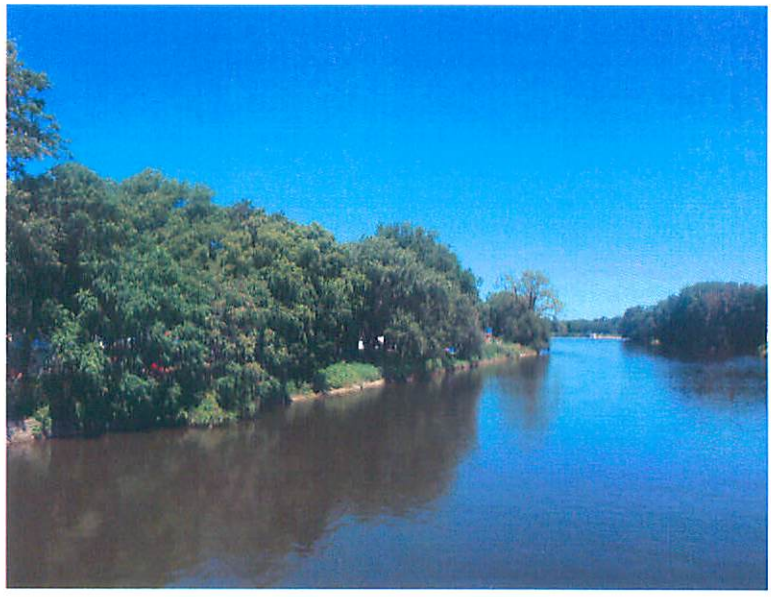
Village of Montgomery, Illinois
Comprehensive Annual Financial Report
May 1, 2010—April 30, 2011



Village of
Montgomery

VILLAGE OF MONTGOMERY, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2011

Prepared by:

Jeff Zoephel
Director of Finance

VILLAGE OF MONTGOMERY, ILLINOIS
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INTRODUCTORY SECTION

VILLAGE OF MONTGOMERY

Principal Officials
April 30, 2011

VILLAGE PRESIDENT

Marilyn Michelini

VILLAGE TRUSTEES

Jeanne Felten	Peter Heinz	William Keck
Denny Lee	Andrew Kaczmarek	Robert Watermann

VILLAGE MANAGER

Anne Marie Gaura

VILLAGE CLERK

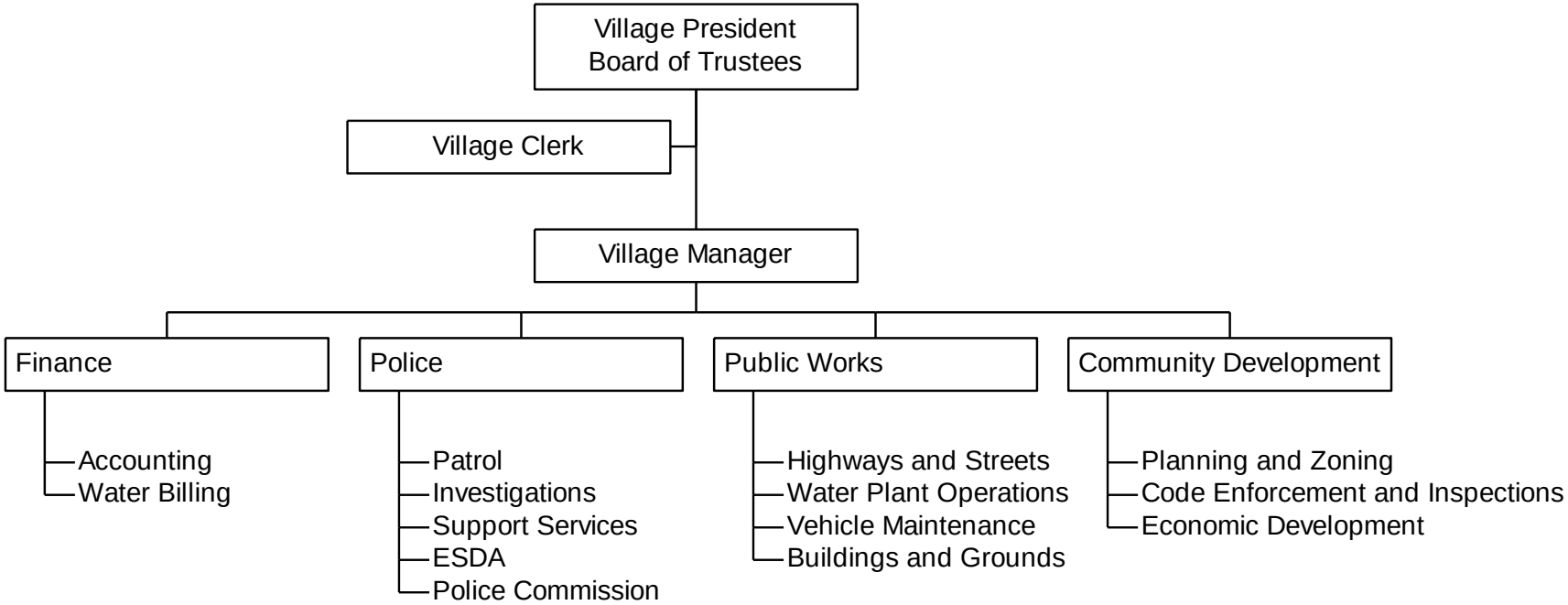
Barbara Argo

DIRECTOR OF FINANCE

Jeff Zoephel

VILLAGE OF MONTGOMERY, ILLINOIS

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Montgomery Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Village Board

Marilyn Michelini
Village President

Carla Cooper
Village Clerk

Trustees:
Stan Bond
Matt Brolley
Peter Heinz
Andy Kaczmarek
William Keck
Denny Lee

Staff

Anne Marie Gaura
Village Manager

Jamie L. Belongia
Asst. to the
Village Manager

Daniel Meyers
Chief of Police

Mike Pubentz
Dir. of Public Works

Jane Tompkins
Dir. of Community
Development

Jeff Zoephel
Dir. of Finance

August 2, 2011

Village President,
Board of Trustees,
Village Manager and Residents
Village of Montgomery
Montgomery, IL 60538

The Comprehensive Annual Financial Report (CAFR) of the Village of Montgomery, Illinois for the fiscal year ended April 30, 2011 is submitted herewith. This report provides a broad view of the Village's financial activities for the 2011 fiscal year and its financial position at April 30, 2011. Although addressed to the elected officials and the citizens of the Village, this report has a number of other users. Foremost among these other users are bondholders of the Village, financial institutions, credit rating agencies, educational institutions, and other governmental entities.

Responsibility for both the accuracy of the information presented in the CAFR as well as the completeness and fairness of the presentation, including all disclosures, rests with the Village. We believe that the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the Village and the results of its operations; and that all disclosures necessary to enable the reader to gain maximum understanding of the Village's financial affairs have been included.

To provide a reasonable basis for making these representations, the Village has established a comprehensive set of internal controls that are designed to protect the Village's assets from loss, theft or misuse. These internal controls are also used to compile sufficient, reliable information for the preparation of the Village's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village's framework of internal controls has been designed to provide reasonable, rather that absolute, assurance that the financial statements will be free from material misstatements.

Illinois statutes require that Illinois municipalities publish financial statements on an annual basis that are prepared in accordance with generally accepted accounting principles (GAAP) and are audited by independent accountants. The Village's financial statements have been audited by Sikich LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of Montgomery for the year ended April 30, 2011, are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures

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www.ci.montgomery.il.us

in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village's financial statements for the year ended April 30, 2011, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The CAFR includes all funds of the Village and is presented in three sections: introductory, financial and statistical. The financial section includes management's discussion and analysis which should be read in conjunction with this letter to obtain the most complete assessment of the Village's current financial position and its future prospects.

Profile of the Village

The Village is located in the Fox River Valley in northern Illinois covering an 8 square mile area in southern Kane County and northern Kendall County. Located immediately south of the City of Aurora, the Village is 6 miles west of Naperville, 18 miles northwest of the City of Joliet, and 43 miles west of the City of Chicago "loop" business district. The Fox River runs through the center of the Village.

The decennial census completed in 2010 reported the Village's population at 18,438.

One of the original settlers of the Village, Daniel Gray, drew the name Montgomery from Montgomery County, New York. The Village was founded in 1835 and was incorporated as a Village in 1858. It is a non-home rule municipality.

The Village is governed by a Village President and six Trustees. All are elected at large to staggered four-year terms. The Village Clerk is also elected to a four year term. The Village employs a full time professional Village Manager along with highly trained and experienced department heads. Major areas of operation include the police department (with 24-hour 911 emergency dispatching), a community development department, a fully staffed public works/water department and other professional support staff. The Village is also served by five fire protection districts, five school districts, two library districts, two park districts and a water reclamation (sanitary sewer) district.

Water supply and distribution services are provided by the Village to a service area of 26,000, which includes an unincorporated subdivision with a population of approximately 9,000. Sanitary sewerage treatment is provided by the Fox Metro Water Reclamation District, whose treatment plant is located near the Village.

Accounting System and Budgetary Control

The accounts of the Village are organized on the basis of funds, each of which is considered a separate and distinct accounting entity. The operations of each fund are

accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. Revenues are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The accounting records for general governmental operations are maintained on the modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when materials or services are received and the liability incurred. Accounting records for the Village's enterprise and internal service funds are maintained on the accrual basis of accounting.

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit their budget requests to the Finance Director in December of each year. These requests are compiled into a comprehensive budget document which is presented to the Village Manager. The Village Manager uses these requests as the starting point for developing a proposed budget. The proposed budget is then presented to the Village Board in February of each year. The Village Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than April 30th of each year, which is the close of the Village's previous fiscal year. The appropriated budget is prepared by fund, department and program.

Factors Affecting Financial Condition

Understanding the external environment in which the Village operates is an important precursor to understanding the financial statements. Municipal officials, and other interested parties, must analyze and understand changing social, demographic, economic, and financial environments in order to assess the Village's present and future viability. A grasp of the Village's environment is necessary before the financial statements of the Village can be adequately analyzed.

Local Economy. The Village began to see a lessening of the economic downturn that began in 2008. Building permits increased over the prior fiscal year and sales tax revenues reached a new high for a 12-month period.

Budget Challenges. Recent years' budget processes have faced the many challenges presented by the current local, state and national economies, including: state-shared revenue reductions; increasing costs of health care; and increasing costs of liability and property insurance.

The Village looked to both new, or increased, revenue sources and expenditure reductions to maintain a balanced budget. A new water rate structure was also put into place to ensure that the Village is recovering the full cost of providing services.

General Fund expenditures were reduced by over $310,000 over the adopted budget through a number of factors, including freezing vacant positions, foregoing wage increases and reducing budget line items.

Long-Term Financial Planning. Maintenance and expansion of the Village's infrastructure (such as streets, curbs, sidewalks, bridges and traffic signals) remain a major priority of the Village. The Village annually adopts a ten-year Capital Improvement Program that provides a framework for the development and maintenance of infrastructure to meet current and future needs.

Cash Management. Cash temporarily idle during the year was invested in demand deposits or certificates of deposit in accordance with the Village's investment policy. The policy prioritizes the following goals: (1) safeguard investments, (2) provide for cash flow requirements and (3) maintain a competitive yield on the portfolio.

Awards and Acknowledgements

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Montgomery, Illinois, for its year ended April 30, 2010. This was the 8th consecutive year that the Village has received this prestigious award. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the services of the entire Finance Department and the auditors. We would like to express our appreciation to all those who assisted and contributed to its preparation accordingly. We would also like to thank the Village President and members of the Finance Committee for their direction and support in planning and overseeing the financial operations of the Village.

Anne Marie Gaura
Village Manager

Jeff Zoephel
Director of Finance

FINANCIAL SECTION

Certified Public Accountants & Business Advisors

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Members of American Institute of
Certified Public Accountants

998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Village of Montgomery
Montgomery, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Montgomery, Illinois (the Village) as of and for the year ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Montgomery, Illinois as of April 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

The introductory and statistical sections listed in the table of contents were not audited by us and, accordingly, we express no opinion thereon.

Aurora, Illinois
July 29, 2011

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

These general purpose external financial statements provide a summary overview of the financial position of all funds as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow in the next subsection.

VILLAGE OF MONTGOMERY, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2011

The Village of Montgomery (the "Village") discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page iv) and the Village's financial statements (beginning on page 3).

Financial Highlights

- The Village's net assets increased by $7,396,544 (or 10.3%) during the fiscal year ending April 30, 2011 (FY11).
- The governmental activities net assets increased by $6,002,540 (13.3%) from fiscal year 2010 to $51,003,029.
- The business-type activities increased by $1,394,004 (5.1%) from fiscal year 2010 to $28,516,745.
- The Village reported a combined fund balance of the governmental funds of $6,148,185, an increase of $1,841,385 (42.8%) from fiscal year 2010.
- The total expenses of all governmental activity programs increased by $337,379 (2.8%).
- The Village's general fund actual revenues were over the budgeted amounts by $489,616 (6.0%) and the actual expenditures were under the budgeted amounts by $313,112 (3.8%).

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

The financial statements' focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements (see pages 3-5) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see pages 4-5) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the Village's basic services, including police, public works, community development and administration. Shared state sales, local property and shared state income taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Water), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statements allows the demonstration of sources and uses and budgeting compliance associated therewith. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

Governmental Funds

The Governmental Major Fund (see pages 6-9) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the Government-wide Financial Statements. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between Governmental Funds and Governmental Activities. The Governmental Major Funds Total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources), which is reflected on the page following each statement (see pages 7 and 9). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as

capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

Proprietary Funds

The Business-type Activities column on the Proprietary Fund Financial Statements (see pages 10-13) is the same as the Business-type column on the Government-wide Financial Statement. Proprietary funds account for services that are generally fully supported by user fees charged to customers. These funds are presented on a total economic resources basis. The Village has only one business-type proprietary fund, which is the Water Fund, which is presented in a separate column in the Fund Financial Statements.

Fiduciary Funds

The Fund Financial Statements also allow the government to address its Fiduciary Fund (Police Pension, see pages 14-15). While this fund represents trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-wide Financial Statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 16-40 of this report.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure assets – i.e. roads, stormsewers, etc.) have not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 requires that these assets be valued and reported within the Governmental Activities column of the Government-wide Statements. However, as a phase III government, the Village only records infrastructure assets on a prospective basis as the infrastructure is acquired or reconstructed. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The Village has chosen to depreciate assets over their useful life. If a road project is considered maintenance – a recurring cost that does not extend the road's original useful life or expand its capacity – the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

GOVERNMENT-WIDE STATEMENT

Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The Village of Montgomery's assets exceeded liabilities by $79,519,774 at the end of the most recent fiscal year.

By far, the largest portion of the Village's net assets (90.8%) reflects its investment in capital assets, less any related debt still outstanding. Although the Village of Montgomery's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Assets:

Village of Montgomery
Statement of Net Assets as of April 30, 2011 & 2010

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Assets						
Current and Other Assets	$11,267,809	$8,265,050	$2,223,734	$1,584,496	$13,491,543	$9,849,546
Capital Assets	59,969,223	56,453,176	29,949,318	29,500,495	89,918,541	85,953,671
Total Assets	$71,237,032	$64,718,226	$32,173,052	$31,084,991	$103,410,084	$95,803,217
Liabilities						
Current Liabilities	$5,219,378	$4,198,438	$268,231	$250,383	$5,487,609	$4,448,821
Long-Term Liabilities	15,014,625	15,519,299	3,388,076	3,711,867	18,402,701	19,231,166
Total Liabilities	$20,234,003	$19,717,737	$3,656,307	$3,962,250	$23,890,310	$23,679,987
Net Assets						
Invested in Capital Assets, Net of Debt	$45,586,500	$41,540,031	$26,651,346	$25,878,294	$72,237,846	$67,418,325
Restricted	3,226,346	3,055,679	0	0	3,226,346	3,055,679
Unrestricted	2,190,183	404,779	1,865,399	1,244,447	4,055,582	1,649,226
Total Net Assets	$51,003,029	$45,000,489	$28,516,745	$27,122,741	$79,519,774	$72,123,230

An additional portion of the Village of Montgomery's net assets (4.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($4,055,582) may be used to meet the government's ongoing obligations to citizens and creditors.

For more detailed information, see the Statement of Net Assets (page 3).

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.
Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Spending of Non-Borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and will (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

Current Year Impacts

At the end of the fiscal year, the Village of Montgomery is able to report positive balances in the government as a whole, as well as for its separate governmental activities and business-type activities.

The primary government's net assets increased by $7,396,544 during the current fiscal year. The increase is primarily the result of the acceptance of major infrastructure improvements from developers during FY11. The current year total revenues over total expenses is positive, with total revenues decreasing and expenses increasing from the prior year.

Changes in Net Assets

The following chart shows the revenue and expenses of the Village's activities:

Village of Montgomery
Changes in Net Assets for the Fiscal Year Ended April 30, 2011 & 2010

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	$3,280,627	$2,477,033	$3,532,425	$3,234,104	$6,813,052	$5,711,137
Operating Grants	1,413,932	476,945	0	0	1,413,932	476,945
Capital Grants	5,640,911	7,463,786	1,919,667	2,881,397	7,560,578	10,345,183
Taxes						
Property	2,131,202	2,538,391	0	0	2,131,202	2,538,391
Other Taxes	5,846,258	5,574,838	0	0	5,846,258	5,574,838
Other Revenue	72,781	46,269	50,555	80,996	123,336	127,265
Total Revenue	$18,385,711	$18,577,262	$5,502,647	$6,196,497	$23,888,358	$24,773,759
Expenses						
General Government	$3,077,769	$3,540,980	$0	$0	$3,077,769	$3,540,980
Public Safety	4,127,345	4,144,033	0	0	4,127,345	4,144,033
Highways and Streets	3,610,159	2,724,614	0	0	3,610,159	2,724,614
Sanitation	1,030,129	997,054	0	0	1,030,129	997,054
Interest	537,769	639,111	0	0	537,769	639,111
Water	0	0	4,108,643	3,813,368	4,108,643	3,813,368
Total Expenses	$12,383,171	12,045,792	$4,108,643	$3,813,368	$16,491,814	$15,859,160
Change in Net Assets	$6,002,540	$6,531,470	$1,394,004	$2,383,129	$7,396,544	$8,914,599
Net Assets, May 1	45,000,489	38,497,592	27,122,741	24,739,612	72,123,230	63,237,204
Net Assets, April 30	$51,003,029	$45,029,062	$28,516,745	$27,122,741	$79,519,774	$72,151,803

The difference between the net asset ending balance for FY10 and the net asset beginning balance for FY11 is the result of a prior period adjustment of $28,573.

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below:

Revenues:

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Village-approved Rates – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, impact fee, building fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (state-shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – fluctuating market rates and the amount of investible funds held by the Village will result in changes in income levels.

Expenses:

Introduction of New Programs – within the functional expense categories (public safety, highways and streets, general government, etc.) individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the majority of the Village's operating cost.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonable modest, the Village is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

Current Year Impacts

Governmental Activities

Governmental activities increased the Village's net assets by $6,002,540. Key elements contributing to this change are as follows:

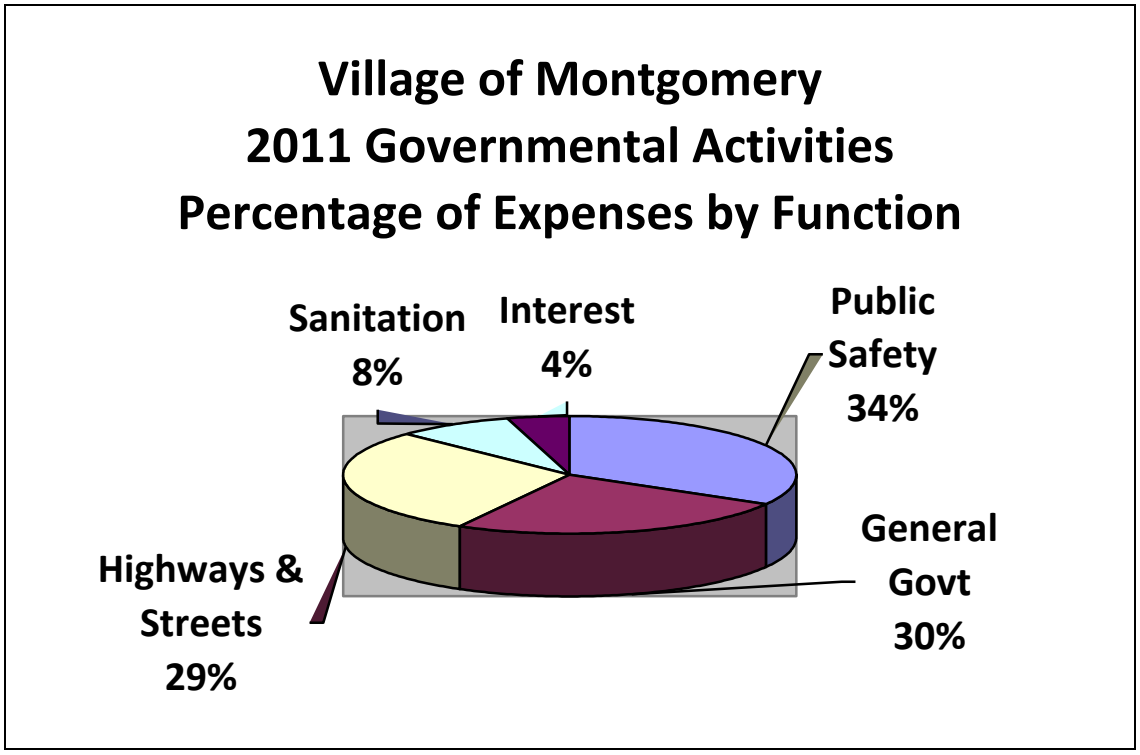
Revenues:

For the fiscal year ended April 30, 2011, total revenues from governmental activities decreased by $191,551 or 1.0%. While revenues from charges for services, operating grants and taxes increased from FY10 to FY11, this increase was offset by a decreased amount of infrastructure improvements accepted by the Village through donations from developers.

Taxes received from various sources continue to play an important role in the Village's revenue structure. Other taxes increased by $271,420 (4.9%) from fiscal year 2010.

Other taxes include sales tax, local utility tax, and state-shared income tax. They represent 31.8% of the total governmental activities revenue. The Village's largest source of revenue, sales tax, increased by $156,423 from FY10. State-shared income tax and utility tax also increased from FY10 levels, as the effects of the economic downturn began to lessen. Property taxes decreased primarily due to the Village not extending tax levies for some of its Special Service Areas (SSA's) in FY10.

Expenses:



For FY11, governmental activity expenses totaled $12,383,171, an increase of $337,379 (2.8%) over FY10. The Village continually monitors revenue and expense levels as compared to budgeted amounts. During FY10, the Village instituted measures to bring expense levels in line with anticipated revenue, and maintained these measures in FY11. Included in the measures were deferring purchases and/or projects and lowering wage increases from historical levels. The highways and streets expenses increased by $885,545 (32.5%) from fiscal year 2010. This was primarily due to the Village being able to perform a greater amount of roadway maintenance due to the receipt of additional grant funding.

Business-Type Activities

The business-type activities increased the Village's net assets by $1,394,0049 to $28,516,745. Key elements contributing to this net change are as follows:

Revenue:

The total revenue for the business-type activities decreased by $693,850 from $6,196,497 in FY10 to $5,502,647 in FY11. The Village increased water rates during the year which resulted in an increase in charges for services. Operating grants and contributions decreased due to the Village accepting fewer infrastructure improvements during the year.

Expenses:

Total expenses for the business-type activities at the end of the fiscal year were $4,108,643, an increase of 7.7%, which is primarily due to increased capital activity.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of April 30, 2011, the Governmental Funds (presented on page 6) reported a combined fund balance of $6,148,185, which is a 41.8% increase from the beginning of the year fund balance of $4,335,373. Of the total fund balance, (59,236) is an unassigned deficit which must be made up by utility tax revenue in excess of that necessary for the repayment of outstanding debt.

The General Fund is the Village's primary operating fund and the largest source of day-to-day service delivery. The General Fund's total fund balance increased by $785,638 from $2,030,183 in FY10 to $2,815,821 in FY11.

The Capital Improvement Fund is another major governmental fund. The fund balance of the Capital Improvement Fund at April 30, 2011, is ($59,236), an increase of $713,600.

General Fund Budgetary Highlights

The General Fund actual revenues were more than the budgeted revenues by $489,616 for fiscal year 2011. Of this excess, sales tax revenue accounted for $302,110 (61.7%) of the total.

The General Fund total actual expenditures were $313,112 less than the budgeted amount. The Village continued its efforts to reduce spending by taking steps which included lowering wage increases, leaving positions vacant and delaying purchases/projects.

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of April 30, 2011 equals $89,918,541. The investment in capital assets includes land, buildings, underground systems, infrastructure and construction in process. This amount represents a net increase of $3,964,870. During the year, the Village accepted public improvements in the Foxmoor, Balmorea and Marquis Pointe subdivisions including right-of-way, streets, stormsewer and watermains. The total value of the developer contributions was $5,811,049. Additional information on the Village of Montgomery's capital assets can be found in note 6 on pages 29-30 of this report.

Debt Outstanding

At the end of the current fiscal year, the Village of Montgomery had debt outstanding of $17,263,265 which does not include compensated absences and bond premiums. Governmental activities debt consisted of $13,985,000, of which $7,375,000 represent alternative revenue bonds issued for construction of the Police facility and the remaining amount are two debt issues related to the construction of Village Hall. Overall, governmental activity debt decreased by $240,000 from the beginning of the fiscal year. Business-type activities debt was $3,278,265 at year-end, which includes $763,265 in a low interest loan from the IEPA for construction of a water treatment plant. Additional information on the Village of Montgomery's debt outstanding can be found in note 8 on pages 31-34 of this report.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Jeff Zoephel, Finance Director, Village of Montgomery, 200 N. River Street, Montgomery, IL 60538.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 5,803,894	$ 1,166,914	$ 6,970,808
Restricted Investments	-	5,680	5,680
Receivables (Net of Allowances for Uncollectibles)			
Property Taxes	2,176,341	-	2,176,341
Accounts	523,675	1,029,154	1,552,829
Accrued Interest	2,237	-	2,237
Other	-	366	366
Due from Other Governments	1,276,116	-	1,276,116
Notes Receivable	1,364,113	-	1,364,113
Unamortized Bond Issuance Costs	121,433	21,620	143,053
Capital Assets not Being Depreciated	18,086,706	448,471	18,535,177
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	41,882,517	29,500,847	71,383,364
Total Assets	71,237,032	32,173,052	103,410,084
LIABILITIES			
Accounts Payable	1,186,814	125,168	1,311,982
Retainage Payable	35,716	598	36,314
Accrued Payroll	212,604	8,183	220,787
Accrued Interest	221,187	49,901	271,088
Deposits	1,699	-	1,699
Due to Others	1,094,709	-	1,094,709
Unearned Revenue	2,466,649	84,381	2,551,030
Noncurrent Liabilities			
Due Within One Year	972,598	333,744	1,306,342
Due in More than One Year	14,042,027	3,054,332	17,096,359
Total Liabilities	20,234,003	3,656,307	23,890,310
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	45,586,500	26,651,346	72,237,846
Restricted for			
Subdivision Improvements	712,757	-	712,757
Economic Development	1,590,831	-	1,590,831
Public Safety	332,507	-	332,507
Highways and Streets	590,251	-	590,251
Unrestricted	2,190,183	1,865,399	4,055,582
TOTAL NET ASSETS	$ 51,003,029	$ 28,516,745	$ 79,519,774

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2011

		Program Revenues		
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 3,077,769	$ 1,343,545	$ 6,325	$ 25,241
Public Safety	4,127,345	764,147	5,998	-
Highways and Streets	3,610,159	168,046	1,401,609	5,615,670
Sanitation	1,030,129	1,004,889	-	-
Interest	537,769	-	-	-
Total Governmental Activities	12,383,171	3,280,627	1,413,932	5,640,911
Business-Type Activities				
Water Department	4,108,643	3,532,425	-	1,919,667
Total Business-Type Activities	4,108,643	3,532,425	-	1,919,667
TOTAL PRIMARY GOVERNMENT	$ 16,491,814	$ 6,813,052	$ 1,413,932	$ 7,560,578

	Net (Expense) Revenue and Change in Net Assets		
	Governmental Activities	Business-Type Activities	Total
	$ (1,702,658)	$ -	$ (1,702,658)
	(3,357,200)	-	(3,357,200)
	3,575,166	-	3,575,166
	(25,240)	-	(25,240)
	(537,769)	-	(537,769)
	(2,047,701)	-	(2,047,701)
	-	1,343,449	1,343,449
	-	1,343,449	1,343,449
	(2,047,701)	1,343,449	(704,252)
General Revenues			
Taxes			
Property	2,131,202	-	2,131,202
Replacement	66,756	-	66,756
Sales	2,590,760	-	2,590,760
Income	1,330,267	-	1,330,267
Utility	1,429,762	-	1,429,762
Local Use	250,488	-	250,488
Franchise	178,225	-	178,225
Investment Income	61,751	2,797	64,548
Miscellaneous	11,030	47,758	58,788
Total	8,050,241	50,555	8,100,796
CHANGE IN NET ASSETS	6,002,540	1,394,004	7,396,544
NET ASSETS, MAY 1	45,029,062	27,122,741	72,151,803
Prior Period Adjustment	(28,573)	-	(28,573)
NET ASSETS, MAY 1, RESTATED	45,000,489	27,122,741	72,123,230
NET ASSETS, APRIL 30	$ 51,003,029	$ 28,516,745	$ 79,519,774

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2011

	General	Capital Improvement	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and Investments	$ 2,059,639	$ 1,504,108	$ 33,063	$ 2,207,084	$ 5,803,894
Property Taxes Receivable	1,952,586	-	-	223,755	2,176,341
Accounts Receivable	440,282	83,393	-	-	523,675
Accrued Interest Receivable	2,237	-	-	-	2,237
Due from Other Governments	1,012,554	199,772	-	63,790	1,276,116
Notes Receivable	-	264,299	-	1,099,814	1,364,113
Advance to Other Funds	691,533	-	-	-	691,533
TOTAL ASSETS	$ 6,158,831	$ 2,051,572	$ 33,063	$ 3,594,443	$ 11,837,909
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 1,169,164	$ -	$ -	$ 17,650	$ 1,186,814
Accrued Payroll	212,604	-	-	-	212,604
Retainage Payable	-	-	-	35,716	35,716
Deposits Payable	1,699	-	-	-	1,699
Deferred Revenue	1,959,543	324,566	-	182,540	2,466,649
Due to Others	-	1,094,709	-	-	1,094,709
Advance from Other Funds	-	691,533	-	-	691,533
Total Liabilities	3,343,010	2,110,808	-	235,906	5,689,724
FUND BALANCES					
Nonspendable					
Long-Term Advance	691,533	-	-	-	691,533
Restricted for					
Economic Development	-	-	-	1,590,831	1,590,831
Public Safety	-	-	-	332,507	332,507
Highways and Streets	-	-	-	590,251	590,251
Subdivision Maintenance	-	-	-	712,757	712,757
Unrestricted					
Assigned for Capital	-	-	-	132,191	132,191
Assigned for Debt Service	-	-	33,063	-	33,063
Unassigned	2,124,288	(59,236)	-	-	2,065,052
Total Fund Balances (Deficit)	2,815,821	(59,236)	33,063	3,358,537	6,148,185
TOTAL LIABILITIES AND FUND BALANCES	$ 6,158,831	$ 2,051,572	$ 33,063	$ 3,594,443	$ 11,837,909

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

April 30, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	$ 6,148,185
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	59,969,223
Certain assets are not financial resources and, therefore, are not reported in governmental funds	
Unamortized issuance costs	121,431
Internal service fund is reported on the statement of net assets but not on the governmental fund financial statements	-
Loss on refundings are reported as reduction of long-term debt on the statement of net assets	131,238
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds payable	(13,985,000)
Accrued interest payable	(221,187)
Unamortized bond premium	(397,724)
Net pension obligation	(173,277)
Net other postemployment benefit obligation	(13,881)
Compensated absences payable	(575,979)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 51,003,029

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2011

	General	Capital Improvement	Debt Service	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	$ 6,337,628	$ 1,334,826	$ -	$ 657,104	$ 8,329,558
Licenses and Permits	337,455	-	-	-	337,455
Charges for Services	1,608,532	821,051	-	229,327	2,658,910
Intergovernmental	41,237	232,001	-	635,000	908,238
Fines and Forfeits	303,888	-	-	29,238	333,126
Contributions from Property Owners	-	-	-	1,208	1,208
Investment Income	18,028	11,148	-	32,575	61,751
Miscellaneous	66,868	11,747	-	66,700	145,315
Total Revenues	8,713,636	2,410,773	-	1,651,152	12,775,561
EXPENDITURES					
Current					
General Government	2,535,171	-	114,613	15,893	2,665,677
Public Safety	3,391,015	-	-	58,362	3,449,377
Highways and Streets	1,042,483	-	-	1,217,318	2,259,801
Sanitation	1,030,129	-	-	-	1,030,129
Capital Outlay	-	498,674	-	2,538	501,212
Debt Service					
Principal Retirement	-	-	740,000	-	740,000
Interest and Fiscal Charges	-	-	599,438	-	599,438
Total Expenditures	7,998,798	498,674	1,454,051	1,294,111	11,245,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	714,838	1,912,099	(1,454,051)	357,041	1,529,927
OTHER FINANCING SOURCES (USES)					
Refunding Bonds Issued	-	-	7,375,000	-	7,375,000
Proceed from Sale of Capital Asset	-	174,001	-	22,843	196,844
Transfers In	70,800	-	1,372,500	-	1,443,300
Transfers (Out)	-	(1,372,500)	-	(70,800)	(1,443,300)
Premium on Bonds Issued	-	-	339,600	-	339,600
Payment to Escrow	-	-	(7,599,986)	-	(7,599,986)
Total Other Financing Sources (Uses)	70,800	(1,198,499)	1,487,114	(47,957)	311,458
NET CHANGE IN FUND BALANCES	785,638	713,600	33,063	309,084	1,841,385
FUND BALANCES (DEFICIT), MAY 1	2,030,183	(744,263)	-	3,049,453	4,335,373
Prior Period Adjustment	-	(28,573)	-	-	(28,573)
FUND BALANCES (DEFICIT), MAY 1, RESTATED	2,030,183	(772,836)	-	3,049,453	4,306,800
FUND BALANCES (DEFICIT), APRIL 30	$ 2,815,821	$ (59,236)	$ 33,063	$ 3,358,537	$ 6,148,185

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 1,841,385
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report bond issuance costs, refundings and capital outlays as expenditures; however, they are capitalized and depreicated in the statement of activities	
Capital expenditures capitalized	362,914
Loss on disposal of capital assets	(12,125)
Issuance costs	189,615
Premium on bonds issued	(339,600)
Loss on refunding	149,986
Contributions of capital assets are reported as capital grants and contributions on the statement of activities	5,615,670
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	
Compensated absences	18,927
Net pension obligation	(169,339)
Net other postemployment benefit obligation	(6,573)
Principal	740,000
Change in interest	42,365
Amortization of issuance costs	19,304
The internal service fund change in net assets	425
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation of capital assets	(2,450,414)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 6,002,540

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2011

	Business-Type Activities	Governmental Activities
	Water	Internal Service
CURRENT ASSETS		
Cash and Investments	$ 1,166,914	$ -
Restricted Investments	5,680	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accounts	1,029,154	-
Other	366	-
Total Current Assets	2,202,114	-
NONCURRENT ASSETS		
Other Assets		
Unamortized Bond Issuance Costs	21,620	-
Capital Assets not Being Depreciated	448,471	-
Capital Assets Being Depreciated		
Cost	43,603,023	-
Accumulated Depreciation	(14,102,176)	-
Net Capital Assets	29,949,318	-
Total Noncurrent Assets	29,970,938	-
Total Assets	32,173,052	-
CURRENT LIABILITIES		
Accounts Payable	125,168	-
Retainage Payable	598	
Accrued Payroll	8,183	-
Interest Payable	49,901	-
Unearned Revenue	84,381	-
Current Portion of Compensated Absences	9,010	-
Current Portion of Bonds and IEPA Loan Payable	324,734	-
Total Current Liabilities	601,975	-
NONCURRENT LIABILITIES		
Compensated Absences	81,094	-
General Obligation Bonds Payable	2,245,000	-
Unamortized Bond Premium	19,707	-
IEPA Loan Payable	708,531	-
Total Noncurrent Liabilities	3,054,332	-
Total Liabilities	3,656,307	-
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	26,651,346	-
Unrestricted	1,865,399	-
TOTAL NET ASSETS	$ 28,516,745	$ -

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Business-Type Activities	Governmental Activities
	Water	Internal Service
OPERATING REVENUES		
Charges for Services	$ 3,467,670	$ 563,966
Total Operating Revenues	3,467,670	563,966
OPERATING EXPENSES		
Personal Services	1,095,855	-
Contractual Services	125,083	-
Repairs and Maintenance	733,883	-
Insurance	69,867	563,541
Utilities	259,619	-
Supplies and Miscellaneous	215,240	-
Depreciation	1,481,643	-
Total Operating Expenses	3,981,190	563,541
OPERATING INCOME (LOSS)	(513,520)	425
NONOPERATING REVENUES (EXPENSES)		
Investment Income	2,797	-
Rental Income	47,758	-
Connection Fees and Reimbursements	64,755	-
Interest Expense and Fiscal Charges	(127,453)	-
Total Nonoperating Revenues (Expenses)	(12,143)	-
NET INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(525,663)	425
CAPITAL GRANTS AND CONTRIBUTIONS	1,919,667	-
CHANGE IN NET ASSETS	1,394,004	425
NET ASSETS, MAY 1	27,122,741	(425)
NET ASSETS, APRIL 30	$ 28,516,745	$ -

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Business-Type Activities	Governmental Activities
	Water	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 3,461,222	$ -
Receipts from Interfund Services	-	563,966
Receipts from Rental Income	47,758	-
Payments for Interfund Services	(69,867)	-
Payments to Suppliers	(1,358,525)	(564,020)
Payments to Employees	(1,096,459)	-
Net Cash from Operating Activities	984,129	(54)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Connection Fees and Reimbursements	59,106	-
Net Cash from Noncapital Financing Activities	59,106	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(12,417)	-
Capital Grants	50,000	-
Principal Payments on Long-Term Debt	(308,298)	-
Interest Paid	(131,614)	-
Net Cash from Capital and Related Financing Activities	(402,329)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	5,106	-
Net Cash from Investing Activities	5,106	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	646,012	(54)
CASH AND CASH EQUIVALENTS, MAY 1	520,902	54
CASH AND CASH EQUIVALENTS, APRIL 30	$ 1,166,914	$ -

(This statement is continued on the following page.)

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2011

	Business-Type Activities	Governmental Activities
	Water	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	$ (513,520)	$ 425
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	1,481,643	-
Rental Income	47,758	-
Changes in Assets and Liabilities		
Accounts Receivable	(6,448)	-
Accounts Payable	(24,700)	(479)
Accrued Payroll	(1,042)	-
Accrued Compensated Absences	438	-
NET CASH FROM OPERATING ACTIVITIES	$ 984,129	$ (54)
NONCASH TRANSACTIONS		
Contribution of Capital Assets	$ 1,918,048	$ -

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

April 30, 2011

	Police Pension	Agency
ASSETS		
Cash and Short-Term Investments	$ 126,335	$ 3,414,150
Receivables		
Accrued Interest Receivable	38	-
Investments		
U.S. Government and Agency Obligations	1,608,848	-
Insurance Company Contracts - Separate Accounts	1,414,119	-
Equity Mutual Funds	2,716,445	-
Bond Mutual Funds	82,605	-
Total Assets	5,948,390	$ 3,414,150
LIABILITIES		
Due to Others	-	$ 798,678
Due to Bondholders	-	2,615,472
Total Liabilities	-	$ 3,414,150
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 5,948,390	

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
POLICE PENSION FUND

For the Year Ended April 30, 2011

ADDITIONS	
Contributions	
Employer	$ 238,428
Employee	135,023
Total Contributions	373,451
Investment Income	
Net Appreciation in Fair Value of Investments	303,731
Interest	179,990
Total Investment Income	483,721
Less Investment Expense	(1,278)
Net Investment Income	482,443
Total Additions	855,894
DEDUCTIONS	
Payments to Retired Members	333,352
Administration	7,348
Total Deductions	340,700
NET INCREASE	515,194
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	5,433,196
April 30	$ 5,948,390

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Montgomery, Illinois (the Village) are in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies of the Village.

a. Reporting Entity

The Village is a municipal corporation established under Illinois Compiled Statutes (ILCS) governed by an elected President and Board of Trustees. The Village has defined its reporting entity in accordance with GASB Statement No. 14. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Village's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Village. The Police Pension Fund is a legally separate organization from the Village and has its own governing board. However, although legally separate, this fund is reported as a fiduciary fund of the Village, because it is fiscally dependent on the Village and administered exclusively for the benefit of the Village's police personnel.

b. Fund Accounting

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

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

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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

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

c. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major governmental funds:

The General Fund is the general operating fund of the Village and is used to account for all financial resources of the Village unless required to be accounted for in another fund.

The Capital Improvement Fund is used to account for resources restricted, committed or assigned for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The Debt Service Fund is used to account for the repayment of the 2002A, 2005 and 2008 general obligation alternate revenue source bonds that are being repaid with utility taxes restricted for the repayment of the bonds.

In addition, the Village reports the following major enterprise fund:

The Water Fund is used to account for the revenues and expenses relative to the operation of the Village owned water utility.

Additionally, the Village reports the following internal service fund:

The Employee Insurance Fund is used to account for providing health insurance to village employees. This fund is reported as part of the governmental activities on the government-wide financial statements as it provides services primarily to the Village's governmental funds/activities.

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Fund. Agency funds are used to account for Talma Street Special Service Area, Special Assessments and Special Service Area No. 10 and No. 17 debt repayments (all no commitment debt), developer's escrow and the employee flex benefit program.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except the agency funds which do not have a measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales and telecommunication taxes owed to the state at year end, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the Village.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures/expenses recorded. In the other, monies are virtually unrestricted as to purpose of expenditure/expense and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand and in interest-bearing and non-interest-bearing checking accounts.

f. Investments

Investments of the Village consist of money market accounts, certificates of deposit with various local financial institutions, various marketable securities, pooled investments and insurance company annuity contracts. Investments are stated at fair value, except for nonnegotiable certificates and other nonpension fund investments with a maturity of less than one year at date of purchase which are stated at cost or amortized cost.

g. Interfund Receivables/Payables

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

h. Capital Assets

Capital assets, which include property, plant, equipment and prospectively reported infrastructure assets (e.g., roads, bridges, storm sewers and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than $10,000 for equipment, $20,000 for vehicles, $25,000 for software, $50,000 for buildings and land improvements, $50,000 for easements and $100,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs, including street overlays that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets (Continued)

Land Improvements	20 years
Buildings and Building Improvements	20 years
Equipment	7 - 10 years
Vehicles	5 - 10 years
Water Distribution System	25 - 50 years
Other Infrastructure	25 years
Software	5 years

i. Compensated Absences

Vested or accumulated vacation leave and sick pay related to employees that have retired or terminated at year end but are not yet paid out is reported as an expenditure and a fund liability of the governmental fund (general fund) that will pay it. Vested and accumulated vacation leave and sick pay of the proprietary funds and governmental activities is recorded as an expense and liability as the benefits accrue to employees.

j. Long-Term Obligations

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balances/Net Assets

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or are legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Finance Director by Board Policy No. 03-07. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund are reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned funds and then unassigned funds. The Village has established fund balance reserve policies for its general fund. The policy requires unassigned fund balance to be maintained in the general fund equivalent to 25 percent of the audited expenditures excluding capital transfers.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets.

None of the restricted net assets or restricted fund balance results from enabling legislation adopted by the Village.

l. Interfund Transactions

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

2. CASH AND INVESTMENTS

The Village's investment policy authorizes the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the state to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, the price at which the investment could be sold.

The Police Pension Fund can invest in the same securities as the Village, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions, Illinois insurance company general and separate accounts and equity mutual funds.

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

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an independent third party or by the Federal Reserve Bank. As of April 30, 2011, the Village had $47,454 in uncollateralized deposits out of total deposits of $5,541,758.

2. CASH AND INVESTMENTS (Continued)

b. Village Investments

The following table presents the investments and maturities of the Village's debt securities as of April 30, 2011:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
Money Market Funds	$ 2,758,049	$ 2,758,049	$ -	$ -	$ -
Illinois Funds	2,209,038	2,209,038	-	-	-
TOTAL	$ 4,967,087	$ 4,967,087	$ -	$ -	$ -

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy limits the maximum maturity length of investments to one year from the date of purchase, except if matched to anticipated cash flow requirement (e.g., bond proceeds), in which case the maximum maturity is two years, unless specifically approved by the Board of Trustees.

The Village investment policy does not address credit risk; however, the Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. Illinois Funds and the money market funds are rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party acting as the Village's agent separate from where the investment was purchased. Illinois Funds and the money market funds are not subject to custodial credit risk.

Concentration of credit risk - The Village's investment policy does not limit the amount of the portfolio that can be invested in any one investment vehicle as follows but does require reasonable diversification of the portfolio.

2. CASH AND INVESTMENTS (Continued)

c. Police Pension Fund Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police Pension Fund's deposits may not be returned to them. The Police Pension Fund's investment policies require pledging of collateral for all bank balances in excess of federal depository insurance and flow-through FDIC insurance with the collateral held by a third party acting as the Police Pension Fund's agent.

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2011:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Agency Obligations	$ 1,385,334	$ -	$ -	$ 20,159	$ 1,365,175
U.S. Treasury Obligations	233,514	-	-	-	233,514
Money Market Funds	121,967	121,967	-	-	-
Bond Mutual Funds	658,401	-	658,401	-	-
TOTAL	$ 2,399,216	$ 121,967	$ 658,401	$ 20,159	$ 1,598,689

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy requires no more than 30% of the debt portfolio to mature greater than 15 years, 30% to mature within 5 to 15 years and 30% to mature within 0 to 5 years.

The Police Pension Fund investment policy does not address credit risk; however, the Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency obligations, money market funds and bond mutual funds, for which ratings were available are rated AAA.

2. CASH AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name. Bond mutual funds and the money market funds are not subject to custodial credit risk.

Concentration of credit risk - The Police Pension Fund's investment policy does not limit the amount of the portfolio that can be invested in any one investment vehicle except for investments in equity securities, which is limited to 45% of the portfolio.

The Police Pension Fund's investment policy does not specifically prohibit the use of or the investment in derivatives, but does prohibit the purchase of securities on margin.

3. NOTES RECEIVABLE - ECONOMIC DEVELOPMENT

During the fiscal year ended April 30, 1985, the Village established the Economic Development Fund from the proceeds of a Community Development Block Grant, in the amount of $500,000, received through the Department of Commerce and Community Affairs of the State of Illinois. During the fiscal year ended April 30, 1991, the Village received another Community Development Block Grant in the amount of $300,000. This fund is used to account for these grant funds which are to be loaned to new or expanding local business ventures which enhance economic development of the Village. Proceeds (principal and interest) received from such economic development loans made by the Village are to be used to capitalize a revolving economic development loan fund. The following represents the outstanding balances as of April 30, 2011:

a. During the fiscal year 2006, the Village entered into an installment note with EDM Associates, Inc., in the amount of $120,000. During the fiscal year 2011, the remaining balance was assumed by Ridgeline Consultants LLC. The note is payable in monthly installments of $1,159 through May 2016, which includes 3.0% interest on the unpaid balance. The outstanding balance of this note as of April 30, 2011 was $64,486.

3. NOTES RECEIVABLE - ECONOMIC DEVELOPMENT (Continued)

b. During the fiscal year 2011, the Village entered into an installment note with Fox River Foods Inc. (FRF Leasing), in the amount of $1,125,000. The note is payable in monthly installments of $10,863 through May 2020, which includes 3.0% interest on the unpaid balance. The outstanding balance of this note as of April 30, 2011 was $1,035,328.

Principal and interest maturities of these notes receivable for future periods are as follows:

Year Ending April 30,	Amount
2012	$ 144,262
2013	144,262
2014	144,262
2015	144,262
2016	144,262
2017	130,520
2018	130,357
2019	130,357
2020	130,357
2021	10,863
Total Principal and Interest	1,253,764
Interest	(153,950)
TOTAL PRINCIPAL	$ 1,099,814

4. RECEIVABLES

The following receivables are included in due from other governments on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Sales Tax	$ 560,236
Local Use Tax	63,595
Court Fines	13,291
Telecommunications Tax	143,760
Infrastructure Maintenance	22,978
Income Tax	341,243
Grants	95,798
Motor Fuel Tax	35,215
TOTAL GOVERNMENTAL ACTIVITIES	$ 1,276,116

4. RECEIVABLES (Continued)

The following receivables are included in accounts receivable on the statement of net assets:

GOVERNMENTAL ACTIVITIES	
Utility Tax	$ 116,408
Due from Developer	29,524
Engineering Fees	170,101
Garbage	207,642
TOTAL GOVERNMENTAL ACTIVITIES	$ 523,675
BUSINESS-TYPE ACTIVITIES	
Water Sales	$ 663,138
Tap On Fees	366,016
TOTAL BUSINESS-TYPE ACTIVITIES	$ 1,029,154

5. INDIVIDUAL FUND DISCLOSURES

Individual fund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Improvement	$ 691,533

The purposes of the advances from/to other funds are as follows:

- $691,533 advance to the Capital Improvement Fund from the General Fund to reclassify negative cash balances in the Capital Improvement Fund; repayment will occur in greater than one year.

Individual fund transfers are as follows:

	Transfers In	Transfers Out
General	$ 70,800	$ -
Capital Improvement	-	1,372,500
Debt Service	1,372,500	-
Nonmajor Governmental	-	70,800
TOTAL	$ 1,443,300	$ 1,443,300

5. INDIVIDUAL FUND DISCLOSURES (Continued)

The purposes of the individual fund transfers are as follows:

- $1,372,500 transferred from the Capital Improvements Fund to the Debt Service Fund to fund debt payments with utility and telecommunication taxes. The transfer will not be repaid.

- $70,800 transferred from the Emergency 911 Fund to the General Fund is to offset the costs of dispatch service. The transfer will not be repaid.

The following funds reported deficit fund balances at April 30, 2011:

Fund	Deficit Fund Balance
Capital Improvement	$ 59,236

6. CAPITAL ASSETS

The following is a summary of capital asset activity during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets not Being Depreciated				
Land	$ 5,588,107	$ 1,722,669	$ -	$ 7,310,776
Land Right of Way	8,056,400	-	-	8,056,400
Construction in Progress	2,378,436	341,094	-	2,719,530
Total Capital Assets not Being Depreciated	16,022,943	2,063,763	-	18,086,706
Capital Assets Being Depreciated				
Buildings and Improvements	22,721,299	-	410,646	22,310,653
Land Improvements	1,175,377	-	-	1,175,377
Equipment and Vehicles	2,458,115	21,821	89,580	2,390,356
Infrastructure	21,839,608	3,893,002	-	25,732,610
Total Capital Assets Being Depreciated	48,194,399	3,914,823	500,226	51,608,996
Less Accumulated Depreciation for				
Buildings and Improvements	2,987,011	1,118,565	398,521	3,707,055
Land Improvements	1,090,429	37,655	-	1,128,084
Equipment and Vehicles	1,623,602	264,890	89,580	1,798,912
Infrastructure	2,063,124	1,029,304	-	3,092,428
Total Accumulated Depreciation	7,764,166	2,450,414	488,101	9,726,479
Total Capital Assets Being Depreciated, Net	40,430,233	1,464,409	12,125	41,882,517
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 56,453,176	$ 3,528,172	$ 12,125	$ 59,969,223

6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	$ 16,533	$ -	$ -	$ 16,533
Construction in Progress	419,521	12,417	-	431,938
Total Capital Assets not Being Depreciated	436,054	12,417	-	448,471
Capital Assets Being Depreciated				
Water Distribution System	41,185,147	1,918,048	-	43,103,195
Motor Equipment	244,758	-	20,290	224,468
Miscellaneous Equipment	275,359	-	-	275,359
Total Capital Assets Being Depreciated	41,705,264	1,918,048	20,290	43,603,022
Less Accumulated Depreciation for				
Water Distribution System	12,145,733	1,477,763	-	13,623,496
Equipment and Machinery	244,757	-	20,290	224,467
Miscellaneous Equipment	250,333	3,879	-	254,212
Total Accumulated Depreciation	12,640,823	1,481,642	20,290	14,102,175
Total Capital Assets Being Depreciated, Net	29,064,441	436,406	-	29,500,847
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 29,500,495	$ 448,823	$ -	$ 29,949,318

Depreciation expense was charged to the governmental activities functions/programs as follows:

GOVERNMENTAL ACTIVITIES	
General Government	$ 654,790
Public Safety	537,407
Highways and Streets, Including Depreciation of General Infrastructure Assets	1,258,217
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 2,450,414

7. PROPERTY TAX CALENDAR

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

- The property tax lien date is January 1.
- The annual tax levy ordinance for the 2010 levy was passed on December 13, 2010.
- Property taxes for the 2010 levy are due to the County Collector in two installments, June 1, 2011 and September 1, 2011.

7. PROPERTY TAX CALENDAR (Continued)

- Significant amounts of property taxes for the 2010 levy will be distributed to the Village during June, July, August and September of 2011. The remaining distributions are expected to be received in October and November 2011.

- The 2011 tax levy, which attached as an enforceable lien on property as of January 1, 2011, has not been recorded as a receivable as of April 30, 2011 as the tax has not yet been levied by the Village, and will not be levied until December 2011 and, therefore, the levy is not measurable at April 30, 2011.

8. LONG-TERM DEBT

a. Governmental Activities

The following is a summary of changes in general long-term debt reported in the governmental activities of the Village for the year ended April 30, 2011:

	Balance May 1	Issuances	Repayments/ Refundings	Balance April 30	Current Portion
2002A General Obligation Alternate Revenue Source Bonds	$ 7,950,000	$ -	$ 7,950,000	$ -	$ -
2005 General Obligation Alternate Revenue Source Bonds	4,850,000	-	240,000	4,610,000	245,000
2008 General Obligations Alternate Revenue Source Bonds	2,000,000	-	-	2,000,000	-
2010 General Obligation Alternate Revenue Source Refunding Bonds	-	7,375,000	-	7,375,000	670,000
Bond Premium	113,146	339,600	55,022	397,724	-
Loss on Refunding	-	(149,986)	(18,748)	(131,238)	-
Other Postemployment Benefit*	7,308	6,573	-	13,881	-
Net Pension (Asset) Obligation*	3,938	169,339	-	173,277	-
Compensated Absences*	594,907	15,386	34,314	575,979	57,598
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM DEBT	$ 15,519,299	$ 7,755,912	$ 8,260,588	$ 15,014,623	$ 972,598

* Repaid by the General Fund.

8. LONG-TERM DEBT (Continued)

a. Governmental Activities (Continued)

Governmental activities long-term debt payable at April 30, 2011 is comprised of the following issues:

General Obligation Alternate Revenue Source Bonds, Series 2002A dated July 1, 2002, payable from utility and sales taxes payable to the Village. The bonds are due in annual installments of $100,000 to $1,450,000 through December 1, 2017, with interest ranging from 3.00% to 4.50%, payable each June 1 and December 1 and are being paid by the Debt Service Fund. The bonds were refunded during the fiscal year ended April 30, 2011.

General Obligation Alternate Revenue Source Bonds, Series 2005 dated June 1, 2005, payable from utility, telecommunication and sales taxes payable to the Village. The bonds are due in annual installments of $185,000 to $435,000 through December 1, 2025, with interest ranging from 3.25% to 4.25%, payable each June 1 and December 1 and are being paid by the Debt Service Fund.

General Obligation Alternate Revenue Source Bonds, Series 2008 dated August 1, 2008, payable from utility, telecommunication and sales taxes payable to the Village. The bonds are due in annual installments of $1,000,000 on December 1, 2018 and December 1, 2019, with interest at 5.00% payable each June 1 and December 1 and are being paid by the Debt Service Fund.

General Obligation Alternate Revenue Source Refunding Bonds Series 2010 dated June 1, 2010 payable from utility, telecommunication and sales taxes payable to the Village. The bonds are due in annual amounts of $670,000 to $1,405,000 through December 1, 2017 with interest payable each June 1 and December 1 at rates from 2.00% to 4.00%, and are being repaid by the Debt Service Fund.

The proceeds of the series 2010 bonds were used to advance refund $7,450,000 of the Series 2002A General Obligation Alternate Revenue Source Bonds which were called on December 1, 2010. As a result of the refunding the Village realized a cash flow savings of $407,288 and an economic gain of $369,649.

8. LONG-TERM DEBT (Continued)

a. Governmental Activities (Continued)

Debt service to maturity for these issues is as follows:

Fiscal Year	Series 2010 General Obligation Alternate Revenue Source Refunding Bonds		Series 2005 General Obligation Alternate Revenue Source Bonds		Series 2008 General Obligation Alternate Revenue Source Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	$ 670,000	$ 244,225	$ 245,000	$ 186,625	$ -	$ 100,000	$ 1,445,850
2013	785,000	230,825	260,000	178,050	-	100,000	1,553,875
2014	900,000	207,275	265,000	167,650	-	100,000	1,639,925
2015	1,040,000	180,275	275,000	157,050	-	100,000	1,752,325
2016	1,225,000	149,075	230,000	146,050	-	100,000	1,850,125
2017	1,350,000	100,075	190,000	136,850	-	100,000	1,876,925
2018	1,405,000	56,200	195,000	129,250	-	100,000	1,885,450
2019	-	-	370,000	121,450	1,000,000	100,000	1,591,450
2020	-	-	385,000	106,650	1,000,000	50,000	1,541,650
2021	-	-	400,000	91,250	-	-	491,250
2022	-	-	415,000	75,250	-	-	490,250
2023	-	-	440,000	58,650	-	-	498,650
2024	-	-	460,000	39,950	-	-	499,950
2025	-	-	480,000	20,400	-	-	500,400
TOTAL	$ 7,375,000	$ 1,167,950	$ 4,610,000	$ 1,615,125	$ 2,000,000	$ 850,000	$ 17,618,075

b. Business-Type Activities/Enterprise Fund Long-Term Debt

The following is a summary of changes in enterprise fund/business-type activities long-term debt of the Village for the year ended April 30, 2011:

	Balance May 1	Issuances	Repayments	Balance April 30	Current Portion
2007 General Obligation Refunding Bonds	$ 2,770,000	$ -	$ 255,000	$ 2,515,000	$ 270,000
IEPA Loan Payable	816,563	-	53,298	763,265	54,734
Bond Premium	35,638	-	8,909	26,729	-
Loss on Refunding	(9,362)	-	(2,340)	(7,022)	-
Compensated Absences	89,666	438	-	90,104	9,010
TOTAL ENTERPRISE FUND	$ 3,702,505	$ 438	$ 314,867	$ 3,388,076	$ 333,744

8. LONG-TERM DEBT (Continued)

b. Business-Type Activities/Enterprise Fund Long-Term Debt (Continued)

Total enterprise fund/business-type activities bonded debt payable at April 30, 2011 is comprised of the following issues:

General Obligation Alternative Revenue Source Bonds, Series 2007, payable from user fees generated in the Water Fund. These bonds are reported in the Water Fund since the intent of the Village is to use water revenues to abate the tax levy authorized for repayment of this obligation. The bonds are due in annual installments of $5,000 to $365,000 from December 1, 2008 through December 1, 2018, with interest at 3.95% payable each June 1 and December 1.	$ 2,515,000
Installment Loan Payable agreement with the Illinois Environmental Protection Agency for advances of up to $1,144,627 for construction of a sewer treatment plant. The advances bear interest at 2.675% and require semiannual payments of principal and interest.	763,265
TOTAL ENTERPRISE FUND DEBT PAYABLE	$ 3,278,265

Debt service to maturity for these issues is as follows:

Fiscal	Series 2007 Bond		IEPA Loan		
Year	Principal	Interest	Principal	Interest	Total
2012	$ 270,000	$ 99,343	$ 54,734	$ 20,056	$ 444,133
2013	280,000	88,678	56,207	18,583	443,468
2014	290,000	77,618	57,721	17,069	442,408
2015	305,000	66,163	59,275	15,515	445,953
2016	320,000	54,115	60,872	13,918	448,905
2017	335,000	41,474	62,511	12,279	451,264
2018	350,000	28,242	64,194	10,596	453,032
2019	365,000	14,417	65,923	8,867	454,207
2020	-	-	67,698	7,092	74,790
2021	-	-	69,521	5,269	74,790
2022	-	-	71,394	3,396	74,790
2023	-	-	73,215	1,474	74,689
TOTAL	$ 2,515,000	$ 470,050	$ 763,265	$ 134,114	$ 3,882,429

8. LONG-TERM DEBT (Continued)

c. Special Service Area Bonds

During the fiscal year ended April 30, 1997, the Village issued $125,000 Special Service Area No. 1 bonds, dated November 1, 1996. During the fiscal year ended April 30, 2006, the Village issued $275,000 Special Service Area No. 17 Bonds. The bonds are payable solely from the special service area taxes levied upon the properties located in the special service areas and do not constitute an indebtedness of the Village. The Village is acting solely as paying agent in collecting the taxes and remitting them to the bond holders. Accordingly, these bonds are not reported as a liability in the Village's financial statements. As of April 30, 2011, $12,070 of the Special Service Area No. 1 bonds and $130,757 of the Special Service Area No. 17 bonds are outstanding.

d. Special Assessment Bonds

During the fiscal year ended April 30, 2007, the Village refunded $11,923,000 of special assessment bonds, which will be paid from escrow through March 1, 2012. The refunding special assessment bonds, dated December 1, 2006, were outstanding as of April 30, 2011 and totaled $13,108,000. These bonds are not an obligation of the Village and are secured by the levy of special assessments on the real property within the special assessment area. The Village is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

e. Conduit Debt

The Village has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as liability in these financial statements. At April 30, 2011, there was one IDRB outstanding with an original par value of $7,100,000.

9. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; employee health; and injuries to the Village's employees. To insure against the losses, the Village participates in the Municipal Insurance Cooperative Agency (MICA), a public entity risk pool with transfers of risk. The Village pays an annual premium to MICA for its coverage. The Village is not aware of any additional premiums owed to MICA as of April 30, 2011, for the current or prior claim years. In addition, the Village provides health insurance to its employees through a third party indemnity policy. The Village pays an annual premium to the insurance company for its coverage. Settled claims have not exceeded the coverage in the current or preceding two fiscal years.

10. COMMITMENTS AND CONTINGENCIES

Economic Incentive

The Village has entered into economic development agreements with three companies in Montgomery to provide sales tax rebates. The agreements require the Village to rebate to the companies different levels of additional sales tax generated by the facilities.

The total expenditures paid during the year ended April 30, 2011 was $584,173, and the total cumulative expenditures incurred to date in rebates of current development agreements was $2,081,482.

11. DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund (IMRF)

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for fiscal year ended April 30, 2011 was 11.28% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund. At April 30, 2011, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	8
Current Employees	
Vested	6
Nonvested	14
TOTAL	28

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired as police officers prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired as police officers on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2011, the Village's contribution was 18.59% of covered payroll.

11. DEFINED BENEFIT PENSION PLANS (Continued)

b. Significant Investments

Significant investments are defined as investments in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan (other than U.S. Government guaranteed obligations). At April 30, 2011, the Village had four separate annuity contracts and one mortgage backed security that were each valued at greater than 5.00% of the total plan net assets for the Police Pension Plan. Information for IMRF is not available.

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	December 31, 2008	May 1, 2010
Actuarial Cost Method	Entry-age Normal	Entry-age Normal
Asset Valuation Method	5 Year Smoothed Market	3 Year Smoothed Market
Amortization Method	Level Percentage of Payroll	Level Dollar
Amortization Period	30 Years, Open	26 Years, Closed
Significant Actuarial Assumptions		
a) Rate of Return on Present and Future Assets	7.50% Compounded Annually	7.00% Compounded Annually
b) Projected Salary Increase - Attributable to Inflation	4.00% Compounded Annually	2.50% Compounded Annually
c) Additional Projected Salary Increases - Seniority/Merit	0.4% to 10.0%	1.12% to 4.86%
d) Postretirement Benefit Increases	3.00%	3.00%

11. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

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

	Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual Pension Cost (APC)	2009	$ 259,010	$ 239,167
	2010	261,859	338,139
	2011	258,237	411,141
Actual Contribution	2009	$ 259,010	$ 221,667
	2010	261,859	239,611
	2011	258,237	241,802
Percentage of APC Contributed	2009	100.00%	92.60%
	2010	100.00%	70.86%
	2011	100.00%	58.81%
NPO (Asset)	2009	$ -	$ (94,590)
	2010	-	3,938
	2011	-	173,277

The net pension obligation (asset) has been calculated as follows as of April 30, 2011:

	Police Pension
Annual Required Contributions	$ 411,177
Interest on Net Pension Obligation	276
Adjustment to Annual Required Contribution	(312)
Annual Pension Cost	411,141
Contributions Made	241,802
Increase in Net Pension Obligation	169,339
Net Pension Obligation (Asset), May 1	3,938
NET PENSION OBLIGATION (ASSET), APRIL 30	$ 173,277

11. DEFINED BENEFIT PENSION PLANS (Continued)

d. Funded Status

The funded status of the plans as of April 30, 2011, based on actuarial valuations performed as of December 31, 2010 for IMRF and May 1, 2010 for the Police Pension Fund is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 11-C:

	Illinois Municipal Retirement	Police Pension
Actuarial Accrued Liability (AAL)	$ 5,626,419	$ 8,293,467
Actuarial Value of Plan Assets	3,862,434	6,047,147
Unfunded Actuarial Accrued Liability (UAAL)	1,763,985	2,246,320
Funded Ratio (Actuarial Value of Plan Assets/AAL)	68.65%	72.91%
Covered Payroll (Active Plan Members)	$ 2,307,168	$ 1,300,567
UAAL as a Percentage of Covered Payroll	76.46%	172.72%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

12. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The Village provides continued health insurance coverage at the active employee rate to all eligible employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the Village's retirement plans. For village nonuniformed employees (IMRF retirees), upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from the Village's insurance provider. Retired uniformed police personnel are allowed to continue in the Village's plan indefinitely.

c. Membership

At April 30, 2010, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	7
Terminated Employees Entitled to Benefits but not yet Receiving Them	-
Active Employees	
Vested	23
Nonvested	30
TOTAL	60
Participating Employers	1

d. Funding Policy

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of May 1, 2009, to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2010. The Village's annual OPEB cost (expense) of $32,081 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of May 1, 2009. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 was as follows (information for the preceding year is not available as an actuarial valuation was performed for the first time as of May 1, 2009):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	$ 32,081	$ 24,773	77.22%	$ 7,308
April 30, 2011	31,346	24,773	79.03%	13,881

The net OPEB obligation as of April 30, 2011, was calculated as follows:

Annual Required Contribution	$ 31,224
Interest on Net OPEB Obligation	365
Adjustment to Annual Required Contribution	(243)
Annual OPEB Cost	31,346
Contributions Made	24,773
Increase (Decrease) in Net OPEB Obligation	6,573
Net OPEB Obligation, Beginning of Year	7,308
NET OPEB OBLIGATION, END OF YEAR	$ 13,881

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2010 (most recent data available) was as follows:

Actuarial Accrued Liability (AAL)	$ 481,239
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	481,239
Funded Ratio (Actuarial Value of Plan Assets/AAL)	N/A
Covered Payroll (Active Plan Members)	$ 3,868,449
UAAL as a Percentage of Covered Payroll	12.44%

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

In the April 30, 2010 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a discount rate of 5.00% and an initial healthcare cost trend rate of 8.00% with an ultimate healthcare inflation rate of 6.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2011 was 30 years.

13. PRIOR PERIOD ADJUSTMENT

Fund balance of the Capital Improvement Fund and net assets of Governmental Activities were decreased at May 1, 2010 by $28,573 to account for expenditures and grant revenues in the proper period.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property Taxes Including Road and Bridge	$ 1,971,000	$ 2,004,421
Sales	2,288,650	2,590,760
Personal Property Replacement	59,150	66,756
Income	1,313,770	1,330,267
Photo and Local Use	216,690	250,488
Utility	95,000	94,936
Total Taxes	5,944,260	6,337,628
Licenses and Permits	294,640	337,455
Charges for Services	1,612,270	1,608,532
Intergovernmental	2,650	41,237
Fines and Forfeits	282,200	303,888
Investment Income	30,000	18,028
Miscellaneous	58,000	66,868
Total Revenues	8,224,020	8,713,636
EXPENDITURES		
Current		
General Government		
Elected Officials	123,010	114,401
Administration Office	435,070	425,857
Finance Office	438,440	425,897
Legal Services	153,000	145,483
Engineering Services	315,500	261,939
Community Development - Planning/Zoning	400,640	330,006
Community Development - Code Enforcement	227,710	190,638
Community Development - Economic Development	620,990	640,950
Total General Government	2,714,360	2,535,171
Public Safety		
Police Administration	497,550	412,936
Police Support Services	704,900	717,452
Police Patrol	2,058,490	1,951,505
Police Investigations	249,110	300,062
Police Commission	7,540	6,525
Emergency Services and Disaster Agency	2,200	2,535
Total Public Safety	3,519,790	3,391,015

(This schedule is continued on the following page.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Current (Continued)		
Highways and Streets		
Public Works Administration	$ 102,100	$ 104,904
Public Works Highways and Streets	567,500	571,194
Public Works Vehicle Maintenance	253,630	205,570
Public Works Buildings and Grounds	177,530	160,815
Total Highways and Streets	1,100,760	1,042,483
Sanitation		
Public Works Sanitation	957,000	1,014,161
Storm Sewer	20,000	15,968
Total Sanitation	977,000	1,030,129
Total Expenditures	8,311,910	7,998,798
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(87,890)	714,838
OTHER FINANCING SOURCES (USES)		
Transfers In	85,000	70,800
Total Other Financing Sources (Uses)	85,000	70,800
NET CHANGE IN FUND BALANCE	$ (2,890)	785,638
FUND BALANCE, MAY 1		2,030,183
FUND BALANCE, APRIL 30		$ 2,815,821

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) as a Percentage of Covered Payroll (4) / (5)
2005	$ 4,064,810	$ 4,549,566	89.35%	$ 484,756	$ 1,888,679	25.67%
2006	4,615,878	5,226,687	88.31%	610,809	2,116,126	28.86%
2007	5,365,539	6,231,394	86.10%	865,855	2,461,075	35.18%
2008	4,902,281	6,365,318	77.02%	1,463,037	2,756,757	53.07%
2009	4,682,596	5,999,912	78.04%	1,317,316	2,497,690	52.74%
2010	3,862,434	5,626,419	68.65%	1,763,985	2,307,168	76.46%

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2011

Actuarial Valuation Date May 1,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL (OAAL) as a Percentage of Covered Payroll (4) / (5)
2006	$ 4,430,601	$ 4,409,037	100.49%	$ (21,564)	$ 1,195,376	(1.80%)
2007	5,025,334	5,234,276	96.01%	208,942	1,226,355	17.04%
2008	5,275,532	5,788,755	91.13%	513,223	1,339,507	38.31%
2009	5,509,865	6,949,576	79.28%	1,439,711	1,370,759	105.03%
2010	6,047,147	8,293,467	72.91%	2,246,320	1,300,567	172.72%
2011	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2011

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (OAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2010	$ -	$ 481,239	0.00%	$ 481,239	$ 3,868,449	12.44%
2011	N/A	N/A	N/A	N/A	N/A	N/A

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010.

Information for prior years is not available.

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	$ 218,172	$ 218,172	100.00%
2007	241,431	241,431	100.00%
2008	275,400	275,400	100.00%
2009	259,010	259,010	100.00%
2010	261,859	261,859	100.00%
2011	258,237	258,237	100.00%

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2011

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	$ 160,397	$ 191,898	83.58%
2007	239,599	159,676	150.05%
2008	219,255	183,958	119.19%
2009	221,667	238,474	92.95%
2010	239,611	337,385	71.02%
2011	241,802	411,177	58.81%

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2011

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	$ 24,773	$ 32,081	77.22%
2011	24,773	31,224	79.34%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010.

Information for prior years is not available.

(See independent auditor's report.)

1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for all funds except the Arbor Ridge, Balmorea, Marquis Pointe and Ogden Hill Special Service Area Funds, Lakewood Special Assessments Fund and Special Service Area No. 10 Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

All departments of the Village submit requests for appropriations to the Budget Officer so that a budget may be prepared. The budget is prepared by fund, department and division, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget may be amended by the governing body.

The Board of Trustees approves transfers between departments within a fund and transfers between funds. Expenditures may not legally exceed budgeted appropriations at the department level. During the current fiscal year, no budget amendments were adopted.

2. EXCESSES OF EXPENDITURES OVER BUDGET

The following individual fund expenditures exceeded budget in the following amounts:

	Budget	Expenditures
Fairfield Way Special Service Area Fund	$ 47,000	$ 77,360
Police Gift Fund	1,000	1,071
Police Drug Fund	6,250	18,304
Tax Increment Financing District	5,000	8,188
Economic Development Fund	5,000	7,705
Debt Service	1,374,030	1,454,051
Capital Improvement Fund	753,978	753,978

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Purpose:
These financial statements provide a more detailed view of the "General Purpose External Financial Statements" presented in the preceding subsection.

MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Improvement Fund - to account for funds restricted, committed or assigned for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

DEBT SERVICE FUNDS

Debt Service Fund - to account for the repayment of the 2002A, 2005 and 2008 general obligation alternate revenue source bonds that are being repaid with utility taxes.

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Taxes		
Utility Taxes	$ 1,332,000	$ 1,334,826
Charges for Services	199,400	821,051
Intergovernmental	1,947,900	232,001
Investment Income	100	11,148
Miscellaneous Income	4,000	11,747
Total Revenues	3,483,400	2,410,773
EXPENDITURES		
Capital Outlay	2,330,800	498,674
Total Expenditures	2,330,800	498,674
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,152,600	1,912,099
OTHER FINANCING SOURCES (USES)		
Proceed from Sale of Capital Asset	-	174,001
Transfer In	143,500	-
Transfer (Out)	(1,372,530)	(1,372,500)
Total Other Financing Sources (Uses)	(1,229,030)	(1,198,499)
NET CHANGE IN FUND BALANCE	$ (76,430)	713,600
FUND BALANCE (DEFICIT), MAY 1		(744,263)
Prior Period Adjustment		(28,573)
FUND BALANCES (DEFICIT), MAY 1, RESTATED		(772,836)
FUND BALANCE (DEFICIT), APRIL 30		$ (59,236)

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
None	$ -	$ -
Total Revenues	-	-
EXPENDITURES		
Current		
General Government	-	114,613
Debt Service		
Principal Retirement	740,000	740,000
Interest and Fiscal Charges	634,030	599,438
Total Expenditures	1,374,030	1,454,051
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,374,030)	(1,454,051)
OTHER FINANCING SOURCES (USES)		
Transfers In	1,372,530	1,372,500
Proceeds from Bonds Issued	-	7,375,000
Premium on Bonds Issued	-	339,600
Payment to Escrow Agent	-	(7,599,986)
Total Other Financing Sources (Uses)	1,372,530	1,487,114
NET CHANGE IN FUND BALANCE	$ (1,500)	33,063
FUND BALANCE, MAY 1		-
FUND BALANCE, APRIL 30		$ 33,063

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Economic Development Fund - to account for the community development revolving loan program funded by a grant restricted to provide loans to local businesses.

Police Drug Fund - to account for County court fines restricted for police anti-drug program expenditures.

Motor Fuel Tax Fund - to account for State Gasoline Tax Allocations restricted for local roadway program expenditures.

Emergency 911 Fund - to account for County wireless 911 surcharge fees restricted for emergency 911 enhancements.

Police Gift Fund - to account for monies that are restricted by the donors to be used for educational and equipment expenditures for the police force.

Montgomery Crossing Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Montgomery Crossing development.

Blackberry Crossing Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Blackberry Crossing development.

Arbor Ridge Special Service Area Fund - to account for the special service area tax that is restricted for maintenance of common areas in the Arbor Ridge development.

Fairfield Way Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Fairfield Way development.

Foxmoor Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Foxmoor development.

Tax Increment Financing (TIF) District Fund - to account for the taxes restricted for expenditures incurred related to the Village's TIF District.

Saratoga Springs Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Saratoga Springs development.

Orchard Prairie North Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Orchard Prairie North development.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

Blackberry Crossing West Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Blackberry Crossing West development.

Fieldstone Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Fieldstone development.

Balmorea Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Balmorea development.

Marquis Pointe Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Marquis Pointe development.

Ogden Hill Special Service Area Fund - to account for the special service area tax that is restricted for the maintenance of common areas in the Ogden Hill development.

CAPITAL PROJECTS FUNDS

Vehicle Reserve Fund - to account for contributions from other departments assigned for future vehicle replacements.

Special Assessments Fund - to account for the revenues and expenditures restricted to capital improvements of specific areas within the Village.

Special Service Area No. 10 Fund - to account for the construction of improvements in the Blackberry Crossing West development, funded by the proceeds of special service area bonds.

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2011

	Special Revenue Funds			
	Economic Development	Police Drug	Motor Fuel Tax	Emergency 911
ASSETS				
Cash and Investments	$ 452,193	$ 130,951	$ 571,904	$ 186,053
Property Taxes Receivable	-	-	-	-
Due from Other Governments	-	-	63,790	-
Notes Receivable	1,099,814	-	-	-
TOTAL ASSETS	$ 1,552,007	$ 130,951	$ 635,694	$ 186,053
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ -	$ 99	$ 9,727	$ -
Retainage Payable	-	-	35,716	-
Deferred Revenue	-	-	-	-
Total Liabilities	-	99	45,443	-
FUND BALANCES				
Restricted for				
Economic Development	1,552,007	-	-	-
Public Safety	-	130,852	-	186,053
Highways and Streets	-	-	590,251	-
Subdivision Maintenance	-	-	-	-
Unrestricted				
Assigned for Capital	-	-	-	-
Total Fund Balances	1,552,007	130,852	590,251	186,053
TOTAL LIABILITIES AND FUND BALANCES	$ 1,552,007	$ 130,951	$ 635,694	$ 186,053

Special Revenue Funds						
Police Gift	Montgomery Crossing Special Service Area	Blackberry Crossing Special Service Area	Arbor Ridge Special Service Area	Fairfield Way Special Service Area	Foxmoor Special Service Area	Tax Increment Financing District
$ 15,602	$ 188,374	$ 34,747	$ 19,840	$ 155,915	$ 138,903	$ 38,824
-	-	25,127	26,552	41,215	-	29,955
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 15,602	$ 188,374	$ 59,874	$ 46,392	$ 197,130	$ 138,903	$ 68,779
$ -	$ 3,824	$ 263	$ 198	$ 1,822	$ 709	$ -
-	-	-	-	-	-	-
-	-	25,127	26,552	-	-	29,955
-	3,824	25,390	26,750	1,822	709	29,955
-	-	-	-	-	-	38,824
15,602	-	-	-	-	-	-
-	-	-	-	-	-	-
-	184,550	34,484	19,642	195,308	138,194	-
-	-	-	-	-	-	-
15,602	184,550	34,484	19,642	195,308	138,194	38,824
$ 15,602	$ 188,374	$ 59,874	$ 46,392	$ 197,130	$ 138,903	$ 68,779

(This statement is continued on the following pages.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2011

	Special Revenue Funds			
	Saratoga Springs Special Service Area	Orchard Prairie North Special Service Area	Blackberry Crossing West Special Service Area	Fieldstone Special Service Area
ASSETS				
Cash and Investments	$ 28,971	$ 24,486	$ 59,841	$ 3,176
Property Taxes Receivable	12,257	27,297	-	20,852
Due from Other Governments	-	-	-	-
Notes Receivable	-	-	-	-
TOTAL ASSETS	$ 41,228	$ 51,783	$ 59,841	$ 24,028
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ -	$ 823	$ -	$ 185
Retainage Payable	-	-	-	-
Deferred Revenue	12,257	27,297	-	20,852
Total Liabilities	12,257	28,120	-	21,037
FUND BALANCES				
Restricted for				
Economic Development	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	-	-	-
Subdivision Maintenance	28,971	23,663	59,841	2,991
Unrestricted				
Assigned for Capital	-	-	-	-
Total Fund Balances	28,971	23,663	59,841	2,991
TOTAL LIABILITIES AND FUND BALANCES	$ 41,228	$ 51,783	$ 59,841	$ 24,028

				Capital Projects Funds			
Balmorea Special Service Area	Marquis Pointe Special Service Area	Ogden Hill Special Service Area	Vehicle Reserve	Lakewood Special Assessments	Special Service Area No. 10	Total
$ -	$ -	$ -	$ 132,191	$ 25,113	$ -	$ 2,207,084
5,500	12,950	22,050	-	-	-	223,755
-	-	-	-	-	-	63,790
-	-	-	-	-	-	1,099,814
$ 5,500	$ 12,950	$ 22,050	$ 132,191	$ 25,113	$ -	$ 3,594,443
$ -	$ -	$ -	$ -	$ -	$ -	$ 17,650
-	-	-	-	-	-	35,716
5,500	12,950	22,050	-	-	-	182,540
5,500	12,950	22,050	-	-	-	235,906
-	-	-	-	-	-	1,590,831
-	-	-	-	-	-	332,507
-	-	-	-	-	-	590,251
-	-	-	-	25,113	-	712,757
-	-	-	132,191	-	-	132,191
-	-	-	132,191	25,113	-	3,358,537
$ 5,500	$ 12,950	$ 22,050	$ 132,191	$ 25,113	$ -	$ 3,594,443

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2011

	Special Revenue Funds			
	Economic Development	Police Drug	Motor Fuel Tax	Emergency 911
REVENUES				
Property Taxes	$ -	$ -	$ -	$ -
Motor Fuel Taxes	-	-	530,325	-
Charges for Services	-	-	-	83,377
Intergovernmental	-	-	635,000	-
Fines and Forfeits	-	29,238	-	-
Contributions from Property Owners	-	-	-	-
Investment Income	32,224	-	350	-
Miscellaneous Income	-	-	-	-
Total Revenues	32,224	29,238	1,165,675	83,377
EXPENDITURES				
Current				
General Government	7,705	-	-	-
Public Safety	-	18,304	-	2,385
Highways and Streets	-	-	961,971	-
Capital Outlay	-	-	-	-
Total Expenditures	7,705	18,304	961,971	2,385
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,519	10,934	203,704	80,992
OTHER FINANCING SOURCES (USES)				
Proceed on Sale of Capital Asset	-	-	-	-
Transfers (Out)	-	-	-	(70,800)
Total Other Financing Sources (Uses)	-	-	-	(70,800)
NET CHANGE IN FUND BALANCES	24,519	10,934	203,704	10,192
FUND BALANCES (DEFICIT), MAY 1	1,527,488	119,918	386,547	175,861
FUND BALANCES, APRIL 30	$ 1,552,007	$ 130,852	$ 590,251	$ 186,053

Special Revenue Funds						
Police Gift	Montgomery Crossing Special Service Area	Blackberry Crossing Special Service Area	Arbor Ridge Special Service Area	Fairfield Way Special Service Area	Foxmoor Special Service Area	Tax Increment Financing District
$ -	$ -	$ 25,759	$ 8,104	$ 171	$ 301	$ 42,204
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
100	-	-	-	-	-	-
100	-	25,759	8,104	171	301	42,204
-	-	-	-	-	-	8,188
1,071	-	-	-	-	-	-
-	41,800	13,968	24,992	77,360	14,290	-
-	-	-	-	-	-	-
1,071	41,800	13,968	24,992	77,360	14,290	8,188
(971)	(41,800)	11,791	(16,888)	(77,189)	(13,989)	34,016
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(971)	(41,800)	11,791	(16,888)	(77,189)	(13,989)	34,016
16,573	226,350	22,693	36,530	272,497	152,183	4,808
$ 15,602	$ 184,550	$ 34,484	$ 19,642	$ 195,308	$ 138,194	$ 38,824

(This statement is continued on the following pages.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2011

	Special Revenue Funds			
	Saratoga Springs Special Service Area	Orchard Prairie North Special Service Area	Blackberry Crossing West Special Service Area	Fieldstone Special Service Area
REVENUES				
Property Taxes	$ 14,242	$ 16,697	$ -	$ 19,301
Motor Fuel Taxes	-	-	-	-
Charges for Services	-	-	-	-
Intergovernmental	-	-	-	-
Fines and Forfeits	-	-	-	-
Contributions from Property Owners	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous Income	-	-	-	-
Total Revenues	14,242	16,697	-	19,301
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	4,443	8,738	-	10,084
Capital Outlay	-	-	-	-
Total Expenditures	4,443	8,738	-	10,084
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,799	7,959	-	9,217
OTHER FINANCING SOURCES (USES)				
Proceed on Sale of Capital Asset	-	-	-	-
Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	9,799	7,959	-	9,217
FUND BALANCES (DEFICIT), MAY 1	19,172	15,704	59,841	(6,226)
FUND BALANCES, APRIL 30	$ 28,971	$ 23,663	$ 59,841	$ 2,991

			Capital Projects Funds			
Balmorea Special Service Area	Marquis Pointe Special Service Area	Ogden Hill Special Service Area	Vehicle Reserve	Lakewood Special Assessments	Special Service Area No. 10	Total Nonmajor Governmental
$ -	$ -	$ -	$ -	$ -	$ -	$ 126,779
-	-	-	-	-	-	530,325
-	-	-	145,950	-	-	229,327
-	-	-	-	-	-	635,000
-	-	-	-	-	-	29,238
-	-	-	-	-	1,208	1,208
-	-	-	-	1	-	32,575
-	-	-	-	66,600	-	66,700
-	-	-	145,950	66,601	1,208	1,651,152
-	-	-	-	-	-	15,893
-	-	-	36,602	-	-	58,362
-	-	-	-	59,672	-	1,217,318
-	-	-	-	-	2,538	2,538
-	-	-	36,602	59,672	2,538	1,294,111
-	-	-	109,348	6,929	(1,330)	357,041
-	-	-	22,843	-	-	22,843
-	-	-	-	-	-	(70,800)
-	-	-	22,843	-	-	(47,957)
-	-	-	132,191	6,929	(1,330)	309,084
-	-	-	-	18,184	1,330	3,049,453
$ -	$ -	$ -	$ 132,191	$ 25,113	$ -	$ 3,358,537

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Investment Income	$ 6,200	$ 32,224
Total Revenues	6,200	32,224
EXPENDITURES		
Current		
General Government	5,000	7,705
Total Expenditures	5,000	7,705
NET CHANGE IN FUND BALANCE	$ 1,200	24,519
FUND BALANCE, MAY 1		1,527,488
FUND BALANCE, APRIL 30		$ 1,552,007

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE DRUG FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Fines and Forfeits	$ 20,000	$ 29,238
Total Revenues	20,000	29,238
EXPENDITURES		
Current		
Public Safety	6,250	18,304
Total Expenditures	6,250	18,304
NET CHANGE IN FUND BALANCE	$ 13,750	10,934
FUND BALANCE, MAY 1		119,918
FUND BALANCE, APRIL 30		$ 130,852

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

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

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Motor Fuel Taxes	$ 436,790	$ 530,325
Intergovernmental	571,500	635,000
Investment Income	500	350
Total Revenues	1,008,790	1,165,675
EXPENDITURES		
Current		
Highways and Streets	1,066,000	961,971
Total Expenditures	1,066,000	961,971
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(57,210)	203,704
OTHER FINANCING SOURCES (USES)		
Transfers (Out)	(143,500)	-
Total Other Financing Sources (Uses)	(143,500)	-
NET CHANGE IN FUND BALANCE	$ (200,710)	203,704
FUND BALANCE, MAY 1		386,547
FUND BALANCE, APRIL 30		$ 590,251

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EMERGENCY 911 FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Charges for Services	$ 80,000	$ 83,377
Total Revenues	80,000	83,377
EXPENDITURES		
Current		
Public Safety	10,000	2,385
Total Expenditures	10,000	2,385
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	70,000	80,992
OTHER FINANCING SOURCES (USES)		
Transfers (Out)	(85,000)	(70,800)
Total Other Financing Sources (Uses)	(85,000)	(70,800)
NET CHANGE IN FUND BALANCE	$ (15,000)	10,192
FUND BALANCE, MAY 1		175,861
FUND BALANCE, APRIL 30		$ 186,053

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE GIFT FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Miscellaneous	$ 250	$ 100
Total Revenues	250	100
EXPENDITURES		
Current		
Public Safety	1,000	1,071
Total Expenditures	1,000	1,071
NET CHANGE IN FUND BALANCE	$ (750)	(971)
FUND BALANCE, MAY 1		16,573
FUND BALANCE, APRIL 30		$ 15,602

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MONTGOMERY CROSSINGS SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
None	$ -	$ -
Total Revenues	-	-
EXPENDITURES		
Current		
Highways and Streets	45,000	41,800
Total Expenditures	45,000	41,800
NET CHANGE IN FUND BALANCE	$ (45,000)	(41,800)
FUND BALANCE, MAY 1		226,350
FUND BALANCE, APRIL 30		$ 184,550

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BLACKBERRY CROSSINGS SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ 25,880	$ 25,759
Total Revenues	25,880	25,759
EXPENDITURES		
Current		
Highways and Streets	35,000	13,968
Total Expenditures	35,000	13,968
NET CHANGE IN FUND BALANCE	$ (9,120)	11,791
FUND BALANCE, MAY 1		22,693
FUND BALANCE, APRIL 30		$ 34,484

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIELDSTONE SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ 19,500	$ 19,301
Total Revenues	19,500	19,301
EXPENDITURES		
Current		
Highways and Streets	19,500	10,084
Total Expenditures	19,500	10,084
NET CHANGE IN FUND BALANCE	$ -	9,217
FUND BALANCE (DEFICIT), MAY 1		(6,226)
FUND BALANCE, APRIL 30		$ 2,991

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FAIRFIELD WAY SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ -	$ 171
Total Revenues	-	171
EXPENDITURES		
Current		
Highways and Streets	47,000	77,360
Total Expenditures	47,000	77,360
NET CHANGE IN FUND BALANCE	$ (47,000)	(77,189)
FUND BALANCE, MAY 1		272,497
FUND BALANCE, APRIL 30		$ 195,308

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOXMOOR SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ -	$ 301
Total Revenues	-	301
EXPENDITURES		
Current		
Highways and Streets	55,000	14,290
Total Expenditures	55,000	14,290
NET CHANGE IN FUND BALANCE	$ (55,000)	(13,989)
FUND BALANCE, MAY 1		152,183
FUND BALANCE, APRIL 30		$ 138,194

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING DISTRICT FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ 55,000	$ 42,204
Total Revenues	55,000	42,204
EXPENDITURES		
Current		
General Government	5,000	8,188
Total Expenditures	5,000	8,188
NET CHANGE IN FUND BALANCE	$ 50,000	34,016
FUND BALANCE, MAY 1		4,808
FUND BALANCE, APRIL 30		$ 38,824

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SARATOGA SPRINGS SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ 14,240	$ 14,242
Total Revenues	14,240	14,242
EXPENDITURES		
Current		
Highways and Streets	12,000	4,443
Total Expenditures	12,000	4,443
NET CHANGE IN FUND BALANCE	$ 2,240	9,799
FUND BALANCE, MAY 1		19,172
FUND BALANCE, APRIL 30		$ 28,971

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ORCHARD PRAIRIE NORTH SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ 16,700	$ 16,697
Total Revenues	16,700	16,697
EXPENDITURES		
Current		
Highways and Streets	12,000	8,738
Total Expenditures	12,000	8,738
NET CHANGE IN FUND BALANCE	$ 4,700	7,959
FUND BALANCE, MAY 1		15,704
FUND BALANCE, APRIL 30		$ 23,663

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BLACKBERRY CROSSING WEST SPECIAL SERVICE AREA FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Property Taxes	$ -	$ -
Total Revenues	-	-
EXPENDITURES		
Current		
Highways and Streets	25,000	-
Total Expenditures	25,000	-
NET CHANGE IN FUND BALANCE	$ (25,000)	-
FUND BALANCE, MAY 1		59,841
FUND BALANCE, APRIL 30		$ 59,841

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
VEHICLE RESERVE FUND

For the Year Ended April 30, 2011

	Original and Final Budget	Actual
REVENUES		
Charges for Services	$ 187,000	$ 145,950
Total Revenues	187,000	145,950
EXPENDITURES		
Current		
Public Safety	187,000	36,602
Total Expenditures	187,000	36,602
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	109,348
OTHER FINANCING SOURCES (USES)		
Proceed from Sale of Capital Asset	-	22,843
Total Other Financing Sources (Uses)	-	22,843
NET CHANGE IN FUND BALANCE	$ -	132,191
FUND BALANCE, MAY 1		-
FUND BALANCE, APRIL 30		$ 132,191

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

Water Fund - to account for revenues and expenses relative to the operation of the water utility.

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS
WATER DEPARTMENT ACCOUNTS

April 30, 2011

	Water	Water Improvement	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	$ 590,087	$ 576,827	$ -	$ 1,166,914
Restricted Investments	5,680	-	-	5,680
Accounts Receivable	663,138	366,016	-	1,029,154
Accrued Interest Receivable	366	-	-	366
Total Current Assets	1,259,271	942,843	-	2,202,114
NONCURRENT ASSETS				
Other Assets				
Unamortized Bond Issuance Costs	21,620	-	-	21,620
Capital Assets not Being Depreciated	448,471	-	-	448,471
Capital Assets Being Depreciated				
Cost	43,603,023	-	-	43,603,023
Accumulated Depreciation	(14,102,176)	-	-	(14,102,176)
Net Capital Assets	29,949,318	-	-	29,949,318
Total Noncurrent Assets	29,970,938	-	-	29,970,938
Total Assets	31,230,209	942,843	-	32,173,052

(This schedule is continued on the following page.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS (Continued)
WATER DEPARTMENT ACCOUNTS

April 30, 2011

	Water	Water Improvement	Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	$ 61,910	$ 63,258	$ -	$ 125,168
Retainage Payable	-	598	-	598
Accrued Payroll	8,183	-	-	8,183
Interest Payable	49,901	-	-	49,901
Unearned Revenue	36,000	48,381	-	84,381
Current Portion of Compensated Absences	9,010	-	-	9,010
Current Portion of Bonds and IEPA Loan Payable	324,734	-	-	324,734
Total Current Liabilities	489,738	112,237	-	601,975
LONG-TERM LIABILITIES				
General Obligation Bonds Payable	2,515,000	-	-	2,515,000
IEPA Loan Payable	763,265	-	-	763,265
Less Current Portion Above	(324,734)	-	-	(324,734)
Bond Premium	19,707	-	-	19,707
Compensated Absences	81,094	-	-	81,094
Total Long-Term Liabilities	3,054,332	-	-	3,054,332
Total Liabilities	3,544,070	112,237	-	3,656,307
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	26,651,346	-	-	26,651,346
Unrestricted	1,034,793	830,606	-	1,865,399
TOTAL NET ASSETS	$ 27,686,139	$ 830,606	$ -	$ 28,516,745

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
WATER DEPARTMENT ACCOUNTS

For the Year Ended April 30, 2011

	Water	Water Improvement	Eliminations	Total
OPERATING REVENUES				
Charges for Services	$ 3,467,670	$ -	$ -	$ 3,467,670
Total Operating Revenues	3,467,670	-	-	3,467,670
OPERATING EXPENSES				
Personal Services	1,095,855	-	-	1,095,855
Contractual Services	125,083	-	-	125,083
Repairs and Maintenance	390,580	343,303	-	733,883
Insurance	69,867	-	-	69,867
Utilities	259,619	-	-	259,619
Supplies and Miscellaneous	215,240	-	-	215,240
Depreciation and Amortization	1,481,643	-	-	1,481,643
Total Operating Expenses	3,637,887	343,303	-	3,981,190
OPERATING INCOME (LOSS)	(170,217)	(343,303)	-	(513,520)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	2,797	-	-	2,797
Rental Income	47,758	-	-	47,758
Connection Fees and Reimbursements	-	64,755	-	64,755
Interest Expense and Fiscal Charges	(127,453)	-	-	(127,453)
Total Nonoperating Revenues (Expenses)	(76,898)	64,755	-	(12,143)
NET INCOME (LOSS) BEFORE TRANSFERS	(247,115)	(278,548)	-	(525,663)
TRANSFERS				
Transfers In	12,417	-	(12,417)	-
Transfers (Out)	-	(12,417)	12,417	-
Total Transfers	12,417	(12,417)	-	-
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(234,698)	(290,965)	-	(525,663)
CONTRIBUTIONS	1,918,048	1,619	-	1,919,667
CHANGE IN NET ASSETS	1,683,350	(289,346)	-	1,394,004
NET ASSETS, MAY 1	26,002,789	1,119,952	-	27,122,741
NET ASSETS, APRIL 30	$ 27,686,139	$ 830,606	$ -	$ 28,516,745

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS
WATER DEPARTMENT ACCOUNTS

For the Year Ended April 30, 2011

	Water	Water Improvement	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	$ 3,461,222	$ -	$ -	$ 3,461,222
Receipt from Rental Income	47,758	-	-	47,758
Payments to Suppliers	(1,070,116)	(288,409)	-	(1,358,525)
Payments to Employees	(1,096,459)	-	-	(1,096,459)
Payments for Interfund Services	(69,867)	-	-	(69,867)
Net Cash from Operating Activities	1,272,538	(288,409)	-	984,129
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Connection Fees and Reimbursements	-	59,106	-	59,106
Net Cash from Noncapital Financing Activities	-	59,106	-	59,106
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	-	(12,417)	-	(12,417)
Capital Grants	-	50,000	-	50,000
Principal Payments on Long-Term Debt	(308,298)	-	-	(308,298)
Interest and Fiscal Charges Paid	(131,614)	-	-	(131,614)
Net Cash from Capital and Related Financing Activities	(439,912)	37,583	-	(402,329)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	5,106	-	-	5,106
Net Cash from Investing Activities	5,106	-	-	5,106
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	837,732	(191,720)	-	646,012
CASH AND CASH EQUIVALENTS, MAY 1	(247,645)	768,547	-	520,902
CASH AND CASH EQUIVALENTS, APRIL 30	$ 590,087	$ 576,827	$ -	$ 1,166,914

(This schedule is continued on the following page.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS (Continued)
WATER DEPARTMENT ACCOUNTS

For the Year Ended April 30, 2011

	Water	Water Improvement	Eliminations	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	$ (170,217)	$ (343,303)	$ -	$ (513,520)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	1,481,643	-	-	1,481,643
Rental Income	47,758	-	-	47,758
Changes in Assets and Liabilities				
Accounts Receivable	(6,448)	-	-	(6,448)
Accounts Payable	(79,594)	54,894	-	(24,700)
Accrued Payroll	(1,042)	-	-	(1,042)
Accrued Compensated Absences	438	-	-	438
NET CASH FROM OPERATING ACTIVITIES	$ 1,272,538	$ (288,409)	$ -	$ 984,129
NONCASH TRANSACTIONS				
Contribution of Capital Assets	$ 1,918,048	$ -	$ -	$ 1,918,048

(See independent auditor's report.)

FIDUCIARY FUNDS

Pension Trust Fund

Police Pension Fund - to account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the Village through an annual contribution from the General Fund from revenues received from the police pension property tax levy.

Agency Funds

Talma Street Special Service Area Fund - to account for tax collections to pay principal and interest on the Special Service Area Bonds.

Escrow Fund - to account for developer contributions held on behalf of other governments and for developer deposits.

Flexible Benefit Fund - to account for fringe benefits for employees.

Special Assessment Fund - to account for contributions from property owners and payments of principal and interest on the Special Assessment Bonds.

Special Service Area No. 10 Fund - to account for the tax collections to pay principal and interest on the Special Service Area No. 10 Bonds.

Cornell Special Service Area Fund - to account for the tax collections to pay principal and interest on the Special Service Area No. 17 Bonds.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF NET ASSETS
POLICE PENSION FUND

April 30, 2011

ASSETS		
Cash and Short-Term Investments	$	126,335
Receivables		
Accrued Interest Receivable		38
Investments		
U.S. Government and Agency Obligations		1,608,848
Insurance Company Contracts - Separate Accounts		1,414,119
Equity Mutual Funds		2,716,445
Bond Mutual Funds		82,605
Total Assets		5,948,390
LIABILITIES		
None		-
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$	5,948,390

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2011

	Balances May 1	Additions	Deductions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and Investments	$ 15,709,940	$ 1,713,915	$ 14,009,705	$ 3,414,150
TOTAL ASSETS	$ 15,709,940	$ 1,713,915	$ 14,009,705	$ 3,414,150
LIABILITIES				
Due to Others	$ 1,014,438	$ 82,811	$ 298,571	$ 798,678
Due to Bondholders	14,695,502	1,631,104	13,711,134	2,615,472
TOTAL LIABILITIES	$ 15,709,940	$ 1,713,915	$ 14,009,705	$ 3,414,150
TALMA STREET SPECIAL SERVICE AREA FUND				
ASSETS				
Cash and Investments	$ 19,945	$ 12,889	$ 12,939	$ 19,895
TOTAL ASSETS	$ 19,945	$ 12,889	$ 12,939	$ 19,895
LIABILITIES				
Due to Others	$ 19,945	$ 12,889	$ 12,939	$ 19,895
TOTAL LIABILITIES	$ 19,945	$ 12,889	$ 12,939	$ 19,895

(This statement is continued on the following pages.)

VILLAGE OF MONTGOMERY, ILLINOIS

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

For the Year Ended April 30, 2011

	Balances May 1	Additions	Deductions	Balances April 30
ESCROW FUND				
ASSETS				
Cash and Investments	$ 907,936	$ 24,500	$ 154,443	$ 777,993
TOTAL ASSETS	$ 907,936	$ 24,500	$ 154,443	$ 777,993
LIABILITIES				
Due to Others	$ 907,936	$ 24,500	$ 154,443	$ 777,993
TOTAL LIABILITIES	$ 907,936	$ 24,500	$ 154,443	$ 777,993
FLEXIBLE BENEFIT FUND				
ASSETS				
Cash and Investments	$ 476	$ 314	$ -	$ 790
TOTAL ASSETS	$ 476	$ 314	$ -	$ 790
LIABILITIES				
Due to Others	$ 476	$ 314	$ -	$ 790
TOTAL LIABILITIES	$ 476	$ 314	$ -	$ 790

(This statement is continued on the following pages.)

VILLAGE OF MONTGOMERY, ILLINOIS

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

For the Year Ended April 30, 2011

	Balances May 1	Additions	Deductions	Balances April 30
SPECIAL ASSESSMENT FUND				
ASSETS				
Cash and Investments	$ 14,695,490	$ 1,631,104	$ 13,711,134	$ 2,615,460
TOTAL ASSETS	$ 14,695,490	$ 1,631,104	$ 13,711,134	$ 2,615,460
LIABILITIES				
Due to Bondholders	$ 14,695,490	$ 1,631,104	$ 13,711,134	$ 2,615,460
TOTAL LIABILITIES	$ 14,695,490	$ 1,631,104	$ 13,711,134	$ 2,615,460
SPECIAL SERVICE AREA NO. 10 FUND				
ASSETS				
Cash and Investments	$ 12	$ -	$ -	$ 12
TOTAL ASSETS	$ 12	$ -	$ -	$ 12
LIABILITIES				
Due to Bondholders	$ 12	$ -	$ -	$ 12
TOTAL LIABILITIES	$ 12	$ -	$ -	$ 12

(This statement is continued on the following page.)

VILLAGE OF MONTGOMERY, ILLINOIS

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

For the Year Ended April 30, 2011

	Balances May 1	Additions	Deductions	Balances April 30
CORNELL SPECIAL SERVICE AREA FUND				
ASSETS				
Cash and Investments	$ 86,081	$ 45,108	$ 131,189	$ -
TOTAL ASSETS	$ 86,081	$ 45,108	$ 131,189	$ -
LIABILITIES				
Due to Others	$ 86,081	$ 45,108	$ 131,189	$ -
TOTAL LIABILITIES	$ 86,081	$ 45,108	$ 131,189	$ -

(See independent auditor's report.)

STATISTICAL SECTION

This part of the Village's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information displays about the Village's overall financial health.

Contents	Page(s)
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have been changed over time.	89-97
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	98-103
Debt Capacity The schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	104-108
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	109-110
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	111-113

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement No. 34 in 2005; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF MONTGOMERY, ILLINOIS

NET ASSETS BY COMPONENT

Last Seven Fiscal Years

Fiscal Year	2005	2006	2007
GOVERNMENTAL ACTIVITIES			
Invested in Capital Assets, Net of Related Debt	$ 5,099,533	$ 2,760,235	$ 4,388,301
Restricted	9,853,116	1,925,539	2,490,523
Unrestricted	5,391,317	10,415,952	9,176,185
TOTAL GOVERNMENT ACTIVITIES	$ 20,343,966	$ 15,101,726	$ 16,055,009
BUSINESS-TYPE ACTIVITIES			
Invested in Capital Assets, Net of Related Debt	$ 13,105,573	$ 14,750,138	$ 16,233,234
Restricted	-	-	-
Unrestricted	3,490,046	2,162,812	464,271
TOTAL BUSINESS-TYPE ACTIVITIES	$ 16,595,619	$ 16,912,950	$ 16,697,505
PRIMARY GOVERNMENT			
Invested in Capital Assets, Net of Related Debt	$ 18,205,106	$ 17,510,373	$ 20,621,535
Restricted	9,853,116	1,925,539	2,490,523
Unrestricted	8,881,363	12,578,764	9,640,456
TOTAL PRIMARY GOVERNMENT	$ 36,939,585	$ 32,014,676	$ 32,752,514

Data Sources

Audited Financial Statements

2008	2009	2010	2011
$ 30,251,886	$ 36,431,647	$ 41,540,031	$ 45,586,500
2,369,032	2,580,672	3,055,679	3,226,346
709,828	(499,811)	433,352	2,190,183
$ 33,330,746	$ 38,512,508	$ 45,029,062	$ 51,003,029
$ 23,331,066	$ 24,102,567	$ 25,878,294	$ 26,651,346
-	-	-	-
691,648	637,045	1,244,447	1,865,399
$ 24,022,714	$ 24,739,612	$ 27,122,741	$ 28,516,745
$ 53,582,952	$ 60,534,214	$ 67,418,325	$ 72,237,846
2,369,032	2,580,672	3,055,679	3,226,346
1,401,476	137,234	1,677,799	4,055,582
$ 57,353,460	$ 63,252,120	$ 72,151,803	$ 79,519,774

VILLAGE OF MONTGOMERY, ILLINOIS

CHANGE IN NET ASSETS

Last Seven Fiscal Years

Fiscal Year	2005	2006	2007
EXPENSES			
Governmental Activities			
General Government	$ 12,978,486	$ 11,149,474	$ 3,555,496
Public Safety	2,568,314	2,199,900	3,744,231
Highways and Streets	1,065,229	1,402,507	2,059,540
Sanitation	586,943	724,711	790,523
Interest	235,529	602,676	604,331
Total Governmental Activities Expenses	17,434,501	16,079,268	10,754,121
Business-Type Activities			
Waterworks	3,756,728	4,219,233	3,701,562
Total Business-Type Activities Expenses	3,756,728	4,219,233	3,701,562
TOTAL PRIMARY GOVERNMENT EXPENSES	$ 21,191,229	$ 20,298,501	$ 14,455,683
PROGRAM REVENUES			
Governmental Activities			
Charges for Services			
General Government	$ 2,810,092	$ 2,416,565	$ 2,890,579
Public Safety	297,572	293,353	376,138
Highways and Streets	18,052,041	836,032	563,135
Sanitation	530,973	651,986	720,168
Operating Grants and Contributions	458,096	377,076	419,065
Capital Grants and Contributions	78,000	31,180	50,000
Total Governmental Activities Program Revenues	22,226,774	4,606,192	5,019,085
Business-Type Activities			
Charges for Services	4,000,399	4,164,976	3,510,934
Capital Grants and Contributions	235,419	286,818	60,356
Total Business-Type Activities Program Revenues	4,235,818	4,451,794	3,571,290
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	$ 26,462,592	$ 9,057,986	$ 8,590,375
NET REVENUE (EXPENSE)			
Governmental Activities	$ 4,792,273	$ (11,473,076)	$ (5,735,036)
Business-Type Activities	479,090	232,561	(130,272)
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	$ 5,271,363	$ (11,240,515)	$ (5,865,308)

2008	2009	2010	2011
$ 4,197,064	$ 3,417,096	$ 3,540,980	$ 3,077,769
4,024,681	3,943,129	4,144,033	4,127,345
2,731,761	2,694,913	2,724,614	3,610,159
839,223	889,190	997,054	1,030,129
587,246	633,176	639,111	537,769
12,379,975	11,577,504	12,045,792	12,383,171
4,108,643	3,807,890	3,813,368	4,108,643
4,108,643	3,807,890	3,813,368	4,108,643
$ 16,488,618	$ 15,385,394	$ 15,859,160	$ 16,491,814
$ 1,784,591	$ 887,648	$ 791,624	$ 1,343,545
297,352	548,645	634,341	764,147
319,583	59,138	75,614	168,046
818,426	872,656	975,454	1,004,889
550,422	488,826	476,945	1,413,932
18,243,217	5,656,409	7,463,786	5,640,911
22,013,591	8,513,322	10,417,764	10,335,470
3,834,338	2,815,318	3,234,104	3,532,425
7,082,159	1,623,918	2,881,397	1,919,667
10,916,497	4,439,236	6,115,501	5,452,092
$ 32,930,088	$ 12,952,558	$ 16,533,265	$ 15,787,562
$ 9,633,616	$ (3,064,182)	$ (1,628,028)	$ (2,047,701)
6,807,854	631,346	2,302,133	1,343,449
$ 16,441,470	$ (2,432,836)	$ 674,105	$ (704,252)

VILLAGE OF MONTGOMERY, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Seven Fiscal Years

Fiscal Year	2005	2006	2007
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
Governmental Activities			
Taxes			
Property and Replacement	$ 1,052,003	$ 1,290,163	$ 1,582,852
Income	584,932	810,962	1,095,594
Sales	1,467,350	1,684,446	1,799,426
Utility	1,120,536	1,308,029	1,281,322
Local Use	96,438	131,451	182,247
Franchise Fees	71,417	91,202	115,694
Donations	585,200	275,000	-
Investment Income	283,895	639,583	631,184
Miscellaneous	-	-	-
Special Item	(585,200.00)	-	-
Total Governmental Activities	4,676,571	6,230,836	6,688,319
Business-Type Activities			
Investment Income	23,805	63,499	43,868
Miscellaneous	21,271	21,271	32,129
Total Business-Type Activities	45,076	84,770	75,997
TOTAL PRIMARY GOVERNMENT	$ 4,721,647	$ 6,315,606	$ 6,764,316
CHANGE IN NET ASSETS			
Governmental Activities	$ 9,468,844	$ (5,242,240)	$ 953,283
Business-Type Activities	524,166	317,331	(54,275)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	$ 9,993,010	$ (4,924,909)	$ 899,008

Note: The Village implemented GASB S-34 as of April 30, 2005. Information for prior years is not available.

Data Source

Audited Financial Statements

2008	2009	2010	2011
$ 1,797,856	$ 2,171,246	$ 2,593,798	$ 2,197,958
1,326,500	1,454,677	1,355,129	1,330,267
2,308,243	2,539,423	2,434,337	2,590,760
1,492,570	1,501,852	1,365,252	1,429,762
197,453	238,046	206,509	250,488
136,554	141,767	158,204	178,225
-	-	-	-
372,126	55,770	22,633	61,751
57,346	38,165	23,636	11,030
-	-	-	-
7,688,648	8,140,946	8,159,498	8,050,241
2,797	29,946	6,130	2,797
47,758	55,606	74,866	47,758
50,555	85,552	80,996	50,555
$ 7,739,203	$ 8,226,498	$ 8,240,494	$ 8,100,796
$ 17,322,264	$ 5,076,764	$ 6,531,470	$ 6,002,540
6,858,409	716,898	2,383,129	1,394,004
$ 24,180,673	$ 5,793,662	$ 8,914,599	$ 7,396,544

VILLAGE OF MONTGOMERY, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL FUND										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 701,124	$ 691,533	$ -
Unreserved	2,626,526	2,365,794	1,912,445	2,290,618	2,224,385	1,768,713	1,442,677	769,038	1,338,650	-
Nonspendable	-	-	-	-	-	-	-	-	-	691,533
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	2,124,288
TOTAL GENERAL FUND	$ 2,626,526	$ 2,365,794	$ 1,912,445	$ 2,290,618	$ 2,224,385	$ 1,768,713	$ 1,442,677	$ 1,470,162	$ 2,030,183	$ 2,815,821
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	$ 1,869,812	$ 481,069	$ 1,876,959	$ 9,853,116	$ 2,275,389	$ 2,490,523	$ 2,369,032	$ 2,580,672	$ 3,055,679	$ -
Unreserved										
Special Revenue	83,217	90,196	121,884	-	-	-	(92,759)	(24,412)	(6,226)	-
Capital Projects	1,757,315	10,016,508	9,059,691	3,722,114	8,540,237	7,951,924	(46,374)	(1,238,112)	(744,263)	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	3,226,346
Unrestricted										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	165,254
Unassigned	-	-	-	-	-	-	-	-	-	(59,236)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	$ 3,710,344	$ 10,587,773	$ 11,058,534	$ 13,575,230	$ 10,815,626	$ 10,442,447	$ 2,229,899	$ 1,318,148	$ 2,305,190	$ 3,332,364
TOTAL ALL GOVERNMENTAL FUNDS	$ 6,336,870	$ 12,953,567	$ 12,970,979	$ 15,865,848	$ 13,040,011	$ 12,211,160	$ 3,672,576	$ 2,788,310	$ 4,335,373	$ 6,148,185

Data Source

Audited Financial Statements

The Village implemented GASB Statement No 54 for the fiscal year ended April 30, 2011.

VILLAGE OF MONTGOMERY, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Taxes	$ 3,510,552	$ 3,597,396	$ 3,938,187	$ 4,580,438	$ 5,545,888	$ 6,338,166	$ 7,546,487	$ 8,348,317	$ 8,410,228	$ 8,329,558
Licenses and Permits	423,026	555,390	508,445	588,616	545,975	646,609	453,255	347,605	348,071	337,455
Intergovernmental	202,344	380,119	167,136	259,173	116,026	133,084	105,561	123,206	199,193	908,238
Charges for Services	1,183,649	2,007,541	2,514,511	3,264,425	3,424,173	3,478,950	2,584,045	3,406,271	2,318,607	2,658,910
Fines and Forfeits	84,849	146,630	153,103	189,384	199,954	203,147	157,644	239,539	327,227	333,126
Investment Income	367,106	278,045	160,647	283,895	639,586	630,181	372,126	55,770	22,633	61,751
Developer Contributions	-	-	-	-	-	-	362,323	-	148,541	-
Contributions from Property Owners	-	-	-	17,620,321	275,000	-	-	17,500	423	1,208
Miscellaneous	80,867	55,797	62,815	117,093	90,426	277,267	213,042	170,688	219,131	145,315
Total Revenues	5,852,393	7,020,918	7,504,844	26,903,345	10,837,028	11,707,404	11,794,483	12,708,896	11,994,054	12,775,561
EXPENDITURES										
Current										
General Government	1,549,980	2,079,667	2,210,384	2,460,660	2,899,901	3,135,761	3,974,221	3,185,821	2,744,480	2,665,677
Public Safety	1,755,738	2,031,873	2,225,292	2,413,434	2,613,421	3,428,954	3,495,453	3,389,865	3,532,943	3,449,377
Highways and Streets	8,512,651	3,460,598	3,944,777	1,221,536	1,701,273	1,789,485	2,237,906	1,640,752	1,403,559	2,259,801
Sanitation	266,931	352,138	9,039	586,943	724,711	775,807	839,223	889,190	997,054	1,030,129
Health and Welfare	7,887	-	-	-	-	-	-	-	-	-
Culture and Recreation	21,514	-	-	-	-	-	-	-	-	-
Miscellaneous	31,021	2,771	2,644	-	-	-	-	-	-	-
Capital Outlay	23,890	-	-	17,165,363	10,600,641	2,339,488	8,614,925	5,540,861	485,739	501,212
Debt Service	118,624	280,819	607,435	-	-	-	-	-	-	-
Principal	-	-	-	250,000	575,000	490,000	530,000	580,000	610,000	740,000
Interest and Fiscal Charges	-	-	-	407,559	513,548	611,130	594,812	609,961	658,300	599,438
Total Expenditures	12,288,236	8,207,866	8,999,571	24,505,495	19,628,495	12,570,625	20,286,540	15,836,450	10,432,075	11,245,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,435,843)	(1,186,948)	(1,494,727)	2,397,850	(8,791,467)	(863,221)	(8,492,057)	(3,127,554)	1,561,979	1,529,927

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OTHER FINANCING SOURCES (USES)										
Transfers In	$ 120,000	$ 370,000	$ 455,000	$ 683,360	$ 1,120,000	$ 1,202,430	$ 1,126,120	$ 1,218,711	$ 1,595,763	$ 1,443,300
Transfers (Out)	(120,000)	(370,000)	(455,000)	(683,360)	(1,120,000)	(1,202,430)	(1,126,120)	(1,218,711)	(1,595,763)	(1,443,300)
Bonds Issued	-	9,313,650	-	-	6,000,000	-	-	2,000,000	-	7,375,000
Premium on Bonds Issued	-	-	-	-	-	-	-	138,290	-	339,600
Payment to Escrow	-	-	-	-	-	-	-	-	-	(7,599,986)
Proceeds from Sale of Capital Asset	-	-	-	-	-	-	-	-	-	196,844
Total Other Funding Sources (Uses)	-	9,313,650	-	-	6,000,000	-	-	2,138,290	-	311,458
NET CHANGE IN FUND BALANCES	$ 6,435,843	$ (7,946,702)	$ 1,494,727	$ (2,397,850)	$ (2,791,467)	$ (863,221)	$ (8,492,057)	$ (989,264)	$ 1,547,063	$ 1,841,385
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0%	0%	0%	9.84%	13.71%	11.61%	10.87%	12.58%	12.45%	14.04%

Data Source

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year		Residential Property	Commercial Property	Industrial Property	Railroad Property	Farm Property	Total Actual Value	Total Direct Tax Rate	Actual Taxable Assessed Value	Actual Taxable Value
2001	Kane County	$ 38,528,537	$ 15,761,659	$ 31,766,632	$ 558,779	$ 531,998	$ 87,147,605	0.44540	$ 29,046,297	33.3%
	Kendall County	N/A	N/A	N/A	N/A	N/A	45,784,040		15,259,821	
2002	Kane County	44,110,408	16,957,826	36,886,913	585,441	369,415	98,910,003	0.42890	32,966,704	33.3%
	Kendall County	N/A	N/A	N/A	N/A	N/A	67,326,906		22,440,058	
2003	Kane County	52,860,197	16,522,094	38,230,960	496,510	378,034	108,487,795	0.50090	36,158,982	33.3%
	Kendall County	N/A	N/A	N/A	N/A	N/A	100,257,632		33,415,869	
2004	Kane County	72,341,408	17,567,292	42,686,651	486,155	333,474	133,414,980	0.49850	44,467,213	33.3%
	Kendall County	N/A	N/A	N/A	N/A	N/A	125,892,016		41,959,809	
2005	Kane County	94,695,685	19,071,768	45,856,396	451,368	397,619	160,472,836	0.37930	53,485,596	33.3%
	Kendall County	N/A	N/A	N/A	N/A	N/A	156,189,326		52,057,902	
2006	Kane County	130,150,023	20,713,506	50,224,319	470,773	388,241	201,946,862	0.43900	67,308,889	33.3%
	Kendall County	N/A	N/A	N/A	N/A	N/A	205,272,490		68,355,739	
2007	Kane County	143,557,685	21,254,903	52,334,881	494,539	411,850	218,053,858	0.37274	72,677,351	33.3%
	Kendall County	225,221,844	24,443,380	3,215,940	10,056	128,586	253,019,806	0.36600	84,255,595	
2008	Kane County	146,340,376	25,150,166	59,513,310	600,802	459,791	232,064,445	0.35902	77,347,080	33.3%
	Kendall County	239,740,364	33,432,819	2,943,895	10,056	126,025	276,253,159	0.36340	91,992,302	
2009	Kane County	145,339,543	24,471,644	55,883,059	719,732	502,703	226,916,681	0.36852	75,631,330	33.3%
	Kendall County	246,603,488	35,351,375	3,124,055	10,056	103,780	285,192,754	0.36635	95,064,251	
2010	Kane County	132,284,981	23,970,816	55,212,581	761,544	537,493	212,767,415	0.41543	70,915,379	33.3%
	Kendall County	217,611,681	36,767,375	2,947,971	10,056	142,280	257,479,363	0.41562	85,826,454	

N/A - Not available

Data Source

Village and County Records

VILLAGE OF MONTGOMERY, ILLINOIS

PROPERTY TAX RATES* - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
VILLAGE DIRECT RATES										
Village of Montgomery										
General Corporate	0.2231	0.2066	0.2303	0.2450	0.2168	0.2107	0.1984	0.1927	0.1883	0.1999
IMRF	-	0.0166	0.0354	0.0587	0.0430	0.0344	0.0346	0.0345	0.0390	0.0461
Garbage Collection	0.0556	0.0300	0.0150	-	-	-	-	-	-	-
Liability Insurance	0.0186	0.0180	0.0329	0.0482	0.0293	0.0332	0.0367	0.0394	0.0458	0.0461
Social Security	0.0481	0.0683	0.0870	0.0755	0.0635	0.0553	0.0504	0.0493	0.0487	0.0543
Police Pension	0.1000	0.0894	0.1003	0.0711	0.0753	0.0553	0.0472	0.0473	0.0468	0.0691
Bond and Interest	-	-	-	-	-	0.0697	-	-	-	-
Prior Year Adjustment	-	-	-	-	(0.0486)	-	-	(0.0042)	-	(0.0001)
Total Direct Rates	0.4454	0.4289	0.5009	0.4985	0.3793	0.4586	0.3673	0.3590	0.3686	0.4154
OVERLAPPING RATES (REPRESENTATIVE)										
Kane County	0.4529	0.4292	0.3578	0.3467	0.3367	0.3452	0.3322	0.3428	0.3398	0.3730
Kane County Forest Preserve District	0.1520	0.1395	0.1270	0.1432	0.1905	0.1747	0.1974	0.1932	0.1997	0.2201
Aurora Township	0.2119	0.1909	0.1718	0.1612	0.1559	0.1501	0.1449	0.1450	0.1486	0.1664
Aurora Township Road District	0.0917	0.0847	0.0791	0.0776	0.0743	0.0715	0.0690	0.0691	0.0703	0.0764
Montgomery Fire District	0.3317	0.3988	0.5549	0.6789	0.6522	0.6242	0.6061	0.6015	0.6207	0.6769
Oswego Library	0.1810	0.1893	0.1893	0.1818	0.1483	0.1826	0.2082	0.2002	0.2018	0.2207
Fox Valley Park District	0.4202	0.4086	0.3995	0.4068	0.3846	0.3746	0.4037	0.4014	0.4122	0.4803
Unit School District Number 129	4.0182	4.0625	3.9066	3.8155	3.6786	3.5635	4.1252	4.1724	4.1835	4.2740
Community College District Number 516	0.4131	0.4043	0.4134	0.4099	0.3933	0.3984	0.3950	0.4322	0.4043	0.4070
Total Overlapping Rates	6.2727	6.3078	6.1994	6.2216	6.0144	5.8848	6.4817	6.5578	6.5809	6.8948
TOTAL ALL RATES (REPRESENTATIVE)	7.1635	7.1656	7.2012	7.2186	6.7730	6.8020	7.2163	7.2758	6.9495	7.3102

* Property tax rates are per $100 of assessed valuation.

Data Source

Office of the Kane County Clerk

VILLAGE OF MONTGOMERY, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS (1)

Last Year and Ten Years Ago

2010				2000			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
United Facilities, Inc.	$ 11,624,818	1	2.47%	United Facilities	$ 7,466,903	1	4.49%
Wal-Mart Stores, Inc.	6,158,572	2	1.31%	Centerpoint Properties Trust	3,616,118	2	2.18%
IP Eat Five	4,020,307	3	0.85%	Meritex Developments, Inc.	2,412,632	3	1.45%
Menard, Inc.	3,220,707	4	0.68%	Settlers Land Mall Association	1,868,673	4	1.12%
Monmouth Capital Corporation	2,992,781	5	0.64%	Farm & Fleet, Inc.	1,853,813	5	1.12%
2001 Baseline Road, LLC	2,911,698	6	0.62%	Hunt Midwest Illinois, LLC	1,595,961	6	0.96%
Fox River Foods	2,565,385	7	0.55%	Kmart Corp.	1,462,045	7	0.88%
Gusto Packing	2,481,220	8	0.53%	Lyon Metal Products, LLC.	1,440,262	8	0.87%
Farm & Fleet, Inc.	2,317,047	9	0.49%	Old Kent Bank Trust No. 4459	1,135,802	9	0.68%
Allsteal	2,307,236	10	0.49%	American National Bank & Trust Chicago Trust No. 141573-01	1,129,113	10	0.68%
TOTAL	$ 40,599,771			TOTAL	$ 23,981,322		
2010 EAV = $470,246,778			8.63%	2000 EAV = $166,236,909			14.43%

(1) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked. The 2010 EAV is the most current.

Data Source

Kane and Kendall Counties Assessor

VILLAGE OF MONTGOMERY, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

	Collected Within the Fiscal Year of the Levy		
Levy Year	Tax Levied	Amount	Levy
2001	$ 592,948	$ 592,968	100.00%
2002	703,968	703,453	99.93%
2003	944,246	936,333	99.16%
2004	1,150,023	1,150,298	100.02%
2005	1,279,445	1,284,401	100.39%
2006	1,684,986	1,667,661	98.97%
2007	1,735,855	1,736,208	100.02%
2008	1,834,151	1,830,130	99.78%
2009	1,881,028	1,878,698	99.88%
2010	1,952,586	N/A	N/A

Data Sources

Village Records

Note - the percentage collected may exceed 100% due to the use of a weighted average of taxes levied by two counties

VILLAGE OF MONTGOMERY, ILLINOIS

TOTAL SALES TAX BY CATEGORY

Last Ten Calendar Years

Calendar Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Merchandise	$ -	$ -	$ -	$ 46,555	$ -	$ -	$ 355,410	$ 729,003	$ 727,772	$ 758,003
Food	292,703	200,948	182,394	110,718	146,174	173,280	160,131	194,116	175,861	156,322
Drinking and Eating Places	134,591	130,504	137,309	147,639	152,032	155,338	157,769	147,972	166,372	188,510
Apparel	-	-	-	3,966	3,036	597	1,448	63	-	-
Furniture & H.H. & Radio	39,432	38,103	30,237	13,063	22,355	30,670	32,733	28,375	14,894	7,107
Lumber, Building Hardware	87,158	86,646	93,073	98,904	114,295	109,828	195,045	122,690	90,528	75,333
Automobile and Filling Stations	265,699	277,149	217,531	225,444	254,228	374,028	404,344	375,967	254,517	301,976
Drugs and Miscellaneous Retail	151,483	154,682	150,369	177,810	186,622	230,920	278,838	250,922	277,068	301,106
Agriculture and All Others	347,429	361,104	314,781	310,854	300,209	325,595	327,456	331,206	329,266	380,789
Manufacturers	69,324	70,916	73,915	127,328	156,083	186,236	216,569	161,465	112,242	108,189
Unclassified	-	-	-	-	-	-	30,660	-	-	-
TOTAL	$ 1,387,819	$ 1,320,052	$ 1,199,609	$ 1,262,281	$ 1,335,034	$ 1,586,492	$ 2,160,403	$ 2,341,779	$ 2,148,520	$ 2,277,335
TAX RATE	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

The above numbers are the total sales tax dollars received by the Village before applicable sales tax rebates.
All numbers are rounded to the nearest full dollar amount.

Data Source

Illinois Department of Revenue SIC Reporting
Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES (1)

Last Ten Levy Years

	General Merchandise				
Fiscal Year	Village Direct Rate	State and Other Rates (Kane County)	State and Other Rates (Kendall County)	Total Rate Village (Kane County)	Total Rate Village (Kendall County)
2002	1.0%	5.50%	5.25%	6.50%	6.25%
2003	1.0%	5.50%	5.75%	6.50%	6.75%
2004	1.0%	5.50%	5.75%	6.50%	6.75%
2005	1.0%	5.50%	5.75%	6.50%	6.75%
2006	1.0%	5.50%	5.75%	6.50%	6.75%
2007	1.0%	5.50%	5.75%	6.50%	6.75%
2008	1.0%	5.50%	6.25%	6.50%	7.25%
2009	1.0%	6.00%	6.25%	7.00%	7.25%
2010	1.0%	6.00%	6.25%	7.00%	7.25%
2011	1.0%	6.00%	6.25%	7.00%	7.25%

(1) The rates listed in this table apply to sales of general merchandise. Sales of food not prepared for immediate consumption, drugs and titled vehicles are subject to a different tax rate. This rate is 1.75% for sales of food and 7.00% for sales of titled vehicles.

Data Source
Village and State Records

VILLAGE OF MONTGOMERY, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	General Obligation Bonds	Installment Loans			
2002	$ 5,405,000	$ 4,875,000	$ -	$ 10,280,000	N/A	1,879.00
2003	14,495,000	4,685,000	-	19,180,000	11.10%	2,697.99
2004	14,090,000	4,465,000	-	18,555,000	10.73%	2,610.07
2005	13,615,060	4,255,000	1,039,631	18,909,691	7.33%	1,781.75
2006	15,785,000	4,030,000	1,016,141	20,831,141	8.07%	1,962.79
2007	14,520,000	3,795,000	968,218	19,283,218	5.50%	1,338.46
2008	13,990,000	3,295,000	919,003	18,204,003	5.20%	1,263.55
2009	15,410,000	3,015,000	868,464	19,293,464	4.65%	1,130.79
2010	14,800,000	2,770,000	816,563	3,586,563	4.43%	1,077.63
2011	13,985,000	2,515,000	763,245	17,263,245	4.16%	1,011.79

* Information on personal income and population can be found on page 109.

Data Source

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	$ 5,405,000	$ 92,793	$ 5,312,207	1.15%	$ 971
2003	14,495,000	166,974	14,328,026	3.08%	2,015
2004	14,090,000	14,539	14,075,461	2.99%	1,980
2005	13,615,000	6,980	13,608,020	2.89%	1,282
2006	15,785,000	38,432	15,746,568	3.35%	1,484
2007	14,520,000	39,732	14,480,268	3.08%	1,005
2008	13,990,000	41,040	13,948,960	2.97%	968
2009	15,410,000	-	15,410,000	3.03%	903
2010	14,800,000	-	14,800,000	2.89%	867
2011	13,985,000	33,063	13,951,937	5.42%	818

Data Sources

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2011

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Village	Village Share of Debt
School District #115	$ 81,149,207	7.15%	$ 5,802,168
School District #129	115,355,000	6.38%	7,359,649
School District #131	105,197,519	4.15%	4,365,697
School District #302	112,105,398	4.30%	4,820,532
School District #308	379,740,344	11.23%	42,644,841
Community College District #516	64,683,551	4.77%	3,085,405
Total Schools	858,231,019		68,078,292
Kane County	74,790,000	1.46%	1,091,934
Kendall County	41,303,762	8.11%	3,349,735
Kane County Forest Preserve District	220,790,866	1.46%	3,223,547
Kendall County Forest Preserve District	49,090,000	8.11%	3,981,199
Fox Valley Park District	72,565,000	8.79%	6,378,464
Oswego Park District	5,640,000	4.42%	249,288
Oswego Library District	8,525,000	22.47%	1,915,568
Sugar Grove Library District	7,080,000	13.19%	933,852
Total Other Governments	479,784,628		21,123,587
TOTAL OVERLAPPING BONDED DEBT	$ 1,338,015,647		$ 89,201,879

Overlapping and bonded debt percentages based on 2010 EVA, the most current available.

Data Sources

Kane and Kendall Clerks

VILLAGE OF MONTGOMERY, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	$ 11,465,354	$ 14,337,933	$ 18,004,293	$ 22,365,134	$ 27,312,111	$ 35,122,639	$ 40,630,104	$ 43,842,393	$ 44,192,914	$ 40,558,785
Total Net Debt Applicable to Limit	720,000	10,030,000	1,235,000	1,010,000	775,000	775,000	275,000	-	-	-
Legal Debt Margin	$ 10,745,354	$ 4,307,933	$ 16,769,293	$ 21,355,134	$ 26,537,111	$ 34,347,639	$ 40,355,104	$ 43,842,393	$ 44,192,914	$ 40,558,785
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.280%	69.954%	6.859%	4.516%	2.838%	2.256%	0.681%	0.000%	0.000%	0.000%

Legal Debt Margin Calculation for Fiscal 2010	
Assessed Value	$ 470,246,778
Legal Debt Margin	8.625%
Debt Limit	40,558,785
Debt Applicable to Limit	-
Legal Debt Margin	$ 40,558,785

Data Sources

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

	General Obligation Alternate Revenue Source Waterworks Bonds and IEPA Loan					
Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2002	$ 3,122,945	$ 1,675,725	$ 1,447,220	$ 190,000	$ 232,701	3.42374
2003	3,536,300	1,707,938	1,828,362	220,000	201,674	4.33596
2004	4,627,489	2,058,198	2,569,291	210,000	202,743	6.22492
2005	4,280,894	2,706,338	1,574,556	269,413	220,140	3.21631
2006	4,536,564	3,384,702	1,151,862	258,489	208,838	2.46479
2007	3,647,287	2,682,873	964,414	287,924	196,419	1.99118
2008	3,921,224	2,245,278	1,675,946	500,000	195,774	2.40875
2009	2,900,870	2,323,735	577,135	330,539	172,271	1.14782
2010	3,315,100	2,263,878	1,051,222	296,901	141,983	2.39522
2011	3,582,980	2,499,547	1,083,433	308,298	131,614	2.46284

Data Source

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	5,471	N/A	N/A	6.4%
2003	7,109	$ 172,855,335	$ 24,315	6.8%
2004	7,109	172,855,335	24,315	6.0%
2005	10,613	258,055,095	24,315	6.2%
2006	10,613	258,055,095	24,315	4.5%
2007	14,407	350,306,205	24,315	5.10%
2008	14,407	350,306,205	24,315	4.80%
2009	17,062	414,862,530	24,315	10.40%
2010	17,062	414,862,530	24,315	12.30%
2011	18,438	448,319,970	24,315	8.90%

N/A - Not available

Data Source

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

2011				2001			
Employer	Employees	Rank	Percentage of Total Village Population	Employer	Employees	Rank	Percentage of Total Village Population
Eby-Brown Co., LLC.	400	1	2.17%	Lyon Workspace Products, LLC	600	1	10.97%
Lyon Workspace Products, LLC	400	2	2.17%	Customized Solutions, LLC	450	2	8.23%
VVF Illinois Services	400	3	2.17%	The Dial Corporation	400	3	7.31%
Fox River Foods, Inc.	340	4	1.84%	Processed Plastic Co.	300	4	5.48%
Aurora Bearing Co.	250	5	1.36%	CMT, Inc.	200	5	3.66%
Hormann Gadco, LLC.	200	6	1.08%	Fox River Foods, Inc.	200	6	3.66%
International Paper	150	7	0.81%	Hoermann Gadco, LLC.	200	7	3.66%
Aurora Metals Division, LLC	135	8	0.73%	Aurora Metals Division, LLC	160	8	2.92%
The Lakone Co.	85	9	0.46%				
Gusto Packing	70	10	0.38%	Willamette Industries, Inc.	150	9	2.74%
TOTAL	2,430		14.24%	TOTAL	2,660		48.62%

Data Source

2011 Illinois Manufacturers Directory, 2011 Illinois Services Directory, Selective telephone survey.
2001 Illinois Manufacturers Directory, 2001 Illinois Services Directory, Selective telephone survey.

VILLAGE OF MONTGOMERY, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL GOVERNMENT										
Administration	2	2	1.75	1.75	2.75	3.5	3.5	3	3	4
Finance	5	6	4.75	5.75	5.75	5.75	5.75	5.75	4.5	4.5
Building	5.5	6	4	5	6	5	5	-	-	-
Community Development	1	1	1	2	2	3.75	3.75	5	5	5
PUBLIC SAFETY										
Police										
Sworn Officers	16	17	19	19	22	25	25	23	23	23
Civilians/Other	11	11	8.5	8.5	10	10	10	11	11	11
PUBLIC WORKS										
Administration	2	2	1.5	1.5	2	3	3	2	2	2
Street Maintenance	7	8	8	8	8	8	8	7	7	7
Water Operations	1	1	1	1	2	2	2	2	2	2
Building Maintenance	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Fleet Maintenance	1	1	1	1	1	1.5	1.5	1.5	1.5	1.5
TOTAL	51.5	55	50.5	53.5	62.5	68.5	68.5	61.25	60	61

N/A - Not available

Data Sources

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
POLICE										
Physical Arrests	359	434	528	239	508	565	703	N/A	930	912
Parking Violations	213	434	294	392	621	547	597	N/A	826	786
Traffic Violations	736	789	1,812	3,030	3,243	2,978	4,715	N/A	3,940	4,023
PUBLIC WORKS										
Street Resurfacing (miles) or	-	-	-	-	-	-	-	-	-	1.50
Street Reconstruction (miles)	0.81	3.17	1.39	2.41	0.53	1.75	1.50	1.25	-	-
WATER										
New Connections	N/A	N/A	815	1,429	636	782	251	49	85	63
Water Main Breaks	45	58	63	44	60	56	55	67	55	57
Average Daily Consumption	2,155,245	2,228,551	2,272,781	2,255,232	2,389,921	2,459,795	2,642,000	2,583,000	2,694,800	2,721,750
Peak Daily Consumption	3,521,700	3,323,000	3,501,000	4,150,000	4,596,000	4,332,000	4,539,000	4,120,000	4,159,000	4,200,590

N/A - Not available

Data Sources

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area Patrols	2	3	3	3	3	3	3	3	4	4
Patrol Units	N/A	9	11	12	13	15	15	15	15	15
PUBLIC WORKS										
Residential Streets (miles)	N/A	53	53	53	53	53	53	58	74.3	76
WATER										
Water Mains (miles)	N/A	44.6	44.6	95	95	95	95	98	98	100
Fire Hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Storage Capacity (millions of gallons)	2.8	2.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8

N/A - Not available

Data Sources

Village Records

COMPLIANCE SECTION

Certified Public Accountants & Business Advisors

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REPORT OF INDEPENDENT AUDITOR'S ON COMPLIANCE WITH PUBLIC ACT 85-1142

The Honorable President
Members of the Board of Trustees
Village of Montgomery
Montgomery, Illinois

We have examined management's assertion that the Village of Montgomery, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the fiscal year ended April 30, 2011. As discussed in that representation letter, management is responsible for the Village of Montgomery, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was made in accordance with the standards established by the American Institute of Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of Montgomery, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of Montgomery, Illinois' compliance with statutory requirements.

In our opinion, management's assertion that the Village of Montgomery, Illinois, complied with the aforementioned requirements for the fiscal year ended April 30, 2011, is fairly stated in all material respects.

This report is intended solely for the information and use of the Village President, Members of the Board of Trustees, management, the joint review board, the Illinois State Comptroller and the Illinois Department of Revenue and should not be used by anyone other than these specified parties.

Aurora, Illinois
July 29, 2011