

**VILLAGE OF DOWNS, ILLINOIS**  
**Annual Financial Report**  
**For The Year Ended April 30, 2011**

Village Of Downs, Illinois  
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April 30, 2011

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Section I

Financial Statements

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## Independent Auditors' Report

Honorable President and  
Board of Trustees  
Village of Downs  
McLean County, Illinois

We have audited the accompanying financial statements of the Village of Downs, Illinois as of and for the year ended April 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village of Downs, Illinois's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

The Village of Downs, Illinois has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of the basis financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2011, on our consideration of the Village of Downs, Illinois's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Downs, Illinois's basic financial statements. The supplementary information, as listed in the table of contents, which is also the responsibility of the management of the Village of Downs, Illinois, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information has been subjected to the auditing procedures applied and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Lawrence Travis & Co.", written in a cursive style.

Lawrence Travis & Co., P. C.  
Certified Public Accountants

September 30, 2011

**Village Of Downs, Illinois**

**Statement Of Net Assets**

**April 30, 2011**

	<b><u>Primary Government</u></b>	
	<b><u>Governmental</u></b>	<b><u>Business-Type</u></b>
	<b><u>Activities</u></b>	<b><u>Activities</u></b>
<b><u>Assets:</u></b>		
<b><u>Current Assets:</u></b>		
Cash	\$ 623,412	\$ 52,170
Restricted cash	-	23,913
Accounts receivables	9,699	14,098
Taxes receivable	<u>368,340</u>	<u>          </u>
<b>Total Current Assets</b>	<b>\$ <u>1,001,451</u></b>	<b>\$ 90,181</b>
<b><u>Capital Assets:</u></b>		
Capital assets	\$ 7,768,159	1,175,460
Less accumulated depreciation	<u>(165,902)</u>	<u>(554,618)</u>
<b>Net Capital Assets</b>	<b>\$ <u>7,602,257</u></b>	<b>\$ <u>620,842</u></b>
<b>Total Assets</b>	<b>\$ <u>8,603,708</u></b>	<b>\$ <u>711,023</u></b>
<b><u>Liabilities:</u></b>		
<b><u>Current Liabilities:</u></b>		
Accounts payable	\$ 15,051	\$ 5,980
Payroll liabilities	2,345	394
Customer deposits		32,650
Notes payable - current		23,913
Construction advance	<u>6,287,742</u>	<u>          </u>
<b>Total Current Liabilities</b>	<b>\$ 6,305,138</b>	<b>\$ 62,937</b>
<b>Notes Payable - Long Term</b>	<u>          </u>	<u>329,234</u>
<b>Total Liabilities</b>	<b>\$ <u>6,305,138</u></b>	<b>\$ <u>392,171</u></b>
<b><u>Net Assets:</u></b>		
Invested in capital assets-net of related debt	\$ 1,314,515	\$ 258,958
Unrestricted	<u>984,055</u>	<u>59,894</u>
<b>Total Net Assets</b>	<b>\$ <u>2,298,570</u></b> <b>=====</b>	<b>\$ 318,852</b> <b>=====</b>

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

**Total**

\$ 675,582  
23,913  
23,797  
368,340

\$ 1,091,632

\$ 8,943,619  
(720,520)

\$ 8,223,099

\$ 9,314,731

\$ 21,031  
2,739  
32,650  
23,913  
6,287,742

\$ 6,368,075

329,234

\$ 6,697,309

\$ 1,573,473  
1,043,949

\$ 2,617,422  
=====



**Village Of Downs, Illinois**  
**Statement Of Activities**  
**For The Year Ended April 30, 2011**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>
<b><u>Primary Government:</u></b>	
Governmental Activities:	
General Government	\$ 526,004
Streets	<u>32,204</u>
Total Governmental Activities	\$ 558,208
Business-Type Activities	
Water	<u>84,074</u>
<b>Total Primary Government</b>	\$ 642,282 =====

**Changes On Net Assets**

**Net (Expense) Revenue**

**General Revenues:**

Taxes:  
    Property taxes  
    Sales and use tax  
    Replacement taxes  
    Donations  
    Motor Fuel taxes  
    Income taxes  
Interest income  
Miscellaneous revenues  
Transfers

**Total General Revenues And Transfers**

**Change In Net Assets**

**Net Assets, Beginning**

**Net Assets, Ending**

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

<u>Charges For Services</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue</u>
	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	
\$ 112,936	\$ 940,041	\$ -	\$ 526,973
			(32,204)
\$ 112,936	\$ 940,041	\$ -0-	\$ 494,769
<u>156,882</u>			<u>72,808</u>
\$ 269,818	\$ 940,041	\$ -0-	\$ 567,577
=====	=====	=====	=====
<u>Governmental Activities</u>		<u>Business-Type Activities</u>	<u>Total</u>
	\$ 494,769	\$ 72,808	\$ 567,577
	\$ 376,844	\$	\$ 376,844
	36,837		36,837
	3,051		3,051
	4,471		4,471
	19,723		19,723
	69,351		69,351
	1,097	73	1,170
	18,622		18,622
	<u>6,720</u>	<u>(6,720)</u>	
	\$ 536,716	\$ (6,647)	\$ 530,069
	\$ 1,031,485	\$ 66,161	\$ 1,097,646
	<u>1,267,085</u>	<u>252,691</u>	<u>1,519,776</u>
	\$ 2,298,570	\$ 318,852	\$ 2,617,422
	=====	=====	=====

**Village Of Downs, Illinois**  
**Balance Sheet**  
**Governmental Funds**  
**April 30, 2011**

	<b><u>General Fund</u></b>	<b><u>Nonmajor Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Assets:</u></b>			
Cash and cash investments	\$ 86,495	\$ 536,917	\$ 623,412
Accounts receivables	4,326	5,373	9,699
Taxes receivable	99,738	268,602	368,340
Construction in progress	<u>          </u>	<u>7,493,801</u>	<u>7,493,801</u>
<b>Total Assets</b>	\$ 190,559 =====	\$ 8,304,693 =====	\$ 8,495,252 =====
<b><u>Liabilities And Fund Equity</u></b>			
<b><u>Current Liabilities:</u></b>			
Accrued payroll taxes	\$ 2,345	\$	\$ 2,345
Accounts payable	6,324	8,727	15,051
Deferred revenues	78,000	267,000	345,000
Construction advance	<u>          </u>	<u>6,287,742</u>	<u>6,287,742</u>
<b>Total Liabilities</b>	\$ 86,669	\$ 6,563,469	\$ 6,650,138
<b><u>Fund Balance:</u></b>			
Unreserved:			
General Fund	\$ 103,890	\$	\$ 103,890
Special Revenue Funds		393,790	393,790
Capital Projects Funds	<u>          </u>	<u>1,347,434</u>	<u>1,347,434</u>
<b>Total Fund Balance</b>	\$ 103,890	\$ 1,741,224	\$ 1,845,114
<b>Total Liabilities And Fund Balance</b>	\$ 190,559 =====	\$ 8,304,693 =====	\$ 8,495,252 =====

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

**Village Of Downs, Illinois**  
**Reconciliation Of Total Governmental Funds To Net Assets**  
**Of Governmental Activities**  
**April 30, 2011**

Total Fund Balances - Total Governmental Funds	\$1,845,114
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenue reported as earned in governmental activities	1,839
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds	
Net Capital Assets	<u>451,617</u>
Net assets of governmental activities	\$2,298,570 =====

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

**Village Of Downs, Illinois**  
**Statement Of Revenues,**  
**Expenditures And Changes In Fund Balances**  
**Governmental Funds**  
**For The Year Ended April 30, 2011**

	<b><u>General Fund</u></b>	<b><u>Nonmajor Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Revenues:</u></b>			
Property taxes	\$ 74,545	\$ 300,460	\$ 375,005
Motor Fuel taxes		19,723	19,723
State income taxes	69,351	-	69,351
State replacement taxes	3,051		3,051
Sales and use taxes	<u>36,837</u>		<u>36,837</u>
Total Taxes	\$ 183,784	\$ 320,183	\$ 503,967
Charges for service	46,709	66,227	112,936
Fines, fees and permits	3,434		3,434
Grant income		940,041	940,041
Donations		4,471	4,471
Interest	421	676	1,097
Other	<u>2,591</u>	<u>25,545</u>	<u>28,136</u>
Total Revenues	\$ <u>236,939</u>	\$ <u>1,357,143</u>	\$ <u>1,594,082</u>
<b><u>Expenditures:</u></b>			
Current			
General government	\$ 197,479	\$ 148,499	\$ 345,978
Streets		<u>30,920</u>	<u>30,920</u>
Total Expenditures	\$ <u>197,479</u>	\$ <u>179,419</u>	\$ <u>376,898</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</b>	\$ 39,460	\$ 1,177,724	\$ 1,217,184
<b><u>Other Financing Sources (Uses):</u></b>			
Transfers in		<u>6,720</u>	<u>6,720</u>
<b><u>Revenues Over (Under) Expenditures</u></b>	\$ 39,460	\$ 1,184,444	\$ 1,223,904
<b><u>Fund Balances - May 1</u></b>	<u>64,424</u>	<u>556,780</u>	<u>621,204</u>
<b><u>Fund Balances - April 30</u></b>	\$ 103,884 =====	\$ 1,741,224 =====	\$ 1,845,108 =====

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

**Village Of Downs, Illinois**  
**Reconciliation Of The Statement Of**  
**Revenues, Expenditures, And Changes In Fund Balances**  
**Of Governmental Funds To The Statement Of Activities**  
**For The Year Ended April 30, 2011**

Net change in fund balances - Total governmental funds	\$ 1,223,904
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Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures  
while governmental activities report depreciation expense  
to allocate those expenditures over the life of the assets.

Depreciation in excess of Capital Outlay	(269,180)
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Change in deferred revenue reported as revenue	<u>76,761</u>
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Change in net assets of governmental activities	\$ 1,031,485 =====
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The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

**Village Of Downs, Illinois**  
**Statement Of Net Assets**  
**Proprietary Funds**  
**April 30, 2011**

	<b><u>Water Fund</u></b>	<b><u>Total Proprietary Fund</u></b>
<b><u>Assets:</u></b>		
<b>Current Assets:</b>		
Cash	\$ 52,170	\$ 52,170
Restricted cash	23,913	23,913
Receivables (Net of allowance for uncollectible accounts)	<u>14,098</u>	<u>14,098</u>
<b>Total Current Assets</b>	<b>\$ <u>90,181</u></b>	<b>\$ <u>90,181</u></b>
<b>Noncurrent Assets:</b>		
Capital Assets		
Land	\$ 59,000	\$ 59,000
Capital Assets, Net of accumulated depreciation	<u>561,842</u>	<u>561,842</u>
<b>Total Noncurrent Assets</b>	<b><u>620,842</u></b>	<b><u>620,842</u></b>
<b>Total Assets</b>	<b>\$ <u>711,023</u></b>	<b>\$ <u>711,023</u></b>
<b><u>Liabilities</u></b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 5,980	\$ 5,980
Accrued payroll taxes	394	394
Current portion of notes payable	32,650	32,650
Customer deposits	<u>23,913</u>	<u>23,913</u>
<b>Total Current Liabilities</b>	<b>\$ 62,937</b>	<b>\$ 62,937</b>
<b>Noncurrent Liabilities:</b>		
Notes payable	<u>329,234</u>	<u>329,234</u>
<b>Total Liabilities</b>	<b>\$ <u>392,171</u></b>	<b>\$ <u>392,171</u></b>
<b><u>Net Assets:</u></b>		
Investment in capital assets, Net of related debt	\$ 258,958	\$ 258,958
Unrestricted	<u>59,894</u>	<u>59,894</u>
<b>Total Net Assets</b>	<b>\$ 318,852</b> =====	<b>\$ 318,852</b> =====

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

**Village Of Downs, Illinois**  
**Statement Of Revenues, Expenses**  
**And Changes In Net Assets**  
**Proprietary Funds**  
**For The Year Ended April 30, 2011**

	<b><u>Water</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b> <b><u>Proprietary</u></b> <b><u>Fund</u></b>
<b><u>Operating Revenues:</u></b>		
Charges for services	\$ 150,723	\$ 150,723
Miscellaneous	6,159	6,159
Total Operating Revenues	\$ 156,882	\$ 156,882
<b><u>Operating Expenditures:</u></b>		
Operating, maintenance and general and administrative expenses	\$ 47,349	\$ 47,349
Depreciation	28,979	28,979
Total Operating Expenditures	\$ 76,328	\$ 76,328
<b><u>Operating Income (Loss) Before</u></b> <b><u>Non-Operating Revenues (Expenses)</u></b>	\$ 80,554	\$ 80,554
<b><u>Non-Operating Revenues (Expenses):</u></b>		
Interest income	\$ 73	\$ 73
Interest expense	(7,746)	(7,746)
Total Non-Operating Revenues and (Expenses)	\$ (7,673)	\$ (7,673)
<b><u>Net Income (Loss) Before Transfers</u></b>	\$ 72,881	\$ 72,881
Transfers out	(6,720)	(6,720)
<b><u>Net Income (Loss)</u></b>	\$ 66,161	\$ 66,161
<b><u>Net Assets - May 1</u></b>	252,691	252,691
<b><u>Net Assets - April 30</u></b>	\$ 318,852 =====	\$ 318,852 =====

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.



**Village Of Downs, Illinois**  
**Statement Of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended April 30, 2011**

	<b><u>Water</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b> <b><u>Proprietary</u></b> <b><u>Fund</u></b>
<b><u>Cash Flows From Operating Activities</u></b>		
Receipts from customers	\$ 150,151	\$ 150,151
Other receipts	6,159	6,159
Payments for goods and services	(11,867)	(11,867)
Payments for payroll and payroll related costs	(55,024)	(55,024)
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 89,419</b>	<b>\$ 89,419</b>
<b><u>Cash Flows From NonCapital Financing Activities</u></b>		
Transfer to other funds	\$ (6,720)	\$ (6,720)
<b>Net Cash Used By NonCapital Financing Activities</b>	<b>\$ (6,720)</b>	<b>\$ (6,720)</b>
<b><u>Cash Flows From Capital And Related Financing Activities</u></b>		
Change in capital assets	\$ (38,960)	\$ (38,960)
Interest payment on notes	(7,746)	(7,746)
Principal payment on notes	(20,129)	(20,129)
<b>Net Cash Used For Capital And Related Financing Activities</b>	<b>\$ (66,835)</b>	<b>\$ (66,835)</b>
<b><u>Cash Flows From Investing Activities</u></b>		
Interest	73	73
<b>Net Increase In Cash And Cash Equivalents</b>	<b>\$ 15,937</b>	<b>\$ 15,937</b>
<b>Cash And Cash Equivalents At Beginning of Year</b>	<b>60,546</b>	<b>60,546</b>
<b>Cash And Cash Equivalents At End of Year</b>	<b>\$ 76,483</b>	<b>\$ 76,483</b>
	=====	=====
<b><u>Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities:</u></b>		
Operating income (loss)	\$ 80,554	\$ 80,554
Adjustments to Reconcile Operating Income to Net Cash:		
Provided by Operating Activities:		
Depreciation	28,979	28,979
Change in Assets and Liabilities:		
Increase in receivables	(572)	(572)
Decrease in payables and accruals	(19,542)	(19,542)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ 89,419</b>	<b>\$ 89,419</b>
	=====	=====

The accompanying notes are an integral part of these financial statements.

See auditors' opinion.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies

Reporting Entity

The Village of Downs is responsible for providing administrative and operational services for the Village residents. The Board of Trustees is responsible for administration, management, safeguarding of assets and preparation of financial statements. The Board of Trustees was not aware of any other entity which could exercise sufficient oversight or fiscal responsibility over the Village that would result in the Village being considered as a component of that entity. There are no other potential component units to include in the scope of the Village's financial statements.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds. The significant accounting policies used by the Village are described below.

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

Village-Wide Financial Statements: The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The Village's police, street and maintenance, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water services are classified as business-type activities.

In the Village-wide statement of net assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) reported on a full-accrual, economic-resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies

Reporting Entity (Continued)

The Village-wide statement of activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function (general government, public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund Financial Statements: The financial transactions of the Village are reported in individual funds. Each fund is defined as a fiscal and accounting entity with a self balancing set of accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories: Non-major funds by category are summarized into a single column.

Governmental Funds: The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

- The Village reports the following major governmental fund:
  - General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies (Continued)

- The Village also uses the following governmental fund types:
  - Special Revenue Funds account for the proceeds of specific revenue sources (other than debt service or major capital expenditures) that are legally restricted to expenditures for specified purposes.
  - Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

Proprietary Funds: The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The GAAP applicable is similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

The Village maintains one major enterprise fund, the Water Fund. The Water Fund accounts for the provision of potable water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Measurement Focus and Basis of Accounting: Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus: On the government-wide statement of net assets and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus of the "economic resources" measurement focus is used as appropriate.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies (Continued)

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

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

Basis of Accounting: In the government-wide statement of net assets and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. The Village recognizes property taxes when they become both measurable and available. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies (Continued)

operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services resulting from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenues and investment earnings, result from non-exchanges transactions or ancillary activities.

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

Assets, Liabilities, and Net Assets or Equity

Cash: Cash on the statement of net assets is considered to be cash on hand, interest bearing demand deposits, money market accounts and certificates of deposit.

Interfund Receivables, Payables and Activity: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditure/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Village-wide financial statements. The Village had no interfund receivables/payables at year end.

Inventories: The Village has no inventories to value at year end.

Prepaid Items: Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items. The prepaid items include prepaid insurance.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies (Continued)

Receivables: In the government-wide financial statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes and grants. Business-type activities report utility charges as their major receivables.

The Village has recorded as Accounts Receivable-Taxes Receivable the 2010 tax levy which will be collected in fiscal year 2011 based upon the legal right to access these taxes. The taxes are also reflected as Deferred Revenues due to the future collection and use of the funds once the 2010-2011 budget and appropriation is approved by the Board of Trustees.

Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase for proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The Village has elected to not report major general infrastructure assets retroactively. Infrastructure assets include road, bridges, curb and gutters, streets and sidewalks, drainage systems, water lines, water mains and lighting systems.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight line method of calculating depreciation.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies

Capital Assets (Continued)

	<u>Capitalization Threshold</u>	<u>Estimated Service Life</u>
Land	\$ 1,000	Not Depreciable
Buildings and Building Improvements	25,000	15-40 years
Water Meters and Mains	2,000	20 years
Vehicles and Equipment	5,000	5-10 years
Office Equipment	1,000	5-10 years
Roads, Bridges and Sidewalks	25,000	30 years
Water and Wastewater Systems	25,000	40 years

Capital assets are not reported in the governmental fund type financial statements. Capital outlays in these funds are recorded as expenditures in the year they are paid.

Compensated Absences: The Village has no obligations for compensated absences at April 30, 2011.

Long-Term Obligations: In the government-wide financial statements and proprietary fund types 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 type statement of net assets. There are no bond premiums and discounts.

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

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes payable that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."



Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies (Continued)

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.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Budgeted expenditure disbursements for all funds were based upon the Village's appropriations for the current year.

Budgets are adopted on a cash basis (Non-GAAP). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end. Annual appropriation ordinances may be amended by the governing body.

Budgeted revenue receipts of the General Fund, Water Fund, Special Revenue Funds and Capital Project Funds were based upon appropriations and the tax levy ordinances. Budgeted revenue receipts of the Motor Fuel Tax Fund were based upon anticipated motor fuel tax receipts. The annual tax levy ordinance was passed October 8, 2010. Property taxes are assessed each January 1<sup>st</sup> (lien date) and collected (due date) by the McLean County Treasurer June 1<sup>st</sup> and September 1<sup>st</sup>. The Village receives distribution of the taxes collected June through February.

Stewardship, Compliance and Accountability

The Village manages and monitors monthly financial information using a cash basis of accounting and the cash basis appropriation ordinance.

The following funds had excess cash expenditures disbursements and other uses over cash revenue receipts and other sources:

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 1 - Summary of Reporting Entity and Significant Accounting Policies

Stewardship, Compliance and Accountability (Continued)

Christmas Committee	\$ 1,447
Streets and Alleys	2,366
Park Committee	<u>641</u>
Total	\$ 4,454 =====

Note 2 - Cash and Investments

Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, certificates of deposit, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities, Illinois Funds, and the Illinois Metropolitan Investment Fund. The Illinois Funds and The Illinois Metropolitan Investment Fund are external investment pools regulated by state statutes; the pools value participants' share on a fair value basis.

The Village maintains various bank accounts. As of April 30, 2011 total cash and cash equivalent accounts was \$699,495 on the books.

Concentration of Credit Risk

Deposits with the financial institution are insured up to \$100,000. Additionally, the financial institution has pledged as security government securities of \$500,000 to cover deposits exceeding the insured limit.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 3 - Capital Assets

Governmental capital asset activity for the year was as follows:

	<u>Balance</u> <u>May 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2011</u>
Capital Assets not being depreciated:				
Land	\$ 35,069	\$	\$	\$ 35,069
Construction in process - Sewer system	<u>349,693</u>	<u>7,053,864</u>	<u>          </u>	<u>7,403,557</u>
Total	<u>\$384,762</u>	<u>\$7,053,864</u>	<u>\$ -0-</u>	<u>\$7,438,626</u>
Capital Assets being depreciated:				
Streets	\$ 43,092	\$	\$	\$ 43,092
Building	108,895			108,895
Equipment	<u>177,546</u>	<u>          </u>	<u>          </u>	<u>177,546</u>
Subtotal	<u>\$329,533</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 329,533</u>
Accumulated depreciation:				
Streets	\$ 2,512	\$ 894	\$	\$ 3,406
Building	74,286	2,792		77,078
Equipment	<u>84,496</u>	<u>922</u>	<u>          </u>	<u>85,418</u>
Total Accumulated Depreciation	<u>\$161,294</u>	<u>\$ 4,608</u>	<u>\$ -0-</u>	<u>\$ 165,902</u>
Total Capital Assets being depreciated, net	<u>\$168,239</u>	<u>\$ (4,608)</u>	<u>\$ -0-</u>	<u>\$ 163,631</u>
Governmental Activities Capital Assets, Net	<u>\$553,001</u>	<u>\$7,049,256</u>	<u>\$ -0-</u>	<u>\$7,602,257</u>
	=====	=====	=====	=====

Depreciation expense in the amount of \$4,608 was charged to governmental activities.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 3 - Capital Assets (Continued)

Business-type capital asset activity for the year was as follows:

	<u>Balance</u> <u>May 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2011</u>
Capital Assets not being depreciated:				
Land	\$ <u>59,000</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>59,000</u>
Capital Assets being depreciated:				
Well site	\$ <u>1,000</u>	\$	\$	\$ <u>1,000</u>
Water plant	213,652	62,201		275,853
Equipment	<u>839,607</u>	<u>          </u>	<u>          </u>	<u>839,607</u>
Subtotal	\$ <u>1,054,259</u>	\$ <u>62,201</u>	\$ <u>-0-</u>	\$ <u>1,116,460</u>
Accumulated depreciation:				
Well site	\$ <u>700</u>	\$ <u>50</u>	\$	\$ <u>750</u>
Water plant	79,095	7,907		87,002
Equipment	<u>504,966</u>	<u>28,124</u>	<u>          </u>	<u>533,090</u>
Total Accumulated Depreciation	\$ <u>584,761</u>	\$ <u>36,081</u>	\$ <u>-0-</u>	\$ <u>620,842</u>
Total Capital Assets being depreciated, net	\$ <u>469,498</u>	\$ <u>26,120</u>	\$ <u>-0-</u>	\$ <u>495,618</u>
Governmental Activities				
Capital Assets, Net	\$ <u>528,498</u> =====	\$ <u>26,120</u> =====	\$ <u>-0-</u> =====	\$ <u>554,618</u> =====

Depreciation expense of \$28,979 was charged to the Water Fund.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 4 - Interfund Transfers

Interfund transfers for the year consisted of the following: -

<u>Transfer In</u>	<u>Transfers Out</u>			<u>Total</u>
	<u>Special Revenue</u>	<u>General</u>	<u>Water</u>	
Capital Projects	\$	\$	\$(6,720)	\$(6,720)
Water	<u>6,720</u>	<u>      </u>	<u>      </u>	<u>6,720</u>
Total	<u>\$ 6,720</u> =====	<u>\$ -0-</u> =====	<u>\$(6,720)</u> =====	<u>\$ -0-</u> =====

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 5 - Debt Obligations

The Village has a note payable obligation to the Illinois Environmental Protection Agency for the amount of \$286,2716. The applicable "Catalogue of Federal and Domestic Assistance" number is 66.468. The original loan agreement was offered by the Agency on September 25, 2002 and was executed by the borrower on October 10, 2002. The total executed loan amount was \$420,000. The note carries an interest rate of 2.57%. Semi-annual payments of \$13,938 are to be made for principal and interest. Final payment is due on February 1, 2023.

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 5 - Debt Obligations (Continued)

Schedule of Debt:

<u>Issued For</u>	<u>Fund Debt By</u>	<u>Balance</u> <u>May 1, 2010</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2011</u>
<u>Business-Type</u>					
<u>Activities</u>					
Engineering and Water Fund					
Construction of					
Water Mains,					
Meters, Encoders					
and Interface					
Units		\$309,216	\$ -0-	\$22,945	\$286,271
		=====	=====	=====	=====

Debt service requirements to maturity:

<u>Fiscal Year Ending April 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$20,650	\$ 7,225
2013	21,184	6,691
2014	21,732	6,143
2015	22,294	5,581
2016	22,871	5,005
2017	23,462	4,413
2018	24,069	3,806
2019	24,691	3,184
2020	25,330	2,545
2021	25,985	1,890
2022	26,657	1,218
2023	<u>27,346</u>	<u>528</u>
	\$286,271	\$48,229
	=====	=====

Village of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 6 - 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; and injuries to the Village's employees. The Village currently reports all its risk management activities in its General Fund. The Village has acquired commercial insurance to cover risk of loss that may occur in the normal course of business. Premiums for liability insurance were \$13,296.

Village Of Downs, Illinois  
Notes To Financial Statements  
April 30, 2011

Note 7 - Assessed Valuations, Rates, Extensions And Collections

	<u>Tax Year</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Assessed Valuations</u>	\$ 14,140,403	\$ 13,881,765	\$ 13,224,332
	=====	=====	=====
<u>Tax Rates</u>			
General Fund	0.23761	0.21825	0.21762
Audit	0.03112	0.03026	0.03025
Liability insurance	0.14144	0.14886	0.14882
Park	<u>0.01132</u>	<u>0.01153</u>	<u>0.01210</u>
	0.42149	0.40890	0.40879
	=====	=====	=====
<u>Tax Extensions</u>			
General Fund	\$ 33,599	\$ 30,297	\$ 28,779
Audit	4,400	4,201	4,000
Liability insurance	20,000	20,664	19,680
Park	<u>1,601</u>	<u>1,601</u>	<u>1,600</u>
	\$ 59,600	\$ 56,763	\$ 54,059
	=====	=====	=====



Section II

Supplemental Financial Information

**Village Of Downs, Illinois**  
**NonMajor Governmental Funds**  
**Combining Balance Sheet**  
**Special Revenue Funds**  
**April 30, 2011**

	<b><u>Motor Fuel Tax</u></b>	<b><u>Downtown TIF I</u></b>	<b><u>Downs Crossing TIF II</u></b>
<b><u>Assets:</u></b>			
Cash	\$ 17,212	\$ -131,787	\$ 227,234
Taxes receivable	<u>1,602</u>	<u>127,000</u>	<u>140,000</u>
<b>Total Assets</b>	\$ 18,814	\$ 258,787	\$ 367,234
	=====	=====	=====
<b><u>Liabilities And Fund Balance:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts payable	\$ 2,675	\$	\$
Deferred revenue	<u>          </u>	<u>127,000</u>	<u>140,000</u>
<b>Total Liabilities</b>	\$ 2,675	\$ 127,000	\$ 140,000
<b><u>Fund Balance:</u></b>			
Unreserved	\$ 16,139	\$ 131,787	\$ 227,234
<b>Total Fund Balance</b>	\$ 16,139	\$ 131,787	\$ 227,234
<b>Total Liabilities And Fund Balance</b>	\$ 18,814	\$ 258,787	\$ 367,234
	=====	=====	=====

<u>Christmas Committee</u>	<u>Streets, Alleys And Sidewalks</u>	<u>Park Committee</u>	<u>Young Adults</u>	<u>Village Market</u>	<u>Total Special Revenue Funds</u>
\$ 1,678	\$ 8,258	\$ 6,639	\$ 6,390	\$ 1,702	\$ 400,900
					<u>268,602</u>
\$ 1,678	\$ 8,258	\$ 6,639	\$ 6,390	\$ 1,702	\$ 669,502
=====	=====	=====	=====	=====	=====
\$	\$	\$ 6,037	\$ 15	\$	\$ 8,727
					<u>267,000</u>
\$ -0-	\$ -0-	\$ 6,037	\$ 15	\$ -0-	\$ 275,727
\$ 1,678	\$ 8,258	\$ 602	\$ 6,375	\$ 1,702	\$ 393,775
\$ 1,678	\$ 8,258	\$ 602	\$ 6,375	\$ 1,702	\$ 393,775
\$ 1,678	\$ 8,258	\$ 6,639	\$ 6,390	\$ 1,702	\$ 669,502
=====	=====	=====	=====	=====	=====

**Village Of Downs, Illinois**  
**NonMajor Governmental Funds**  
**Combining Balance Sheet**  
**Capital Project Funds**  
**April 30, 2011**

	<b><u>Sewer Construction</u></b>	<b><u>Water Maintenance</u></b>
<b><u>Assets:</u></b>		
Cash	\$ 115,699	\$ 20,303
Taxes receivable		
Accounts receivable	5,373	
Sewer system	<u>7,493,801</u>	<u>          </u>
<b>Total Assets</b>	\$ 7,614,873 =====	\$ 20,303 =====
<b><u>Liabilities And Fund Balance:</u></b>		
<b><u>Liabilities:</u></b>		
Accounts payable	\$	\$
Deferred revenue		
Loan payable	<u>6,287,742</u>	<u>          </u>
<b>Total Liabilities</b>	\$ <u>6,287,742</u>	\$ <u>-0-</u>
<b><u>Fund Balance:</u></b>		
Unreserved	\$ <u>1,327,131</u>	\$ <u>20,303</u>
<b>Total Fund Balance</b>	\$ <u>1,327,131</u>	\$ <u>20,303</u>
<b>Total Liabilities And Fund Balance</b>	\$ 7,614,873 =====	\$ 20,303 =====

<b>Total Capital Projects Funds</b>	<b>Total Special Revenue Funds</b>	<b>Total NonMajor Governmental Funds</b>
\$ 136,002	\$ 400,900	\$ - 536,902
5,373	268,602	268,602
<u>7,493,801</u>	<u>          </u>	<u>5,373</u>
		<u>7,493,801</u>
\$ 7,635,176	\$ 669,502	\$ 8,304,678
=====	=====	=====
\$	\$ 8,727	\$ 8,727
	267,000	267,000
<u>6,287,742</u>	<u>          </u>	<u>6,287,742</u>
\$ <u>6,287,742</u>	\$ <u>275,727</u>	\$ <u>6,563,469</u>
\$ <u>1,347,434</u>	\$ <u>393,775</u>	\$ <u>1,741,209</u>
\$ <u>1,347,434</u>	\$ <u>393,775</u>	\$ <u>1,741,209</u>
\$ 7,635,176	\$ 669,502	\$ 8,304,678
=====	=====	=====

**Village Of Downs, Illinois**  
**NonMajor Governmental Funds**  
**Combining Statement Of Revenues, Expenditures**  
**And Changes In Fund Balances**  
**Special Revenue Funds**  
**For The Year Ended April 30, 2011**

	<b><u>Motor Fuel Tax</u></b>	<b><u>Downtown TIF I</u></b>	<b><u>Downs Crossing TIF II</u></b>
<b><u>Revenues:</u></b>			
Property taxes	\$	\$ 132,123	\$ 150,423
Motor Fuel taxes	19,723		
Donations			
Interest	20	207	317
Other	<u>          </u>	<u>          </u>	<u>          </u>
 Total Revenues	 \$ 19,743	 \$ 132,330	 \$ 150,740
<b><u>Expenditures:</u></b>			
Current			
General government	\$	\$ 62,739	\$ 59,134
Streets	10,623	<u>          </u>	<u>          </u>
 Total Expenditures	 \$ 10,623	 \$ 62,739	 \$ 59,134
<b><u>Revenues Over (Under) Expenditures</u></b>	 \$ 9,120	 \$ 69,591	 \$ 91,606
<b><u>Fund Balances - May 1</u></b>	 7,019	 62,196	 135,628
<b><u>Fund Balances - April 30</u></b>	 \$ 16,139	 \$ 131,787	 \$ 227,234
	=====	=====	=====

<u>Christmas Committee</u>	<u>Streets, Alleys And Sidewalks</u>	<u>Park Committee</u>	<u>Young Adults</u>	<u>Village Market</u>	<u>Total Special Revenue Funds</u>
\$	\$ 17,914	\$	\$	\$	\$ 300,460
					19,723
639		2,704		1,128	4,471
4	17	8		2	575
<u>783</u>	<u>          </u>	<u>11,373</u>	<u>10,041</u>	<u>2,548</u>	<u>24,745</u>
\$ <u>1,426</u>	\$ <u>17,931</u>	\$ <u>14,085</u>	\$ <u>10,041</u>	\$ <u>3,678</u>	\$ <u>349,974</u>
\$ 2,873	\$	\$ 14,726	\$ 6,309	\$ 2,718	\$ 148,499
<u>          </u>	<u>20,297</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>30,920</u>
\$ <u>2,873</u>	\$ <u>20,297</u>	\$ <u>14,726</u>	\$ <u>6,309</u>	\$ <u>2,718</u>	\$ <u>179,419</u>
\$ (1,447)	\$ (2,366)	\$ (641)	\$ 3,732	960	\$ 170,555
<u>3,125</u>	<u>10,624</u>	<u>1,243</u>	<u>2,658</u>	<u>742</u>	<u>223,235</u>
\$ <u>1,678</u>	\$ <u>8,258</u>	\$ <u>602</u>	\$ <u>6,390</u>	\$ <u>1,702</u>	\$ <u>393,790</u>
=====	=====	=====	=====	=====	=====

**Village Of Downs, Illinois**  
**NonMajor Governmental Funds**  
**Combining Statement Of Revenues, Expenditures**  
**And Changes In Fund Balances**  
**Capital Project Funds**  
**For The Year Ended April 30, 2011**

	<b><u>Sewer Construction</u></b>	<b><u>Water Maintenance</u></b>
<b><u>Revenues:</u></b>		
Property taxes	\$	\$
Motor Fuel taxes		
Charges for services	66,227	
Grant income	940,041	
Donations		
Interest	78	23
Other	<u>800</u>	<u>          </u>
Total Revenues	\$ <u>1,007,146</u>	\$ <u>23</u>
<b><u>Expenditures:</u></b>		
Current		
General government	\$	\$
Streets	<u>          </u>	<u>          </u>
Total Expenditures	\$ <u>-0-</u>	\$ <u>-0-</u>
<b><u>Excess (Deficiency) Of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</u></b>	\$ <u>1,007,146</u>	\$ <u>23</u>
<b><u>Other Financing Sources (Uses):</u></b>		
Transfers in	\$ <u>          </u>	\$ <u>6,720</u>
Total Other Financing Sources (Uses)	\$ <u>-0-</u>	\$ <u>6,720</u>
<b><u>Revenues Over (Under) Expenditures</u></b>	\$ 1,007,146	\$ 6,743
<b><u>Fund Balances - May 1</u></b>	<u>319,985</u>	<u>13,560</u>
<b><u>Fund Balances - April 30</u></b>	\$ 1,327,131 =====	\$ 20,303 =====



<b>Total Capital Projects Funds</b>	<b>Total Special Revenue Funds</b>	<b>Total NonMajor Governmental Funds</b>
\$	\$ 300,460	\$ -300,460
	19,723	19,723
66,227		66,227
940,041		940,041
	4,471	4,471
101	575	676
800	<u>24,745</u>	<u>25,545</u>
\$ <u>1,007,169</u>	\$ <u>349,974</u>	\$ <u>1,357,143</u>
\$	\$ 148,499	\$ 148,499
_____	<u>30,920</u>	<u>30,920</u>
\$ <u>-0-</u>	\$ <u>179,419</u>	\$ <u>179,419</u>
\$ <u>1,007,169</u>	\$ <u>170,555</u>	\$ <u>1,177,724</u>
\$ <u>6,720</u>	\$ _____	\$ <u>6,720</u>
\$ <u>6,720</u>	\$ <u>-0-</u>	\$ <u>6,720</u>
\$ 1,013,889	\$ 170,555	\$ 1,184,444
<u>333,545</u>	<u>223,235</u>	<u>556,780</u>
\$ 1,347,434	\$ 393,790	\$ 1,741,224
=====	=====	=====

### Section III

#### Required Supplemental Information

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental General Fund**  
**For The Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b><u>Revenue:</u></b>			
Property tax	\$ 74,600	\$ 74,545	\$ (55)
Sales tax	20,000	25,755	5,755
State income tax	50,000	69,351	19,351
Replacement tax	2,500	3,051	551
Cable tax	1,000	746	(254)
User tax	8,500	11,082	2,582
Charges for services	50,500	46,709	(3,791)
Permits and fees	1,900	969	(931)
License income	1,000	1,400	400
Police – fines	1,500	1,065	(435)
Interest income	2,000	421	(1,579)
Other	<u>14,250</u>	<u>1,845</u>	<u>(12,405)</u>
Total Revenue	\$ <u>227,750</u>	\$ <u>236,939</u>	\$ <u>9,189</u>
<b><u>Expenditures:</u></b>			
Employee salaries	\$ 47,100	\$ 36,146	\$ 10,954
Elected/appointed salaries	47,828	44,198	3,630
Insurance benefits	4,120	3,957	163
Payroll taxes	7,277	6,762	515
Maintenance services	13,200	5,889	7,311
Police supplies	200	198	2
Professional services	11,400	7,588	3,812
Communication expenses	3,250	2,585	665
Professional development	1,300	1,022	278
Service charges	59,200	55,984	3,216
Contractual services	22,100	10,501	11,599
Maintenance supplies	2,200	755	1,445
General supplies	4,300	4,412	(112)
Fiscal agent fees	170	134	36
Capital outlay	6,600	4,872	1,728
DCCC/Fireworks	2,500	2,500	
Interfund transfers	17,890	9,514	8,376
Other expenditures	<u>1,100</u>	<u>456</u>	<u>644</u>
Total Expenditures	\$ <u>251,735</u>	\$ <u>197,473</u>	\$ <u>54,262</u>
<b>Revenue Over (Under) Expenditures</b>	\$ <u>(23,985)</u> =====	\$ <u>39,466</u> =====	\$ <u>63,451</u> =====

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Motor Fuel Tax Fund**  
**For The Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b><u>Revenue:</u></b>			
Motor Fuel Tax	\$ 20,000	\$ 19,723	\$ (277)
Interest	50	20	(30)
Total Revenue	\$ 20,050	\$ 19,743	\$ (307)
<b><u>Expenditures:</u></b>			
Maintenance services - Streets/Alleys	\$ 8,950	\$ 485	\$ 8,465
Maintenance services - Sidewalks	1,920		1,920
Maintenance services - Snow removal	6,000	7,404	(1,404)
Engineering service	1,998	1,460	538
Advertising	125		125
Maintenance supplies - Streets/Alleys	725		725
Maintenance supplies - Snow removal	2,400	764	1,636
Maintenance supplies - Ditches	1,600	280	1,320
Street signs and other	1,470	230	1,240
Total Expenditures	\$ 25,188	\$ 10,623	\$ 14,565
<b>Revenue Over (Under) Expenditures</b>	\$ (5,138) =====	\$ 9,120 =====	\$ 14,258 =====

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Downtown TIF I Fund**  
**For The Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b><u>Revenue:</u></b>			
Property tax	\$ 127,000	\$ 132,123	\$ 5,123
Interest	100	207	107
Total Revenue	\$ 127,100	\$ 132,330	\$ 5,230
<b><u>Expenditures:</u></b>			
Administration	\$ 3,000	\$	\$ 3,000
Legal service	2,000	450	1,550
Fiscal agent fees	25		25
Development reimbursements	184,075	62,289	121,786
Total Expenditures	\$ 189,100	\$ 62,739	\$ 126,361
<b>Revenue Over (Under) Expenditures</b>	\$ (62,000) =====	\$ 69,591 =====	\$ 131,591 =====

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Downs Crossing TIF II Fund**  
**For The Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b><u>Revenue:</u></b>			
Property tax	\$ 144,000	\$ 150,423	\$ 6,423
Interest	<u>200</u>	<u>317</u>	<u>117</u>
Total Revenue	\$ <u>144,200</u>	\$ <u>150,740</u>	\$ <u>6,540</u>
<b><u>Expenditures:</u></b>			
Administration	\$ 3,000	\$	\$ 3,000
Legal service	2,500	450	2,050
Postage	50		50
Fiscal agent fees	20		20
Development reimbursements	<u>274,000</u>	<u>58,684</u>	<u>215,316</u>
Total Expenditures	\$ <u>279,570</u>	\$ <u>59,134</u>	\$ <u>220,436</u>
<b>Revenue Over (Under) Expenditures</b>	\$ (135,370) =====	\$ 91,606 =====	\$ 226,976 =====

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Christmas Committee**  
**For The Year Ended April 30, 2011**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Over (Under)</u></b>
<b><u>Revenue:</u></b>			
Vendor sales	\$ 1,000	\$ 157	\$ (843)
Gingerbread/drinks	1,010	626	(384)
Interest	100	4	(96)
Donations	1,500	639	(861)
Return check fee	<u>25</u>	<u>        </u>	<u>(25)</u>
Total Revenue	\$ <u>3,635</u>	\$ <u>1,426</u>	\$ <u>(2,209)</u>
<b><u>Expenditures:</u></b>			
Baking supplies	\$ 500	\$ 233	\$ 267
Supplies and decorations	200	14	186
Awards	100		100
Lighting materials	2,000	1,526	474
Advertising	300		300
Power	750	656	94
Gas	1,000	144	856
Donations	1,500	300	1,200
Bank fees	<u>30</u>	<u>        </u>	<u>30</u>
Total Expenditures	\$ <u>6,380</u>	\$ <u>2,873</u>	\$ <u>3,507</u>
<b>Revenue Over (Under) Expenditures</b>	\$ (2,745) =====	\$ (1,447) =====	\$ 1,298 =====

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Streets, Alleys And Sidewalks**  
**For The Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b><u>Revenue:</u></b>			
Road and Bridge	\$ 17,889	\$ 17,914	\$ 25
Interest	<u>20</u>	<u>17</u>	<u>(3)</u>
Total Revenue	\$ <u>17,909</u>	\$ <u>17,931</u>	\$ <u>22</u>
<b><u>Expenditures:</u></b>			
Salaries	\$ 10,000	\$ 8,584	\$ 1,416
Maintenance service	11,800	9,503	2,297
Professional fees	1,800	1,620	180
Maintenance supplies	<u>4,820</u>	<u>590</u>	<u>4,230</u>
Total Expenditures	\$ <u>28,420</u>	\$ <u>20,297</u>	\$ <u>8,123</u>
<b>Revenue Over (Under) Expenditures</b>	\$ <u>(10,511)</u>	\$ <u>(2,366)</u>	\$ <u>8,145</u>
	=====	=====	=====



**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Park Committee**  
**For The Year Ended April 30, 2011**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Over (Under)</u></b>
<b><u>Revenue:</u></b>			
4th of July	\$ 10,000	\$	\$ (10,000)
Car Show	1,000		(1,000)
Fundraising	3,000	2,404	(596)
Interest	65	8	(57)
Donations	1,000	763	(237)
Reservations	1,000	860	(140)
Bricks	300	50	(250)
Interfund transfers	<u>11,600</u>	<u>10,000</u>	<u>(1,600)</u>
Total Revenue	\$ <u>27,965</u>	\$ <u>14,085</u>	\$ <u>(13,880)</u>
<b><u>Expenditures:</u></b>			
Park committee	\$ 1,500	\$ 1,518	\$ (18)
Park - Nature Trail	500		500
Park - Equipment and upgrade	1,000	151	849
Park utilities	2,790	1,962	828
4th of July	5,500		5,500
Car Show	1,500		1,500
Easter Egg hunt	100	16	84
Fireworks	2,629		2,629
Freestar Loan payment	10,000	10,000	
Fundraisers	1,000	1,064	(64)
Bank fees	15	15	
Miscellaneous	<u>4,000</u>		<u>4,000</u>
Total Expenditures	\$ <u>30,534</u>	\$ <u>14,726</u>	\$ <u>15,808</u>
<b>Revenue Over (Under) Expenditures</b>	\$ <u>(2,569)</u> =====	\$ <u>(641)</u> =====	\$ <u>1,928</u> =====

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Young Adults**  
**For The Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b><u>Revenue:</u></b>			
Fundraising	\$ 9,725	\$ 1,250	\$ (8,475)
Other	<u>175</u>	<u>8,791</u>	<u>8,616</u>
Total Revenue	\$ <u>9,900</u>	\$ <u>10,041</u>	\$ <u>141</u>
<b><u>Expenditures:</u></b>			
Salaries and taxes	\$ 1,770	\$ 1,408	\$ 362
Telephone and utilities	2,890	2,548	342
Fiscal agent fees	30	9	21
Equipment	500	484	16
Maintenance	3,710	740	2,970
Miscellaneous fundraising	500	634	(134)
Interfund transfers	<u>500</u>	<u>486</u>	<u>14</u>
Total Expenditures	\$ <u>9,900</u>	\$ <u>6,309</u>	\$ <u>3,591</u>
<b>Revenue Over (Under) Expenditures</b>	\$ <u>-0-</u>	\$ <u>3,732</u>	\$ <u>3,732</u>

**Village Of Downs, Illinois**  
**Statement Of Revenue Receipts And Expenditure Disbursements**  
**Budget And Actual**  
**Governmental Special Revenue - Village Market**  
**For The Year Ended April 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b><u>Revenue:</u></b>			
Space rent	\$ 1,000	\$ 1,280	\$ 280
Advertising	600	1,268	668
Interest	10	2	(8)
Donations	<u>750</u>	<u>1,128</u>	<u>378</u>
Total Revenue	\$ <u>2,360</u>	\$ <u>3,678</u>	\$ <u>1,318</u>
<b><u>Expenditures:</u></b>			
Postage	\$ 600	\$ 507	\$ 93
Advertising	1,000	1,000	
Bank fees	20		20
Miscellaneous	<u>1,480</u>	<u>1,211</u>	<u>269</u>
Total Expenditures	\$ <u>3,100</u>	\$ <u>2,718</u>	\$ <u>382</u>
<b>Revenue Over (Under) Expenditures</b>	\$ (740)	\$ 960	\$ 1,700
	=====	=====	=====

Section IV

Federal Awards

**Village of Downs, Illinois**  
**Schedule Of Expenditures Of Federal Awards**  
**For The Year Ended April 30, 2011**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Agency Or Pass-Through Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Environmental Protection</u>			
Water and Waste Disposal Loans And Grants (L1719936)	10.770		\$ 7,493,802 (M) =====

Notes:

- The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.
- (M) Indicates programs tested as major.

Village Of Downs, Illinois  
Summary Schedule Of Prior Audit Findings  
Year Ended April 30, 2011

No Prior Audit Findings.

# Lawrence Travis & Co., P.C.

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Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of  
Financial Statements Performed In Accordance With  
Governmental Auditing Standards

Honorable President and  
Board of Trustees  
Village of Downs  
McLean County, Illinois

We have audited the financial statements of the Village of Downs, Illinois as of and for the year ended April 30, 2011, and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Downs, Illinois's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Village of Downs, Illinois's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by Village of Downs, Illinois's internal control.

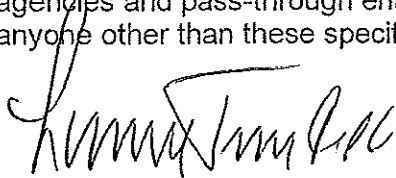
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that might be significant deficiencies over material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

#### Compliance And Other Matters

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

This report is intended for the information and use of management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Travis & Co., P. C.  
Certified Public Accountants

September 30, 2011



# Lawrence Travis & Co., P.C.

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Independent Auditors' Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Honorable President and  
Board of Trustees  
Village of Downs  
McLean County, Illinois

We have audited the compliance of the Village of Downs, Illinois with the types of compliance requirements described in the U. S. Office Of Management And Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended April 30, 2011. Village of Downs, Illinois's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Downs, Illinois's management. Our responsibility is to express an opinion on the Village of Downs, Illinois's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Downs, Illinois's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Downs, Illinois's compliance with those requirements.

In our opinion, the Village of Downs, Illinois complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended April 30, 2011.

### Internal Control Over Compliance

The management of the Village of Downs, Illinois is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Village of Downs, Illinois's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Travis & Co., P. C.  
Certified Public Accountants

September 30, 2011

Village Of Downs, Illinois  
Schedule Of Findings And Questioned Costs  
Year Ended April 30, 2011

No Findings And Questioned Costs..