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Village of Montgomery, Illinois

May 1, 2009 - April 30, 2010

VILLAGE OF MONTGOMERY, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2010

Prepared by:

Jeff Zoepfel
Director of Finance

VILLAGE OF MONTGOMERY, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials.....	i
Organization Chart	ii
Certificate of Achievement for Excellence in Financial Reporting	iii
Letter of Transmittal.....	iv-viii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis	MD&A 1-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	3
Statement of Activities	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities	9

VILLAGE OF MONTGOMERY, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
FINANCIAL SECTION (Continued)	
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Proprietary Funds	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Fund Net Assets	11
Statement of Cash Flows	12-13
Fiduciary Funds	
Statement of Fiduciary Net Assets	14
Statement of Changes in Fiduciary Net Assets	15
Notes to Financial Statements	16-44
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	45-46
Schedule of Funding Progress	
Illinois Municipal Retirement Fund	47
Police Pension Fund	48
Other Postemployment Benefit Plan	49
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	50
Police Pension Fund	51
Other Postemployment Benefit Plan	52
Notes to Required Supplementary Information	53

VILLAGE OF MONTGOMERY, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL
 STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Capital Improvement Fund.....	54
Debt Service Fund.....	55

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet.....	56-59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	60-63
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Economic Development Fund.....	64
Police Drug Fund.....	65
Motor Fuel Tax Fund.....	66
Emergency 911 Fund.....	67
Police Gift Fund.....	68
Montgomery Crossing Special Service Area Fund.....	69
Blackberry Crossing Special Service Area Fund.....	70
Arbor Ridge Special Service Area Fund.....	71
Fairfield Way Special Service Area Fund.....	72
Foxmoor Special Service Area Fund.....	73
Tax Increment Financing District Fund.....	74
Saratoga Springs Special Service Area Fund.....	75
Orchard Prairie North Special Service Area Fund.....	76
Blackberry Crossing West Special Service Area Fund.....	77
Vehicle Reserve Fund.....	78

MAJOR ENTERPRISE FUND

Combining Schedule of Net Assets - Water Department Accounts.....	79-80
Combining Schedule of Revenues, Expenses and Changes in Net Assets - Water Department Accounts.....	81
Combining Schedule of Cash Flows - Water Department Accounts.....	82-83

VILLAGE OF MONTGOMERY, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL
 STATEMENTS AND SCHEDULES (Continued)

FIDUCIARY FUNDS

Police Pension Fund	
Statement of Net Assets	84
Agency Funds	
Combining Statement of Changes in Assets and Liabilities.....	85-88

STATISTICAL SECTION

Financial Trends	
Net Assets by Component - Last Six Fiscal Years.....	89
Change in Net Assets - Last Six Fiscal Years.....	90-91
Fund Balances of Governmental Funds - Last Ten Fiscal Years	92
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	93-94
Revenue Capacity	
Assessed Value and Actual Value of Taxable Property - Last Ten Levy Years	95
Property Tax Rates - Direct and Overlapping Governments - Last Ten Levy Years	96
Principal Property Taxpayers - Last Year and Eight Years Ago	97
Property Tax Levies and Collections - Last Ten Levy Years	98
Total Sales Tax by Category - Last Ten Calendar Years	99
Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years.....	100
Debt Capacity	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	101
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	102
Direct and Overlapping Governmental Activities Debt	103
Legal Debt Margin Information - Last Ten Fiscal Years.....	104
Pledged-Revenue Coverage - Last Ten Fiscal Years	105
Demographic and Economic Information	
Demographic and Economic Information - Last Ten Fiscal Years	106
Principal Employers - Current Year and Nine Years Ago.....	107

VILLAGE OF MONTGOMERY, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

STATISTICAL SECTION (Continued)

Operating Information

Full-Time Equivalent Employees - Last Ten Fiscal Years.....	108
Operating Indicators - Last Ten Fiscal Years	109
Capital Asset Statistics - Last Ten Fiscal Years.....	110

COMPLIANCE SECTION

REPORT OF INDEPENDENT AUDITOR'S ON COMPLIANCE

WITH PUBLIC ACT 85-1142.....	111
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INTRODUCTORY SECTION

VILLAGE OF MONTGOMERY

Principal Officials
April 30, 2010

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

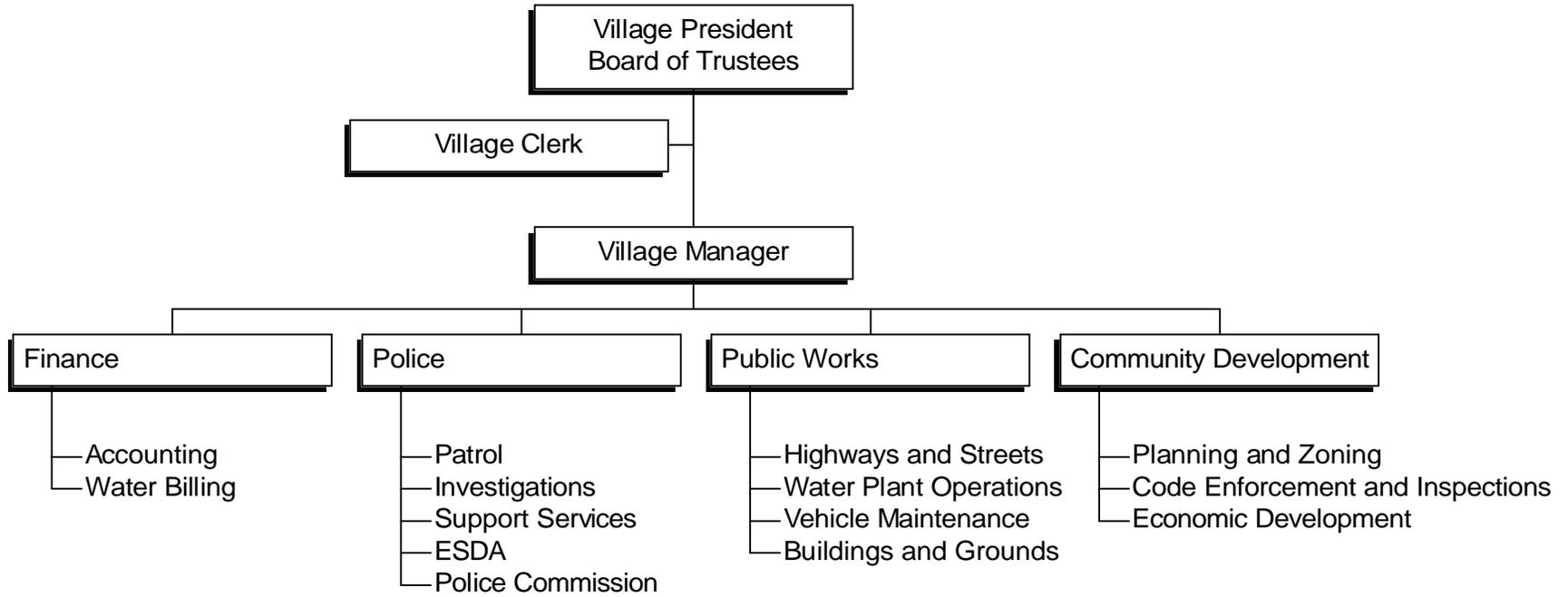
Barbara Argo

DIRECTOR OF FINANCE

Jeff Zoepfel

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, 2009

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Enen".

Executive Director



Village Board

July 26, 2010

Marilyn Michelini
Village President

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

Barbara Argo
Village Clerk

Trustees:

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

The Comprehensive Annual Financial Report (CAFR) of the Village of Montgomery, Illinois for the fiscal year ended April 30, 2010 is submitted herewith. This report provides a broad view of the Village's financial activities for the 2010 fiscal year and its financial position at April 30, 2010. 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.

Staff

Anne Marie Gaura
Village Manager

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.

Mera Johnson
Asst. to the
Village Manager

Dan Meyers
Acting Chief of Police

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 than absolute, assurance that the financial statements will be free from material misstatements.

Mike Pubentz
Dir. of Public Works

Jane Tompkins
Dir. of Community
Development

Jeff Zoepfel
Dir. of Finance

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, 2010, are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures

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, 2010, 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 introductory section includes this transmittal letter, the Village's organizational chart and a list of principal officials. 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), the basic financial statements, required supplementary information, and combining and individual fund presentations, as well as the independent auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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.

A special census completed in 2008 reported the Village's population at 17,062, a 212% increase from the 2000 Census population of 5,471.

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 equity, 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 economic downturn that began in 2008 continued through the current fiscal year. Revenue from building permits increased by 5% over the previous year as the Village saw a slight increase in housing and business starts.

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. During the year, the Village implemented new fees, such as a tow impoundment fee, to generate additional revenue. 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 almost \$500,000 over the previous year 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, 2009. This was the 7th 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 Zoepfel
Director of Finance

FINANCIAL SECTION



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, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village'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, 2010, 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 15, 2010

A handwritten signature in black ink, appearing to read "A. K. 22P", is located to the right of the date.

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, 2010

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 \$8,899,683 (or 14.1%) during the fiscal year ending April 30, 2010 (FY10).
- The governmental activities net assets increased by \$6,516,554 (16.9%) from fiscal year 2009 to \$45,029,062.
- The business-type activities increased by \$2,473,612 (9.6%) from fiscal year 2009 to \$27,122,741.
- The Village reported a combined fund balance of the governmental funds of \$4,335,373, an increase of \$1,547,063 (55.5%) from fiscal year 2009.
- The total expenses of all governmental activity programs decreased by \$468,288 (4.0%).
- The Village's general fund actual revenues were under the budgeted amounts by \$26,591 (<1%) and the actual expenditures were under the budgeted amounts by \$166,502 (2.1%).

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 \$72,151,803 at the end of the most recent fiscal year.

By far, the largest portion of the Village's net assets (93.4%) 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, 2010 & 2009

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$8,293,623	\$7,141,561	\$1,584,496	\$982,858	\$9,878,119	\$8,124,419
Capital Assets	56,453,176	51,967,365	29,500,495	28,030,579	85,953,671	79,997,944
Total Assets	\$64,746,799	\$59,108,926	\$31,084,991	\$29,013,437	\$95,831,790	\$88,122,363
Liabilities						
Current Liabilities	\$4,198,438	\$4,475,486	\$250,383	\$256,465	\$4,448,821	\$4,731,951
Long-Term Liabilities	15,519,299	16,120,932	3,711,867	4,017,360	19,231,166	20,138,292
Total Liabilities	\$19,717,737	\$20,596,418	\$3,962,250	\$4,273,825	\$23,679,987	\$24,870,243
Net Assets						
Invested in Capital Assets, Net of Debt	\$41,540,031	\$36,431,647	\$25,878,294	\$24,102,567	\$67,418,325	\$60,534,214
Restricted	3,055,679	2,580,672	0	0	3,055,679	2,580,672
Unrestricted	433,352	(499,811)	1,244,447	637,045	1,677,799	137,234
Total Net Assets	\$45,029,062	\$38,512,508	\$27,122,741	\$24,739,612	\$72,151,803	\$63,252,120

An additional portion of the Village of Montgomery's net assets (4.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,677,799) 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 \$8,899,683 during the current fiscal year. The increase is primarily the result of the acceptance of major infrastructure improvements from developers during FY10. The current year total revenues over total expenses is positive, with both total revenues 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, 2010 & 2009

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	\$2,477,033	\$2,368,087	\$3,234,104	\$2,815,318	\$5,711,137	\$5,183,405
Operating Grants	476,945	488,826	0	0	476,945	488,826
Capital Grants	7,463,786	5,656,409	2,881,397	1,623,918	10,345,183	7,280,327
Taxes						
Property	2,538,391	2,107,824	0	0	2,538,391	2,107,824
Other Taxes	5,574,838	5,939,187	0	0	5,574,838	5,939,187
Other Revenue	46,269	93,935	80,996	85,552	127,265	179,487
Total Revenue	\$18,577,262	\$16,654,268	\$6,196,497	\$4,524,788	\$24,773,759	\$21,179,056
Expenses						
General Government	\$3,540,980	\$3,417,096	\$0	\$0	\$3,540,980	\$3,417,096
Public Safety	4,144,033	3,943,129	0	0	4,144,033	3,943,129
Highways and Streets	2,724,614	2,694,913	0	0	2,724,614	2,694,913
Sanitation	997,054	889,190	0	0	997,054	889,190
Interest	639,111	633,176	0	0	639,111	633,176
Water	0	0	3,813,368	3,807,890	3,813,368	3,807,890
Total Expenses	\$12,045,792	11,577,504	\$3,813,368	\$3,807,890	\$15,859,160	\$15,385,394
Change in Net Assets	\$6,531,470	\$5,076,764	\$2,383,129	\$716,898	\$8,914,599	\$5,793,662
Net Assets, May 1	38,497,592	33,435,744	24,739,612	24,022,714	63,237,204	57,458,458
Net Assets, April 30	\$45,029,062	\$38,512,508	\$27,122,741	\$24,739,612	\$72,151,803	\$63,252,120

The difference between the net asset ending balance for FY09 and the net asset beginning balance for FY10 is the result of a prior period adjustment of \$14,916.

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 \$6,531,470. Key elements contributing to this change are as follows:

Revenues:

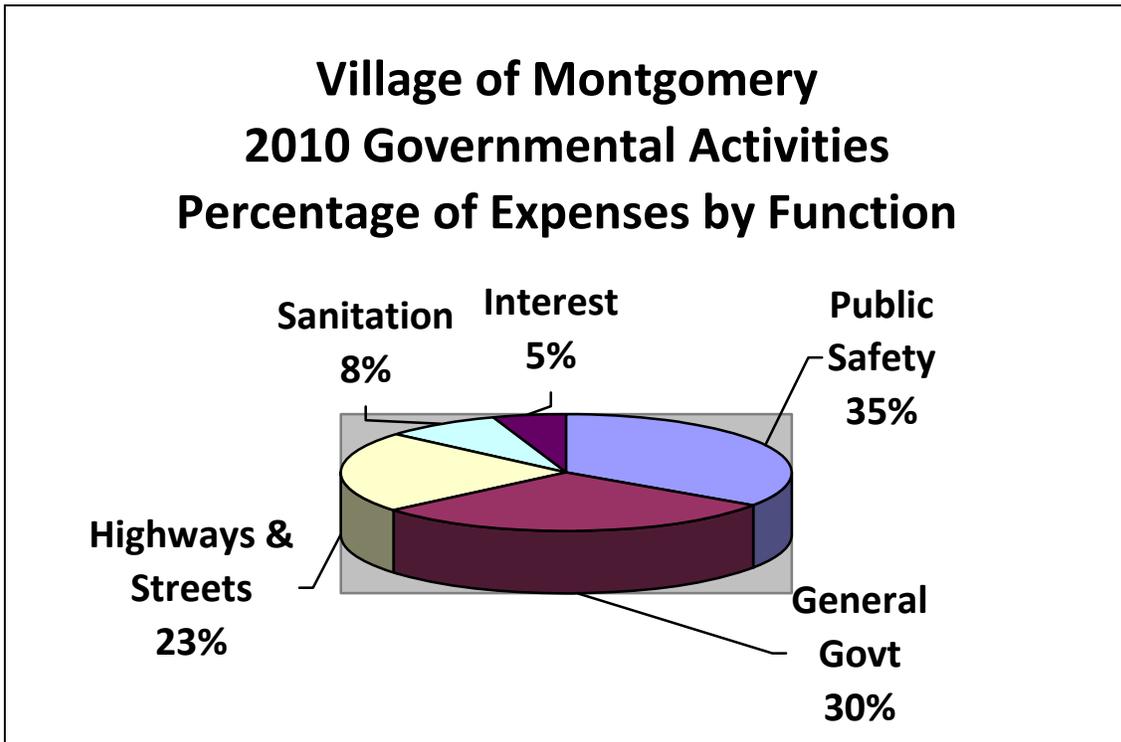
For the fiscal year ended April 30, 2010, total revenues from governmental activities increased by \$1,922,994 or 11.5%. Revenues received from capital grants and contributions increased by \$1,807,377, due to an increased amount of infrastructure improvements accepted by the Village through donations from developers.

Taxes received from various sources continue to play an important role in the Village's revenue structure. Other taxes decreased by \$364,349 (6.1%) from fiscal year 2009. Other taxes include sales tax, local utility tax, and state-shared income tax. They represent 30.0% of the total governmental activities revenue. The Village's largest source of revenue, property tax, increased by \$430,567 from FY09. Sales tax, state-

shared income tax and utility tax all decreased from FY09 levels, as the economy continued to provide minimal population growth in the Village.

Other revenue, which includes investment income and other miscellaneous revenues, decreased by 50.5%. The reasons for the decrease, most of which was in investment income, are twofold. First of all, the Village maintained lower cash balances during FY10 and therefore had lower amounts invested in interest-bearing instruments. Secondly, market rates declined during the year which resulted in the invested funds earning less interest than in previous years.

Expenses:



For FY10, governmental activity expenses totaled \$12,045,792, an increase of \$468,288 (4.0%) over FY09. The Village continually monitors revenue and expense levels as compared to budgeted amounts. As it became clear during FY10 that revenue levels were remaining flat, the Village instituted measures to bring expense levels in line with anticipated revenue. Included in the measures were deferring purchases and/or projects and eliminating wage increases. The public safety expenses increased by \$200,904 (5.1%) from fiscal year 2009. This was primarily due to sworn officers receiving wage increases per their union contract. Sanitation expenses increased by 12.1%, which is attributable to a fee increase in refuse service.

Business-Type Activities

The business-type activities increased the Village's net assets by \$2,383,129 to \$27,122,741. Key elements contributing to this net change are as follows:

Revenue:

The total revenue for the business-type activities increased by \$1,671,709 from \$4,524,788 in FY09 to \$6,196,497 in FY10. The Village increased water rates during the year which resulted in an increase in charges for services. Additional infrastructure improvements were accepted during the year, also causing a portion of the revenue increase.

Expenses:

Total expenses for the business-type activities at the end of the fiscal year were \$3,813,368, which is relatively unchanged from the prior year with an increase of less than 1%.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of April 30, 2010, the Governmental Funds (presented on page 6) reported a combined fund balance of \$4,335,373, which is a 55.5% increase from the beginning of the year fund balance of \$2,788,310. Of the total fund balance, (744,263) is an unreserved deficit which must be made up by utility tax revenue in excess of that necessary for the repayment of outstanding debt. Total reserved fund balance of \$3,747,212 included \$824,484 committed for maintenance of special service areas and \$1,456,032 reserved for economic development purposes.

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 balance increased by \$560,021 from \$1,470,162 in FY09 to \$2,030,183 in FY10.

The Capital Improvement Fund is another major governmental fund. The fund balance of the Capital Improvement Fund at April 30, 2010, is (\$744,263), an increase of \$508,765.

General Fund Budgetary Highlights

The General Fund actual revenues were less than the budgeted revenues by \$26,591 for fiscal year 2010. After experiencing the economic issues in FY09, the Village more

conservative in its budget estimates, realizing 99.7% of budgeted revenue in FY10 compared with 92.9% the prior year.

The General Fund total actual expenditures were \$166,502 less than the budgeted amount. As it became clear that revenues would remain stagnant, the Village reduced spending to compensate. Among the steps taken were eliminating 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, 2010 equals \$85,953,671. The investment in capital assets includes land, buildings, underground systems, infrastructure and construction in process. This amount represents a net increase of \$5,955,727. During the year, the Village accepted public improvements in the Blackberry Crossing West, Orchard Prairie North and Saratoga Springs subdivisions including right-of-way, streets, stormsewer and watermains. The total value of the developer contributions was \$9,464,606. 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 \$18,386,563 which does not include compensated absences and bond premiums. Governmental activities debt consisted of \$14,800,000, of which \$7,950,000 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 \$610,000 from the beginning of the fiscal year. Business-type activities debt was \$3,586,563 at year-end, which includes \$816,563 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, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 3,609,491	\$ 520,902	\$ 4,130,393
Restricted Investments	-	5,673	5,673
Receivables (Net of Allowances for Uncollectibles)			
Property Taxes	2,010,762	-	2,010,762
Accounts	1,044,623	1,017,057	2,061,680
Accrued Interest	2,757	-	2,757
Other	-	2,675	2,675
Due from Other Governments	1,525,937	-	1,525,937
Notes Receivable	76,264	-	76,264
Unamortized Bond Issuance Costs	23,789	38,189	61,978
Capital Assets not Being Depreciated	16,022,943	436,054	16,458,997
Capital Assets Being Depreciated (Net of Accumulated Depreciation)	40,430,233	29,064,441	69,494,674
Total Assets	64,746,799	31,084,991	95,831,790
LIABILITIES			
Accounts Payable	896,700	150,466	1,047,166
Accrued Payroll	172,414	9,225	181,639
Accrued Interest	263,552	54,692	318,244
Deposits	1,699	-	1,699
Due to Others	811,969	-	811,969
Unearned Revenue	2,052,104	36,000	2,088,104
Noncurrent Liabilities			
Due Within One Year	799,491	317,265	1,116,756
Due in More than One Year	14,719,808	3,394,602	18,114,410
Total Liabilities	19,717,737	3,962,250	23,679,987
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	41,540,031	25,878,294	67,418,325
Restricted for			
Subdivision Improvements	824,484	-	824,484
Economic Development	1,532,296	-	1,532,296
Public Safety	312,352	-	312,352
Highways and Streets	386,547	-	386,547
Unrestricted	433,352	1,244,447	1,677,799
TOTAL NET ASSETS	\$ 45,029,062	\$ 27,122,741	\$ 72,151,803

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 3,540,980	\$ 791,624	\$ 7,650	\$ 70,229
Public Safety	4,144,033	634,341	35,501	7,327
Highways and Streets	2,724,614	75,614	433,794	7,386,230
Sanitation	997,054	975,454	-	-
Interest	639,111	-	-	-
Total Governmental Activities	12,045,792	2,477,033	476,945	7,463,786
Business-Type Activities				
Water Department	3,813,368	3,234,104	-	2,881,397
Total Business-Type Activities	3,813,368	3,234,104	-	2,881,397
TOTAL PRIMARY GOVERNMENT	\$ 15,859,160	\$ 5,711,137	\$ 476,945	\$ 10,345,183

	Net (Expense) Revenue and Change in Net Assets		
	Governmental Activities	Business-Type Activities	Total
	\$ (2,671,477)	\$ -	\$ (2,671,477)
	(3,466,864)	-	(3,466,864)
	5,171,024	-	5,171,024
	(21,600)	-	(21,600)
	(639,111)	-	(639,111)
	(1,628,028)	-	(1,628,028)
	-	2,302,133	2,302,133
	-	2,302,133	2,302,133
	(1,628,028)	2,302,133	674,105
General Revenues			
Taxes			
Property	2,538,391	-	2,538,391
Replacement	55,407	-	55,407
Sales	2,434,337	-	2,434,337
Income	1,355,129	-	1,355,129
Utility	1,365,252	-	1,365,252
Local Use	206,509	-	206,509
Franchise	158,204	-	158,204
Investment Income	22,633	6,130	28,763
Miscellaneous	23,636	74,866	98,502
Total	8,159,498	80,996	8,240,494
CHANGE IN NET ASSETS	6,531,470	2,383,129	8,914,599
NET ASSETS, MAY 1	38,512,508	24,739,612	63,252,120
Prior Period Adjustment	(14,916)	-	(14,916)
NET ASSETS, MAY 1, RESTATED	38,497,592	24,739,612	63,237,204
NET ASSETS, APRIL 30	\$ 45,029,062	\$ 27,122,741	\$ 72,151,803

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2010

	General	Capital Improvement	Debt Service	Nonmajor Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 654,347	\$ -	\$ -	\$ 2,955,090	\$ 3,609,437
Property Taxes Receivable	1,881,028	-	-	129,734	2,010,762
Accounts Receivable	380,249	664,374	-	-	1,044,623
Accrued Interest Receivable	2,757	-	-	-	2,757
Due from Other Funds	-	-	-	2,322	2,322
Due from Other Governments	1,281,796	207,131	-	37,010	1,525,937
Notes Receivable	-	-	-	76,264	76,264
Advance to Other Funds	691,533	-	-	-	691,533
TOTAL ASSETS	\$ 4,891,710	\$ 871,505	\$ -	\$ 3,200,420	\$ 8,963,635
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 800,377	\$ 76,933	\$ -	\$ 18,911	\$ 896,221
Accrued Payroll	172,414	-	-	-	172,414
Deposits Payable	1,699	-	-	-	1,699
Deferred Revenue	1,887,037	35,333	-	129,734	2,052,104
Due to Other Funds	-	-	-	2,322	2,322
Due to Others	-	811,969	-	-	811,969
Advance from Other Funds	-	691,533	-	-	691,533
Total Liabilities	2,861,527	1,615,768	-	150,967	4,628,262
FUND BALANCES					
Reserved					
Long -Term Advance	691,533	-	-	-	691,533
Noncurrent Receivables	-	-	-	76,264	76,264
Economic Development	-	-	-	1,456,032	1,456,032
Public Safety	-	-	-	312,352	312,352
Highways and Streets	-	-	-	386,547	386,547
Subdivision Improvements	-	-	-	824,484	824,484
Unreserved					
General Fund	1,338,650	-	-	-	1,338,650
Special Revenue Funds	-	-	-	(6,226)	(6,226)
Capital Projects Funds	-	(744,263)	-	-	(744,263)
Total Fund Balances (Deficit)	2,030,183	(744,263)	-	3,049,453	4,335,373
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,891,710	\$ 871,505	\$ -	\$ 3,200,420	\$ 8,963,635

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, 2010

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 4,335,373
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	56,453,176
Certain assets are not financial resources and, therefore, are not reported in governmental funds Unamortized issuance costs	23,789
Internal service fund is reported on the statement of net assets but not on the governmental fund financial statements	(425)
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	(14,800,000)
Accrued interest payable	(263,552)
Unamortized bond premium	(113,146)
Net pension obligation	(3,938)
Net other postemployment benefit obligation	(7,308)
Compensated absences payable	(594,907)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 45,029,062</u>

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, 2010

	General	Capital Improvement	Debt Service	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 6,095,979	\$ 1,271,668	\$ -	\$ 1,042,581	\$ 8,410,228
Licenses and Permits	348,071	-	-	-	348,071
Charges for Services	1,603,700	578,680	-	136,227	2,318,607
Intergovernmental	919	198,274	-	-	199,193
Fines and Forfeits	293,154	-	-	34,073	327,227
Contributions from Property Owners	-	-	-	423	423
Developer Contributions	-	-	-	148,541	148,541
Investment Income	18,924	48	-	3,661	22,633
Miscellaneous	98,662	18,269	-	102,200	219,131
Total Revenues	8,459,409	2,066,939	-	1,467,706	11,994,054
EXPENDITURES					
Current					
General Government	2,686,699	-	-	57,781	2,744,480
Public Safety	3,445,988	-	-	86,955	3,532,943
Highways and Streets	909,647	-	-	493,912	1,403,559
Sanitation	997,054	-	-	-	997,054
Capital Outlay	-	477,337	-	8,402	485,739
Debt Service					
Principal Retirement	-	-	610,000	-	610,000
Interest and Fiscal Charges	-	-	658,300	-	658,300
Total Expenditures	8,039,388	477,337	1,268,300	647,050	10,432,075
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	420,021	1,589,602	(1,268,300)	820,656	1,561,979
OTHER FINANCING SOURCES (USES)					
Transfers In	140,000	187,463	1,268,300	-	1,595,763
Transfers (Out)	-	(1,268,300)	-	(327,463)	(1,595,763)
Total Other Financing Sources (Uses)	140,000	(1,080,837)	1,268,300	(327,463)	-
NET CHANGE IN FUND BALANCES	560,021	508,765	-	493,193	1,561,979
FUND BALANCES (DEFICIT), MAY 1	1,470,162	(1,238,112)	-	2,556,260	2,788,310
Prior Period Adjustment	-	(14,916)	-	-	(14,916)
FUND BALANCES (DEFICIT), MAY 1, RESTATED	1,470,162	(1,253,028)	-	2,556,260	2,773,394
FUND BALANCES (DEFICIT), APRIL 30	\$ 2,030,183	\$ (744,263)	\$ -	\$ 3,049,453	\$ 4,335,373

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, 2010

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 1,561,979

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

Governmental funds report bond issuance costs and capital outlays as expenditures; however, they are capitalized and depreciated in the in the statement of activities
Capital expenditures capitalized 246,437

Contributions of capital assets are reported as capital grants and contributions on the statement of activities 6,583,208

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 (9,693)
Net pension obligation (98,528)
Net other postemployment benefit obligation (7,308)
Principal 610,000
Change in interest 9,261
Amortization of issuance costs 9,928

The internal service fund change in net assets (29,980)

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 (2,343,834)

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 6,531,470

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

April 30, 2010

	Business-Type Activities	Governmental Activities
	Water	Internal Service
CURRENT ASSETS		
Cash and Investments	\$ 520,902	\$ 54
Restricted Investments	5,673	-
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)		
Accounts	1,017,057	-
Other	2,675	-
Total Current Assets	1,546,307	54
NONCURRENT ASSETS		
Other Assets		
Unamortized Bond Issuance Costs	38,189	-
Capital Assets not Being Depreciated	436,054	-
Capital Assets Being Depreciated		
Cost	41,705,264	-
Accumulated Depreciation	(12,640,823)	-
Net Capital Assets	29,500,495	-
Total Noncurrent Assets	29,538,684	-
Total Assets	31,084,991	54
CURRENT LIABILITIES		
Accounts Payable	150,466	479
Accrued Payroll	9,225	-
Interest Payable	54,692	-
Unearned Revenue	36,000	-
Current Portion of Compensated Absences	8,967	-
Current Portion of Bonds and IEPA Loan Payable	308,298	-
Total Current Liabilities	567,648	479
NONCURRENT LIABILITIES		
Compensated Absences	80,699	-
General Obligation Bonds Payable	2,515,000	-
Unamortized Bond Premium	35,638	-
IEPA Loan Payable	763,265	-
Total Noncurrent Liabilities	3,394,602	-
Total Liabilities	3,962,250	479
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	25,878,294	-
Unrestricted	1,244,447	(425)
TOTAL NET ASSETS (DEFICIT)	\$ 27,122,741	\$ (425)

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, 2010

	Business-Type Activities	Governmental Activities
	Water	Internal Service
OPERATING REVENUES		
Charges for Services	\$ 3,159,654	\$ 471,370
Total Operating Revenues	<u>3,159,654</u>	<u>471,370</u>
OPERATING EXPENSES		
Personal Services	1,088,446	-
Contractual Services	130,537	-
Repairs and Maintenance	521,453	-
Insurance	68,838	501,350
Utilities	243,400	-
Supplies and Miscellaneous	211,204	-
Depreciation	1,411,481	-
Total Operating Expenses	<u>3,675,359</u>	<u>501,350</u>
OPERATING INCOME (LOSS)	<u>(515,705)</u>	<u>(29,980)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	6,130	-
Rental Income	74,866	-
Connection Fees and Reimbursements	74,450	-
Interest Expense and Fiscal Charges	(138,009)	-
Total Nonoperating Revenues (Expenses)	<u>17,437</u>	<u>-</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(498,268)	(29,980)
CONTRIBUTIONS	<u>2,881,397</u>	<u>-</u>
CHANGE IN NET ASSETS	2,383,129	(29,980)
NET ASSETS, MAY 1	<u>24,739,612</u>	<u>29,555</u>
NET ASSETS (DEFICIT), APRIL 30	<u>\$ 27,122,741</u>	<u>\$ (425)</u>

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2010

	Business-Type Activities	Governmental Activities
	Water	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 3,001,808	\$ -
Receipts from Interfund Services	-	471,370
Receipts from Rental Income	74,866	-
Payments for Interfund Services	(68,838)	-
Payments to Suppliers	(1,090,527)	(500,925)
Payments to Employees	(1,105,666)	-
	<u>811,643</u>	<u>(29,555)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Connection Fees and Reimbursements	92,414	-
	<u>92,414</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(296,901)	-
Interest Paid	(141,983)	-
	<u>(438,884)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	18,875	-
	<u>18,875</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	484,048	(29,555)
CASH AND CASH EQUIVALENTS, MAY 1	36,854	29,609
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 520,902	\$ 54

(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, 2010

	Business-Type Activities	Governmental Activities
	Water	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (515,705)	\$ (29,980)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	1,411,481	-
Rental Income	74,866	-
Changes in Assets and Liabilities		
Accounts Receivable	(157,846)	-
Accounts Payable	16,067	425
Accrued Payroll	(17,538)	-
Accrued Compensated Absences	318	-
NET CASH FROM OPERATING ACTIVITIES	\$ 811,643	\$ (29,555)
NONCASH TRANSACTIONS		
Contribution of Capital Assets	\$ 2,881,397	\$ -

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS

April 30, 2010

	Police Pension	Agency
ASSETS		
Cash and Short-Term Investments	\$ 440,519	\$ 15,709,940
Receivables		
Accrued Interest Receivable	78	-
Investments		
U.S. Government and Agency Obligations	1,661,150	-
Insurance Company Contracts - Separate Accounts	1,301,653	-
Equity Mutual Funds	1,605,891	-
Bond Mutual Funds	423,905	-
	<u>5,433,196</u>	<u>\$ 15,709,940</u>
LIABILITIES		
Due to Others	-	1,014,438
Due to Bondholders	-	14,695,502
	<u>-</u>	<u>\$ 15,709,940</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
	<u>\$ 5,433,196</u>	

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, 2010

ADDITIONS	
Contributions	
Employer	\$ 239,452
Employee	158,746
	<u>398,198</u>
Total Contributions	
	<u>398,198</u>
Investment Income	
Net Appreciation in Fair Value of Investments	493,219
Interest	141,415
	<u>634,634</u>
Total Investment Income	
Less Investment Expense	(4,757)
	<u>629,877</u>
Net Investment Income	
	<u>629,877</u>
Total Additions	<u>1,028,075</u>
DEDUCTIONS	
Payments to Retired Members	193,259
Administration	19,341
	<u>212,600</u>
Total Deductions	
	<u>212,600</u>
NET INCREASE	815,475
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
May 1	<u>4,617,721</u>
April 30	<u>\$ 5,433,196</u>

See accompanying notes to financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2010

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 earmarked monies (special revenue funds), 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 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.

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.

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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, \$50,000 for buildings and land improvements 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:

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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

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 reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's net assets are restricted by enabling legislation adopted by the Village. Invested in capital assets, net of related debt, is the book value of the capital assets, net of any debt outstanding that was issued to construct or acquire the capital assets.

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.

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.

VILLAGE OF MONTGOMERY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

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, 2010, the Village had \$46,714 in uncollateralized deposits out of total deposits of \$3,829,148.

b. Village Investments

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money Market Funds	\$ 14,886,819	\$ 14,886,819	\$ -	\$ -	\$ -
Illinois Funds	1,636,116	1,636,116	-	-	-
TOTAL	\$ 16,522,935	\$ 16,522,935	\$ -	\$ -	\$ -

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.

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

b. Village Investments (Continued)

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.

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, 2010:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Agency Obligations	\$ 1,457,290	\$ -	\$ -	\$ 28,589	\$ 1,428,701
U.S. Treasury Obligations	203,860	-	-	-	203,860
Money Market Funds	173,145	173,145	-	-	-
Bond Mutual Funds	423,905	-	423,905	-	-
TOTAL	\$ 2,258,200	\$ 173,145	\$ 423,905	\$ 28,589	\$ 1,632,561

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 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, 2010:

- a. During the fiscal year 1996, the Village entered into an installment note with Berry Bearing Company in the amount of \$90,000. The note is payable in monthly installments of \$784 through May 2010, which includes 6.5% interest on the unpaid balance. The note was paid off as of April 30, 2010.
- b. During the fiscal year 2006, the Village entered into an installment note with EDM Associates, Inc., in the amount of \$120,000. 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, 2010 was \$76,264.

VILLAGE OF MONTGOMERY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

3. NOTES RECEIVABLE - ECONOMIC DEVELOPMENT (Continued)

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

Year Ending April 30,	Amount
2011	\$ 13,905
2012	13,905
2013	13,905
2014	13,905
2015	13,905
2016	13,905
2017	<u>192</u>
Total Principal and Interest	83,622
Interest	<u>(7,358)</u>
TOTAL PRINCIPAL	<u>\$ 76,264</u>

4. DUE FROM OTHER GOVERNMENTS

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

GOVERNMENTAL ACTIVITIES	
Sales Tax	\$ 543,023
Local Use Tax	48,189
Court Fines	19,127
Telecommunications Tax	125,779
Infrastructure Maintenance	23,584
Income Tax	470,958
Dispatching	176,915
Grants	81,352
Motor Fuel Tax	<u>37,010</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,525,937</u>

VILLAGE OF MONTGOMERY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. DUE FROM OTHER GOVERNMENTS (Continued)

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

GOVERNMENTAL ACTIVITIES		
Utility Tax		\$ 145,730
Due from Developer		550,413
Engineering Fees		168,370
Garbage		<u>180,110</u>
TOTAL GOVERNMENTAL ACTIVITIES		<u>\$ 1,044,623</u>
BUSINESS-TYPE ACTIVITIES		
Water Sales		\$ 656,690
Tap On Fees		<u>360,367</u>
TOTAL BUSINESS-TYPE ACTIVITIES		<u>\$ 1,017,057</u>

5. INDIVIDUAL FUND DISCLOSURES

Individual fund interfund receivables/payables are as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	<u>\$ 2,322</u>
TOTAL		<u>\$ 2,322</u>

The purposes of the interfund receivables/payables are as follows:

- \$2,322 due to the Fieldstone Special Service Area Fund from the Montgomery Crossing Special Service Area Fund is a loan to the Fieldstone Special Service Area Fund that will be repaid with future tax levies.

Individual fund advances are as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Improvement	<u>\$ 691,533</u>

VILLAGE OF MONTGOMERY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. INDIVIDUAL FUND DISCLOSURES (Continued)

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:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 140,000	\$ -
Capital Improvement	187,463	1,268,300
Debt Service	1,268,300	-
Nonmajor Governmental	-	327,463
	<u> </u>	<u> </u>
TOTAL	<u>\$ 1,595,763</u>	<u>\$ 1,595,763</u>

The purposes of the individual fund transfers are as follows:

- \$1,268,300 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.
- \$140,000 transferred from the Emergency 911 Fund to the General Fund is to offset the costs of dispatch service. The transfer will not be repaid.
- \$187,463 transferred from the Economic Development Fund to the Capital Improvement Fund is to reimburse the Capital Improvement Fund for traffic signal expenditures. The transfer will not be repaid.

The following funds reported deficit fund balances at April 30, 2010:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Capital Improvement	\$ 744,263
Fieldstone Special Service Area	6,226
Employee Insurance Fund	425

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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	\$ -	\$ -	\$ 5,588,107
Land Right of Way	8,056,400	-	-	8,056,400
Construction in Progress	14,892,652	195,371	12,709,587	2,378,436
Total Capital Assets not Being Depreciated	28,537,159	195,371	12,709,587	16,022,943
Capital Assets Being Depreciated				
Buildings and Improvements	10,011,712	12,709,587	-	22,721,299
Land Improvements	1,175,377	-	-	1,175,377
Equipment and Vehicles	2,407,049	51,066	-	2,458,115
Infrastructure	15,256,400	6,583,208	-	21,839,608
Total Capital Assets Being Depreciated	28,850,538	19,343,861	-	48,194,399
Less Accumulated Depreciation for				
Buildings and Improvements	1,868,446	1,118,565	-	2,987,011
Land Improvements	1,038,083	52,346	-	1,090,429
Equipment and Vehicles	1,324,263	299,339	-	1,623,602
Infrastructure	1,189,540	873,584	-	2,063,124
Total Accumulated Depreciation	5,420,332	2,343,834	-	7,764,166
Total Capital Assets Being Depreciated, Net	23,430,206	17,000,027	-	40,430,233
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 51,967,365	\$ 17,195,398	\$ 12,709,587	\$ 56,453,176
	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets not Being Depreciated				
Land	\$ 16,533	\$ -	\$ -	\$ 16,533
Construction in Progress	419,521	-	-	419,521
Total Capital Assets not Being Depreciated	436,054	-	-	436,054
Capital Assets Being Depreciated				
Water Distribution System	38,303,750	2,881,397	-	41,185,147
Motor Equipment	244,758	-	-	244,758
Miscellaneous Equipment	275,359	-	-	275,359
Total Capital Assets Being Depreciated	38,823,867	2,881,397	-	41,705,264

VILLAGE OF MONTGOMERY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES (Continued)				
Less Accumulated Depreciation for				
Water Distribution System	\$ 10,738,131	\$ 1,407,602	\$ -	\$ 12,145,733
Equipment and Machinery	244,757	-	-	244,757
Miscellaneous Equipment	246,454	3,879	-	250,333
Total Accumulated Depreciation	<u>11,229,342</u>	<u>1,411,481</u>	<u>-</u>	<u>12,640,823</u>
 Total Capital Assets Being Depreciated, Net	 <u>27,594,525</u>	 <u>1,469,916</u>	 <u>-</u>	 <u>29,064,441</u>
 BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 28,030,579</u>	<u>\$ 1,469,916</u>	<u>\$ -</u>	<u>\$ 29,500,495</u>

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

GOVERNMENTAL ACTIVITIES	
General Government	\$ 658,063
Public Safety	556,459
Highways and Streets, Including Depreciation of General Infrastructure Assets	<u>1,129,312</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 2,343,834</u>

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 2009 levy was passed on December 14, 2009.
- Property taxes for the 2009 levy are due to the County Collector in two installments, June 1, 2010 and September 1, 2010.
- Significant amounts of property taxes for the 2009 levy will be distributed to the Village during June, July, August and September of 2010. The remaining distributions are expected to be received in October and November 2010.
- The 2010 tax levy, which attached as an enforceable lien on property as of January 1, 2010, has not been recorded as a receivable as of April 30, 2010 as the tax has not yet been levied by the Village, and will not be levied until December 2010 and, therefore, the levy is not measurable at April 30, 2010.

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2010:

	Balance May 1	Issuances	Repayments	Balance April 30	Current Portion
2002A General Obligation Alternate Revenue Source Bonds	\$ 8,300,000	\$ -	\$ 350,000	\$ 7,950,000	\$ 500,000
2005 General Obligation Alternate Revenue Source Bonds	5,110,000	-	260,000	4,850,000	240,000
2008 General Obligations Alternate Revenue Source Bonds	2,000,000	-	-	2,000,000	-
Bond Premium	125,718	-	12,572	113,146	-
Other Postemployment Benefit*	-	7,308	-	7,308	-
Net Pension (Asset) Obligation*	(94,590)	98,528	-	3,938	-
Compensated Absences*	585,214	57,762	48,069	594,907	59,491
TOTAL GOVERNMENTAL ACTIVITIES LONG- TERM DEBT	\$ 16,026,342	\$ 163,598	\$ 670,641	\$ 15,519,299	\$ 799,491

* Repaid by the General Fund.

Governmental activities long-term debt payable at April 30, 2010 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.

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.

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG-TERM DEBT (Continued)

a. Governmental Activities (Continued)

Debt service to maturity for these issues is as follows:

Fiscal Year	Series 2002A General Obligation Alternate Revenue Source Bonds		Series 2005 General Obligation Alternate Revenue Source Bonds		Series 2008 General Obligation Alternate Revenue Source Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 500,000	\$ 337,500	\$ 240,000	\$ 195,025	\$ -	\$ 100,000	\$ 1,372,525
2012	650,000	317,500	245,000	186,625	-	100,000	1,499,125
2013	775,000	291,500	260,000	178,050	-	100,000	1,604,550
2014	900,000	260,500	265,000	167,650	-	100,000	1,693,150
2015	1,050,000	223,600	275,000	157,050	-	100,000	1,805,650
2016	1,250,000	179,500	230,000	146,050	-	100,000	1,905,550
2017	1,375,000	125,750	190,000	136,850	-	100,000	1,927,600
2018	1,450,000	65,250	195,000	129,250	-	100,000	1,939,500
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	\$ 7,950,000	\$ 1,801,100	\$ 4,850,000	\$ 1,810,150	\$ 2,000,000	\$ 950,000	\$ 19,361,250

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, 2010:

	Balance May 1	Issuances	Repayments	Balance April 30	Current Portion
2007 General Obligation Refunding Bonds	\$ 3,015,000	\$ -	\$ 245,000	\$ 2,770,000	\$ 255,000
IEPA Loan Payable	868,464	-	51,901	816,563	53,298
Bond Premium	44,548	-	8,910	35,638	-
Compensated Absences	89,348	9,253	8,935	89,666	8,967
TOTAL ENTERPRISE FUND	\$ 4,017,360	\$ 9,253	\$ 314,746	\$ 3,711,867	\$ 317,265

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2010 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. \$ 2,770,000

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. 816,563

TOTAL ENTERPRISE FUND DEBT PAYABLE \$ 3,586,563

Debt service to maturity for these issues is as follows:

Fiscal Year	Series 2007 Bond		IEPA Loan		Total
	Principal	Interest	Principal	Interest	
2011	\$ 255,000	\$ 109,415	\$ 53,298	\$ 21,492	\$ 439,205
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	<u>\$ 2,770,000</u>	<u>\$ 579,465</u>	<u>\$ 816,563</u>	<u>\$ 155,606</u>	<u>\$ 4,321,634</u>

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, 2005, the Village issued \$20,000,000 Special Service Area No. 10 Bonds. 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, 2010, \$23,488 of the Special Service Area No. 1 bonds and \$249,721 of the Special Service Area No. 17 bonds are outstanding. The Special Service Area No. 10 bonds were called and paid during the fiscal year ended April 30, 2010.

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, 2010 and totaled \$13,412,000. 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, 2010, 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, 2010, 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, 2010 was \$376,090, and the total cumulative expenditures incurred to date in rebates of current development agreements was \$1,497,800.

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. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 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. 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, 2010 was 10.37% 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, 2010, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	6
Current Employees	
Vested	7
Nonvested	15
	<hr/>
TOTAL	28
	<hr/>

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% 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.

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 July 1, 1993, the Village has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended April 30, 2010, the Village's contribution was 15.85% of covered payroll.

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, 2010, 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.

VILLAGE OF MONTGOMERY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial Valuation Date	December 31, 2007	May 1, 2009
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	23 Years, Closed	24 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%

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.

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

	Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual Pension Cost (APC)	2008	\$ 275,400	\$ 184,369
	2009	259,010	239,167
	2010	261,859	338,139
Actual Contribution	2008	\$ 275,400	\$ 219,255
	2009	259,010	221,667
	2010	261,859	239,611
Percentage of APC Contributed	2008	100.00%	118.92%
	2009	100.00%	92.60%
	2010	100.00%	70.86%
NPO (Asset)	2008	\$ -	\$ (112,090)
	2009	-	(94,590)
	2010	-	3,938

The net pension obligation (asset) has been calculated as follows as of April 30, 2010:

	<u>Police Pension</u>
Annual Required Contributions	\$ 337,385
Interest on Net Pension Obligation	(6,621)
Adjustment to Annual Required Contribution	<u>7,375</u>
Annual Pension Cost	338,139
Contributions Made	<u>239,611</u>
Increase in Net Pension Obligation	98,528
Net Pension Obligation (Asset), May 1	<u>(94,590)</u>
NET PENSION OBLIGATION (ASSET), APRIL 30	<u>\$ 3,938</u>

VILLAGE OF MONTGOMERY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. DEFINED BENEFIT PENSION PLANS (Continued)

d. Funded Status

The funded status of the plans as of April 30, 2010, based on actuarial valuations performed as of December 31, 2009 for IMRF and May 1, 2009 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)	\$ 5,999,912	\$ 6,949,576
Actuarial Value of Plan Assets	4,682,596	5,509,865
Unfunded Actuarial Accrued Liability (UAAL)	1,317,316	1,439,711
Funded Ratio (Actuarial Value of Plan Assets/AAL)	78.04%	79.28%
Covered Payroll (Active Plan Members)	\$ 2,497,690	\$ 1,370,759
UAAL as a Percentage of Covered Payroll	52.74%	105.03%

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 and business-type activities and proprietary fund.

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
	<hr/>
TOTAL	60
	<hr/>
Participating Employers	1
	<hr/> <hr/>

d. Funding Policy

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

VILLAGE OF MONTGOMERY, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

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 April 30, 2010, to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 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 2010 was as follows (information for the two preceding years is not available as an actuarial valuation was performed for the first time as of April 30, 2010):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 32,081	\$ 24,773	77.22%	\$ 7,308

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

Annual Required Contribution	\$ 32,081
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	32,081
Contributions Made	24,773
Increase (Decrease) in Net OPEB Obligation	7,308
Net OPEB Obligation, Beginning of Year	-
NET OPEB OBLIGATION, END OF YEAR	\$ 7,308

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2010 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, 2010 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, 2009 by \$14,916 to account for expenditures and grant revenues in the proper period.

14. SUBSEQUENT EVENT

On June 1, 2010, the Village issued \$7,375,000 General Obligation Alternate Revenue Source Refunding Bonds Series 2010. The bonds, dated June 1, 2010 bear interest payable each June 1 and December 1 at rates from 2.00% to 4.00%, principal payable December 1 in amounts of \$670,000 to \$1,405,000 through December 1, 2017. The proceeds of the bonds were used to advance refund a portion (\$7,450,000) of the Series 2002A General Obligation Alternate Revenue Source Bonds.

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, 2010

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property Taxes Including Road and Bridge	\$ 1,904,230	\$ 1,951,012
Sales	2,515,000	2,434,337
Personal Property Replacement	62,650	55,407
Income	1,544,110	1,355,129
Photo and Local Use	226,080	206,509
Utility	98,400	93,585
Total Taxes	<u>6,350,470</u>	<u>6,095,979</u>
Licenses and Permits	326,730	348,071
Charges for Services	1,523,040	1,603,700
Intergovernmental	2,660	919
Fines and Forfeits	209,100	293,154
Investment Income	35,000	18,924
Miscellaneous	39,000	98,662
Total Revenues	<u>8,486,000</u>	<u>8,459,409</u>
EXPENDITURES		
Current		
General Government		
Elected Officials	208,240	134,023
Administration Office	429,090	414,939
Finance Office	439,230	428,936
Legal Services	125,000	202,846
Engineering Services	370,000	314,536
Community Development - Planning/Zoning	404,500	361,289
Community Development - Code Enforcement	226,790	197,039
Community Development - Economic Development	565,000	633,091
Total General Government	<u>2,767,850</u>	<u>2,686,699</u>
Public Safety		
Police Administration	517,560	511,407
Police Support Services	753,910	763,336
Police Patrol	2,050,660	2,011,950
Police Investigations	142,890	145,078
Police Commission	7,810	13,364
Emergency Services and Disaster Agency	3,100	853
Total Public Safety	<u>3,475,930</u>	<u>3,445,988</u>

(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, 2010

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Current (Continued)		
Highways and Streets		
Public Works Administration	\$ 97,990	\$ 99,533
Public Works Highways and Streets	552,950	447,372
Public Works Vehicle Maintenance	255,420	206,838
Public Works Buildings and Grounds	183,750	155,904
Total Highways and Streets	<u>1,090,110</u>	<u>909,647</u>
Sanitation		
Public Works Sanitation	852,000	976,489
Storm Sewer	20,000	20,565
Total Sanitation	<u>872,000</u>	<u>997,054</u>
Total Expenditures	<u>8,205,890</u>	<u>8,039,388</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>280,110</u>	<u>420,021</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	<u>65,000</u>	<u>140,000</u>
Total Other Financing Sources (Uses)	<u>65,000</u>	<u>140,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 345,110</u>	560,021
FUND BALANCE, MAY 1		<u>1,470,162</u>
FUND BALANCE, APRIL 30		<u>\$ 2,030,183</u>

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2010

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age 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)
2004	\$ 3,581,017	\$ 4,105,642	87.22%	\$ 524,625	\$ 1,697,914	30.90%
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%

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2010

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)
2005	\$ 4,073,975	\$ 4,533,588	89.86%	\$ 459,613	\$ 1,056,830	43.49%
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	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information not available

The actuarial value of plan assets for the Police Pension Plan is as of May 1, 2009, the latest available.

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2010

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (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%

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, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2005	\$ 173,192	\$ 173,192	100.00%
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%

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2005	\$ 167,072	\$ 163,013	102.49%
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%

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2010	\$ 24,773	\$ 32,081	77.22%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2010

1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted for all funds except the Fieldstone Special Service Area Fund, 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:

	<u>Budget</u>	<u>Expenditures</u>
Economic Development	\$ 3,000	\$ 17,323
Police Drug	3,100	25,633
Tax Increment Financing District	5,000	40,458
Debt Service	1,266,260	1,268,300

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

GENERAL FUND

General Fund - 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.

CAPITAL PROJECTS FUNDS

Capital Improvement Fund - to account 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, 2010

	Original and Final Budget	Actual
REVENUES		
Taxes		
Utility Taxes	\$ 1,380,000	\$ 1,271,668
Charges for Services	86,200	578,680
Intergovernmental	330,000	198,274
Investment Income	5,000	48
Miscellaneous Income	-	18,269
	<u>1,801,200</u>	<u>2,066,939</u>
EXPENDITURES		
Capital Outlay	<u>643,500</u>	<u>477,337</u>
	<u>643,500</u>	<u>477,337</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		
	<u>1,157,700</u>	<u>1,589,602</u>
OTHER FINANCING SOURCES (USES)		
Transfer In	-	187,463
Transfer (Out)	<u>(1,267,000)</u>	<u>(1,268,300)</u>
	<u>(1,267,000)</u>	<u>(1,080,837)</u>
NET CHANGE IN FUND BALANCE		
	<u>\$ (109,300)</u>	<u>508,765</u>
FUND BALANCE (DEFICIT), MAY 1		
		(1,238,112)
Prior Period Adjustment		<u>(14,916)</u>
FUND BALANCE (DEFICIT), MAY 1, RESTATED		
		<u>(1,253,028)</u>
FUND BALANCE (DEFICIT), APRIL 30		
		<u>\$ (744,263)</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
None	\$ -	\$ -
Total Revenues	-	-
EXPENDITURES		
Principal Retirement	610,000	610,000
Interest and Fiscal Charges	656,260	658,300
Total Expenditures	1,266,260	1,268,300
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,266,260)	(1,268,300)
OTHER FINANCING SOURCES (USES)		
Transfers In	1,267,000	1,268,300
Total Other Financing Sources (Uses)	1,267,000	1,268,300
NET CHANGE IN FUND BALANCE	\$ 740	-
FUND BALANCE, MAY 1		-
FUND BALANCE, APRIL 30		\$ -

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Economic Development Fund - to account for income generated from low interest economic development loans offered 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 to be used for educational and equipment expenditures for the police force.

Montgomery Crossing Special Service Area Fund - to account for the maintenance of common areas in the Montgomery Crossing development.

Blackberry Crossing Special Service Area Fund - to account for the maintenance of common areas in the Blackberry Crossing development.

Arbor Ridge Special Service Area Fund - to account for the maintenance of common areas in the Arbor Ridge development.

Fairfield Way Special Service Area Fund - to account for the maintenance of common areas in the Fairfield Way development.

Foxmoor Special Service Area Fund - to account for the maintenance of common areas in the Foxmoor development.

Tax Increment Financing District Fund - to account for the taxes collected and expenditures incurred related to the Village's TIF #1.

Saratoga Springs Special Service Area Fund - to account for the maintenance of common areas in the Saratoga Springs development.

Orchard Prairie North Special Service Area Fund - to account for the maintenance of common areas in the Orchard Prairie North development.

Blackberry Crossing West Special Service Area Fund - to account for the maintenance of common areas in the Blackberry Crossing West development.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

Fieldstone Special Service Area Fund - to account for the maintenance of common areas in the Fieldstone development.

CAPITAL PROJECTS FUNDS

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

Special Assessments Fund - to account for the revenues and expenditures related 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, 2010

	Special Revenue Funds			
	Economic Development	Police Drug	Motor Fuel Tax	Emergency 911
ASSETS				
Cash and Investments	\$ 1,452,687	\$ 120,528	\$ 358,259	\$ 175,861
Property Taxes Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	37,010	-
Notes Receivable	76,264	-	-	-
TOTAL ASSETS	\$ 1,528,951	\$ 120,528	\$ 395,269	\$ 175,861
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,463	\$ 610	\$ 8,722	\$ -
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	1,463	610	8,722	-
FUND BALANCES				
Reserved for Noncurrent Receivables	76,264	-	-	-
Reserved for Economic Development	1,451,224	-	-	-
Reserved for Public Safety	-	119,918	-	175,861
Reserved for Highways and Streets	-	-	386,547	-
Reserved for Subdivision Improvements	-	-	-	-
Unreserved	-	-	-	-
Total Fund Balances	1,527,488	119,918	386,547	175,861
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,528,951	\$ 120,528	\$ 395,269	\$ 175,861

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	
\$ 16,958	\$ 224,741	\$ 22,878	\$ 36,858	\$ 273,208	\$ 153,071	\$ 4,808	
-	-	25,881	8,080	-	-	45,338	
-	2,322	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
\$ 16,958	\$ 227,063	\$ 48,759	\$ 44,938	\$ 273,208	\$ 153,071	\$ 50,146	
\$ 385	\$ 713	\$ 185	\$ 328	\$ 711	\$ 888	\$ -	
-	-	-	-	-	-	-	
-	-	25,881	8,080	-	-	45,338	
385	713	26,066	8,408	711	888	45,338	
-	-	-	-	-	-	-	
-	-	-	-	-	-	4,808	
16,573	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	226,350	22,693	36,530	272,497	152,183	-	
-	-	-	-	-	-	-	
16,573	226,350	22,693	36,530	272,497	152,183	4,808	
\$ 16,958	\$ 227,063	\$ 48,759	\$ 44,938	\$ 273,208	\$ 153,071	\$ 50,146	

(This statement is continued on the following pages.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2010

	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	\$ 19,414	\$ 16,464	\$ 59,841	\$ -
Property Taxes Receivable	14,240	16,695	-	19,500
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Notes Receivable	-	-	-	-
TOTAL ASSETS	\$ 33,654	\$ 33,159	\$ 59,841	\$ 19,500
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 242	\$ 760	\$ -	\$ 3,904
Due to Other Funds	-	-	-	2,322
Deferred Revenue	14,240	16,695	-	19,500
Total Liabilities	14,482	17,455	-	25,726
FUND BALANCES				
Reserved for Noncurrent Receivables	-	-	-	-
Reserved for Economic Development	-	-	-	-
Reserved for Public Safety	-	-	-	-
Reserved for Highways and Streets	-	-	-	-
Reserved for Subdivision Improvements	19,172	15,704	59,841	-
Unreserved	-	-	-	(6,226)
Total Fund Balances	19,172	15,704	59,841	(6,226)
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,654	\$ 33,159	\$ 59,841	\$ 19,500

<u>Capital Projects Funds</u>				
<u>Vehicle Reserve</u>	<u>Lakewood Special Assessments</u>	<u>Special Service Area No. 10</u>	<u>Total</u>	
\$ -	\$ 18,184	\$ 1,330	\$ 2,955,090	
-	-	-	129,734	
-	-	-	2,322	
-	-	-	37,010	
-	-	-	76,264	
<u>\$ -</u>	<u>\$ 18,184</u>	<u>\$ 1,330</u>	<u>\$ 3,200,420</u>	
\$ -	\$ -	\$ -	\$ 18,911	
-	-	-	2,322	
-	-	-	129,734	
-	-	-	150,967	
-	-	-	76,264	
-	-	-	1,456,032	
-	-	-	312,352	
-	-	-	386,547	
-	18,184	1,330	824,484	
-	-	-	(6,226)	
-	18,184	1,330	3,049,453	
<u>\$ -</u>	<u>\$ 18,184</u>	<u>\$ 1,330</u>	<u>\$ 3,200,420</u>	

(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, 2010

	Special Revenue Funds			
	Economic Development	Police Drug	Motor Fuel Tax	Emergency 911
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Motor Fuel Taxes	-	-	455,201	-
Charges for Services	-	-	1,362	76,762
Fines and Forfeits	-	34,073	-	-
Contributions from Property Owners	-	-	-	-
Developer Contributions	-	-	-	-
Investment Income	3,142	-	516	-
Miscellaneous Income	-	-	-	-
Total Revenues	3,142	34,073	457,079	76,762
EXPENDITURES				
Current				
General Government	17,323	-	-	-
Public Safety	-	25,633	-	290
Highways and Streets	-	-	273,431	-
Capital Outlay	-	-	-	-
Total Expenditures	17,323	25,633	273,431	290
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,181)	8,440	183,648	76,472
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(187,463)	-	-	(140,000)
Total Other Financing Sources (Uses)	(187,463)	-	-	(140,000)
NET CHANGE IN FUND BALANCES	(201,644)	8,440	183,648	(63,528)
FUND BALANCES (DEFICITS), MAY 1	1,729,132	111,478	202,899	239,389
FUND BALANCES (DEFICITS), APRIL 30	\$ 1,527,488	\$ 119,918	\$ 386,547	\$ 175,861

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
\$ -	\$ 120,049	\$ 63,028	\$ 31,163	\$ 109,959	\$ 109,174	\$ 54,150
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	48,541	-	-	100,000	-	-
-	-	-	-	-	-	-
153	-	-	-	-	-	-
153	168,590	63,028	31,163	209,959	109,174	54,150
-	-	-	-	-	-	40,458
2,429	-	-	-	-	-	-
-	11,429	24,807	25,150	32,450	24,330	-
-	-	-	-	-	-	-
2,429	11,429	24,807	25,150	32,450	24,330	40,458
(2,276)	157,161	38,221	6,013	177,509	84,844	13,692
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,276)	157,161	38,221	6,013	177,509	84,844	13,692
18,849	69,189	(15,528)	30,517	94,988	67,339	(8,884)
\$ 16,573	\$ 226,350	\$ 22,693	\$ 36,530	\$ 272,497	\$ 152,183	\$ 4,808

(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, 2010

	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	\$ 20,006	\$ 20,010	\$ 59,841	\$ -
Motor Fuel Taxes	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Contributions from Property Owners	-	-	-	-
Developer Contributions	-	-	-	-
Investment Income	-	-	-	-
Miscellaneous Income	-	-	-	-
Total Revenues	20,006	20,010	59,841	-
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	834	4,306	-	6,226
Capital Outlay	-	-	-	-
Total Expenditures	834	4,306	-	6,226
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,172	15,704	59,841	(6,226)
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	19,172	15,704	59,841	(6,226)
FUND BALANCES (DEFICITS), MAY 1	-	-	-	-
FUND BALANCES (DEFICITS), APRIL 30	\$ 19,172	\$ 15,704	\$ 59,841	\$ (6,226)

Capital Projects Funds			
Vehicle Reserve	Lakewood Special Assessments	Special Service Area No. 10	Total Nonmajor Governmental
\$ -	\$ -	\$ -	\$ 587,380
-	-	-	455,201
58,103	-	-	136,227
-	-	-	34,073
-	-	423	423
-	-	-	148,541
-	3	-	3,661
500	101,547	-	102,200
58,603	101,550	423	1,467,706
-	-	-	57,781
58,603	-	-	86,955
-	90,949	-	493,912
-	-	8,402	8,402
58,603	90,949	8,402	647,050
-	10,601	(7,979)	820,656
-	-	-	(327,463)
-	-	-	(327,463)
-	10,601	(7,979)	493,193
-	7,583	9,309	2,556,260
\$ -	\$ 18,184	\$ 1,330	\$ 3,049,453

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Investment Income	\$ 6,000	\$ 3,142
Total Revenues	6,000	3,142
EXPENDITURES		
Current		
General Government	3,000	17,323
Total Expenditures	3,000	17,323
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,000	(14,181)
OTHER FINANCING SOURCES (USES)		
Transfers (Out)	(275,000)	(187,463)
Total Other Financing Sources (Uses)	(275,000)	(187,463)
NET CHANGE IN FUND BALANCE	<u>\$ (272,000)</u>	(201,644)
FUND BALANCE, MAY 1		<u>1,729,132</u>
FUND BALANCE, APRIL 30		<u>\$ 1,527,488</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Fines and Forfeits	\$ 22,000	\$ 34,073
Total Revenues	22,000	34,073
EXPENDITURES		
Current		
Public Safety	3,100	25,633
Total Expenditures	3,100	25,633
NET CHANGE IN FUND BALANCE	<u>\$ 18,900</u>	8,440
FUND BALANCE, MAY 1		<u>111,478</u>
FUND BALANCE, APRIL 30		<u>\$ 119,918</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Motor Fuel Taxes	\$ 448,730	\$ 455,201
Charges for Services	-	1,362
Investment Income	5,000	516
	<hr/>	
Total Revenues	453,730	457,079
<hr/>		
EXPENDITURES		
Current		
Highways and Streets	550,800	273,431
	<hr/>	
Total Expenditures	550,800	273,431
<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (97,070)</u>	183,648
FUND BALANCE, MAY 1		<u>202,899</u>
FUND BALANCE, APRIL 30		<u>\$ 386,547</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Charges for Services	\$ 78,000	\$ 76,762
Total Revenues	78,000	76,762
EXPENDITURES		
Current		
Public Safety	19,500	290
Total Expenditures	19,500	290
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	58,500	76,472
OTHER FINANCING SOURCES (USES)		
Transfers (Out)	(65,000)	(140,000)
Total Other Financing Sources (Uses)	(65,000)	(140,000)
NET CHANGE IN FUND BALANCE	\$ (6,500)	(63,528)
FUND BALANCE, MAY 1		239,389
FUND BALANCE, APRIL 30		\$ 175,861

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Miscellaneous	\$ 750	\$ 153
Total Revenues	<u>750</u>	<u>153</u>
EXPENDITURES		
Current		
Public Safety	<u>2,500</u>	<u>2,429</u>
Total Expenditures	<u>2,500</u>	<u>2,429</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,750)</u></u>	(2,276)
FUND BALANCE, MAY 1		<u>18,849</u>
FUND BALANCE, APRIL 30		<u><u>\$ 16,573</u></u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 120,000	\$ 120,049
Developer Contributions	-	48,541
Total Revenues	120,000	168,590
EXPENDITURES		
Current		
Highways and Streets	111,600	11,429
Total Expenditures	111,600	11,429
NET CHANGE IN FUND BALANCE	<u>\$ 120,000</u>	157,161
FUND BALANCE, MAY 1		<u>69,189</u>
FUND BALANCE, APRIL 30		<u><u>\$ 226,350</u></u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 63,000	\$ 63,028
Total Revenues	<u>63,000</u>	<u>63,028</u>
EXPENDITURES		
Current		
Highways and Streets	<u>47,500</u>	<u>24,807</u>
Total Expenditures	<u>47,500</u>	<u>24,807</u>
NET CHANGE IN FUND BALANCE	<u>\$ 15,500</u>	38,221
FUND BALANCE (DEFICIT), MAY 1		<u>(15,528)</u>
FUND BALANCE, APRIL 30		<u>\$ 22,693</u>

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

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

For the Year Ended April 30, 2010

	Original and Final Budget	Actual
<hr/>		
REVENUES		
Property Taxes	\$ 42,000	\$ 31,163
Total Revenues	<u>42,000</u>	<u>31,163</u>
EXPENDITURES		
Current		
Highways and Streets	<u>39,060</u>	<u>25,150</u>
Total Expenditures	<u>39,060</u>	<u>25,150</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,940</u>	6,013
FUND BALANCE, MAY 1		<u>30,517</u>
FUND BALANCE, APRIL 30		<u>\$ 36,530</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 110,000	\$ 109,959
Developer Contributions	-	100,000
Total Revenues	<u>110,000</u>	<u>209,959</u>
EXPENDITURES		
Current		
Highways and Streets	<u>102,300</u>	<u>32,450</u>
Total Expenditures	<u>102,300</u>	<u>32,450</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 7,700</u></u>	177,509
FUND BALANCE, MAY 1		<u>94,988</u>
FUND BALANCE, APRIL 30		<u><u>\$ 272,497</u></u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 110,000	\$ 109,174
Total Revenues	110,000	109,174
EXPENDITURES		
Current		
Highways and Streets	102,300	24,330
Total Expenditures	102,300	24,330
NET CHANGE IN FUND BALANCE	<u>\$ 7,700</u>	84,844
FUND BALANCE, MAY 1		<u>67,339</u>
FUND BALANCE, APRIL 30		<u>\$ 152,183</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 52,000	\$ 54,150
Interest Income	500	-
Total Revenues	<u>52,500</u>	<u>54,150</u>
EXPENDITURES		
Current		
General Government	<u>5,000</u>	<u>40,458</u>
Total Expenditures	<u>5,000</u>	<u>40,458</u>
NET CHANGE IN FUND BALANCE	<u>\$ 47,500</u>	13,692
FUND BALANCE (DEFICIT), MAY 1		<u>(8,884)</u>
FUND BALANCE, APRIL 30		<u>\$ 4,808</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 20,000	\$ 20,006
Total Revenues	<u>20,000</u>	<u>20,006</u>
EXPENDITURES		
Current		
Highways and Streets	<u>18,600</u>	834
Total Expenditures	<u>18,600</u>	<u>834</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,400</u>	19,172
FUND BALANCE, MAY 1		<u>-</u>
FUND BALANCE, APRIL 30		<u>\$ 19,172</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 20,000	\$ 20,010
Total Revenues	<u>20,000</u>	<u>20,010</u>
EXPENDITURES		
Current		
Highways and Streets	<u>18,600</u>	<u>4,306</u>
Total Expenditures	<u>18,600</u>	<u>4,306</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,400</u>	15,704
FUND BALANCE, MAY 1		<u>-</u>
FUND BALANCE, APRIL 30		<u>\$ 15,704</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Property Taxes	\$ 60,000	\$ 59,841
Total Revenues	60,000	59,841
EXPENDITURES		
Current		
Highways and Streets	55,800	-
Total Expenditures	55,800	-
NET CHANGE IN FUND BALANCE	<u>\$ 4,200</u>	59,841
FUND BALANCE, MAY 1		<u>-</u>
FUND BALANCE, APRIL 30		<u>\$ 59,841</u>

(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, 2010

	Original and Final Budget	Actual
REVENUES		
Charges for Services	\$ 60,000	\$ 58,103
Miscellaneous	-	500
Total Revenues	60,000	58,603
EXPENDITURES		
Current		
Public Safety	60,000	58,603
Total Expenditures	60,000	58,603
NET CHANGE IN FUND BALANCE	\$ -	-
FUND BALANCE, MAY 1		-
FUND BALANCE, APRIL 30		\$ -

(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, 2010

	Water	Water Improvement	Eliminations	Total
CURRENT ASSETS				
Cash and Cash Equivalents	\$ (247,645)	\$ 768,547	\$ -	\$ 520,902
Restricted Investments	5,673	-	-	5,673
Accounts Receivable	656,690	360,367	-	1,017,057
Accrued Interest Receivable	2,675	-	-	2,675
Total Current Assets	417,393	1,128,914	-	1,546,307
OTHER ASSETS				
Bond Issuance Costs	38,189	-	-	38,189
Total Other Assets	38,189	-	-	38,189
CAPITAL ASSETS				
Assets not Being Depreciated	436,054	-	-	436,054
Assets Being Depreciated				
Cost	41,705,264	-	-	41,705,264
Accumulated Depreciation	(12,640,823)	-	-	(12,640,823)
Total Capital Assets	29,500,495	-	-	29,500,495
Total Assets	29,956,077	1,128,914	-	31,084,991

(This schedule is continued on the following page.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS (Continued)
 WATER DEPARTMENT ACCOUNTS

April 30, 2010

	Water	Water Improvement	Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 141,504	\$ 8,962	\$ -	\$ 150,466
Accrued Payroll	9,225	-	-	9,225
Interest Payable	54,692	-	-	54,692
Unearned Revenue	36,000	-	-	36,000
Current Portion of Compensated Absences	8,967	-	-	8,967
Current Portion of Bonds and IEPA Loan Payable	308,298	-	-	308,298
Total Current Liabilities	558,686	8,962	-	567,648
LONG-TERM LIABILITIES				
General Obligation Bonds Payable	2,770,000	-	-	2,770,000
IEPA Loan Payable	816,563	-	-	816,563
Less Current Portion Above	(308,298)	-	-	(308,298)
Bond Premium	35,638	-	-	35,638
Compensated Absences	80,699	-	-	80,699
Total Long-Term Liabilities	3,394,602	-	-	3,394,602
Total Liabilities	3,953,288	8,962	-	3,962,250
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	25,878,294	-	-	25,878,294
Unrestricted	124,495	1,119,952	-	1,244,447
TOTAL NET ASSETS	\$ 26,002,789	\$ 1,119,952	\$ -	\$ 27,122,741

(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, 2010

	Water	Water Improvement	Eliminations	Total
OPERATING REVENUES				
Charges for Services	\$ 3,159,654	\$ -	\$ -	\$ 3,159,654
Total Operating Revenues	3,159,654	-	-	3,159,654
OPERATING EXPENSES				
Personal Services	1,088,446	-	-	1,088,446
Contractual Services	130,537	-	-	130,537
Repairs and Maintenance	286,196	235,257	-	521,453
Insurance	68,838	-	-	68,838
Utilities	243,400	-	-	243,400
Supplies and Miscellaneous	211,204	-	-	211,204
Depreciation and Amortization	1,411,481	-	-	1,411,481
Total Operating Expenses	3,440,102	235,257	-	3,675,359
OPERATING INCOME (LOSS)	(280,448)	(235,257)	-	(515,705)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	6,130	-	-	6,130
Rental Income	74,866	-	-	74,866
Connection Fees and Reimbursements	-	74,450	-	74,450
Interest Expense and Fiscal Charges	(138,009)	-	-	(138,009)
Total Nonoperating Revenues (Expenses)	(57,013)	74,450	-	17,437
NET INCOME (LOSS) BEFORE TRANSFERS	(337,461)	(160,807)	-	(498,268)
TRANSFERS				
Transfers In	-	31,500	(31,500)	-
Transfers (Out)	(31,500)	-	31,500	-
Total Transfers	(31,500)	31,500	-	-
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(368,961)	(129,307)	-	(498,268)
CONTRIBUTIONS	2,881,397	-	-	2,881,397
CHANGE IN NET ASSETS	2,512,436	(129,307)	-	2,383,129
NET ASSETS, MAY 1	23,490,353	1,249,259	-	24,739,612
NET ASSETS, APRIL 30	\$ 26,002,789	\$ 1,119,952	\$ -	\$ 27,122,741

(See independent auditor's report.)

VILLAGE OF MONTGOMERY, ILLINOIS

COMBINING SCHEDULE OF CASH FLOWS
WATER DEPARTMENT ACCOUNTS

For the Year Ended April 30, 2010

	Water	Water Improvement	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 3,001,808	\$ -	\$ -	\$ 3,001,808
Receipt from Rental Income	74,866	-	-	74,866
Payments to Suppliers	(863,937)	(226,590)	-	(1,090,527)
Payments to Employees	(1,105,666)	-	-	(1,105,666)
Payments for Interfund Services	(68,838)	-	-	(68,838)
Net Cash from Operating Activities	1,038,233	(226,590)	-	811,643
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Connection Fees and Reimbursements	-	92,414	-	92,414
Net Cash from Noncapital Financing Activities	-	92,414	-	(1,286,108)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intrafund Transfers	(31,500)	31,500	-	-
Principal Payments on Long-Term Debt	(296,901)	-	-	(296,901)
Interest and Fiscal Charges Paid	(141,983)	-	-	(141,983)
Net Cash from Capital and Related Financing Activities	(470,384)	31,500	-	(438,884)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	18,875	-	-	18,875
Net Cash from Investing Activities	18,875	-	-	18,875
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	586,724	(102,676)	-	484,048
CASH AND CASH EQUIVALENTS, MAY 1	(834,369)	871,223	-	36,854
CASH AND CASH EQUIVALENTS, APRIL 30	\$ (247,645)	\$ 768,547	\$ -	\$ 520,902

(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, 2010

	Water	Water Improvement	Eliminations	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (280,448)	\$ (235,257)	\$ -	\$ (515,705)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	1,411,481	-	-	1,411,481
Rental Income	74,866	-	-	74,866
Changes in Assets and Liabilities				
Accounts Receivable	(157,846)	-	-	(157,846)
Accounts Payable	7,400	8,667	-	16,067
Accrued Payroll	(17,538)	-	-	(17,538)
Accrued Compensated Absences	318	-	-	318
NET CASH FROM OPERATING ACTIVITIES	\$ 1,038,233	\$ (226,590)	\$ -	\$ 811,643
NONCASH TRANSACTIONS				
Contribution of Capital Assets	\$ 2,881,397	\$ -	\$ -	\$ 2,881,397

(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, 2010

ASSETS	
Cash and Short-Term Investments	\$ 440,519
Receivables	
Accrued Interest Receivable	78
Investments	
U.S. Government and Agency Obligations	1,661,150
Insurance Company Contracts - Separate Accounts	1,301,653
Equity Mutual Funds	1,605,891
Bond Mutual Funds	<u>423,905</u>
Total Assets	<u>5,433,196</u>
LIABILITIES	
None	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 5,433,196</u></u>

(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, 2010

	Balances May 1	Additions	Deductions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and Investments	\$ 17,590,518	\$ 5,612,718	\$ 7,493,296	\$ 15,709,940
TOTAL ASSETS	\$ 17,590,518	\$ 5,612,718	\$ 7,493,296	\$ 15,709,940
LIABILITIES				
Due to Others	\$ 943,777	\$ 239,192	\$ 168,531	\$ 1,014,438
Due to Bondholders	16,646,741	5,373,526	7,324,765	14,695,502
TOTAL LIABILITIES	\$ 17,590,518	\$ 5,612,718	\$ 7,493,296	\$ 15,709,940
TALMA STREET SPECIAL SERVICE AREA FUND				
ASSETS				
Cash and Investments	\$ 10,773	\$ 15,531	\$ 6,359	\$ 19,945
TOTAL ASSETS	\$ 10,773	\$ 15,531	\$ 6,359	\$ 19,945
LIABILITIES				
Due to Others	\$ 10,773	\$ 15,531	\$ 6,359	\$ 19,945
TOTAL LIABILITIES	\$ 10,773	\$ 15,531	\$ 6,359	\$ 19,945

(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, 2010

	Balances May 1	Additions	Deductions	Balances April 30
ESCROW FUND				
ASSETS				
Cash and Investments	\$ 925,469	\$ 121,058	\$ 138,591	\$ 907,936
TOTAL ASSETS	\$ 925,469	\$ 121,058	\$ 138,591	\$ 907,936
LIABILITIES				
Due to Others	\$ 925,469	\$ 121,058	\$ 138,591	\$ 907,936
TOTAL LIABILITIES	\$ 925,469	\$ 121,058	\$ 138,591	\$ 907,936
FLEXIBLE BENEFIT FUND				
ASSETS				
Cash and Investments	\$ 380	\$ 476	\$ 380	\$ 476
TOTAL ASSETS	\$ 380	\$ 476	\$ 380	\$ 476
LIABILITIES				
Due to Others	\$ 380	\$ 476	\$ 380	\$ 476
TOTAL LIABILITIES	\$ 380	\$ 476	\$ 380	\$ 476

(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, 2010

	Balances May 1	Additions	Deductions	Balances April 30
SPECIAL ASSESSMENT FUND				
ASSETS				
Cash and Investments	\$ 15,102,578	\$ 1,650,287	\$ 2,057,375	\$ 14,695,490
TOTAL ASSETS	\$ 15,102,578	\$ 1,650,287	\$ 2,057,375	\$ 14,695,490
LIABILITIES				
Due to Bondholders	\$ 15,102,578	\$ 1,650,287	\$ 2,057,375	\$ 14,695,490
TOTAL LIABILITIES	\$ 15,102,578	\$ 1,650,287	\$ 2,057,375	\$ 14,695,490
SPECIAL SERVICE AREA NO. 10 FUND				
ASSETS				
Cash and Investments	\$ 1,544,163	\$ 3,723,239	\$ 5,267,390	\$ 12
TOTAL ASSETS	\$ 1,544,163	\$ 3,723,239	\$ 5,267,390	\$ 12
LIABILITIES				
Due to Bondholders	\$ 1,544,163	\$ 3,723,239	\$ 5,267,390	\$ 12
TOTAL LIABILITIES	\$ 1,544,163	\$ 3,723,239	\$ 5,267,390	\$ 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, 2010

	Balances May 1	Additions	Deductions	Balances April 30
CORNELL SPECIAL SERVICE AREA FUND				
ASSETS				
Cash and Investments	\$ 7,155	\$ 102,127	\$ 23,201	\$ 86,081
TOTAL ASSETS	\$ 7,155	\$ 102,127	\$ 23,201	\$ 86,081
LIABILITIES				
Due to Others	\$ 7,155	\$ 102,127	\$ 23,201	\$ 86,081
TOTAL LIABILITIES	\$ 7,155	\$ 102,127	\$ 23,201	\$ 86,081

(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.

<u>Contents</u>	<u>Page(s)</u>
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.	89-94
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	95-100
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.	101-105
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.	106-107
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.	108-110

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 Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	\$ 5,099,533	\$ 2,760,235	\$ 4,388,301	\$ 30,251,886	\$ 36,431,647	\$ 41,540,031
Restricted	9,853,116	1,925,539	2,490,523	2,369,032	2,580,672	3,055,679
Unrestricted	5,391,317	10,415,952	9,176,185	709,828	(499,811)	433,352
TOTAL GOVERNMENT ACTIVITIES	\$ 20,343,966	\$ 15,101,726	\$ 16,055,009	\$ 33,330,746	\$ 38,512,508	\$ 45,029,062
BUSINESS-TYPE ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	\$ 13,105,573	\$ 14,750,138	\$ 16,233,234	\$ 23,331,066	\$ 24,102,567	\$ 25,878,294
Restricted	-	-	-	-	-	-
Unrestricted	3,490,046	2,162,812	464,271	691,648	637,045	1,244,447
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 16,595,619	\$ 16,912,950	\$ 16,697,505	\$ 24,022,714	\$ 24,739,612	\$ 27,122,741
PRIMARY GOVERNMENT						
Invested in Capital Assets, Net of Related Debt	\$ 18,205,106	\$ 17,510,373	\$ 20,621,535	\$ 53,582,952	\$ 60,534,214	\$ 67,418,325
Restricted	9,853,116	1,925,539	2,490,523	2,369,032	2,580,672	3,055,679
Unrestricted	8,881,363	12,578,764	9,640,456	1,401,476	137,234	1,677,799
TOTAL PRIMARY GOVERNMENT	\$ 36,939,585	\$ 32,014,676	\$ 32,752,514	\$ 57,353,460	\$ 63,252,120	\$ 72,151,803

Data Sources

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS

CHANGE IN NET ASSETS

Last Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010
EXPENSES						
Governmental Activities						
General Government	\$ 12,978,486	\$ 11,149,474	\$ 3,555,496	\$ 4,197,064	\$ 3,417,096	\$ 3,540,980
Public Safety	2,568,314	2,199,900	3,744,231	4,024,681	3,943,129	4,144,033
Highways and Streets	1,065,229	1,402,507	2,059,540	2,731,761	2,694,913	2,724,614
Sanitation	586,943	724,711	790,523	839,223	889,190	997,054
Interest	235,529	602,676	604,331	587,246	633,176	639,111
Total Governmental Activities Expenses	17,434,501	16,079,268	10,754,121	12,379,975	11,577,504	12,045,792
Business-Type Activities						
Waterworks	3,756,728	4,219,233	3,701,562	3,813,368	3,807,890	3,813,368
Total Business-Type Activities Expenses	3,756,728	4,219,233	3,701,562	3,813,368	3,807,890	3,813,368
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 21,191,229	\$ 20,298,501	\$ 14,455,683	\$ 16,193,343	\$ 15,385,394	\$ 15,859,160
PROGRAM REVENUES						
Governmental Activities						
Charges for Services						
General Government	\$ 2,810,092	\$ 2,416,565	\$ 2,890,579	\$ 1,784,591	\$ 887,648	\$ 791,624
Public Safety	297,572	293,353	376,138	297,352	548,645	634,341
Highways and Streets	18,052,041	836,032	563,135	319,583	59,138	75,614
Sanitation	530,973	651,986	720,168	818,426	872,656	975,454
Operating Grants and Contributions	458,096	377,076	419,065	550,422	488,826	476,945
Capital Grants and Contributions	78,000	31,180	50,000	18,243,217	5,656,409	7,463,786
Total Governmental Activities Program Revenues	22,226,774	4,606,192	5,019,085	22,013,591	8,513,322	10,417,764
Business-Type Activities						
Charges for Services	4,000,399	4,164,976	3,510,934	3,834,338	2,815,318	3,234,104
Capital Grants and Contributions	235,419	286,818	60,356	7,082,159	1,623,918	2,881,397
Total Business-Type Activities Program Revenues	4,235,818	4,451,794	3,571,290	10,916,497	4,439,236	6,115,501
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 26,462,592	\$ 9,057,986	\$ 8,590,375	\$ 32,930,088	\$ 12,952,558	\$ 16,533,265
NET REVENUE (EXPENSE)						
Governmental Activities	\$ 4,792,273	\$ (11,473,076)	\$ (5,735,036)	\$ 9,633,616	\$ (3,064,182)	\$ (1,628,028)
Business-Type Activities	479,090	232,561	(130,272)	7,103,129	631,346	2,302,133
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ 5,271,363	\$ (11,240,515)	\$ (5,865,308)	\$ 16,736,745	\$ (2,432,836)	\$ 674,105

VILLAGE OF MONTGOMERY, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Six Fiscal Years

Fiscal Year	2005	2006	2007	2008	2009	2010
GENERAL REVENUES AND OTHER						
CHANGES IN NET ASSETS						
Governmental Activities						
Taxes						
Property and Replacement	\$ 1,052,003	\$ 1,290,163	\$ 1,582,852	\$ 1,797,856	\$ 2,171,246	\$ 2,593,798
Income	584,932	810,962	1,095,594	1,326,500	1,454,677	1,355,129
Sales	1,467,350	1,684,446	1,799,426	2,308,243	2,539,423	2,434,337
Utility	1,120,536	1,308,029	1,281,322	1,492,570	1,501,852	1,365,252
Local Use	96,438	131,451	182,247	197,453	238,046	206,509
Franchise Fees	71,417	91,202	115,694	136,554	141,767	158,204
Donations	585,200	275,000	-	-	-	-
Investment Income	283,895	639,583	631,184	372,126	55,770	22,633
Miscellaneous	-	-	-	57,346	38,165	23,636
Special Item	(585,200)	-	-	-	-	-
Total Governmental Activities	4,676,571	6,230,836	6,688,319	7,688,648	8,140,946	8,159,498
Business-Type Activities						
Investment Income	23,805	63,499	43,868	6,130	29,946	6,130
Miscellaneous	21,271	21,271	32,129	74,866	55,606	74,866
Total Business-Type Activities	45,076	84,770	75,997	80,996	85,552	80,996
TOTAL PRIMARY GOVERNMENT	\$ 4,721,647	\$ 6,315,606	\$ 6,764,316	\$ 7,769,644	\$ 8,226,498	\$ 8,240,494
CHANGE IN NET ASSETS						
Governmental Activities	\$ 9,468,844	\$ (5,242,240)	\$ 953,283	\$ 17,322,264	\$ 5,076,764	\$ 6,531,470
Business-Type Activities	524,166	317,331	(54,275)	7,184,125	716,898	2,383,129
TOTAL PRIMARY GOVERNMENT	\$ 9,993,010	\$ (4,924,909)	\$ 899,008	\$ 24,506,389	\$ 5,793,662	\$ 8,914,599

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

Data Source

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS
 FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,124	\$ 691,533
Unreserved	2,346,904	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
TOTAL GENERAL FUND	\$ 2,346,904	\$ 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
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 1,798,939	\$ 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	277,079	83,217	90,196	121,884	-	-	-	(92,759)	(24,412)	(6,226)
Capital Projects	8,200,051	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)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 10,276,069	\$ 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
TOTAL ALL GOVERNMENTAL FUNDS	\$ 12,622,973	\$ 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

Data Source

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes	\$ 3,605,150	\$ 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
Licenses and Permits	169,179	423,026	555,390	508,445	588,616	545,975	646,609	453,255	347,605	348,071
Intergovernmental	234,174	202,344	380,119	167,136	259,173	116,026	133,084	105,561	123,206	199,193
Charges for Services	567,896	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
Fines and Forfeits	84,001	84,849	146,630	153,103	189,384	199,954	203,147	157,644	239,539	327,227
Investment Income	276,798	367,106	278,045	160,647	283,895	639,586	630,181	372,126	55,770	22,633
Developer Contributions	-	-	-	-	-	-	-	362,323	-	148,541
Contributions from Property Owners	9,200,838	-	-	-	17,620,321	275,000	-	-	17,500	423
Miscellaneous	47,293	80,867	55,797	62,815	117,093	90,426	277,267	213,042	170,688	219,131
Total Revenues	14,185,329	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
EXPENDITURES										
Current										
General Government	1,126,885	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
Public Safety	1,590,910	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
Highways and Streets	2,759,699	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
Sanitation	165,103	266,931	352,138	9,039	586,943	724,711	775,807	839,223	889,190	997,054
Health and Welfare	7,564	7,887	-	-	-	-	-	-	-	-
Culture and Recreation	19,904	21,514	-	-	-	-	-	-	-	-
Miscellaneous	33,909	31,021	2,771	2,644	-	-	-	-	-	-
Capital Outlay	125,034	23,890	-	-	17,165,363	10,600,641	2,339,488	8,614,925	5,540,861	485,739
Debt Service	122,025	118,624	280,819	607,435	-	-	-	-	-	-
Principal	-	-	-	-	250,000	575,000	490,000	530,000	580,000	610,000
Interest and Fiscal Charges	-	-	-	-	407,559	513,548	611,130	594,812	609,961	658,300
Total Expenditures	5,951,033	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
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,234,296	(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

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OTHER FINANCING SOURCES (USES)										
Transfers In	\$ 108,000	\$ 120,000	\$ 370,000	\$ 455,000	\$ 683,360	\$ 1,120,000	\$ 1,202,430	\$ 1,126,120	\$ 1,218,711	\$ 1,595,763
Transfers (Out)	(108,000)	(120,000)	(370,000)	(455,000)	(683,360)	(1,120,000)	(1,202,430)	(1,126,120)	(1,218,711)	(1,595,763)
Bonds Issued	-	-	-	-	-	6,000,000	-	-	2,000,000	-
Premium on Bonds Issued	-	-	-	-	-	-	-	-	138,290	-
Bond Proceeds	-	-	9,313,650	-	-	-	-	-	-	-
Total Other Funding Sources (Uses)	-	-	9,313,650	-	-	6,000,000	-	-	2,138,290	-
OTHER CHANGES TO FUND BALANCES										
Prior Period Adjustment	-	150,810	-	-	477,843	-	-	(46,527)	104,998	(14,916)
NET CHANGE IN FUND BALANCES	\$ (8,234,296)	\$ 6,435,843	\$ (7,946,702)	\$ 1,494,727	\$ (2,397,850)	\$ (2,791,467)	\$ (863,221)	\$ (8,538,584)	\$ (884,266)	\$ 1,547,063
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0%	0%	0%	0%	9.84%	13.71%	11.61%	10.87%	12.58%	14.22%

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
2000	Kane County	\$ 35,116,915	\$ 14,687,021	\$ 28,495,983	\$ 505,229	\$ 975,119	\$ 79,780,267	0.46350	\$ 26,590,763	33.3%
	Kendall County	N/A	N/A	N/A	N/A	N/A	41,070,534		13,688,809	
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	
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	
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	

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	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
VILLAGE DIRECT RATES										
Village of Montgomery										
General Corporate	0.2193	0.2231	0.2066	0.2303	0.2450	0.2168	0.2107	0.1984	0.1927	0.1883
IMRF	-	-	0.0166	0.0354	0.0587	0.0430	0.0344	0.0346	0.0345	0.0390
Garbage Collection	0.1324	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
Social Security	-	0.0481	0.0683	0.0870	0.0755	0.0635	0.0553	0.0504	0.0493	0.0487
Police Pension	0.1118	0.1000	0.0894	0.1003	0.0711	0.0753	0.0553	0.0472	0.0473	0.0468
Bond and Interest	-	-	-	-	-	-	0.0697	-	-	-
Prior Year Adjustment	-	-	-	-	-	(0.0486)	-	-	(0.0042)	-
OVERLAPPING RATES (REPRESENTATIVE)										
Kane County	0.4677	0.4529	0.4292	0.3578	0.3467	0.3367	0.34519	0.3322	0.3428	0.3398
Kane County Forest Preserve District	0.1634	0.1520	0.1395	0.1270	0.1432	0.1905	0.17471	0.1974	0.1932	0.1997
Aurora Township	0.2333	0.2119	0.1909	0.1718	0.1612	0.1559	0.15009	0.1449	0.1450	0.1486
Aurora Township Road District	0.0964	0.0917	0.0847	0.0791	0.0776	0.0743	0.07151	0.0690	0.0691	0.0703
Montgomery Fire District	0.3445	0.3317	0.3988	0.5549	0.6789	0.6522	0.62425	0.6061	0.6015	0.6207
Oswego Library	0.1866	0.1810	0.1893	0.1893	0.1818	0.1483	0.18261	0.2082	0.2002	0.2018
Fox Valley Park District	0.4430	0.4202	0.4086	0.3995	0.4068	0.3846	0.37456	0.4037	0.4014	0.4122
Unit School District Number 129	4.1703	4.0182	4.0625	3.9066	3.8155	3.6786	3.56352	4.1252	4.1724	4.1835
Community College District Number 516	0.4295	0.4131	0.4043	0.4134	0.4099	0.3933	0.39836	0.3950	0.4322	0.4043
Total Overlapping Rates	6.5347	6.2727	6.3078	6.1994	6.2216	6.0144	5.8848	6.4817	6.5578	6.5809
TOTAL ALL RATES (REPRESENTATIVE)	6.9982	6.7181	6.7367	6.7003	6.7201	6.3937	6.3434	6.8490	6.9168	6.9495

* 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 Eight Years Ago

2009				2000			
Taxpayer	Assessed	Rank	of Total	Taxpayer	Assessed	Rank	of Total
United Facilities, Inc.	\$ 10,948,230	1	2.14%	United Facilities	\$ 7,466,903	1	4.49%
Wal-Mart Stores, Inc.	6,308,073	2	1.23%	Centerpoint Properties Trust	3,616,118	2	2.18%
International Paper	3,786,313	3	0.74%	Meritex Developments, Inc.	2,412,632	3	1.45%
Monmouth Capital Corporation	3,356,809	4	0.66%	Settlers Land Mall Association	1,868,673	4	1.12%
Menard, Inc.	3,204,684	5	0.63%	Freeport Farm & Fleet, Inc.	1,853,813	5	1.12%
2001 Baseline Road, LLC	3,018,055	6	0.59%	Hunt Midwest Illinois, LLC	1,595,961	6	0.96%
Gusto Packing	2,831,622	7	0.55%	Kmart Corp.	1,462,045	7	0.88%
Allsteal	2,361,962	8	0.46%	Lyon Metal Products, LLC.	1,440,262	8	0.87%
Freeport Farm & Fleet, Inc.	2,305,519	9	0.45%	Old Kent Bank Trust No. 4459	1,135,802	9	0.68%
JC Penney	<u>2,200,517</u>	10	<u>0.43%</u>	American National Bank & Trust Chicago Trust No. 141573-01	<u>1,129,113</u>	10	<u>0.68%</u>
TOTAL	<u>\$ 40,321,784</u>			TOTAL	<u>\$ 23,981,322</u>		
2009 EAV = \$512,109,435			<u>7.88%</u>	2000 EAV = \$166,236,909			<u>14.43%</u>

(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 2009 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

Levy Year	Collected Within the Fiscal Year of the Levy		
	Tax Levied	Amount	Levy
2000	\$ 559,528	\$ 563,183	100.65%
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	N/A	N/A

Data Sources

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

TOTAL SALES TAX BY CATEGORY

Last Ten Calendar Years

Calendar Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Merchandise	\$ -	\$ -	\$ -	\$ -	\$ 46,555	\$ -	\$ -	\$ 355,410	\$ 729,003	\$ 727,772
Food	298,847	292,703	200,948	182,394	110,718	146,174	173,280	160,131	194,116	175,861
Drinking and Eating Places	109,643	134,591	130,504	137,309	147,639	152,032	155,338	157,769	147,972	166,372
Apparel	-	-	-	-	3,966	3,036	597	1,448	63	-
Furniture & H.H. & Radio	39,567	39,432	38,103	30,237	13,063	22,355	30,670	32,733	28,375	14,894
Lumber, Building Hardware	94,843	87,158	86,646	93,073	98,904	114,295	109,828	195,045	122,690	90,528
Automobile and Filling Stations	223,297	265,699	277,149	217,531	225,444	254,228	374,028	404,344	375,967	254,517
Drugs and Miscellaneous Retail	123,681	151,483	154,682	150,369	177,810	186,622	230,920	278,838	250,922	277,068
Agriculture and All Others	354,897	347,429	361,104	314,781	310,854	300,209	325,595	327,456	331,206	329,266
Manufacturers	85,802	69,324	70,916	73,915	127,328	156,083	186,236	216,569	161,465	112,242
Unclassified	-	-	-	-	-	-	-	30,660	-	-
TOTAL	\$ 1,330,577	\$ 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
RATE	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

Fiscal Year	General Merchandise				
	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)
2000	1.0%	5.50%	5.25%	6.50%	6.25%
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%

(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	Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	Activities	General Obligation Bonds	General Obligation Bonds			
2001	\$ 5,680,000	\$ 5,055,000	\$ -	\$ 10,735,000	N/A	1,962.16
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	18,386,563	4.43%	1,077.63

* Information on personal income and population can be found on page 107.

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
2001	\$ 5,680,000	\$ 91,417	\$ 5,588,583	1.21%	\$ 1,021
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

Data Sources

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

April 30, 2010

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Village	Village Share of Debt
School District #115	\$ 82,008,467	7.34%	\$ 6,019,421
School District #129	121,210,000	6.37%	7,721,077
School District #131	102,397,519	4.05%	4,147,100
School District #302	117,592,734	3.61%	4,245,098
School District #308	345,119,000	11.98%	41,345,256
Community College District #516	<u>68,579,303</u>	4.86%	<u>3,332,954</u>
Total Schools	<u>836,907,023</u>		<u>66,810,906</u>
Kane County	36,040,000	1.49%	536,996
Kendall County	42,908,761	8.42%	3,612,918
Kane County Forest Preserve District	235,480,866	1.49%	3,508,665
Kendall County Forest Preserve District	48,995,000	8.42%	4,125,379
Fox Valley Park District	69,775,000	8.92%	6,223,930
Oswego Park District	5,710,000	4.49%	256,379
Oswego Library District	8,675,000	23.84%	2,068,120
Sugar Grove Library District	<u>7,310,000</u>	13.38%	<u>978,078</u>
Total Other Governments	<u>454,894,627</u>		<u>21,310,465</u>
TOTAL OVERLAPPING BONDED DEBT	<u>\$ 1,291,801,650</u>		<u>\$ 88,121,371</u>

Overlapping and bonded debt percentages based on 2009 EAV, the most current available.

Data Sources

Kane and Kendall Clerks

VILLAGE OF MONTGOMERY, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 10,423,382	\$ 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
Total Net Debt Applicable to Limit	805,000	720,000	10,030,000	1,235,000	1,010,000	775,000	775,000	275,000	-	-
Legal Debt Margin	\$ 9,618,382	\$ 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
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.723%	6.280%	69.954%	6.859%	4.516%	2.838%	2.256%	0.681%	0.000%	0.000%

Legal Debt Margin Calculation for Fiscal 2010

Assessed Value	\$ 512,381,607
Legal Debt Margin	<u>8.625%</u>
Debt Limit	44,192,914
Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>\$ 44,192,914</u>

Data Sources

Audited Financial Statements

VILLAGE OF MONTGOMERY, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	General Obligation Alternate Revenue Source Waterworks Bonds and IEPA Loan					
	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	\$ 1,733,661	\$ 1,621,037	\$ 112,624	\$ 180,000	\$ 241,161	0.26741
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

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
2001	5,471	N/A	N/A	5.3%
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%

N/A - Not available

Data Source

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2010				2001			
Employer	Employees	Rank	Percentage of Total Village Population	Employer	Employees	Rank	Percentage of Total Village Population
Eby-Brown Co., LLC.	400	1	2.34%	Lyon Workspace Products, LLC	600	1	10.97%
Lyon Workspace Products, LLC	400	2	2.34%	Customized Solutions, LLC	450	2	8.23%
VVF Illinois Services	400	3	2.34%	The Dial Corporation	400	3	7.31%
Fox River Foods, Inc.	340	4	1.99%	Processed Plastic Co.	300	4	5.48%
Aurora Bearing Co.	250	5	1.47%	CMT, Inc.	200	5	3.66%
Hoermann Gadco, LLC.	200	6	1.17%	Fox River Foods, Inc.	200	6	3.66%
International Paper	150	7	0.88%	Hoermann Gadco, LLC.	200	7	3.66%
Aurora Metals Division, LLC	135	8	0.79%	Aurora Metals Division, LLC	160	8	2.92%
The Lakone Co.	<u>95</u>	9	<u>0.56%</u>	Willamette Industries, Inc.	<u>150</u>	9	<u>2.74%</u>
TOTAL	<u><u>2,370</u></u>		<u><u>13.89%</u></u>	TOTAL	<u><u>2,660</u></u>		<u><u>48.62%</u></u>

Data Source

2009 Illinois Manufacturers Directory, 2009 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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL GOVERNMENT										
Administration	2	2	2	1.75	1.75	2.75	3.5	3.5	3	3
Finance	5	5	6	4.75	5.75	5.75	5.75	5.75	5.75	4.5
Building	4.5	5.5	6	4	5	6	5	5	-	-
Community Development	1	1	1	1	2	2	3.75	3.75	5	5
PUBLIC SAFETY										
Police										
Sworn Officers	15	16	17	19	19	22	25	25	23	23
Civilians/Other	7	11	11	8.5	8.5	10	10	10	11	11
PUBLIC WORKS										
Administration	2	2	2	1.5	1.5	2	3	3	2	2
Street Maintenance	8	7	8	8	8	8	8	8	7	7
Water Operations	1	1	1	1	1	2	2	2	2	2
Building Maintenance	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Fleet Maintenance	1	1	1	1	1	1	1.5	1.5	1.5	1.5
TOTAL	46.5	51.5	55	50.5	53.5	62.5	68.5	68.5	61.25	60

N/A - Not available

Data Sources

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

OPERATING INDICATORS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
POLICE										
Physical Arrests	376	359	434	528	239	508	565	703	N/A	930
Parking Violations	258	213	434	294	392	621	547	597	N/A	826
Traffic Violations	683	736	789	1,812	3,030	3,243	2,978	4,715	N/A	3,940
PUBLIC WORKS										
Street Resurfacing (miles) or 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	N/A	815	1,429	636	782	251	49	85
Water Main Breaks	57	45	58	63	44	60	56	55	67	55
Average Daily Consumption	2,110,175	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
Peak Daily Consumption	3,339,000	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

N/A - Not available

Data Sources

Village Records

VILLAGE OF MONTGOMERY, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PUBLIC SAFETY										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area Patrols	2	2	3	3	3	3	3	3	3	4
Patrol Units	N/A	N/A	9	11	12	13	15	15	15	15
PUBLIC WORKS										
Residential Streets (miles)	N/A	N/A	53	53	53	53	53	53	58	74.3
WATER										
Water Mains (miles)	N/A	N/A	44.6	44.6	95	95	95	95	98	98
Fire Hydrants	N/A									
Storage Capacity (millions of gallons)	2.8	2.8	2.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8

N/A - Not available

Data Sources

Village Records

COMPLIANCE SECTION



998 Corporate Boulevard • Aurora, IL 60502

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

The Honorable Mayor
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, 2010. 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, 2010, is fairly stated in all material respects.

This report is intended solely for the information and use of the Village 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 15, 2010

A handwritten signature in black ink, appearing to read 'Bill [unclear]', written in a cursive style.