-
Total non-current liabilities	<u>3,809,077</u>	<u>913,725</u>	-	<u>4,722,802</u>
Total liabilities	<u>3,809,077</u>	<u>1,066,230</u>	-	<u>4,875,307</u>
Net Position				
Net investment in capital assets	711,596	951,304	-	1,662,900
Restricted for capital improvements	43,376	-	-	43,376
Unrestricted	<u>404,534</u>	<u>288,067</u>	<u>44,087</u>	<u>736,688</u>
Total net position	<u>\$ 1,159,506</u>	<u>\$ 1,239,371</u>	<u>\$ 44,087</u>	<u>\$ 2,442,964</u>

See accompanying notes to basic financial statements.

VILLAGE OF LENA

STATEMENT OF REVENUES RECEIVED, EXPENSES DISBURSED,
AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS
Year Ended April 30, 2013

	Business-Type Activities			Total Enterprise Funds
	Water Utilities	Sewer Utilities	Solid Waste Management	
Operating revenues received				
Charges for services:	\$ 396,124	\$ 520,076	\$ 143,034	\$ 1,059,234
Lease and rental income	19,200	-	-	19,200
Other	709	-	4,600	5,309
Total operating revenues received	<u>416,033</u>	<u>520,076</u>	<u>147,634</u>	<u>1,083,743</u>
Operating expenses disbursed				
Personnel services	71,102	65,164	-	136,266
Materials and supplies	22,565	8,870	5,520	36,955
Maintenance, operations and contractual services	75,345	156,029	138,050	369,424
Depreciation	35,075	188,823	-	223,898
Total operating expenses disbursed	<u>204,087</u>	<u>418,886</u>	<u>143,570</u>	<u>766,543</u>
Operating income (loss)	211,946	101,190	4,064	317,200
Non-operating revenues received (expenses disbursed)				
Grant income	-	-	-	-
Investment income	191	1,027	-	1,218
Interest expense	-	(30,920)	-	(30,920)
Other revenues received (expenses disbursed)	-	-	-	-
Capital outlay	(514)	(12,293)	-	(12,807)
Total non-operating revenues rec'd (expenses disb'd)	<u>(323)</u>	<u>(42,186)</u>	<u>-</u>	<u>(42,509)</u>
Income (loss) before transfers	211,623	59,004	4,064	274,691
Transfers				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	211,623	59,004	4,064	274,691
Total net position, beginning	947,883	1,180,367	40,023	2,168,273
Change in prior period balances	-	-	-	-
Total net position, ending	<u>\$ 1,159,506</u>	<u>\$ 1,239,371</u>	<u>\$ 44,087</u>	<u>\$ 2,442,964</u>

See accompanying notes to basic financial statements.

VILLAGE OF LENA

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

Year Ended April 30, 2013

	Business-Type Activities			Total Enterprise Funds
	Water Utilities	Sewer Utilities	Solid Waste Management	
Cash flows from operating activities:				
Cash received from customers	\$ 396,124	\$ 520,077	\$ 147,634	\$ 1,063,835
Cash receipts for interfund services provided	19,200	-	-	19,200
Cash payments to suppliers for goods and services	(115,539)	(131,672)	(5,520)	(252,731)
Cash payments to employees for services	(52,120)	(49,524)	-	(101,644)
Cash payments for interfund services received	-	-	(1,381)	(1,381)
Cash payments to professional contractors for services	(1,353)	(48,868)	(136,669)	(186,890)
Other operating revenue	709	-	-	709
Net cash provided (used) by operating activities	<u>247,021</u>	<u>290,013</u>	<u>4,064</u>	<u>541,098</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition or construction of capital assets	(2,434,556)	(12,293)	-	(2,446,849)
Principal paid on bonds, notes, and lease obligations	-	(148,580)	-	(148,580)
Interest paid on bonds, notes, and lease obligations	-	(30,920)	-	(30,920)
Proceeds from intergovernmental capital loans	2,569,979	-	-	2,569,979
Net cash provided (used) by capital and related financing activities	<u>135,423</u>	<u>(191,793)</u>	<u>-</u>	<u>(56,370)</u>
Cash flows from investing activities				
Investment income	191	1,027	-	1,218
Net cash provided (used) by investing activities	<u>191</u>	<u>1,027</u>	<u>-</u>	<u>1,218</u>
Net increase (decrease) in cash and cash equivalents	382,635	99,247	4,064	485,946
Cash and cash equivalents at beginning of year	65,275	188,820	40,023	294,118
Cash and cash equivalents at end of year	<u>\$ 447,910</u>	<u>\$ 288,067</u>	<u>\$ 44,087</u>	<u>\$ 780,064</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 211,946	\$ 101,190	\$ 4,064	\$ 317,200
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	35,075	188,823	-	223,898
Non-cash operating revenue (expenses)				
(Increase) decrease in due from other funds	-	-	-	-
(Decrease) increase in due to other funds	-	-	-	-
Total adjustments	<u>35,075</u>	<u>188,823</u>	<u>-</u>	<u>223,898</u>
Net cash provided (used) by operating activities	<u>\$ 247,021</u>	<u>\$ 290,013</u>	<u>\$ 4,064</u>	<u>\$ 541,098</u>
Noncash investing, capital and financing activities:				
None				
Reconciliation of total cash and cash equivalents:				
Current assets - pooled cash and cash equivalents	\$ 447,910	\$ 288,067	\$ 44,087	\$ 780,064
Current assets - non-pooled cash and cash equivalents	-	-	-	-
Restricted assets - non-pooled cash and cash equivalents	-	-	-	-
Total cash and cash equivalents	<u>\$ 447,910</u>	<u>\$ 288,067</u>	<u>\$ 44,087</u>	<u>\$ 780,064</u>

See accompanying notes to basic financial statements.

VILLAGE OF LENA

Notes to Financial Statements Year Ended April 30, 2013

(1) Summary of Significant Accounting Policies

The Village of Lena (the "Village") was incorporated in 1854. The Village of Lena operates under an elected President/Trustee form of government. The Village's major operations include public safety, streets and highways, economic development and general administrative services. In addition, the Village owns and operates water and sewer utilities.

The Village's financial statements are prepared in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) as noted in 1 (b). The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

(a) Reporting Entity

This report includes all the funds of the Village of Lena. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and, (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Unit – Lena Cemetery Associations

The government-wide financial statements include the Lena Cemetery Association (Cemetery) as a component unit. The Cemetery is a legally separate organization. The board of the Cemetery is appointed by the Village Board of Trustees. Illinois Statutes provide for circumstances whereby the Village can impose its will on the Cemetery, and also create a potential financial benefit to or burden on the Village. The Village levies property taxes on behalf of the Cemetery and also adopts a formal budget as part of the Village's annual Appropriation Ordinance. As a component unit, the Cemetery's financial statements have been presented as a discrete column in the financial statements. The Cemetery does not issue a separate audit report.

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis) display information about the reporting government as a whole excluding fiduciary activities of the Village. The primary government and the component unit are presented separately within the financial statements with focus on the primary government. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide financial statements are presented using the economic resources measurement focus and the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (cost recovery), and financial position.

The Statement of Activities – Modified Cash Basis reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, both governmental and business-like activities are presented 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 and related assets are recorded at the time of receipt by the Village rather than when earned. Expenses and related liabilities are recorded when the funds are disbursed rather than when the obligation is incurred, except that the acquisition of a capital asset and the related loan is capitalized and depreciation of capital assets has been reported as an expense. Revenues received, expenses disbursed, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange is received/paid. Reclassification or elimination of internal activity (between or within funds) is also utilized except for utility services provided to Village departments. 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.

Fund financial statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds of the Village are organized into two major categories: governmental and proprietary. Emphasis is placed on major funds within the governmental and proprietary categories.

The funds of the reporting entity are described below:

Governmental Funds

All governmental funds utilize a *current financial resources* measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial sources at the end of the period.

The fund financial statements, which include the governmental funds and the component unit, are presented on the cash basis of accounting. Under 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 results of operations in conformity with accounting principles generally accepted in the United States of America.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

General Fund

The General fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The Village's General fund accounts for the operations of the Village's administration, police, streets and insurance and risk management activities.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Proprietary Funds

The proprietary fund utilizes an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds use 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 and related assets are recorded at the time of receipt by the Village. Expenses and related liabilities are recorded when the funds are disbursed rather than when the obligation is incurred, except that the acquisition of a capital asset and the related loan is capitalized and depreciation of capital assets has been reported as an expense.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Water Utilities Fund, the Sewer Utilities Fund and the Solid Waste Management Fund.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Major and Non-Major Funds

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- 1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village reports the following major funds:

Table with 2 columns: Fund, Brief Description. Row 1: Governmental: General, See above for description.

Special Revenue Funds:

Special Tax Allocation Fund Accounts for the economic development activities generated by the tax increment financing districts of the Village as mandated by state statute.

Motor Fuel Tax Fund Accounts for specific street maintenance and capital projects as authorized by the Illinois Department of Transportation. Funding is provided by state gasoline taxes.

Proprietary:

Enterprise Funds:

Water Utilities Fund Accounts for the operations of the water services to the residents of the Village. Activities of the fund include administration, operations and maintenance, and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary to ensure integrity of funds.

Sewer Utilities Fund Accounts for the operations of the sewer services to the residents of the Village. Activities of the fund include administration, operations and maintenance, and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of funds.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Solid Waste Management Fund Accounts for the operations of garbage collection services to the residents of the Village. All costs are financed through user charges.

The Village reports the following non-major governmental funds:

Special Revenue:
Grants
Street Lighting
Social Security
Audit
Illinois Municipal Retirement Fund
Street Improvement
Discretely Presented Component Unit
Lena Cemetery Association

(c) Cash and Investments

The Village maintains and controls a cash pool in which all funds of the primary government share. Each fund's portion of the pool is displayed on its respective balance sheet or statement of fund net position as "pooled cash and cash equivalents." In addition, non-pooled cash and investments are separately held and reflected in respective funds or component units as "non-pooled cash" and "investments," some of which are restricted assets.

Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at year end. An individual fund's equity in pooled cash accounts are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with maturity of ninety days or less are also considered to be "cash equivalents".

Occasionally one or more of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Village Board. Negative balances incurred in pooled cash at year end are shown as due to/from other funds in the financial statements.

For purposes of the proprietary fund Statement of Cash Flows – Modified Cash Basis, "cash and cash equivalents" include all demand and savings accounts, and certificate of deposits or short-term investments with an original maturity of three months or less.

All investments are recorded at their fair value based on quoted market prices. Cash deposits are reported at carrying amount which reasonable estimates fair value. Additional cash and investment disclosures are presented in Note (2).

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

(d) Capital Assets

In the government-wide financial statements, all capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are not capitalized. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the

Statement of Net Position– Modified Cash Basis. Assets capitalized, including infrastructure assets, have an original cost of \$10,000 or more and an estimated useful life in excess of three years. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Water & Sewer System	15 - 25 years
Equipment	5 - 10 years
Vehicles	5 - 10 years
Infrastructure	25 - 40 years
Improvements	15 years

Infrastructure assets prior to May 1, 2004 have not been capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

(e) Restricted Assets

Restricted assets include cash and investments of the component unit report that are legally restricted as to their use. The primary restricted assets are related to the perpetual care fund and certain endowments.

(f) Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term debt consists of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

(g) Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Investment in capital assets, net -- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position -- Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

Unrestricted net position -- All other net positions that do not meet the definition of "restricted" or "investment in capital assets, net."

Fund Statements

Governmental fund equity is classified as fund balance. Under the guidelines of Governmental Accounting Standards Board Statement No. 54, fund balance is further classified as into five major classifications; nonspendable, restricted, committed, assigned, and unassigned. The definitions of each category are below:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the Village, all such items are expensed at the time of purchase, so no amounts are reported for this classification.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

The discretely presented component unit reports \$20,000 of nonspendable fund balance due to investment funds permanently restricted for cemetery perpetual care.

Restricted fund balance – Includes amounts that are subject to outside restrictions, not controlled by the entity such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The Village has several revenue sources received within different funds that fall into these categories:

Enabling Legislation:

Telecommunications Tax Street Improvement fund

Tax Levies:

Audit Audit fund
IMRF IMRF fund
Social Security Social Security fund
Street Lighting Street Lighting fund

External Parties:

Grants Grant fund/General fund/Water fund/Sewer fund
Motor Fuel Tax Motor Fuel Tax fund

Committed fund balance - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (the Village Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The Village Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - Includes amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the Village Board itself or (b) the finance committee or by the Mayor when the Village Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance - Is the residual classification for amounts in the General fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General fund.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

Proprietary fund equity is classified as net position which is the same as in the government-wide statements.

Unless specifically identified, the Village's policy is to have expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified. Additionally, expenditures/expenses reduce reserved funds first when an expense is paid for purposes which both reserved and unreserved net position are available. The Village has not established fund balance reserve policies for their governmental funds. See Note (8) for additional disclosures.

(h) Property Tax

The Village is responsible for levying property taxes and the taxes are collected by the County. The Village recognizes property tax revenue when they are received.

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The 2012 tax levy ordinance was passed by the Board on December 10, 2012. The 2011 tax levy was passed by the Board on December 12, 2011. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The two tax collection dates for property taxes are approximately July 1 and September 1. Significant amounts of property taxes were received by the Village in June through November of 2012 for the 2011 tax levy.

The following are the tax rate limits permitted by the *Illinois Compiled Statutes* by local referendum and the actual rates levied per \$100.00 of assessed valuation:

	2011 LEVY		2012 LEVY	
	LIMIT	ACTUAL	LIMIT	ACTUAL
Corporate	0.43750	0.26448	0.43750	0.27175
I.M.R.F.	As needed	0.14392	As needed	0.15567
Police Protection	0.6000	0.09326	0.6000	0.09521
Audit	As needed	0.03875	As needed	0.03609
Liability Insurance	As needed	0.13839	As needed	0.16982
Street Lighting	0.05000	0.04508	0.05000	0.04390
Social Security	As needed	0.09964	As needed	0.10189
Cemetery	0.02500	0.02500	0.02500	0.02500
		0.84852		0.89933

For the year ended April 30, 2013, the Village had received \$306,345 of their 2011 tax levy and \$0 of their 2012 tax levy.

VILLAGE OF LENA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies (Continued)

(i) *Internal and Interfund Balances and Activities*

Internal and interfund balances and activities are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund advances receivable or payable as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues received and expenditures/expenses disbursed. Reimbursements occur when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are offset as part of the reconciliation to the government-wide financial statements and any residual balances outstanding are reported as internal balances.

(j) *Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(2) Cash and Investments

Statutes authorize the Village to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 23, 1873, as amended. Bank and savings and loan investments may only be in institutions, which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Deposits with Financial Institutions

At year end, the carrying amount of the Village's deposit was \$3,849,604, which includes petty cash funds totaling \$85 held at the Village. The bank balance was \$3,849,687. The deposits of the Lena Cemetery Association, the discretely presented component unit, had a carrying amount of \$226,075 and a bank balance of \$227,738 as of April 30, 2013. Included in the bank balances are certificates of deposits totaling \$2,874,226 for the Village and \$160,602 for the Cemetery.

VILLAGE OF LENA

Notes to Financial Statements

(2) Deposits and Investments (Continued)

Cash and investments as of April 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position - Modified Cash Basis

	Village of Lena	Lena Cemetery	Total
Pooled cash	\$ 1,482,521	\$ -	\$ 1,482,521
Non-pooled cash	1,643,613	65,473	1,709,086
Investments	723,470	140,602	864,072
Restricted:			
Investments	-	20,000	20,000
Total cash and investments	\$ 3,849,604	\$ 226,075	\$ 4,075,679

Cash and investments as of April 30, 2013 consist of the following:

	Village of Lena	Lena Cemetery	Total
Cash on hand	\$ 85	\$ -	\$ 85
Deposits with financial institutions	3,849,519	226,075	4,075,594
Investments	-	-	-
Total Deposits	\$ 3,849,604	\$ 226,075	\$ 4,075,679

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned or the Village will not be able to recover collateral securities in the possession of an outside party. The Village's policy requires deposits in excess of the Federal Deposit Insurance Corporation limits to be secured by collateral valued at market or par, whichever is lower.

As of April 30, 2013, Federal Deposit Insurance Corporation (FDIC) covered \$1,371,774 of the total bank balance of \$4,077,425. The remaining bank balances of \$2,520,913 (Village) and \$184,738 (Cemetery) were exposed to custodial credit risk as uninsured and collateralized by securities held by the pledging financial institution.

(3) Restricted Assets

The amounts reported as restricted assets or cash and investments reported in the Statement of Net Position – Modified Cash Basis relate to the legal restrictions placed upon the deposits.

Primary Government

The primary government reported \$0 as restricted assets for the year ended April 30, 2013.

VILLAGE OF LENA

Notes to Financial Statements

(3) Restricted Assets (Continued)

Component Unit

The component unit, Lena Cemetery Association, reports investments of \$20,000 as restricted in the Perpetual Care Fund. This is an endowment as determined by the Board of Managers of the Lena Cemetery Association. The earnings from the Care Fund can be used for operations of the cemetery. Therefore the corpus of this fund is restricted as shown in the Statement of Net Position – Modified Cash Basis for the discretely presented component unit.

(4) Capital Assets and Depreciation

Capital asset activity for the year ended April 30, 2013, was as follows:

	<u>Balance at 4/30/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 4/30/2013</u>
Governmental activities:				
Nondepreciable				
Land	\$ 63,729	\$ -	\$ -	\$ 63,729
Depreciable				
Buildings	287,245	12,920	-	300,165
Equipment	340,409	-	-	340,409
Vehicles	277,354	54,793	-	332,147
Infrastructure	605,599	-	-	605,599
Total depreciable	<u>1,510,607</u>	<u>67,713</u>	<u>-</u>	<u>1,578,320</u>
Totals at historical cost	<u>1,574,336</u>	<u>67,713</u>	<u>-</u>	<u>1,642,049</u>
Less accumulated depreciation				
Buildings	159,984	8,243	-	168,227
Equipment	294,594	10,167	-	304,761
Vehicles	215,045	22,237	-	237,282
Infrastructure	82,104	24,246	-	106,350
Total accumulated depreciation	<u>751,727</u>	<u>64,893</u>	<u>-</u>	<u>816,620</u>
Governmental activities capital assets, net	<u>\$ 822,609</u>	<u>\$ 2,820</u>	<u>\$ -</u>	<u>\$ 825,429</u>

VILLAGE OF LENA

Notes to Financial Statements

(4) Capital Assets and Depreciation (Continued)

	<u>Balance at 4/30/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 4/30/2013</u>
Business-type activities:				
Nondepreciable				
Land	\$ -	\$ -	\$ -	\$ -
Const. in Progress - Infrastructure	1,361,682	2,434,042		3,795,724
Total nondepreciable	<u>1,361,682</u>	<u>2,434,042</u>	<u>-</u>	<u>3,795,724</u>
Depreciable				
Buildings	2,889,067	-	-	2,889,067
Equipment	1,741,317	-	-	1,741,317
Vehicles	42,134	-	-	42,134
Infrastructure	939,981	1	-	939,982
Total depreciable	<u>5,612,499</u>	<u>1</u>	<u>-</u>	<u>5,612,500</u>
Totals at historical cost	<u>6,974,181</u>	<u>2,434,043</u>	<u>-</u>	<u>9,408,224</u>
Less accumulated depreciation				
Buildings	1,417,267	112,081	-	1,529,348
Equipment	1,094,096	85,503	-	1,179,599
Vehicles	15,026	2,804	-	17,830
Infrastructure	119,730	23,510	-	143,240
Total accumulated depreciation	<u>2,646,119</u>	<u>223,898</u>	<u>-</u>	<u>2,870,017</u>
Business-type activities capital assets, net	<u>\$ 4,328,062</u>	<u>\$ 2,210,145</u>	<u>\$ -</u>	<u>\$ 6,538,207</u>

Construction in progress is reported as a non-depreciable asset until construction is completed which will be in fiscal year 2014.

	<u>Balance at 4/30/2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 4/30/2013</u>
Component Unit:				
Nondepreciable				
Land	\$ 10,007	\$ -	\$ -	\$ 10,007
Totals at historical cost	<u>\$ 10,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,007</u>

VILLAGE OF LENA

Notes to Financial Statements

(4) Capital Assets and Depreciation (Continued)

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

Governmental activities:		Business-type activities:	
General government	\$ 6,300	Water utilities	\$ 35,075
Public Safety:		Sewer utilities	188,823
Police	7,592	Solid waste management	-
Streets	51,001		<u>\$ 223,898</u>
Totals depreciation expense	<u>\$ 64,893</u>		

(5) Notes Payable

The business-type activities support the following outstanding notes payable:

Wastewater Pollution Control Loan

The Village of Lena obtained a wastewater pollution control loan in the amount of \$2,711,000 from the Illinois Environmental Protection Agency under the provision of the Environmental Protection Act for upgrading and expanding the Village’s sewerage treatment plant to increase the capacity and flow along with other improvements. The project was approved by the board on March 3, 1997 with construction beginning February 1, 1999 and ending in June, 2000.

The Wastewater Pollution Control Loan is payable in semi-annual repayments due May 1 and November 1 over 20 years at 2.625% simple interest. Payments are remitted from the Sewer fund revenues. As of April 30, 2013, sewer fund charges for services were \$520,076 of which \$179,499, or 34.5%, was used to remit loan payments. The repayment schedule is shown below.

Year Ending	Principal	Interest	Total
<u>April 30</u>	<u> </u>	<u> </u>	<u> </u>
2014	\$ 152,505	\$ 26,994	\$ 179,499
2015	156,534	22,965	179,499
2016	160,670	18,829	179,499
2017	164,916	14,583	179,499
2018	169,273	10,226	179,499
2019-2020	262,332	6,917	269,249
	<u>\$ 1,066,230</u>	<u>\$ 100,514</u>	<u>\$ 1,166,744</u>

VILLAGE OF LENA

Notes to Financial Statements

(5) Notes Payable (Continued)

Public Water Supply Loan

The Village of Lena obtained a public water supply loan in the amount of \$4,098,641 from the Illinois Environmental Protection Agency under the provision of the Environmental Protection Act for installing a new water tower. The project was approved by the board on June 8, 2009 with construction beginning November 28, 2011 and expecting to be completed by January 28, 2013. Construction was not completed as of April 30, 2013.

The Public Water Supply Loan has not been finalized as of April 30, 2013 and construction is still in progress. As of April 30, 2013, \$3,809,077 has been drawn on the loan for construction and engineering expenditures. This amount is reflected in the long-term liabilities. Payments are expected to be payable in semi-annual repayments due July 28 and January 28 over 20 years at 2.2950% simple interest. Upon completion of the construction, \$1,000,000 of the loan principal will be forgiven by the State of Illinois pursuant to principal forgiveness provisions contained in the loan rules. Payments will be remitted from the Water fund revenues.

(6) Long-Term Debt

The reporting entity's long-term debt listed below is to be repaid from business-type activities.

Sewerage System Revenue Bonds, Series 1999

The Village Board on June 8, 1998, in ordinance 98-96, authorized the issuance of sewerage system bonds, series 1999 for the Village of Lena. This bond was evidence of the obligation of the Village of Lena to repay a loan made by the Illinois Environmental Protection Agency in the amount \$2,711,000.

This bond is the Village's obligation to repay the advances under the loan agreement and is to be paid solely from, and secured by a pledge of the revenues to be derived from, the operation of the sewerage system of the Village. Interest on the bonds is not exempt from federal and Illinois state income taxes.

A supplemental ordinance dated September 14, 1998, was approved authorizing the Village of Lena to borrow funds from the water pollution control revolving loan fund of the Illinois Environmental Protection Agency.

The bond acknowledges the indebtedness and promises to repay solely on revenues to be derived from the operation of the sewerage system. Equal installments of principal and interest on May 1 and November 1 of each year are to be paid by the Village.

VILLAGE OF LENA

Notes to Financial Statements

(6) Long-Term Debt (Continued)

The bond is subject to redemption prior to maturity at the option of the Village, at any time, as a whole, but not in part, at a redemption price equal to the principal amount to be redeemed.

The bond is a limited obligation of the Village and shall not in any event constitute an indebtedness of the Village within the meaning of any constitutional or statutory limitation of the Village and under no circumstances shall this bond become an indebtedness or obligation of the Village payable from taxes.

The bonds had not been issued as of April 30, 2013.

Changes in Long-Term Debt

The following is a summary of changes in Long-Term Debt for the year ended April 30, 2013.

<u>Type of Debt</u>	<u>Balance 4/30/2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 4/30/2013</u>	<u>Due Within One Year</u>
Governmental Activities					
Contracts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type Activities					
Interfund Advance Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Notes Payable	2,453,907	2,569,979	148,579	4,875,307	152,505
Total Business-type Activities	<u>\$ 2,453,907</u>	<u>\$ 2,569,979</u>	<u>\$ 148,579</u>	<u>\$ 4,875,307</u>	<u>\$ 152,505</u>

The business-type notes payable are paid by the Sewer fund from utility revenues.

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt (except for the Public Water Supply Loan of \$3,809,077 as this is construction in progress) as of April 30, 2013, are as follows:

<u>Year Ending April 30</u>	<u>Business-type Activities</u>					
	<u>Interfund Advance Payable</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ -	\$ -	\$ 152,505	\$ 26,994	\$ 179,499
2015	-	-	-	156,534	22,965	179,499
2016	-	-	-	160,670	18,829	179,499
2017	-	-	-	164,916	14,583	179,499
2018	-	-	-	169,273	10,226	179,499
2019 - 2020	-	-	-	262,332	6,917	269,249
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,066,230</u>	<u>\$ 100,514</u>	<u>\$ 1,166,744</u>

VILLAGE OF LENA

Notes to Financial Statements

(7) Legal Debt Margin

Illinois Compiled Statutes limits the amount of outstanding general obligation bonded debt of the municipality to no more than 8.625% of net assessed valuation. For the year ended April 30, 2013, the Village had no outstanding general obligation debt.

Based on total assessed valuation of \$40,006,694, the Village's legal debt margin is:

Assessed Valuation	\$ <u>40,006,694</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ 3,450,577
Total Long-Term Debt:	
Public Water Supply Loan	(3,809,077)
Wastewater Pollution Control Loan	(1,066,230)
Exception to Indebtedness:	
Public Water Supply Loan	3,809,077
Wastewater Pollution Control Loan	<u>1,066,230</u>
Legal Debt Margin	<u>\$ 3,450,577</u>

(8) Restricted Net Position

The following table shows the net position restricted for other purposes as shown in the Statement of Net Position— Modified Cash Basis:

Activities	Restricted By	Purpose	Amount
Governmental activities:			
Grant Fund	external parties	Brownsfield cleanup	\$ 500
Social Security Fund	Legal restrictions	Retirement benefits	12,263
Audit Fund	Legal restrictions	Annual audit	3,299
IMRF Fund	Legal restrictions	Retirement benefits	8,725
			<u>\$ 24,787</u>
Business-Type activities:			
EPA loan proceeds	external parties	Water tower project	\$ 43,376
			<u>\$ 43,376</u>
Discretely Presented Component Unit:			
Cemetery	Statutory requirements	perpetual fund	\$ 20,000
			<u>\$ 20,000</u>

The governmental activities reports net position restricted for capital projects of \$56,258. This is the result of enabling legislation for the telecommunications tax which is restricted for street improvement projects in the Street Improvement fund.

VILLAGE OF LENA

Notes to Financial Statements

(9) Employee Pension and Other Benefit Plans

The Village participates in two employee pension/retirement plan as follows:

Names of Plan/System	Type of Plan
Illinois Municipal Retirement Fund (IMRF)	Agent Multiple Employer - Defined Benefit Plan
Deferred Compensation Plan	IRS Code Section 457 Plan

Illinois Municipal Retirement Fund

Plan Description. The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund ("IMRF"), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the employer Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 11.19%. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2012 was \$54,100.

Calendar Year <u>Ending</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/2012	\$ 54,100	100%	\$ -
12/31/2011	53,298	100%	-
12/31/2010	51,924	100%	-

VILLAGE OF LENA

Notes to Financial Statements

(9) Employee Pension and Other Benefit Plans (Continued)

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 81.06% funded. The actuarial accrued liability for benefits was \$1,359,838 and the actuarial value of assets was \$1,102,254, resulting in an underfunded actuarial accrued liability (UAAL) of \$257,584. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$483,469 and the ratio of the UAAL to the covered payroll was 53%.

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

Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered as "non-participating employees" and are covered under Social Security.

The Village contributed \$33,712 to cover its eligible employees for Social Security during the current fiscal year.

Medicare

All employees are covered under Basic Hospital Insurance Plan provision of the medicare health insurance program.

The Village contributed \$7,884, the required contribution for the current fiscal year.

VILLAGE OF LENA

Notes to Financial Statements

(9) Employee Pension and Other Benefit Plans (Continued)

Deferred Compensation Plan

The Village of Lena entered into an IRC Section 457(b) Deferred Compensation Plan for its employees beginning May 1, 2005. The Plan is administered by ReliaStar Life Insurance Company. ReliaStar has no fiduciary or other responsibility with respect to the administration of the plan nor does it assume responsibility or control of the Plan's assets.

All regular full-time and year round IMRF employees are eligible for enrollment in the Deferred Compensation Plan. This is a plan wherein an employee may put from \$50.00 to 25% of taxable earnings (maximum \$17,000 per year or \$22,500 per year for participants over age 50) each pay period in a separate trust account owned by the Village. Taxable earnings are gross salary less IMRF contribution.

Employees may discontinue contributions to the plan at any time and may change the amount deferred upon thirty (30) days notice. Contributions and subsequent earnings do not become taxable until the year they are withdrawn.

This plan, which is authorized by the IRS under code Section 457(b), is of benefit for long term retirement savings. The money may not be withdrawn without penalty except for retirement, disability, unforeseen emergencies and optional withdrawal on termination of employment with the Village.

At April 30, 2013, four Village employees were active in this Plan. The Plan assets and corresponding liability have not been reflected in the financial statements for the year ended April 30, 2013.

The required six year trend information is available in a separately issued plan report document and has not been presented in this report due to this fact. That report may be obtained online at www.ing.com.

This note is not intended to be a full description of the plan. For a full description, please refer to the summary plan document.

(10) Other Postemployment Benefits (OPEB)

The Village has determined the effects of OPEB are immaterial to the financial statements and therefore has not presented the OPEB liability.

VILLAGE OF LENA

Notes to Financial Statements

(11) Interfund Transactions and Balances

Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/-borrowing arrangements outstanding at the end of the fiscal year are described as “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Interfund Advances Receivable and Payable

No interfund advances were made during the year ended April 30, 2013.

Transfers

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and assets acquisitions, or maintaining debt service on a routine basis.

Permanent Transfers

No permanent transfers were made during the year ended April 30, 2013.

Capital Transfers

No capital transfers were made during the year ended April 30, 2013.

(12) Risk Management - Claims and Judgments

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village is self-insured through insurance purchased as a participant in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool of Illinois municipalities. Significant losses are covered by insurance purchased through IMLRMA for all major programs including property, liability, crime, public official position bond and workers’ compensation. Claims in excess of the self-insured retention amounts are covered through third-party limited-coverage insurance policies. Liability coverage includes general, auto, broad form property, civil constitutional rights-assault/battery, contractual, employee benefit programs, incidental malpractice, intentional building removal, limited worldwide, personal injury/advertising, watercraft, personal injury as respects employment practices, premises medical payments, fire legal liability, public officials/employees, liquor, auto medical payments, and uninsured/underinsured motorist.

VILLAGE OF LENA

Notes to Financial Statements

(12) Risk Management - Claims and Judgments (Continued)

During the year ended April 30, 2013, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts which have exceeded insurance coverage.

(13) Commitments and Contingencies

Grant Program Involvement

In the normal course of operations, the Village participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of that is to ensure compliance with specified conditions of the grant or loan. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The Village is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual provisions for loss contingencies that may result from these proceedings. While the outcome of these proceedings cannot be predicted, due to the insurance coverage maintained by the Village and the State statute relating to judgment, the Village feels that any settlement or judgment not covered by insurance would not have a materially adverse effect on the financial condition of the Village.

Construction Contracts

The Village has entered into several construction contracts for the water tower improvement project which includes the construction of a new Village water tower. As of April 30, 2013, the balance of the unpaid construction contracts is \$204,097 which is funded by the Water Supply Loan from the Illinois Environmental Protection Agency. These amounts have not been reflected in the financial statements.

TIF Contracts

The Village has various TIF (tax increment financing) agreements in which the balance of the contracts as of April 30, 2013 is \$4,337,208 (\$467,700 for TIF 1 and \$3,869,508 for TIF 2). A portion of the water tower construction costs are TIF eligible costs which is approximately \$1,061,301 and will be transferred from the STAF fund (1/2 from TIF 1 and 1/2 from TIF 2) to the Water fund upon construction completion. These amounts have not been reflected in the financial statements.

VILLAGE OF LENA

Notes to Financial Statements

(14) Franchise Agreement - Mediacom

The Village completed year 12 of a 15-year extension agreement with Mediacom for the Village's cable television. A franchise fee of 5% is to be paid to the Village quarterly. Mediacom also is to pay the Village \$1,800 per year (\$150 per month) for the rental of Village property to house the cable equipment. For the fiscal year ending April 30, 2013 the Village has received \$1,800 in rent and \$20,857 in franchise fees.

(15) Economic Incentive Grant - Development of Ethanol Plant

On March 7, 2002, the Village of Lena and the Adkins Energy, LLC (Developer) entered into an agreement under the Tax Increment Allocation Redevelopment Act of the State of Illinois (TIF Act). The agreement is to enhance the tax base of the Village by the reinvestment of incremental tax dollars for the payment of certain redevelopment costs of the Ethanol Plant being constructed on annexed property.

By the agreement, the Village is required to establish a special sub-account of Special Tax Allocation Fund (STAF) into which all incremental taxes generated by the Ethanol Plant will be deposited. A portion of the incremental taxes will be used to reimburse the redevelopment project costs of the Ethanol Plant. Incremental taxes are tax dollars generated by the increase in the equalized assessed value of property and property improvements over the initial equalized assessed valuation.

The aggregate payments to Adkins Energy, LLC shall not exceed \$5,400,000. This payment from incremental taxes will be in accordance with the following table.

<u>For the Years Received</u>	<u>Portion to Reimburse Developer</u>	<u>Portion to STAF Sub-Account</u>
2003-2007	95%	5%
2008-2012	90%	10%
2013-2017	70%	30%
2018-2022	30%	70%
2023 to Expiration	5%	95%

Reimbursement of redevelopment projects costs is to be made annually, not to exceed the extent of money available from the increment tax dollars in the Ethanol Plant STAF sub-account. The redevelopment project costs will carry over into subsequent years until reimbursed.

The Village received \$194,464 of incremental taxes and reimbursed the developer \$175,018 during the fiscal year ended April 30, 2013.

VILLAGE OF LENA

Notes to Financial Statements

(16) Operating Appropriation/Over-expenditure of Appropriation

The Village operated within the legal confines of the budget during fiscal 2013 in all of the remaining individual funds, except for the Motor Fuel Tax Fund for which the Village does not establish an appropriation since expenditures are at the discretion of the Illinois Department of Transportation.

(17) Joint Venture/Intergovernmental Agreements

The Village has an ongoing joint venture with the State of Illinois – Department of Transportation for various maintenance and construction projects subject to approval from the Department of Transportation. The Village maintains the Motor Fuel Tax fund for which revenues are derived from motor fuel taxes collected by the State of Illinois and remitted to the Village. Motor Fuel Tax expenditures must be approved by the State of Illinois prior to project start. The separate audit for the State of Illinois may be obtained at www.illinois.gov. The Village also participates in an intergovernmental agreement with Erin Township (the Township), Stephenson County, Illinois for certain road maintenance projects in addition to providing \$3,000 per year for the work performed. The separate audit of Erin Township may be obtained by contacting the Township at 7499 US Route 20 West, Lena, Illinois, 61048. The Village benefits from these joint ventures/-intergovernmental agreements through decreased costs of maintenance and/or construction. The Village does not have any equity interest in these joint ventures/intergovernmental agreements.

(18) Prior Period Adjustment

The governmental financial statements report a prior period adjustment for Rees Road closing expenditures of \$4,858 in the General fund and (\$4,858) in the Motor Fuel Tax fund. The Village received \$50,000 from Illinois Department of Transportation to offset costs of the road closure which is recorded in the Motor Fuel Tax fund.

(19) Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date (that is, non-recognized subsequent events).

The Village has evaluated subsequent events through October 21, 2013, the date on which the financial statements were available to be issued. The Village purchased a sludge press subsequent to the issuance of the financial statements for \$428,296 which is not reflected in the financial statements.

OTHER INFORMATION

Other information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress--Defined Benefit Pension Plan
- Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance - Appropriations vs. Actual
 - General Fund
 - Special Tax Allocation Fund
 - Motor Fuel Tax Fund

VILLAGE OF LENA

OTHER INFORMATION
(unaudited)
April 30, 2013

ILLINOIS MUNICIPAL RETIREMENT FUND
DEFINED BENEFIT PENSION PLAN
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	1,102,254	1,359,838	257,584	81.06%	483,469	53.28%
12/31/2011	967,870	1,240,390	272,520	78.03%	469,583	58.03%
12/31/2010	866,574	1,111,991	245,417	77.93%	439,660	55.82%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$1,129,137. On a market basis, the funded ratio would be 83.03%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Lena. They do no include the amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

VILLAGE OF LENA

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - APPROPRIATION VS. ACTUAL

GENERAL FUND

Year Ended April 30, 2013

	Appropriated Amounts		Actual Approp. Basis	Variance with Final Appropriation Pos./ (Neg.)
	Original	Final		
Revenues received				
Taxes:				
Property taxes	\$ 259,040	\$ 259,040	\$ 248,492	\$ (10,548)
Interest	60	60	35	(25)
Corporate replacement tax	13,480	13,480	10,615	(2,865)
Income tax	233,500	233,500	283,043	49,543
Sales and use tax	275,000	275,000	292,470	17,470
Total taxes	<u>781,080</u>	<u>781,080</u>	<u>834,655</u>	<u>53,575</u>
Licenses, permits, and fees:				
Licenses	8,300	8,300	7,815	(485)
Permits	500	500	1,320	820
Franchise fees	24,000	24,000	20,857	(3,143)
Other fees	1,400	1,400	1,381	(19)
Total licenses, permits, and fees	<u>34,200</u>	<u>34,200</u>	<u>31,373</u>	<u>(2,827)</u>
Fines and forfeitures	6,500	6,500	12,519	6,019
Charges for services	5,000	5,000	1,168	(3,832)
Intergovernmental	-	-	-	-
Investment income	13,510	13,510	11,959	(1,551)
Other interest income	-	-	-	-
Miscellaneous:				
Rentals	2,300	2,300	2,300	-
Miscellaneous	16,540	16,540	19,325	2,785
Total miscellaneous	<u>18,840</u>	<u>18,840</u>	<u>21,625</u>	<u>2,785</u>
Total revenues	<u>859,130</u>	<u>859,130</u>	<u>913,299</u>	<u>54,169</u>
Expenditures disbursed				
General government and administration:				
Personnel services	286,220	286,220	192,170	(94,050)
Other services and charges	109,060	109,060	76,104	(32,956)
Materials and supplies	600	600	569	(31)
Economic development	24,000	24,000	26,314	2,314
Capital outlay	3,000	3,000	159	(2,841)
Total general government	<u>422,880</u>	<u>422,880</u>	<u>295,316</u>	<u>(127,564)</u>
Police				
Personnel services	348,790	348,790	241,470	(107,320)
Other services and charges	46,005	45,505	24,510	(20,995)
Materials and supplies	1,300	1,800	1,241	(559)
Capital outlay	9,000	9,000	7,637	(1,363)
Total police	<u>405,095</u>	<u>405,095</u>	<u>274,858</u>	<u>(130,237)</u>
Street				
Personnel services	156,540	156,540	108,686	(47,854)
Other services and charges	356,040	355,940	133,372	(222,568)
Materials and supplies	3,390	3,490	2,842	(648)
Capital outlay	85,130	85,130	56,982	(28,148)
Total street	<u>601,100</u>	<u>601,100</u>	<u>301,882</u>	<u>(299,218)</u>
Total expenditures	<u>1,429,075</u>	<u>1,429,075</u>	<u>872,056</u>	<u>(557,019)</u>

(Continued)

VILLAGE OF LENA

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - APPROPRIATION VS. ACTUAL

GENERAL FUND

Year Ended April 30, 2013

	Appropriated Amounts		Actual Approp. Basis	Variance with Final Appropriation Pos./ (Neg.)
	Original	Final		
Other financing sources (uses)				
Transfers from other funds:				
Water fund	\$ -	\$ -	\$ -	\$ -
Other funds	-	-	-	-
Total transfers from other funds	-	-	-	-
Transfers to other funds:				
STAF fund	-	-	-	-
Water fund	-	-	-	-
Total transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers to component unit	12,000	12,000	-	(12,000)
Transfers from component unit	-	-	-	-
Total other financing sources (uses)	12,000	12,000	-	(12,000)
Excess of revenues and other sources over expenditures and other uses	<u>\$ (557,945)</u>	<u>\$ (557,945)</u>	\$ 41,243	<u>\$ 599,188</u>
Fund balance, beginning			2,151,896	
Change in prior period balances			<u>4,858</u>	
Fund balance, ending			<u>\$ 2,197,997</u>	
			<i>(Concluded)</i>	

VILLAGE OF LENA

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - APPROPRIATION VS. ACTUAL

SPECIAL TAX ALLOCATION FUND

Year Ended April 30, 2013

	<u>Appropriated Amounts</u>		<u>Actual Approp. Basis</u>	<u>Variance with Final Appropriation Pos./ (Neg.)</u>
	<u>Original</u>	<u>Final</u>		
Revenues received				
Taxes:				
Tax Increment Financing District #1:				
Property taxes	\$ 162,000	\$ 162,000	\$ 159,706	\$ (2,294)
Interest	-	-	25	25
Tax Increment Financing District #2:				
Property taxes	330,000	330,000	332,017	2,017
Interest	-	-	52	52
Total taxes	<u>492,000</u>	<u>492,000</u>	<u>491,800</u>	<u>(200)</u>
Intergovernmental	-	-	-	-
Investment income				
Tax Increment Financing District #1:	1,050	1,050	1,363	313
Tax Increment Financing District #2:	800	800	1,397	597
Total investment income	<u>1,850</u>	<u>1,850</u>	<u>2,760</u>	<u>910</u>
Total revenues	<u>493,850</u>	<u>493,850</u>	<u>494,560</u>	<u>710</u>
Expenditures disbursed				
Economic Development:				
Tax Increment Financing District #1:				
Personnel services	12,500	4,850	-	(4,850)
Other services and charges	13,790	21,440	12,799	(8,641)
Materials and supplies	530	530	210	(320)
Interfund transfer out	-	-	-	-
Capital outlay	285,000	285,000	202,654	(82,346)
Total TIF #1	<u>311,820</u>	<u>311,820</u>	<u>215,663</u>	<u>(96,157)</u>
Tax Increment Financing District #2:				
Personnel services	12,500	12,500	-	(12,500)
Other services and charges	7,490	7,490	1,873	(5,617)
Materials and supplies	280	280	210	(70)
Interfund transfer out	-	-	-	-
Capital outlay	307,850	307,850	175,018	(132,832)
Total TIF #2	<u>328,120</u>	<u>328,120</u>	<u>177,101</u>	<u>(151,019)</u>
Total expenditures	<u>639,940</u>	<u>639,940</u>	<u>392,764</u>	<u>(247,176)</u>
Other financing sources (uses)				
Transfers from other funds:				
Water fund	-	-	-	-
Total transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers to other funds:				
Water fund	-	-	-	-
Total transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ (146,090)</u>	<u>\$ (146,090)</u>	<u>\$ 101,796</u>	<u>\$ 247,886</u>
Fund balance, beginning			628,252	
Change in prior period balances			-	
Fund balance, ending			<u>\$ 730,048</u>	

VILLAGE OF LENA

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - APPROPRIATION VS. ACTUAL

MOTOR FUEL TAX FUND

Year Ended April 30, 2013

	Appropriated Amounts		Actual Approp. Basis	Variance with Final Appropriation Pos./ (Neg.)
	Original	Final		
Revenues received				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Motor fuel tax	-	-	69,987	69,987
Total taxes	-	-	69,987	69,987
Intergovernmental	-	-	62,537	62,537
Investment income	-	-	643	643
Total revenues	-	-	133,167	133,167
Expenditures disbursed				
Street				
Other services and charges	-	-	324,540	324,540
Materials and supplies	-	-	-	-
Capital outlay	-	-	-	-
Total street	-	-	324,540	324,540
Total expenditures	-	-	324,540	324,540
Other financing sources (uses)				
Transfers from other funds:				
General fund	-	-	-	-
STAF fund	-	-	-	-
Total transfers from other funds	-	-	-	-
Transfers to other funds:				
General fund	-	-	-	-
STAF fund	-	-	-	-
Total transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	\$ (191,373)	<u>\$ (191,373)</u>
Fund balance, beginning			256,681	
Change in prior period balances			(4,858)	
Fund balance, ending			<u>\$ 60,450</u>	

VILLAGE OF LENA

**Notes to Other Information
Year Ended April 30, 2013**

(1) *Appropriation (Budget) and Appropriation Accounting*

The Village prepares its appropriation (budget) on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The appropriation and all transactions are presented in accordance with cash basis of accounting in the statement of revenues received, expenditures disbursed, and changes in fund balances – appropriation and actual for the General Fund and the STAF Fund to provide meaningful comparison of actual results with appropriations. Therefore, no reconciliation between appropriation and GAAP is necessary. An appropriation is not established for the Motor Fuel Tax Fund as those funds are approved for disbursement by the Illinois Department of Transportation.

(2) *Excess Expenditure over Appropriations – Major Governmental Funds*

The Village operated within the legal confines of the budget during fiscal 2013 in the General Fund and STAF Fund.

SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

Combining and Individual Financial Statements:

- Combining Financial Statements--Non-major governmental funds
- Combining Financial Statements--Non-major component unit
- Combining Financial Statements--Major governmental funds:
 - General Fund
 - Special Tax Allocation Fund

Annual Federal Financial Compliance Report:

- Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings
- Corrective Action Plan for Current Year Audit Findings

VILLAGE OF LENA

EXPLANATION OF FUNDS Year Ended April 30, 2013

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GENERAL FUND (Pages 54-58)

The Village maintains the following departments and the Liability Insurance Fund within the General Fund:

Administration Department

To account for resources traditionally associated with governments which are not required to be accounted for in another fund. This may include grant revenue and expenditures not required to be maintained in a separate fund by the terms of the grant.

Police Department

To account for the operation of a portion of the expense salary of the Police Department. Financing is provided from an annual property tax levy, interest earned on investments, and police fines and grants.

Street and Bridge Department

To account for the operation of certain street maintenance programs. Financing is provided by road and bridge property tax revenues as levied by two townships and occasional curb and gutter revenues.

Liability Insurance Fund

To account for the operations of the Village's insurance and risk management activities. Financing is provided from an annual property tax levy and interest earned on investments.

VILLAGE OF LENA

EXPLANATION OF FUNDS Year Ended April 30, 2013

SPECIAL REVENUE FUNDS (Pages 50-51 and 59-60)

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

The Village maintains the following Special Revenue Funds:

Grant Fund - To account for expenditures of federal, state and local grants the Village receives.

Street Lighting Fund - To account for the operations of a portion of the street lighting expenditures. Financing is provided from an annual property tax levy.

Social Security Fund - To account for the activities resulting from the Village's participation in the Social Security program. Financing is provided by a specific annual real estate tax levy which produces a sufficient amount to pay the Village's contributions to the fund on behalf of the Village employees.

Audit Fund - To account for the expenditures in connection with the Village's annual financial compliance audit which is mandated by state statute. Financing is provided from an annual property tax levy, the proceeds of which can only be used for this purpose.

Municipal Retirement Fund - To account for the activities resulting from the Village's participation in the Illinois Municipal Retirement Program. Financing is provided from an annual property tax levy which produces a sufficient amount to pay the Village's contributions to this fund on behalf of the Village's employees. Additional financing is provided by an allocation of the Illinois corporate replacement tax and interest earned on investments.

Street Improvement Fund - To account for the operation of certain street maintenance programs. Financing is provided by a telecommunications tax.

Motor Fuel Tax Fund - To account for the operation of certain street maintenance programs and to fund specific capital projects as authorized by the Illinois Department of Transportation. Financing is provided by the Village's share of state gasoline taxes. State statutes prescribe how these revenues may be used.

Special Tax Allocation Fund - Tax Increment Financing (STAF) - To account for the activities generated from the tax increment financing district as mandated by state statute.

VILLAGE OF LENA

**EXPLANATION OF FUNDS
Year Ended April 30, 2013**

ENTERPRISE FUNDS (Pages 11-13)

Garbage Fund - To account for the operations of garbage collection provided to the residents of the Village. Financing is provided through user charges and miscellaneous sources.

Water Fund - To account for the provision of water service to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections. Monies are provided from user charges and miscellaneous sources.

Sewer Fund - To account for the provision of water service to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections. Monies are provided from user charges and miscellaneous sources.

GOVERNMENTAL COMPONENT UNIT (Pages 52-53)

Lena Cemetery Association - To account for resources and operations of the Lena Municipal Cemetery which accumulate over the years from allocations of lot sales and excess of revenue over expenditures from operations. Financing is primarily provided by an annual property tax levy and earnings from investments held in the Cemetery Perpetual Care Fund. The investment income from Perpetual Care investments is transferred to the Lena Cemetery Fund to provide funds for the Cemetery's operations.

VILLAGE OF LENA

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS

April 30, 2013

	Special Revenue						Total Non-major Governmental Funds
	Grants Fund	Street Lighting Fund	Social Security Fund	Audit Fund	IMRF Fund	Street Improvement Fund	
Assets							
Pooled cash and cash equivalents	\$ 500	\$ -	\$ 12,263	\$ 3,299	\$ 8,725	\$ 56,258	\$ 81,045
Non-pooled cash	-	-	-	-	-	-	-
Total assets	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 12,263</u>	<u>\$ 3,299</u>	<u>\$ 8,725</u>	<u>\$ 56,258</u>	<u>\$ 81,045</u>
Liabilities and Fund Balances							
Liabilities							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-	-
Fund balances							
Restricted	500	-	12,263	3,299	8,725	56,258	81,045
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>500</u>	<u>-</u>	<u>12,263</u>	<u>3,299</u>	<u>8,725</u>	<u>56,258</u>	<u>81,045</u>
Total liabilities and fund balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 12,263</u>	<u>\$ 3,299</u>	<u>\$ 8,725</u>	<u>\$ 56,258</u>	<u>\$ 81,045</u>

VILLAGE OF LENA

COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE - CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2013

	Special Revenue							Total
	Grants Fund	Street Lighting Fund	Social Security Fund	Audit Fund	IMRF Fund	Street Improvement Fund	Non-major Governmental Funds	
Revenues received								
Property taxes	\$ -	\$ 16,276	\$ 35,974	\$ 13,990	\$ 51,960	\$ -	\$ 118,200	
Corp. personal prop. replacement tax	-	-	5,520	-	-	-	5,520	
Telecommunication taxes	-	-	-	-	-	29,418	29,418	
Licenses, permits and fees	-	-	-	-	-	-	-	
Intergovernmental	115,251	-	-	-	-	-	115,251	
Investment income	-	3	228	28	135	195	589	
Miscellaneous	-	-	-	-	-	-	-	
Total revenues	115,251	16,279	41,722	14,018	52,095	29,613	268,978	
Expenditures disbursed								
Current:								
General government	129,722	-	41,596	12,000	55,767	-	239,085	
Public Safety	-	-	-	-	-	-	-	
Streets and highways	-	16,279	-	-	-	3,660	19,939	
Total current expenditures	129,722	16,279	41,596	12,000	55,767	3,660	259,024	
Capital outlay	-	-	-	-	-	-	-	
Total expenditures	129,722	16,279	41,596	12,000	55,767	3,660	259,024	
Excess (deficiency) of revenues over (under) expenditures	(14,471)	-	126	2,018	(3,672)	25,953	9,954	
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	
Capital transfers to other funds	-	-	-	-	-	-	-	
Net other financing sources (uses)	-	-	-	-	-	-	-	
Net change in fund balances	(14,471)	-	126	2,018	(3,672)	25,953	9,954	
Fund balances, beginning	14,971	-	12,137	1,281	12,397	30,305	71,091	
Fund balances, ending	\$ 500	\$ -	\$ 12,263	\$ 3,299	\$ 8,725	\$ 56,258	\$ 81,045	

VILLAGE OF LENA

COMBINING STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCE - CASH BASIS
NON-MAJOR COMPONENT UNIT - GOVERNMENTAL FUND
April 30, 2013

	<u>Special Revenue Lena Cemetery Association</u>	<u>Total</u>
Assets		
Pooled cash and cash equivalents	\$ -	\$ -
Non-pooled cash	65,473	65,473
Investments	140,602	140,602
Investments - Non-spendable	20,000	20,000
Total assets	<u>\$ 226,075</u>	<u>\$ 226,075</u>
 Liabilities		
Due to primary government	\$ 137	\$ 137
Total liabilities	<u>137</u>	<u>137</u>
 Fund Balances		
Non-spendable	20,000	20,000
Restricted	205,938	205,938
Total fund balances	<u>225,938</u>	<u>225,938</u>
Total liabilities and fund balances	<u>\$ 226,075</u>	<u>\$ 226,075</u>

Amounts reported for component unit in the Statement of Net Assets are different because:

Capital assets used in component unit are not current financial resources and therefore are not reported in the funds.	\$ 10,007
Net assets of component unit	<u>\$ 235,945</u>

VILLAGE OF LENA

COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - CASH BASIS
NON-MAJOR COMPONENT UNIT - GOVERNMENTAL FUND
Year Ended April 30, 2013

	<u>Special Revenue Lena Cemetery Association</u>	<u>Total</u>
Revenues received		
Property taxes	\$ 9,026	\$ 9,026
Motor fuel tax	87	87
Other taxes	-	-
Investment income	3,272	3,272
Charges for services	13,300	13,300
Intergovernmental programs	-	-
Payments from Village of Lena	-	-
Insurance proceeds	-	-
Other	601	601
Total revenues	<u>26,286</u>	<u>26,286</u>
Expenditures disbursed		
Current:		
Culture and Recreation:		
Cemetery	<u>22,377</u>	<u>22,377</u>
Total expenditures	<u>22,377</u>	<u>22,377</u>
Excess (deficiency) of revenues over (under) expenditures	3,909	3,909
Other financing sources (uses)		
Sale of investments	-	-
Increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balance	3,909	3,909
Fund balance, beginning	<u>222,029</u>	<u>222,029</u>
Fund balance, ending	<u>\$ 225,938</u>	<u>\$ 225,938</u>

VILLAGE OF LENA

COMBINING STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - CASH BASIS

GENERAL FUND

April 30, 2013

	<u>Corporate</u>	<u>Liability Insurance</u>	<u>Total</u>
Assets			
Pooled cash and cash equivalents	\$ 45,626	\$ (4,667)	\$ 40,959
Non-pooled cash	2,157,038	-	2,157,038
Investments	-	-	-
Due from other funds	-	-	-
Due from component unit	-	-	-
Interfund advance receivable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,202,664</u>	<u>\$ (4,667)</u>	<u>\$ 2,197,997</u>
Liabilities & Fund Balance			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Due to component unit	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted	-	-	-
Unassigned	<u>2,202,664</u>	<u>(4,667)</u>	<u>2,197,997</u>
Total fund balance	<u>2,202,664</u>	<u>(4,667)</u>	<u>2,197,997</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 2,202,664</u>	<u>\$ (4,667)</u>	<u>\$ 2,197,997</u>

VILLAGE OF LENA

COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - APPROPRIATIONS vs. ACTUAL
GOVERNMENTAL FUNDS
GENERAL FUND

Year Ended April 30, 2013

	Departments						Total	
	Administrative		Police		Street & Bridge		Corporate	
	Approp.	Actual	Approp.	Actual	Approp.	Actual	Approp.	Actual
Revenues received								
Taxes: Property	\$ 102,700	\$ 95,486	\$ 36,340	\$ 33,670	\$ -	\$ -	\$ 139,040	\$ 129,156
1/2 Road & bridge	-	-	-	-	70,000	69,372	70,000	69,372
Sales tax	275,000	292,470	-	-	-	-	275,000	292,470
State income tax	233,500	283,043	-	-	-	-	233,500	283,043
Corp. replacement tax	13,480	10,615	-	-	-	-	13,480	10,615
Licenses	8,300	7,815	-	-	-	-	8,300	7,815
Franchise fees	24,000	20,857	-	-	-	-	24,000	20,857
Admin., impact & other fees	1,400	1,381	-	-	-	-	1,400	1,381
Permits	500	1,320	-	-	-	-	500	1,320
Fines	-	-	6,500	12,519	-	-	6,500	12,519
Curb & gutter payments	-	-	-	-	5,000	1,168	5,000	1,168
Miscellaneous	16,540	19,325	-	-	-	-	16,540	19,325
Interest - investments	13,510	11,901	-	-	-	-	13,510	11,901
Interest - R.E. taxes	40	25	-	-	-	-	40	25
Interest - loan	-	-	-	-	-	-	-	-
Grants (restricted)	-	-	-	-	-	-	-	-
Rentals	2,300	2,300	-	-	-	-	2,300	2,300
Intergovernmental	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-	-	-
Capital contrib. from other funds	-	-	-	-	-	-	-	-
Total revenues	691,270	746,538	42,840	46,189	75,000	70,540	809,110	863,267
Expenditures disbursed (Page 57)								
Current	417,325	243,732	396,095	267,221	515,970	244,900	1,329,390	755,853
Capital outlay	3,000	159	9,000	7,637	85,130	56,982	97,130	64,778
Transfer to other funds	12,000	-	-	-	-	-	12,000	-
Total expenditures	432,325	243,891	405,095	274,858	601,100	301,882	1,438,520	820,631
Excess of revenue over (under) expenditures	\$ 258,945	502,647	\$ (362,255)	(228,669)	\$ (526,100)	(231,342)	\$ (629,410)	42,636
Intra-fund reallocation		(460,011)		228,669		231,342		-
Fund balance, beginning		2,155,170		-		-		2,155,170
Prior period adjustment		4,858		-		-		4,858
Fund balance, ending		\$ 2,202,664		\$ -		\$ -		\$ 2,202,664

(Continued)

VILLAGE OF LENA

COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - APPROPRIATIONS vs. ACTUAL

GOVERNMENTAL FUNDS
GENERAL FUND

Year Ended April 30, 2013

	Total Corporate			Liability Insurance			Total General Fund		
	Approp.	Actual	Variance	Approp.	Actual	Variance	Approp.	Actual	Variance
Revenues received									
Taxes: Property	\$ 139,040	\$ 129,156	\$ (9,884)	\$ 50,000	\$ 49,964	\$ (36)	\$ 189,040	\$ 179,120	\$ (9,920)
1/2 Road & bridge	70,000	69,372	(628)	-	-	-	70,000	69,372	(628)
Sales tax	275,000	292,470	17,470	-	-	-	275,000	292,470	17,470
State income tax	233,500	283,043	49,543	-	-	-	233,500	283,043	49,543
Corp. replacement tax	13,480	10,615	(2,865)	-	-	-	13,480	10,615	(2,865)
Licenses	8,300	7,815	(485)	-	-	-	8,300	7,815	(485)
Franchise fees	24,000	20,857	(3,143)	-	-	-	24,000	20,857	(3,143)
Admin., impact & other fees	1,400	1,381	(19)	-	-	-	1,400	1,381	(19)
Permits	500	1,320	820	-	-	-	500	1,320	820
Fines	6,500	12,519	6,019	-	-	-	6,500	12,519	6,019
Curb & gutter payments	5,000	1,168	(3,832)	-	-	-	5,000	1,168	(3,832)
Miscellaneous	16,540	19,325	2,785	-	-	-	16,540	19,325	2,785
Interest - investments	13,510	11,901	(1,609)	-	58	58	13,510	11,959	(1,551)
Interest - R.E. taxes	40	25	(15)	20	10	(10)	60	35	(25)
Interest - loan	-	-	-	-	-	-	-	-	-
Grants (restricted)	-	-	-	-	-	-	-	-	-
Rentals	2,300	2,300	-	-	-	-	2,300	2,300	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-	-	-	-
Capital contrib. from other funds	-	-	-	-	-	-	-	-	-
Total revenues	<u>809,110</u>	<u>863,267</u>	<u>54,157</u>	<u>50,020</u>	<u>50,032</u>	<u>12</u>	<u>859,130</u>	<u>913,299</u>	<u>54,169</u>
Expenditures disbursed (Page 58)									
Current	1,329,390	755,853	(573,537)	71,055	51,425	(19,630)	1,400,445	807,278	(593,167)
Capital outlay	97,130	64,778	(32,352)	-	-	-	97,130	64,778	(32,352)
Transfer to other funds	12,000	-	(12,000)	-	-	-	12,000	-	(12,000)
Total expenditures	<u>1,438,520</u>	<u>820,631</u>	<u>(617,889)</u>	<u>71,055</u>	<u>51,425</u>	<u>(19,630)</u>	<u>1,509,575</u>	<u>872,056</u>	<u>(637,519)</u>
Excess of revenue over (under) expenditures	<u>\$ (629,410)</u>	<u>42,636</u>	<u>\$ 672,046</u>	<u>\$ (21,035)</u>	<u>(1,393)</u>	<u>\$ 19,642</u>	<u>\$ (650,445)</u>	<u>41,243</u>	<u>\$ 691,688</u>
Intra-fund reallocation	-	-	-	-	-	-	-	-	-
Fund balance, beginning		<u>2,155,170</u>			<u>(3,274)</u>			<u>2,151,896</u>	
Change in prior period balances		<u>4,858</u>			<u>-</u>			<u>4,858</u>	
Fund balance, ending		<u>\$ 2,202,664</u>			<u>\$ (4,667)</u>			<u>\$ 2,197,997</u>	
									<i>(Concluded)</i>

VILLAGE OF LENA

COMBINING SCHEDULE OF EXPENDITURES DISBURSED - APPROPRIATIONS vs. ACTUAL
 GOVERNMENTAL FUNDS
 GENERAL FUND
 Year Ended April 30, 2013

Expenditures disbursed	Departments						Total	
	Administrative		Police		Street & Bridge		Corporate	
	Approp.	Actual	Approp.	Actual	Approp.	Actual	Approp.	Actual
Current:								
Salaries - employees	\$ 96,100	\$ 67,170	\$ 297,310	\$ 205,803	\$ 119,625	\$ 82,889	\$ 513,035	\$ 355,862
Salaries - elected officials	101,015	68,977	-	-	-	-	101,015	68,977
Employee benefits	57,650	33,400	51,480	35,667	36,915	25,797	146,045	94,864
Uniforms	200	-	2,155	420	250	146	2,605	566
Repairs & maintenance	5,895	3,536	15,865	6,133	227,615	79,752	249,375	89,421
Professional services	17,530	13,648	2,000	120	54,200	300	73,730	14,068
Telephone	770	533	1,835	1,191	770	533	3,375	2,257
Advertise./publications/promo.	6,000	4,541	420	177	200	122	6,620	4,840
Travel/training/dues	2,840	971	2,000	566	-	-	4,840	1,537
Utilities	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	48,785	33,095	48,785	33,095
Rentals	26,700	19,200	-	-	-	-	26,700	19,200
Other contractual services	-	-	-	-	-	-	-	-
Office expense	3,500	1,773	1,080	837	500	341	5,080	2,951
Gas & oil	-	-	19,150	14,706	22,620	18,923	41,770	33,629
Supplies - Oper. & maint.	600	569	1,800	1,241	3,490	2,842	5,890	4,652
Community relations	5,025	2,950	-	-	-	-	5,025	2,950
Contractual reimb. (Econ. dev.)	24,000	26,314	-	-	-	-	24,000	26,314
Miscellaneous	1,000	150	1,000	360	1,000	160	3,000	670
Insurance	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Grant expenditures	-	-	-	-	-	-	-	-
Provision for contingencies	68,500	-	-	-	-	-	68,500	-
Total current expenditures	417,325	243,732	396,095	267,221	515,970	244,900	1,329,390	755,853
Capital outlay	3,000	159	9,000	7,637	85,130	56,982	97,130	64,778
Transfer to other funds/cemetery	12,000	-	-	-	-	-	12,000	-
Total expenditures	\$ 432,325	\$ 243,891	\$ 405,095	\$ 274,858	\$ 601,100	\$ 301,882	\$ 1,438,520	\$ 820,631

(Continued)

VILLAGE OF LENA

COMBINING SCHEDULE OF EXPENDITURES DISBURSED - APPROPRIATIONS vs. ACTUAL

GOVERNMENTAL FUNDS

GENERAL FUND

Year Ended April 30, 2013

Expenditures disbursed	Total Corporate			Liability Insurance			Total General Fund		
	Approp.	Actual	Variance	Approp.	Actual	Variance	Approp.	Actual	Variance
Current:									
Salaries - employees	\$ 513,035	\$ 355,862	\$ (157,173)	\$ -	\$ -	\$ -	\$ 513,035	\$ 355,862	\$ (157,173)
Salaries - elected officials	101,015	68,977	(32,038)	-	-	-	101,015	68,977	(32,038)
Employee benefits	146,045	94,864	(51,181)	31,455	22,623	(8,832)	177,500	117,487	(60,013)
Uniforms	2,605	566	(2,039)	-	-	-	2,605	566	(2,039)
Repairs & maintenance	249,375	89,421	(159,954)	-	-	-	249,375	89,421	(159,954)
Professional services	73,730	14,068	(59,662)	-	-	-	73,730	14,068	(59,662)
Telephone	3,375	2,257	(1,118)	-	-	-	3,375	2,257	(1,118)
Advertise./publications/promo.	6,620	4,840	(1,780)	-	-	-	6,620	4,840	(1,780)
Travel/training/dues	4,840	1,537	(3,303)	-	-	-	4,840	1,537	(3,303)
Utilities	-	-	-	-	-	-	-	-	-
Street lighting	48,785	33,095	(15,690)	-	-	-	48,785	33,095	(15,690)
Hydrant rental	26,700	19,200	(7,500)	-	-	-	26,700	19,200	(7,500)
Other contractual services	-	-	-	-	-	-	-	-	-
Office supplies	5,080	2,951	(2,129)	-	-	-	5,080	2,951	(2,129)
Gas & oil	41,770	33,629	(8,141)	-	-	-	41,770	33,629	(8,141)
Supplies - Oper. & maint.	5,890	4,652	(1,238)	-	-	-	5,890	4,652	(1,238)
Community relations	5,025	2,950	(2,075)	-	-	-	5,025	2,950	(2,075)
Contractual reimb. (Econ. dev.)	24,000	26,314	2,314	-	-	-	24,000	26,314	2,314
Miscellaneous	3,000	670	(2,330)	-	-	-	3,000	670	(2,330)
Insurance	-	-	-	39,600	28,802	(10,798)	39,600	28,802	(10,798)
Interest	-	-	-	-	-	-	-	-	-
Grant expenditures	-	-	-	-	-	-	-	-	-
Provision for contingencies	68,500	-	(68,500)	-	-	-	68,500	-	(68,500)
Total current expenditures	1,329,390	755,853	(573,537)	71,055	51,425	(19,630)	1,400,445	807,278	(593,167)
Capital outlay	97,130	64,778	(32,352)	-	-	-	97,130	64,778	(32,352)
Transfer to other funds	12,000	-	(12,000)	-	-	-	12,000	-	(12,000)
Total expenditures	\$ 1,438,520	\$ 820,631	\$ (617,889)	\$ 71,055	\$ 51,425	\$ (19,630)	\$ 1,509,575	\$ 872,056	\$ (637,519)

(Concluded)

VILLAGE OF LENA

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
SPECIAL TAX ALLOCATION FUND

April 30, 2013

Assets	<u>TIF #1</u>	<u>TIF #2</u>	<u>Total</u>
Pooled cash and cash equivalents	\$ 268,617	\$ 461,431	\$ 730,048
Non-pooled cash	-	-	-
Investments	-	-	-
Total assets	<u>\$ 268,617</u>	<u>\$ 461,431</u>	<u>\$ 730,048</u>
 Liabilities & Fund Balance 			
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Interfund advance payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted	268,617	461,431	730,048
Unassigned	-	-	-
Total fund balance	<u>268,617</u>	<u>461,431</u>	<u>730,048</u>
Total liabilities and fund balance	<u>\$ 268,617</u>	<u>\$ 461,431</u>	<u>\$ 730,048</u>

VILLAGE OF LENA

COMPARATIVE STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCE - APPROPRIATIONS vs. ACTUAL

GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
STAF FUND

Year Ended April 30, 2013

	TIF District #1		TIF District #2		Total STAF Fund		
	Approp.	Actual	Approp.	Actual	Approp.	Actual	Variance
Revenues received							
Property taxes	\$ 162,000	\$ 159,706	\$ 330,000	\$ 332,017	\$ 492,000	\$ 491,723	\$ (277)
Miscellaneous	-	-	-	-	-	-	-
Interest - investments	1,050	1,363	800	1,397	1,850	2,760	910
Interest - R.E. taxes	-	25	-	52	-	77	77
Interest - other (restricted)	-	-	-	-	-	-	-
Grant revenue (restricted)	-	-	-	-	-	-	-
Total revenues	<u>163,050</u>	<u>161,094</u>	<u>330,800</u>	<u>333,466</u>	<u>493,850</u>	<u>494,560</u>	<u>710</u>
Expenditures disbursed							
Current:							
Salaries	4,850	-	12,500	-	17,350	-	(17,350)
Employee benefits	-	-	-	-	-	-	-
Repair & maintenance	-	-	-	-	-	-	-
Professional services	21,440	12,799	7,490	1,873	28,930	14,672	(14,258)
Street lighting	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Office expense	530	210	280	210	810	420	(390)
Grant expense	-	-	-	-	-	-	-
Total current expenditures	<u>26,820</u>	<u>13,009</u>	<u>20,270</u>	<u>2,083</u>	<u>47,090</u>	<u>15,092</u>	<u>(31,998)</u>
Capital outlay	<u>285,000</u>	<u>202,654</u>	<u>307,850</u>	<u>175,018</u>	<u>592,850</u>	<u>377,672</u>	<u>(215,178)</u>
Total expenditures	<u>311,820</u>	<u>215,663</u>	<u>328,120</u>	<u>177,101</u>	<u>639,940</u>	<u>392,764</u>	<u>(247,176)</u>
Excess (deficiency) of revenues over (under) expenditures	(148,770)	(54,569)	2,680	156,365	(146,090)	101,796	247,886
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Capital transfers to other funds	-	-	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balance	<u>\$ (148,770)</u>	<u>(54,569)</u>	<u>\$ 2,680</u>	<u>156,365</u>	<u>\$ (146,090)</u>	<u>101,796</u>	<u>\$ 247,886</u>
Fund balance, beginning							
Change in prior period balances		323,186		305,066		628,252	
Fund balance, ending		<u>\$ 268,617</u>		<u>\$ 461,431</u>		<u>\$ 730,048</u>	

OTHER SUPPLEMENTARY INFORMATION
(Unaudited)

- Schedule of Anticipation Warrants
- Schedule of Bonded Debt
- Schedule of Tax Levies, Extensions and Assessed Valuations

VILLAGE OF LENA

**SCHEDULE OF ANTICIPATION WARRANTS
April 30, 2013**

- NONE -

**BONDED DEBT
April 30, 2013**

- NONE -

VILLAGE OF LENA

SCHEDULE OF TAX LEVIES, EXTENSIONS, ASSESSED VALUATIONS, AND COLLECTIONS
LAST TEN FISCAL YEARS

(unaudited)

Levy Year	Corporate	Police	Street Lighting	Social Security	Insurance	Audit	IMRF	Cemetery	Total
					TAX RATES				
2003	0.26000	0.07500	0.05000	0.09829	0.12048	0.02410	0.12999	0.05000	0.80786
2004	0.26000	0.07500	0.05000	0.09186	0.11120	0.02901	0.14021	0.05000	0.80728
2005	0.26000	0.07500	0.05000	0.10510	0.10201	0.02473	0.13138	0.05000	0.79822
2006	0.28260	0.08152	0.05000	0.09160	0.10991	0.02443	0.10991	0.02500	0.77497
2007	0.29018	0.08706	0.04820	0.08331	0.12497	0.01785	0.11902	0.02500	0.79559
2008	0.29775	0.09935	0.05000	0.09032	0.11854	0.01976	0.09878	0.02500	0.79950
2009	0.25656	0.07826	0.03196	0.11223	0.11504	0.01123	0.17396	0.02500	0.80424
2010	0.26439	0.09306	0.04485	0.08778	0.11796	0.02199	0.17008	0.02500	0.82511
2011	0.26448	0.09326	0.04508	0.09964	0.13839	0.03875	0.14392	0.02500	0.84852
2012	0.27175	0.09521	0.04390	0.10189	0.16982	0.03609	0.15567	0.02500	0.89933
					TAX EXTENSIONS				
2003	82,010	23,657	15,771	31,003	38,002	7,602	41,002	15,771	254,818
2004	80,666	23,269	15,513	28,500	34,500	9,001	43,501	15,513	250,463
2005	84,112	24,263	16,175	34,001	33,001	8,000	42,502	16,175	258,229
2006	92,563	26,701	16,377	30,003	36,000	8,002	36,000	8,188	253,834
2007	97,525	29,260	16,200	28,000	42,000	6,000	40,001	8,402	267,388
2008	105,502	35,203	17,717	32,003	42,002	7,002	35,001	8,858	283,288
2009	91,441	27,893	11,391	40,000	41,001	4,001	62,000	8,910	286,637
2010	96,383	33,925	16,350	32,000	43,002	8,016	62,003	9,114	300,793
2011	95,560	33,696	16,288	36,001	50,002	14,001	52,000	9,033	306,581
2012	96,017	33,641	15,511	36,001	60,002	12,752	55,003	8,833	317,760

Collected Cash Basis

	Assessed Valuation	Tax Levy Extended	Tax Levy Collected	% of Levy Collected	1/2 Road & Bridge		Total Collected
					Kent	West Point	
2003	31,542,293	254,818	254,763	0.99978416	2,045	49,600	508,292
2004	31,025,524	250,463	251,112	1.002591	2,142	48,902	578,988
2005	32,350,647	258,229	257,305	0.996422	2,161	50,847	622,863
2006	32,754,052	253,834	252,995	0.996695	2,226	52,695	636,196
2007	33,608,377	267,388	267,064	0.998788	2,247	54,746	659,263
2008	35,433,134	283,288	283,786	1.001758	2,310	58,901	827,798
2009	35,641,134	286,637	286,379	0.999100	2,581	62,575	843,380
2010	36,454,926	300,793	301,516	1.002404	3,291	65,210	858,151
2011	36,131,301	306,581	306,345	0.999230	3,396	65,976	867,440
2012	35,332,949	317,760	0	0.000000	-	-	0

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
VILLAGE OF LENA
Year Ending April 30, 2013

DISTRICT/JOINT AGREEMENT NAME VILLAGE OF LENA	RCDT NUMBER 08-089-035-32	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-004238	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable)		NAME AND ADDRESS OF AUDIT FIRM BENNING GROUP, LLC 50 W. DOUGLAS STREET, SUITE 801 FREEPORT	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 122 E MAIN ST., P.O. BOX 607 LENA, IL 61048		E-MAIL ADDRESS dbenning@benninggroup.com	
		NAME OF AUDIT SUPERVISOR DONALD A. BENNING	
		CPA FIRM TELEPHONE NUMBER 815/235-3157	FAX NUMBER 815/235-3158

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE A-133 SINGLE AUDIT REPORT:

- Financial Statements including footnotes § .310 (a)
- Schedule of Expenditures of Federal Awards including footnotes § .310 (b)
- Independent Auditor's Report § .505
- Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* § .505
- Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 § .505
- Schedule of Findings and Questioned Costs § .505 (d)
- Summary Schedule of Prior Year Audit Findings § .315 (b)
- Corrective Action Plan § .315 (c)

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- Copy of Federal Data Collection Form § .320 (b)

VILLAGE OF LENA
08-089-035-32

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending April 30, 2013

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Prior Year Cumulative (C)	Year 5/1/12-4/30/13 (D)	Prior Year Cumulative (E)	Year 5/1/12-4/30/13 (F)			
U.S. Environmental Protection Agency:									
Direct Grant:									
Brownsfield Cleanup Grant/Petroleum Cleanup Grant	66.818	BF-00E00429-0	24,500	115,250	9,529	129,722		139,251	200,000
Through Illinois Environmental Protection Agency:									
Drinking Water Project (M)	66.468	L17-1427	1,239,098	2,569,979	1,331,659	2,434,042		3,765,701	4,098,641
Total U.S. Environmental Protection Agency			1,263,598	2,685,229	1,341,188	2,563,764	0	3,904,952	4,298,641
U.S. Department of Transportation:									
Federal Highway Administration:									
Through Illinois Department of Transportation:									
Safe Routes to School Grant	20.205	SRTS-4009(053)	21,325	0	21,788	6,716		28,504	257,656
Total U.S. Department of Transportation			21,325	0	21,788	6,716	0	28,504	257,656
TOTAL FEDERAL AWARDS			1,284,923	2,685,229	1,362,976	2,570,480	0	3,933,456	4,556,297

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

VILLAGE OF LENA
08-089-035-32
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year Ending April 30, 2013

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Village of Lena, Illinois, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Subrecipients⁶

Of the federal expenditures presented in the schedule, Village of Lena, Illinois, provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal CFDA Number	Amount Provided to Subrecipients
NONE		

Note 3: Non-Cash Assistance, Federal Insurance & Loans

The Village of Lena, Illinois, did not receive any non-cash federal assistance nor did it have any federal insurance in effect during the year ended April 30, 2013. Federal loans outstanding principal during the same period are as follows:

IL EPA - Drinking Water Project - 2009	66.468	\$3,809,077
IL EPA - Wastewater Project - 1999	66.458	<u>1,066,230</u>
Total Federal Loans		<u>\$ 4,875,307</u>

The Village did not receive any interest subsidies in relation to the loans above. However, \$1,000,000 of the loan amount will be forgiven by the State of Illinois in accordance with principal forgiveness provisions contained in the Loan Rules.

⁵ This note is included to meet the Circular A-133 requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule.

⁶ Circular A-133 requires the schedule of expenditures of federal awards to include, to the extent practical, an identification of the total amount provided to subrecipients, from each federal program. Although this example includes the required subrecipie information in the notes to the schedule, the information may be included on the face of the schedule as a separate column or section, if that is preferred by the auditee.

VILLAGE OF LENA
08-089-035-32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending April 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

1. **FINDING NUMBER:**¹¹ 13-1 2. **THIS FINDING IS:** New Repeat from Prior Year?
Year originally reported? 2012

3. Criteria or specific requirement

Statement of Auditing Standards 115 has prescribed definitions for significant deficiencies and material weaknesses in an entity's internal control structure. Internal controls are designed to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements and safeguard assets. A concept in a good system of internal control is adequate segregation of duties.

4. Condition

A limited number of employees have the primary responsibility for performing significantly all of the accounting and financial duties including key cash functions of recording, reconciling, and reporting. This structure reduces certain aspects of the internal control system, which rely on adequate segregation of duties.

5. Context¹²

All Village accounting and financial records are maintained by a limited number of employees.

6. Effect

Certain individuals have the ability to complete and record accounting functions which ideally should be segregated.

7. Cause

Limited number of employees.

8. Recommendation

Segregation of duties is normally difficult to accomplish within a small governmental entity. This corrective action is not practical in the circumstances, because the cost of implementing internal control procedures should not exceed the benefit derived.

9. Management's response¹³

The Village acknowledges that segregation of duties is a problem, however, the Village treasurer and 3rd party accountant perform review procedures to mitigate the lack of segregation of duties. The mitigating procedures includes the treasurer and the 3rd party accountant, independent of one another, randomly verifying bank statement activity without prior notice.

¹¹ A suggested format for assigning reference numbers is to use the last two digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2003 would be assigned a reference number of 03-01, 03-02, etc.

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See paragraphs 5.18 through 5.20 and 7.38 through 7.42 of Government Auditing Standards for additional guidance on reporting management's response.

VILLAGE OF LENA
08-089-035-32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending April 30, 2013

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ NONE 2. THIS FINDING IS: New Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: _____

4. Project No.: _____ 5. CFDA No.: _____

6. Passed Through: _____

7. Federal Agency: _____

8. Criteria or specific requirement (including statutory, regulatory, or other citation)

9. Condition¹⁵

10. Questioned Costs¹⁶

11. Context¹⁷

12. Effect

13. Cause

14. Recommendation

15. Management's response¹⁸

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by sections 510(a)(3) and 510 (a) (4) of Circular A-133.

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

VILLAGE OF LENA
08-089-035-32
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ending April 30, 2013

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ¹⁹
12-1	A limited number of employees have the primary responsibility for performing most of the accounting and financial duties including key controls of recording, reconciling, and reporting cash functions. This structure reduces certain aspects of the internal control system, which rely on adequate segregation of duties.	This is an ongoing condition, however the Village mitigates the problem with oversight by a 3rd party accountant and the Village treasurer.

When possible, all prior findings should be on the same page

¹⁹ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

VILLAGE OF LENA
08-089-035-32
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
Year Ending April 30, 2013

Corrective Action Plan

Finding No.: 13-1

Condition:

A limited number of employees have the primary responsibility for performing most of the accounting and financial duties including key functions of recording, reconciling, and reporting cash functions. This structure reduces certain aspects of the internal control system, which relies on adequate segregation of duties.

Plan:

The Village will continue to utilize the oversight responsibilities of the Village treasurer and the 3rd party accountant.

Anticipated Date of Completion: Ongoing

Name of Contact Person: Bernard Hicks, Village Treasurer

Management Response: Management agrees with recommendation.



BENNING GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Honorable Mayor and the Board of Trustees
Village of Lena
Lena, Illinois 61048

Report on Compliance for Each Major Federal Program

We have audited the Village of Lena, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Village of Lena, Illinois' major federal programs for the year ended April 30, 2013. Village of Lena, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Village of Lena, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Lena, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Village of Lena, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, Village of Lena, Illinois complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2013.

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Report on Internal Control Over Compliance

Management of Village of Lena, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Village of Lena, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Lena, Illinois' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control is solely to describe the scope of our testing internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Freeport, Illinois
October 21, 2013



BENNING GROUP, LLC

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Independent Auditor's Report on Compliance With State of Illinois Public Act 85-1142

To the Honorable Mayor and the Board of Trustees
Village of Lena
Lena, Illinois 61048

We have audited the basic financial statements of the Village of Lena, Illinois (the Village) for the year ended April 30, 2013, and have issued our report thereon dated October 21, 2013. The basic financial statements are the responsibility of management. Our responsibility is to express an opinion on the eligibility for cost incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the Downtown TIF District and TIF 2 District pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Public Act 85-1142).

Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the Village's compliance with specified requirements.

The Village of Lena, Illinois' management is responsible for the government's compliance with provisions of laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the Village's compliance with Subsection (q) of Section 11-74.4-3 (65 ILCS 5/11-74.4-3(q)) of the Illinois Tax Increment Redevelopment Allocation Act.

In our opinion, the Village of Lena, Illinois complied in all material respects, with Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Public Act 85-1142).

Freeport, Illinois
October 21, 2013

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Village of Lena, Illinois:

We have audited the financial statements of Village of Lena, Illinois for the year ended April 30, 2013 and have issued our report thereon dated October 21, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards* and OMB Circular A-133

As stated in the engagement letter dated May 16, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than, and differs from, accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our responsibility is also to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Village of Lena, Illinois. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Village of Lena, Illinois' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Village of Lena, Illinois' compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Village of Lena, Illinois' compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Village of Lena, Illinois' compliance with those requirements.

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. We are not aware of any documents or other information containing audited financial statements, and furthermore management has not requested us to devote attention to any documents containing audited financial statements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for selection and use of appropriate accounting policies. The significant accounting policies used by Village of Lena, Illinois are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. These adjustments are attached to this letter. The following material misstatements detected as a result of audit procedures were corrected by management.

- An adjustment of \$12,920 was made to capitalize assets out of maintenance expense and an adjustment of \$8,646 was made to correct depreciation expense and accumulated depreciation – all within the Governmental Activities Fund.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of Village of Lena, Illinois as of and for the year ended April 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Village of Lena, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Lena, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Lena, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in Village of Lena, Illinois' internal control to be a significant deficiency:

The Village has minimal segregation of duties among personnel involved with the accounting function regarding recording, processing, and reporting financial data. When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and fraud.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, which is a comprehensive basis of accounting other than, and differs from, accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

We have attached to this letter our summary of comments and recommendations as a result of our procedures.

This information is intended solely for the use of the Board of Trustees, management, others within the organization, the State of Illinois, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Penning Group, LLC". The signature is written in a cursive, flowing style.

Freeport, Illinois
October 21, 2013

Village of Lena, Illinois
Letter of Comments
April 30, 2013

1. We recommend the Board of Trustees approve all account opening and closings (including Certificates of Deposit) and document the approval in the minutes. We noted during the review of the minutes of the Board of Trustees that new CD purchases from the Village checking account were not formally approved and were not listed in the Board bills for approval.