



VILLAGE OF RIVER GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2017

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VILLAGE OF RIVER GROVE, ILLINOIS**TABLE OF CONTENTS**

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management's Discussion and Analysis.....	MD&A 1-7
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	3-4
Statement of Activities	5-6
Fund Financial Statements	
Governmental Funds	
Balance Sheet	7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	10
Proprietary Funds	
Statement of Net Position.....	11
Statement of Revenues, Expenses and Changes in Net Position.....	12
Statement of Cash Flows.....	13-14

VILLAGE OF RIVER GROVE, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)	
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued)	
Fiduciary Fund	
Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	16
Notes to Financial Statements	17-50
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	
General Fund	51
Other Postemployment Benefit Fund	
Schedule of Funding Progress and Employer Contributions	52
Illinois Municipal Retirement Fund	
Schedule of Employer Contributions	53
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	54
Police Pension Fund	
Schedule of Employer Contributions	55
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios	56
Schedule of Investment Returns	57
Notes to Required Supplementary Information	58
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
MAJOR GOVERNMENTAL FUNDS	
Schedule of Revenues - Budget and Actual - General Fund	59
Schedule of Expenditures - Budget and Actual - General Fund.....	60
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62

VILLAGE OF RIVER GROVE, ILLINOIS

TABLE OF CONTENTS (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)

ENTERPRISE FUNDS

Water and Sewer Fund

Schedule of Revenues, Expenses and Changes in Net Position -	
Budget and Actual	63
Schedule of Operating Expenses - Budget and Actual.....	64
Commuter Parking Lot Fund	
Schedule of Revenues, Expenses and Changes in Net Position -	
Budget and Actual	65
Schedule of Operating Expenses - Budget and Actual.....	66

FIDUCIARY FUND

Schedule of Changes in Plan Net Position - Budget and Actual

Police Pension Fund	67
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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE.....	68
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INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Village of River Grove, 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 River Grove, Illinois (the Village), as of and for the year ended April 30, 2017, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the 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 River Grove, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Village adopted GASB Statement No. 72 *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The statement modifies certain disclosures in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The accompanying combining and individual fund financial statements and schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
March 22, 2018

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

As management of the Village of River Grove (“Village”), we offer readers of the Village’s financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2017. Since the Management’s Discussion and Analysis (“MD&A”) is designed to focus on the current year’s activities, resulting changes and currently known facts, it should be read in conjunction with the Village’s financial statements.

Financial Highlights

The assets and deferred outflows of resources of the Village was less than its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,311,428 (net position).

The Village restated its beginning net position (as of May 1, 2016) for both governmental activities and business-type activities for the implementation of GASB Statement No. 68 and GASB Statement No. 71, which change the reporting requirements for the Village’s defined benefit pension plans.

After taking into consideration the activities of the fiscal year and the restatement per above, the Village’s total net position increased by \$856,985 (or 20.6% from fiscal year 2016) during the fiscal year ended April 30, 2017 (FY17). The governmental net position increased by \$980,543 from FY16 and the business-type activities net position decreased \$123,558 from FY16.

As of the close of the current fiscal year, the Village’s governmental funds reported combined ending fund balances of \$7,204,839, an increase of \$653,193, including a May 1st restatement of \$201,203, in comparison with the prior year. Unassigned fund balance in the General Fund is \$1,016,656 and accounts for approximately 14.1% of total fund balance for all governmental funds, and nonspendable fund balance in the General Fund totaled \$600,000 or 8.3%.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The Governmental Activities reflect the Village’s basic services, including general government, public safety, public works, and culture and recreation. Property taxes, shared state taxes and local utility taxes finance the majority of these services. The Business-Type Activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operations, 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 Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains four individual major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, motor fuel tax fund, tax increment financing fund, and 2006 capital projects fund, all of which are considered to be major funds. Information from the Village's two other governmental funds are combined into a single column presentation. Individual fund information for these non-major governmental funds is provided elsewhere in the report.

The Village maintains one type of proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer operations and commuter parking lot. Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide information for the water and sewer fund along with the commuter parking lot fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is similar to that used by proprietary funds.

Notes to the Financial Statements

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

Other Information

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

Condensed Statement of Net Position

The following chart reflects the condensed Statement of Net Position (in millions):

Condensed Statements of Net Position (in thousands of dollars)									
	<i>Governmental Activities</i>			<i>Business-Type Activities</i>			<i>Total</i>		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
Assets and									
Current and other assets	\$ 10,379	\$ 10,037	3.4%	\$ 469	\$ 707	(42.0)%	\$ 10,848	\$ 10,744	0.97%
Capital assets	<u>15,886</u>	<u>16,291</u>	(2.4)%	<u>3,058</u>	<u>3,248</u>	(6.6)%	<u>18,944</u>	<u>19,539</u>	(3.05)%
Total assets	26,266	26,328	(0.02)%	3,527	3,955	(11.4)%	29,822	30,283	(1.60)%
Deferred Outflows of Resources									
Deferred outflows of resources	<u>4,134</u>	<u>964</u>	328.8%	<u>133</u>	<u>113</u>	(0.0)%	<u>4,267</u>	<u>1,077</u>	296.1%
Liabilities									
Long-term liabilities	30,189	29,603	2.3%	245	221	-%	30,522	29,824	2.3%
Other liabilities	<u>2,137</u>	<u>3,058</u>	(30.1)%	<u>156</u>	<u>467</u>	-%	<u>2,293</u>	<u>3,525</u>	(34.5)%
Total liabilities	<u>32,326</u>	<u>32,661</u>	(0.75)%	<u>401</u>	<u>688</u>	-%	<u>32,815</u>	<u>33,349</u>	(1.6)%
Deferred Inflows of Resources									
Deferred inflows of resources	<u>4,634</u>	<u>2,172</u>	113.3%	<u>11</u>	<u>086</u>	-%	<u>4,645</u>	<u>2,258</u>	105.7%
Net position									
Net investment in capital assets	4,182	4,931	(20.3)%	3,058	3,248	(6.6)%	7,230	8,179	(11.6)%
Restricted	<u>5,040</u>	<u>5,610</u>	(0.4)%	-	-	-%	<u>5,040</u>	<u>5,610</u>	(0.3)%
Unrestricted	<u>(15,782)</u>	<u>(18,082)</u>	9.2%	<u>190</u>	<u>123</u>	50.0%	<u>(15,592)</u>	<u>(17,959)</u>	9.63%
Total net position	<u>\$ (6,560)</u>	<u>\$ (7,541)</u>	11.82%	<u>\$ 3,248</u>	<u>\$ 3,372</u>	2.6%	<u>\$ (3,311)</u>	<u>\$ (10,913)</u>	68.8%

A portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Village uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village'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. An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Village is able to report positive balance in total net position for the business-type activities while the governmental activities are reporting a negative total net position due to the liabilities associated with the Village's defined benefit pension plans.

The following chart reflects the condensed Statement of Activities (in millions):
 Shouldn't include transfers in other

Condensed Statements of Activities (in thousands of dollars)										
	Governmental Activities			Business-Type Activities					Total	
	2017	2016	Change	2017	2016	Change	2017	2016	2017	2016
Revenues										
<i>Program revenues</i>										
Charges for services	\$ 2,326	\$ 2,196	5.9%	\$ 2,375	\$ 2,356	0.8%	\$ 4,701	\$ 4,552		
Operating grants and contributions	432	57	657.9%	-	-	-%	432	57		
Capital grants and contributions	-	20	-	200	400	-%	420	420		
<i>General revenues</i>										
Property taxes	3,908	5,092	(23.2)%	-	-	-%	3,908	5,902		
Other taxes	3,426	4,824	(28.9)%	-	-	-%	3,429	4,824		
Intergovernmental	1,131	188	501.6%	-	-	-%	1,131	188		
Other general revenues	289	0.00		2	1	-%	291	1		
Total revenues	11,513	12,377	(5.9)%	2,577	2,757	0.8%	14,091	15,134		
Expenses										
General government	2,478	2,544	.03%	-	-	-%	2,478	2,544		
Public safety	4,792	5,709	(18.1)%	-	-	-%	4,792	5,709		
Public Works	2,662	2,917	(8.7)%	-	-	-%	2,662	2,197		
Culture & Recreation	106	109	(2.7)%	-	-	-%	106	109		
Interest on Debt	596	644	(7.4)%	-	-	-%	596	644		
Water & Commuter	-	-	-%	2,410	2,357	(2.2)%	2,410	2,357		
Total expenses	10,635	11,923	(11.1)%	2,410	2,357	(2.2)%	13,045	14,280		
Excess of revenues over expenses	879	454	128.6%	167	400	(108.7)%	1,046	854		
Transfers	248	-	-248	-	-	-	-	-		
Change in net position										
Net position, beginning of year	(7,687)	(7,994)	3.8%	3,329	2,972	(12.0)%	(4,358)	(5,022)		
Net position end of year	\$ (6,560)	\$ (7,540)	11.8%	\$ 3,248	\$ 3,372	(3.7)%	\$ (3,401)	\$ (4,168)		

Governmental Activities - A decrease in Governmental activities expenditures increased the Village's net position by \$1,045,849, thereby accounting for 11.8% of the total increase in the net position of the Village. The increase was mainly due to decreased expenses of \$1,235,716. Decreases in revenues were caused by increased charges for services of \$129,762, decreased property tax collections, and \$111,435 in other taxes including sales and income taxes.

Business-type Activities Business-type activities decreased the Village's net position by \$81,239. The decrease was due to increased expenses of \$52,937 over FY16 while increased charges for services increased by \$18,778 and a restatement by the auditors accounted for the rest of the change.

FINANCIAL ANALYSIS OF THE GOVERNMENT'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, unassigned 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 the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$7,204,839, an increase of \$653,193, including a May 1st restatement of \$201,203, in comparison with the prior year. Unassigned fund balance in the General Fund is \$1,016,656 and accounts for approximately 14.11% of total fund balance for all governmental funds, and nonspendable fund balance in the General Fund totaled \$600,000 or 8.3%.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the total General Fund was \$1,016,656 while fund balance reserved for assets held for resale was \$600,000 for a total fund balance of \$1,616,656. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. The fund balance of the Village's General Fund increased by \$675,518 during the current 2017 fiscal year. Though total revenue for the fund decreased by \$711,623, it was more than offset by a decrease in FY17 expenditures of \$3,642,051 as compared to FY16. A portion of that reduction was the removal of the police pension property tax as revenue to the fund.

As previously indicated, General Fund expenditures decreased in FY17 by \$3,642,051, with the majority of the decrease due to the completion of the capital outlay expenditures from the previous year for the construction of the new Village Public Works facility and the removal of Police Pension transfers as an expense to the General Fund. The Village continues to use funds as efficiently as possible while still delivering to the citizens the services they deserve.

The fund balance of the Village's Motor Fuel Tax Fund increased by \$206,716 during FY17. This increase is due to decreased motor fuel tax expenditures of \$75,183 while collecting \$259,218 in intergovernmental transfers from the State of Illinois. The Village intends to draw on these resources in future budgets for some operational costs and for capital costs including street resurfacing/construction and for a new salt storage facility at the new public works facility.

The fund balance of the Village's Tax Increment Financing Fund decreased by \$434,530 during the current fiscal year as TIF fund balance was used as planned to pay debt service on the Village's TIF bonds. Fund balance is shown as restricted.

The fund balance of the Village's 2006 Capital Projects Fund increased by \$146,602 during the current fiscal year. This was due to the Village transferring revenues to the General Fund to fund capital improvement costs during the year. The residual fund balance is intended to fund future capital improvement projects throughout the Village through use of home rule sales taxes. The fund balance is shown as restricted.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water and Sewer Fund at the end of the year amounted to \$2,375,830, a \$118,887 decrease. The Fund had a decrease in net position mainly due to an increase in operating expenses coupled with one-time grant revenue collections from an intergovernmental agreement as well as a \$42,319 prior period adjustment. Operating revenues increased by \$19,651 to \$2,327,719 while operating expenses decreased by \$131,110 to \$2,212,929.

Net position of the Commuter Parking Lot Fund at the end of the year amounted to \$872,644. The Fund had an increase in net position of \$37,648 mainly due to decreased parking lot maintenance costs for the year as well as relatively even revenues from year to year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village remains committed to fiscal responsibility. The following is a comparison of actual revenues and expenditures for the last two fiscal years in the General Fund:

Category	2017 Actual	2016 Actual
Revenues		
Property Taxes	\$3,340,298	\$3,141,761
Sales Taxes	1,973,255	1,763,767
Income Taxes	966,705	1,046,088
Utility Taxes	733,555	792,355
Other Taxes	360,745	320,615
Licenses, Permits & Fees	510,331	579,712
Grant Revenue	122,738	0
Other Revenue	245,546	202,037
Fines & Forfeitures	445,651	530,319
Investment Income	4,260	7,432
Charges for Services	1,262,996	1,060,015
Total Revenues	\$9,966,080	\$10,559,454
Expenditures		
Current		
Administration	\$640,410	\$1,007,067
Police	2,880,505	3,121,663*
Fire	1,091,119	1,047,343
Public Works	1,645,653	2,121,949
Culture & Recreation	94,596	96,227
Public Health	17,770	17,810
All Other Departments	1,721,797	1,469,678
Debt Service		
Principal	299,482	299,016
Interest	176,170	185,798
Capital Outlay	868,075	2,761,806
Total Expenditures	\$9,435,577	\$12,128,357

* For comparative purposes, the Village's employer 2016 contribution to the Police Pension Fund is not reflected in the Police total

As seen in the chart, though there was a \$711,623 decrease in revenues in 2017 from 2016, a more significant decrease in 2017 expenditures of \$2,526,698 resulting in both the fund to have a surplus balance in 2017 as well as an increase to the fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Governmental Activities

Change in Capital Assets (in thousands)

	Balance May 1, 2016	Net Additions/ Deletions	Balance April 30, 2017
Non-Depreciable Assets	\$ 5,854	\$ (2,710)	\$ 3,144
Depreciable Assets	10,037	2,705	12,742
Totals	\$ 15,891	\$ (5)	\$ 15,886

Business-Type Activities
Change in Capital Assets
(in thousands)

	Balance May 1, 2016	Net Additions/ Deletions	Balance April 30, 2017
Non-Depreciable Assets	\$ 256	\$ -	\$ 256
Depreciable Assets	2,993	(190)	2,803
Totals	\$ 3,249	\$ (190)	\$ 3,059

For more detailed information related to capital assets, see notes to financial statements.

Debt Administration

At April 30, 2017, the Village had outstanding debt as follows:

General Obligation Bonds Series 2006A	\$ 2,725,000
General Obligation Bonds Series 2008	3,950,000
General Obligation Bonds Series 2009	2,185,000
General Obligation Bonds Series 2012A	4,965,000
Unamortized Premiums/Discounts	64,080
Installment Notes Payable	197,237
Net OPEB obligation	138,938
Net Pension Liabilities (Police Pension & IMRF)	<u>17,527,312</u>
 Total	 <u>\$ 31,752,567</u>

There have been no debt limitations that may affect the financing of planned facilities or services. For more detailed information related to long term debt, see notes to financial statements.

ECONOMIC FACTORS

There are several significant economic factors that Village management believes will have a significant impact on the Village's fiscal position in future years. In June of 2017, the Village refunded its existing 2006A and 2008 bonded debt to realize savings in future debt service costs as well as issued \$3 million in working cash bonds that will be accounted as a restricted asset to fund balance in the subsequent financial report and these funds are to fortify the Village's fund balances and net financial position. This additional resource is earmarked only for emergencies with full intent of repayment if used for unexpected expenditures.

Additionally, planned commercial redevelopment of specific areas of the Village in high-traffic locations are being discussed and will bring continued growth in sales and related tax revenue funding sources. Finally, the Village is looking into redeveloping former industrial properties for potential residential and commercial use. The Village has continued to strive to provide the best services possible at costs that are reasonable for the taxpayer and in a fiscally responsible manner.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning this report or requests for additional financial information should be directed to the Office of the Village Comptroller, 2601 Thatcher Avenue, River Grove Illinois, 60171 or call (708) 453-8000.

BASIC FINANCIAL STATEMENTS

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,755,686	\$ 98,081	\$ 4,853,767
Investments	1,058,525	-	1,058,525
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,744,278	-	2,744,278
Other taxes	942,768	-	942,768
Accounts	201,438	346,418	547,856
Other	63,836	37,811	101,647
Due from other funds	13,242	(13,242)	-
Land held for resale	600,000	-	600,000
Capital assets not being depreciated	3,144,755	255,501	3,400,256
Capital assets (net of accumulated depreciation)	<u>12,741,573</u>	<u>2,802,925</u>	<u>15,544,498</u>
Total assets	<u>26,266,101</u>	<u>3,527,494</u>	<u>29,793,595</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	579,782	133,055	712,837
Pension items - Police Pension	3,513,927	-	3,513,927
Unmortized loss on refunding	<u>40,458</u>	<u>-</u>	<u>40,458</u>
Total deferred outflows of resources	<u>4,134,167</u>	<u>133,055</u>	<u>4,267,222</u>
Total assets and deferred outflows of resources	<u>30,400,268</u>	<u>3,660,549</u>	<u>34,060,817</u>
LIABILITIES			
Accounts payable	212,770	154,704	367,474
Accrued payroll	21,267	715	21,982
Deposits payable	143,598	-	143,598
Accrued interest payable	209,036	-	209,036
Due to police pension	25,397	-	25,397
Unearned revenue	50,000	-	50,000
Noncurrent liabilities			
Due within one year	1,474,956	-	1,474,956
Due in more than one year	<u>30,188,624</u>	<u>245,858</u>	<u>30,434,482</u>
Total liabilities	<u>32,325,648</u>	<u>401,277</u>	<u>32,726,925</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	2,721,902	-	2,721,902
Pension items - IMRF	47,065	10,798	57,863
Pension items - Police Pension	<u>1,865,555</u>	<u>-</u>	<u>1,865,555</u>
Total deferred inflows of resources	<u>4,634,522</u>	<u>10,798</u>	<u>4,645,320</u>
Total liabilities and deferred inflows of resources	<u>36,960,170</u>	<u>412,075</u>	<u>37,372,245</u>

(This statement is continued on the following page.)

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 4,182,251	\$ 3,058,426	\$ 7,240,677
Restricted for			
Highways and streets	3,414,182	-	3,414,182
TIF development	985,260	-	985,260
Capital projects	640,285	-	640,285
Debt service	-	-	-
Unrestricted (deficit)	(15,781,880)	190,048	(15,591,832)
TOTAL NET POSITION			
	<u>\$ (6,559,902)</u>	<u>\$ 3,248,474</u>	<u>\$ (3,311,428)</u>

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2017

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Operating	Capital	
		Charges for Services	Grants and Contributions	Grants and Contributions
Governmental Activities				
General government	\$ 2,477,982	\$ 628,760	\$ 2,860	\$ -
Public safety	4,791,617	965,718	90,993	-
Public works	2,662,270	697,686	339,103	-
Culture and recreation	106,259	34,042	-	-
Interest on long-term debt	596,643	-	-	-
Total governmental activities	10,634,771	2,326,206	432,956	-
Business-Type Activities				
Water and sewer	2,401,063	2,327,719	-	200,000
Commuter parking lot	9,338	46,986	-	-
Total business-type activities	2,410,401	2,374,705	-	200,000
TOTAL PRIMARY GOVERNMENT	\$ 13,045,172	\$ 4,700,911	\$ 432,956	\$ 200,000

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (1,846,362)	\$ -	\$ (1,846,362)
	(3,734,906)	-	(3,734,906)
	(1,625,481)	-	(1,625,481)
	(72,217)	-	(72,217)
	(596,643)	-	(596,643)
	(7,875,609)	-	(7,875,609)
	-	126,656	126,656
	-	37,648	37,648
	-	164,304	164,304
	(7,875,609)	164,304	(7,711,305)
General Revenues			
Taxes			
Property	3,908,230	-	3,908,230
Sales	1,045,356	-	1,045,356
Local use	251,715	-	251,715
Utility	733,555	-	733,555
Other taxes	43,056	-	43,056
Home rule sales tax	1,352,367	-	1,352,367
Intergovernmental	1,131,437	-	1,131,437
Investment income	10,616	2,514	13,130
Miscellaneous	278,308	-	278,308
Transfers in (out)	248,057	(248,057)	-
Total	9,002,697	(245,543)	8,757,154
CHANGE IN NET POSITION			
	1,127,088	(81,239)	1,045,849
NET POSITION, MAY 1	(7,540,445)	3,372,032	(4,168,413)
Prior period adjustment	(146,545)	(42,319)	(188,864)
NET POSITION, MAY 1, (RESTATED)	(7,686,990)	3,329,713	(4,357,277)
NET POSITION, APRIL 30	\$ (6,559,902)	\$ 3,248,474	\$ (3,311,428)

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

April 30, 2017

	Major Funds							
	Tax		Increment Financing	Capital Improvements	Nonmajor Governmental	Total		
	General	Motor Fuel Tax						
ASSETS								
Cash and cash equivalents	\$ 317,249	\$ 2,374,285	\$ 976,472	\$ 530,436	\$ 557,244	\$ 4,755,686		
Investments	40,756	1,017,769	-	-	-	-	1,058,525	
Receivables (net, where applicable, of allowances for uncollectibles)								
Property taxes	2,744,278	-	-	-	-	-	2,744,278	
Other taxes	772,495	22,393	-	147,880	-	-	942,768	
Accounts	201,438	-	-	-	-	-	201,438	
Other	25,804	-	-	38,032	-	-	63,836	
Due from other funds	13,242	-	-	-	-	-	13,242	
Land held for resale	600,000	-	-	-	-	-	600,000	
TOTAL ASSETS	\$ 4,715,262	\$ 3,414,447	\$ 976,472	\$ 716,348	\$ 557,244	\$ 10,379,773		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 136,442	\$ 265	\$ -	\$ 76,063	\$ -	\$ 212,770		
Accrued payroll	21,267	-	-	-	-	-	21,267	
Deposits payable	143,598	-	-	-	-	-	143,598	
Due to pension fund	25,397	-	-	-	-	-	25,397	
Unearned revenue	50,000	-	-	-	-	-	50,000	
Total liabilities	376,704	265	-	76,063	-	453,032		
DEFERRED INFLOWS OF RESOURCES								
Unavailable tax revenue	2,721,902	-	-	-	-	-	2,721,902	
Total deferred inflows of resources	2,721,902	-	-	-	-	-	2,721,902	
Total liabilities and deferred inflows of resources	3,098,606	265	-	76,063	-	3,174,934		
FUND BALANCES								
Nonspendable in form - land held for resale	600,000	-	-	-	-	-	600,000	
Restricted for highway and streets	-	3,414,182	-	-	-	-	3,414,182	
Restricted for TIF development	-	-	976,472	-	8,788	985,260		
Restricted for capital projects	-	-	-	640,285	-	640,285		
Unrestricted								
Assigned for debt service					548,456	548,456		
Unassigned - General Fund	1,016,656	-	-	-	-	-	1,016,656	
Total fund balances	1,616,656	3,414,182	976,472	640,285	557,244	7,204,839		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,715,262	\$ 3,414,447	\$ 976,472	\$ 716,348	\$ 557,244	\$ 10,379,773		

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

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

April 30, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS \$ 7,204,839

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	15,886,328
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	(13,889,080)
G.O. Bonds payable	(197,237)
Notes payable	40,458
Unamortized loss on refundings	
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(209,036)
The net pension liability of the Police Pension Fund is shown as a liability on the statement of net position	(16,456,247)
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(1,071,065)
Net OPEB liability is shown as a liability on the statement of net position	(49,951)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources in the statement of net position	
IMRF	532,717
Police Pension	<u>1,648,372</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (6,559,902)</u>

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

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

For the Year Ended April 30, 2017

	Major Funds							
	General	Motor Fuel Tax	Tax Increment Financing	Capital Improvements	Nonmajor Governmental	Total		
REVENUES								
Property taxes	\$ 3,340,298	\$ -	\$ 567,932	\$ -	\$ -	\$ 3,908,230		
Other taxes	4,034,260	-	-	676,184	-	4,710,444		
Licenses, permits and fees	510,331	-	-	-	-	510,331		
Fines and forfeitures	445,651	-	-	-	-	445,651		
Charges for services	1,262,996	-	-	-	-	1,262,996		
Intergovernmental	122,738	259,218	-	-	-	381,956		
Investment income	4,260	4,429	559	930	438	10,616		
Miscellaneous	245,546	-	-	38,032	-	283,578		
Total revenues	9,966,080	263,647	568,491	715,146	438	11,513,802		
EXPENDITURES								
Current								
General Government	2,379,977	-	284,331	-	-	2,664,308		
Public safety	3,971,624	-	-	-	-	3,971,624		
Public works	1,645,653	56,931	-	-	-	1,702,584		
Culture and recreation	94,596	-	-	-	-	94,596		
Capital outlay	868,075	-	-	9,599	-	877,674		
Debt service								
Principal retirement	299,482	-	620,000	250,000	230,000	1,399,482		
Interest and fiscal charges	176,170	-	98,690	186,648	138,093	599,601		
Total expenditures	9,435,577	56,931	1,003,021	446,247	368,093	11,309,869		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	530,503	206,716	(434,530)	268,899	(367,655)	203,933		
OTHER FINANCING SOURCES (USES)								
Transfers in	991,309	-	-	509,435	426,542	1,927,286		
Transfers (out)	(994,647)	-	-	(684,582)	-	(1,679,229)		
Total other financing sources (uses)	(3,338)	-	-	(175,147)	426,542	248,057		
NET CHANGE IN FUND BALANCES	527,165	206,716	(434,530)	93,752	58,887	451,990		
FUND BALANCES, MAY 1	941,138	3,207,466	1,411,002	493,683	498,357	6,551,646		
Prior period adjustment	148,353	-	-	52,850	-	201,203		
FUND BALANCES, MAY 1 (RESTATED)	1,089,491	3,207,466	1,411,002	546,533	498,357	6,752,849		
FUND BALANCES, APRIL 30	\$ 1,616,656	\$ 3,414,182	\$ 976,472	\$ 640,285	\$ 557,244	\$ 7,204,839		

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, 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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 451,990
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities</p>	
Capital expenditures capitalized	732,118
<p>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</p>	
Depreciation of capital assets	(736,127)
<p>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</p>	
Bonds payable	1,340,000
Capital leases payable	59,482
Other postemployment benefit	(14,648)
<p>The change in interest payable is reported as an expense on the statement of activities</p>	
	16,284
<p>Amortization is recorded as interest expense on the statement of activities including unamortized discount, unamortized premium and unamortized loss on refunding</p>	
	(13,326)
<p>The change in net pension liability is reported only on the statement of activities</p>	
Police Pension	(1,917,925)
Illinois Municipal Retirement Fund	(104,782)
<p>The changes in deferred outflows and deferred inflows of resources is reported only in the statement of activities</p>	
Illinois Municipal Retirement Fund	75,065
Police Pension	<u>1,238,957</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,127,088</u>

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2017

	Business-Type Activities		
	Water and Sewer	Commuter Parking Lot	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ -	\$ 98,081	\$ 98,081
Receivables			
Accounts - billed	81,120	-	81,120
Accounts - unbilled	265,298	-	265,298
Other receivables	37,811	-	37,811
Advances to other funds	-	594,317	594,317
Total current assets	384,229	692,398	1,076,627
CAPITAL ASSETS			
Nondepreciable	92,671	162,830	255,501
Depreciable (net of accumulated depreciation)	2,785,392	17,533	2,802,925
Net capital assets	2,878,063	180,363	3,058,426
Total assets	3,262,292	872,761	4,135,053
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	133,055	-	133,055
Total deferred outflows of resources	133,055	-	133,055
CURRENT LIABILITIES			
Accounts payable	154,587	117	154,704
Accrued payroll	715	-	715
Due to other funds	13,242	-	13,242
Total current liabilities	168,544	117	168,661
LONG-TERM LIABILITIES			
Net pension liability - IMRF	245,858	-	245,858
Advances to other funds	594,317	-	594,317
Total long-term liabilities	840,175	-	840,175
Total liabilities	1,008,719	117	1,008,836
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	10,798	-	10,798
Total deferred inflows of resources	10,798	-	10,798
NET POSITION			
Net investment in capital assets	2,878,063	180,363	3,058,426
Unrestricted	(502,233)	692,281	190,048
TOTAL NET POSITION	\$ 2,375,830	\$ 872,644	\$ 3,248,474

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended April 30, 2017

	Business-Type Activities		
	Water and Sewer	Commuter Parking Lot	Total
OPERATING REVENUES			
Charges for services	\$ 2,327,719	\$ 46,986	\$ 2,374,705
Total operating revenues	<u>2,327,719</u>	<u>46,986</u>	<u>2,374,705</u>
OPERATING EXPENSES			
Administration	380,817	-	380,817
Operations	1,405,138	7,476	1,412,614
Repairs and maintenance	<u>426,974</u>	<u>-</u>	<u>426,974</u>
Total operating expenses	<u>2,212,929</u>	<u>7,476</u>	<u>2,220,405</u>
OPERATING INCOME BEFORE DEPRECIATION			
	114,790	39,510	154,300
Depreciation	<u>188,134</u>	<u>1,862</u>	<u>189,996</u>
OPERATING INCOME (LOSS)	<u>(73,344)</u>	<u>37,648</u>	<u>(35,696)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	2,514	-	2,514
Total non-operating revenues (expenses)	<u>2,514</u>	<u>-</u>	<u>2,514</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(70,830)</u>	<u>37,648</u>	<u>(33,182)</u>
CONTRIBUTIONS			
Capital grants	200,000	-	200,000
Total contributions	<u>200,000</u>	<u>-</u>	<u>200,000</u>
TRANSFERS			
Transfers (out)	(248,057)	-	(248,057)
Total transfers	<u>(248,057)</u>	<u>-</u>	<u>(248,057)</u>
Total contributions and transfers	<u>(48,057)</u>	<u>-</u>	<u>(48,057)</u>
CHANGE IN NET POSITION	<u>(118,887)</u>	<u>37,648</u>	<u>(81,239)</u>
NET POSITION, MAY 1	<u>2,537,036</u>	<u>834,996</u>	<u>3,372,032</u>
Prior period adjustment	<u>(42,319)</u>	<u>-</u>	<u>(42,319)</u>
NET POSITION, MAY 1 (RESTATED)	<u>2,494,717</u>	<u>834,996</u>	<u>3,329,713</u>
NET POSITION, APRIL 30	<u>\$ 2,375,830</u>	<u>\$ 872,644</u>	<u>\$ 3,248,474</u>

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2017

	Business-Type Activities		
	Water and Sewer	Commuter Parking Lot	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,402,493	\$ 46,986	\$ 2,449,479
Payments to suppliers	(1,950,045)	(7,683)	(1,957,728)
Payments to employees	(373,926)	-	(373,926)
Net cash from operating activities	<u>78,522</u>	<u>39,303</u>	<u>117,825</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	(248,057)	-	(248,057)
Change in interfund loans	(476,629)	58,768	(417,861)
Net cash from noncapital financing activities	<u>(724,686)</u>	<u>58,768</u>	<u>(665,918)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants	<u>200,000</u>	-	200,000
Net cash from capital and related financing activities	<u>200,000</u>	-	200,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>2,514</u>	-	2,514
Net cash from investing activities	<u>2,514</u>	-	2,514
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(443,650)	98,071	(345,579)
CASH AND CASH EQUIVALENTS, MAY 1	<u>443,650</u>	10	443,660
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ -</u>	<u>\$ 98,081</u>	<u>\$ 98,081</u>

(This statement is continued on the following page.)

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2017

	Business-Type Activities		
	Water and Sewer	Commuter Parking Lot	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (73,344)	\$ 37,648	\$ (35,696)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	188,134	1,862	189,996
(Increase) decrease in Receivables	74,774	-	74,774
Increase (decrease) in Accounts payable	(117,933)	(207)	(118,140)
Accrued payroll	101	-	101
Pension items	6,790	-	6,790
NET CASH FROM OPERATING ACTIVITIES	\$ 78,522	\$ 39,303	\$ 117,825

See accompanying notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION POLICE PENSION FUND

April 30, 2017

ASSETS

Cash and cash equivalents	\$ 1,277,481
Investments	
U.S. Treasury obligations	1,025,396
U.S. agencies securities	118,681
Mutual funds	2,024,973
Corporate bonds	2,394,383
Negotiable certificates of deposit	100,664
CMO and asset backed securities	214,401
Life insurance annuities	1,182,526
Receivables	
Accrued interest	27,336
Due from Village	<u>25,397</u>
 Total assets	 <u>8,391,238</u>

LIABILITIES

None	<u>-</u>
Total liabilities	<u>-</u>

NET POSITION RESTRICTED FOR PENSIONS

\$ 8,391,238

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION POLICE PENSION FUND

For the Year Ended April 30, 2017

ADDITIONS

Contributions - employer	\$ 993,210
Contributions - employee	<u>208,521</u>
Total contributions	<u>1,201,731</u>
Investment income	
Net appreciation in fair value of investments	347,123
Interest earned on investments	<u>203,404</u>
Total investment income	550,527
Less investment expense	<u>(9,347)</u>
Net investment income	<u>541,180</u>
Total additions	<u>1,742,911</u>

DEDUCTIONS

Benefits	1,069,430
Administrative	<u>46,185</u>
Total deductions	<u>1,115,615</u>

NET INCREASE 627,296

NET POSITION HELD IN TRUST FOR PENSION BENEFITS

May 1	<u>7,763,942</u>
April 30	<u>\$ 8,391,238</u>

VILLAGE OF RIVER GROVE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of River Grove, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government 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 Village's significant accounting policies.

a. Reporting Entity

The Village is a municipal corporation governed by an elected board. As required by GAAP, these financial statements present the Village (the primary government) and its component units, entities for which the government is considered to be financially accountable. 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.

In conformity with GAAP, the Village's financial statements include the financial statements of the Police Pension Trust Fund as a fiduciary component unit.

Police Pension Trust Fund

The Village's police department employees participate in the Police Pension Plan. The Police Pension Plan functions for the benefit of these employees. The Village is obligated to fund all plan costs based upon actuarial valuations. The nature of the Police Pension Plan dictates the Village's financial accountability. The Village appoints a voting majority of the component unit's board and the pension fund has the possibility of imposing a financial burden on the Village. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels.

b. Fund Accounting

The Village uses funds to report on its financial position, changes in its financial position and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. A minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the accounting for revenue sources that are legally restricted or committed for specific purposes (special revenue funds), accounting for funds that are restricted, committed or assigned to the acquisition of capital assets or construction of major capital projects not financed by another fund (capital projects funds) and accounting for the servicing of bonded general long-term debt using funds restricted, committed or assigned for debt service (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the Village Board of Trustees has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes.

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 Village. When these assets are held under the terms of a formal trust agreement, a pension trust fund may be used. The Village has a Police Pension Trust Fund. Agency funds are used to account for funds that the Village holds on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column. These statements include the financial activities of the primary government, except for the fiduciary activities. The effect of material interfund activity (except for activities reported in internal service funds) 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.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide statement of activities reflects both the direct expenses and net cost of each function of the Village's governmental activities and business-type activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges paid by the recipient for the goods or services offered by the program 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. The comparison of direct expenses with program revenues identifies the extent to which each government function or segment is self-financing or draws from the general revenues of the Village.

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.

The Village reports the following major governmental funds:

The General Fund is the general operating fund of the Village. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Motor Fuel Tax Fund is a special revenue fund used to account for motor fuel tax revenue received from the Illinois Department of Transportation. This revenue is expended for street improvements and projects.

The Tax Increment Financing Fund is a special revenue fund used to account for the Village's Belmont and Thatcher Avenue Tax Increment Financing Fund (TIF) district activity, which is funded through TIF incremental property tax revenues.

The Capital Improvements Fund is a capital projects fund used to account for the 2006 and 2008 bond proceeds and its related uses.

The Village reports the following major proprietary funds:

The Water and Sewer Fund which accounts for the operating activities of the Village's water and sewer utilities services.

The Commuter Parking Lot Fund which accounts for the operating activities of the Village's parking lot activities.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports a pension trust fund as a fiduciary fund to account for the Police Pension Trust Fund.

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

The government-wide financial statements and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present additions (revenues) and deductions (expenses) in total net position. 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 the day-to-day enterprise fund services. Incidental revenues/expenses, such as property taxes and investment income, are reported as non-operating.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The Village recognizes property taxes when they become both measurable and available in the period intended to finance, generally within 60 days of year end. Sales taxes, telecommunications taxes and use taxes use a 90-day period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, income taxes, franchise taxes, licenses, interest revenue and charges for services. Sales tax, telecommunication tax, local use tax and motor fuel tax and fines owed to/collected by the state at year end on behalf of the Village are also recognized as revenue. Permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/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 revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, cash deposited in interest-bearing and non-interest-bearing checking accounts, and investments in certificates of deposit with original maturities of three months or less. For the purposes of the statement of cash flows, the Village considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

f. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. The Village and pension fund categorize the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Village held no investments to measure at fair value at April 30, 2017.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans, if any, are classified as “interfund receivables/payables.” Any residual balances between governmental activities and business-type activities are reported in the Village-wide financial statements as “internal balances.”

h. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances between funds in the fund financial statements. The advances are offset equally by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses on the consumption method.

j. Land Held for Resale

The Village has purchased several pieces of real property within the Village with the intent of reselling the property to developers for future redevelopment. Land held for resale is valued at lower of cost or market. Reported land held for resale is equally offset by a nonspendable fund balance, which indicates that portion of the fund balance is unavailable to the fund.

k. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system, intangible assets and infrastructure assets (e.g., roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets acquired prior to May 1, 2004, are not reported in the financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$5,000 or more and a useful life of more than one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation of all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	15-50
Land improvements	20
Machinery and equipment	5-20
Infrastructure - roads	20
Infrastructure - other	30-50

l. Compensated Absences

In the event of termination or retirement, employees are not reimbursed for accumulated sick or vacation time. Village employees are allotted sick and vacation time on a calendar year basis. Any unused vacation time as of December 31 is paid to the employees on the first payday in January. As such, there is no liability as of the fiscal year end.

m. 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 gains/losses on refundings, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The gain/loss on refunding is reported as a deferred inflow/outflow of resources. Bond issuance costs are expensed in the year of issuance.

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.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fund Equity/Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions are ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The Board of Trustees has not designated any members of management for this purpose. Any residual fund balance in the General Fund and deficit fund balances are reported as unassigned.

If an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned or unassigned fund balance classifications could be used, then the Village will consider committed fund balance be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

The Village does not have a minimum fund balance policy.

o. Interfund Transactions

Interfund services are accounted for as revenues, expenditures or expenses. 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, except interfund services and reimbursements, are reported as transfers.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred/unavailable revenue, is reported only in the governmental funds balance sheet/statement of net position. The governmental funds report deferred/unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second relates to the pension plans of the Village, which have both deferred outflows and inflows of resources.

2. DEPOSITS AND INVESTMENTS

The Village and pension funds categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

a. Village

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. Each fund's portion of this pool is displayed on the financial statements as cash and investments. In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust fund are held separately from those of other funds.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village (Continued)

Permitted Deposits and Investments - The Village's investment policy authorizes the Village to make deposits/invest in accordance with Illinois Compiled Statutes (ILCS); including investments 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 Government 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 (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value). The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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 objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 102% of the fair market value of the funds secured, with collateral held by the Village or an independent third party in the Village's name. The Village's investments are fully collateralized at April 30, 2017.

b. Village Deposits with Financial Institutions

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Deposits with Financial Institutions (Continued)

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 external investment pools.

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. The Village does not have a formal investment policy addressing custodial credit risk related to investments.

Concentration of credit risk - The Village places no limit on the amount the Village may invest in any one issuer. More than 5% of the Village's investments are in Illinois Funds. These investments are 100% of the Village's investments.

3. RECEIVABLES - TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, 2016. Taxes are levied in December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1 and July 1 and are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically.

For governmental fund types and governmental activities, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year end are recorded as revenue.

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,144,755	\$ -	\$ -	\$ 3,144,755
Construction in progress	2,708,566	-	2,708,566	-
Total capital assets not being depreciated	5,853,321	-	2,708,566	3,144,755
Capital assets being depreciated				
Land improvements	416,704	276,127	-	692,831
Infrastructure	9,191,606	-	-	9,191,606
Buildings	4,594,233	3,164,554	-	7,758,787
Machinery and equipment	3,383,472	-	-	3,383,472
Total capital assets being depreciated	17,586,015	3,440,681	-	21,026,696

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Land improvements	\$ 170,662	\$ 12,711	\$ -	\$ 183,373
Infrastructure	2,686,450	459,581	-	3,146,031
Buildings	1,960,327	122,969	-	2,083,296
Machinery and equipment	2,731,557	140,866	-	2,872,423
Total accumulated depreciation	<u>7,548,996</u>	<u>736,127</u>	-	<u>8,285,123</u>
Total capital assets being depreciated, net	<u>10,037,019</u>	<u>2,704,554</u>	-	<u>12,741,573</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 15,890,340</u>	<u>\$ 2,704,554</u>	<u>\$ 2,708,566</u>	<u>\$ 15,886,328</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 255,501	\$ -	\$ -	\$ 255,501
Total capital assets not being depreciated	<u>255,501</u>	<u>-</u>	<u>-</u>	<u>255,501</u>
Capital assets being depreciated				
Land improvements	189,049	-	-	189,049
Infrastructure	3,727,522	-	-	3,727,522
Buildings	353,110	-	-	353,110
Machinery and equipment	318,312	-	-	318,312
Total capital assets being depreciated	<u>4,587,993</u>	<u>-</u>	<u>-</u>	<u>4,587,993</u>
Less accumulated depreciation for				
Land improvements	174,389	1,545	-	175,934
Infrastructure	879,801	159,527	-	1,039,328
Buildings	348,048	3,374	-	351,422
Machinery and equipment	192,834	25,550	-	218,384
Total accumulated depreciation	<u>1,595,072</u>	<u>189,996</u>	<u>-</u>	<u>1,785,068</u>
Total capital assets being depreciated, net	<u>2,992,921</u>	<u>(189,996)</u>	<u>-</u>	<u>2,802,925</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 3,248,422</u>	<u>\$ (189,996)</u>	<u>\$ -</u>	<u>\$ 3,058,426</u>
Depreciation/amortization expense was charged to functions/programs of the primary government as follows:				
GOVERNMENTAL ACTIVITIES				
General government			\$ 45,439	
Public safety			141,025	
Public works			538,000	
Culture and recreation			11,663	
DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES			<u>\$ 736,127</u>	

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The Village's exposure has not exceeded insurance coverage for the past three years. To mitigate these risks, the Village participates in the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool whose members are Illinois municipalities. MICA manages and funds first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims of its members. MICA also had a third party administrator that works on behalf of MICA members to administer claims. MICA provides \$2,000,000 of coverage after a \$1,000 deductible. The Village pays an annual contribution to MICA based upon the Village's share of liability exposure and prior experience within the pool to cover potential claims to the total loss aggregate. Amounts paid into the pool in excess of claims for any coverage year can be returned to the members in the form of a dividend in subsequent periods.

Health Insurance

The Village purchases employee health insurance from third party insurance company providers.

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in governmental activities long-term liabilities:

	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES					
General obligation bonds					
\$ 15,165,000	\$		-	\$ 13,825,000	\$ 1,415,000
Unamortized bond premium	157,391		-	11,393	145,998
Unamortized bond discount	(87,237)		-	(5,319)	(81,918)
Net pension liability -					
Police Pension	14,538,322	1,917,925	-	16,456,247	-
Net pension liability -					
IMRF	966,283	104,782	-	1,071,065	-
Installment notes payable	256,719	-	59,482	197,237	59,956
Net OPEB obligation	35,303	14,648	-	49,951	-
TOTAL GOVERNMENTAL ACTIVITIES					
	\$ 31,031,781	\$ 2,037,355	\$ 1,405,556	\$ 31,663,580	\$ 1,474,956

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. Changes in Long-Term Liabilities (Continued)

During the fiscal year, the following changes occurred in business-type activities long-term liabilities:

	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
BUSINESS-TYPE ACTIVITIES					
Net pension liability - IMRF	\$ 221,915	\$ 23,943	\$ -	\$ 245,858	\$ -
TOTAL BUSINESS-TYPE ACTIVITIES					
	\$ 221,915	\$ 23,943	\$ -	\$ 245,858	\$ -

The net pension liability for the Illinois Municipal Retirement Fund (IMRF) and Police Pension Fund are retired by the General and Water and Sewer Funds.

The Village has installment notes for various capital expenditures within the Village including various administrative, police and public works equipment. These notes are serviced in the Village's General Fund. Aggregate principal and interest requirements to maturity by year for the Village's installment notes are as follows:

Year Ending April 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 59,956	\$ 6,315	\$ 66,271
2019	58,913	4,317	63,230
2020	51,158	2,447	53,605
2021	27,210	895	28,105
TOTAL	\$ 197,237	\$ 13,974	\$ 211,211

b. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, refunding prior issuances and providing working capital for the Village.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. General Obligation Bonds (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the Village and are payable from governmental activities/funds. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES						
\$4,500,000 General Obligation Bonds, Series 2006A, dated August 12, 2008, due in annual installments of \$165,000 to \$310,000 through December 15, 2026, interest at 3.70% to 5.25% payable each June 15 and December 15	Bond and Interest Fund	\$ 2,955,000	\$ 230,000	\$ 2,725,000	\$ 235,000	
\$5,525,000 General Obligation Bonds, Series 2008, dated August 15, 2008, due in annual installments of \$205,000 to \$415,000 through December 15, 2028, interest at 3.00% to 4.85% payable each June 15 and December 15	Capital Improvements Fund	4,200,000	-	250,000	3,950,000	260,000
\$5,640,000 General Obligation TIF Bonds, Series 2009, dated May 14, 2009, due in annual installments of \$380,000 to \$770,000 through December 15, 2019, interest at 1.25% to 3.80% payable each June 15 and December 15	TIF Fund	2,805,000	-	620,000	2,185,000	675,000
\$5,365,000 General Obligation Bonds, Series 2012A, dated November 1, 2012, due in annual installments of \$160,000 to \$1,150,000 through December 15, 2032, interest at 1.40% to 3.70% payable each June 15 and December 15	Bond and Interest Fund	5,205,000	-	240,000	4,965,000	245,000
TOTAL GOVERNMENTAL ACTIVITIES		\$ 15,165,000	\$ -	\$ 1,340,000	\$ 13,825,000	\$ 1,415,000

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Year Ending April 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,415,000	\$ 550,535	\$ 1,965,535
2019	1,510,000	502,885	2,012,885
2020	1,560,000	448,800	2,008,800
2021	820,000	390,950	1,210,950
2022	850,000	361,135	1,211,135
2023	890,000	326,209	1,216,209
2024	880,000	289,498	1,169,498
2025	925,000	246,650	1,171,650
2026	965,000	207,425	1,172,425
2027	1,015,000	159,878	1,174,878
2028	730,000	115,343	845,343
2029	760,000	85,328	845,328
2030	355,000	53,470	408,470
2031	370,000	41,400	411,400
2032	385,000	28,080	413,080
2033	395,000	14,220	409,220
TOTAL	\$ 13,825,000	\$ 3,821,806	\$ 17,646,806

7. INTERFUND ASSETS/LIABILITIES

a. Transfers In/Out

Interfund transfers during the year ended April 30, 2017 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental		
General	\$ 991,309	\$ 994,647
Capital Improvements	509,435	684,582
Total Major Governmental	1,500,744	1,679,229
Nonmajor Governmental		
Bond and Interest	426,542	-
Total Nonmajor Governmental	426,542	-

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ASSETS/LIABILITIES (Continued)

a. Transfers In/Out (Continued)

Fund	Transfers In	Transfers Out
Enterprise		
Water and Sewer	\$ -	\$ 248,057
Total Enterprise	-	248,057
TOTAL	\$ 2,211,617	\$ 2,211,617

The purpose of significant transfers is as follows:

- \$509,435 transferred from the General Fund to the Capital Improvements Fund to fund capital improvements. This amount will not be repaid.
- \$426,542 transferred from the General Fund to the Bond and Interest Fund to assist in debt service payments. This amount will not be repaid.
- \$248,057 transferred from the Water and Sewer Fund to the General Fund to subsidize the General Fund. This amount will not be repaid.

b. Due From/To Other Funds

Due from/to other funds at April 30, 2017 consisted of the following:

Fund	Due From	Due To
Major Governmental		
General Corporate	\$ 13,242	\$ -
Total Major Governmental	13,242	-
Enterprise		
Water and Sewer	-	13,242
Total Enterprise	-	13,242
TOTAL	\$ 13,242	\$ 13,242

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All interfund payables are expected to be repaid in the next fiscal year.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ASSETS/LIABILITIES (Continued)

c. Interfund Advances

Interfund advances at April 30, 2017 consisted of the following:

Fund	Advances From	Advances To
Enterprise		
Water and Sewer	\$ -	\$ 594,317
Commuter Parking Lot	594,317	-
Total Enterprise	<u>594,317</u>	<u>594,317</u>
TOTAL	\$ 594,317	\$ 594,317

8. CONTINGENT LIABILITIES

a. Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

9. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois (other than those covered by the Police Pension Plan). The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2016, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	16
Active employees	67
	<hr/>
TOTAL	124
	<hr/>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten 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.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual covered salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended April 30, 2017 was 11.26% of covered payroll.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Village's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 10,460,828	\$ 9,272,630	\$ 1,188,198
Changes for the period			
Service cost	235,145	-	235,145
Interest	772,237	-	772,237
Difference between expected and actual experience	235,078	-	235,078
Changes in assumptions	(24,568)	-	(24,568)
Employer contributions	-	207,077	(207,077)
Employee contributions	-	95,482	(95,482)
Net investment income	-	631,894	(631,894)
Benefit payments and refunds	(508,749)	(508,749)	-
Administrative expense	-	-	-
Other (net transfer)	-	154,714	(154,714)
Net changes	709,143	580,418	128,725
BALANCES AT DECEMBER 31, 2016	\$ 11,169,971	\$ 9,853,048	\$ 1,316,923

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2017, the Village recognized pension expense of \$240,737. At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 197,873	\$ 37,183
Changes in assumption	8,026	20,680
Net difference between projected and actual earnings on pension plan investments	441,249	-
Employer contributions after the measurement date	<u>65,689</u>	<u>-</u>
 TOTAL	 <u>\$ 712,837</u>	 <u>\$ 57,863</u>

\$65,689 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting period ended April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>April 30,</u>	
2018	\$ 169,130
2019	169,130
2020	169,128
2021	38,477
2022	32,812
Thereafter	<u>10,608</u>
 TOTAL	 <u>\$ 589,285</u>

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.50% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 2,639,205	\$ 1,316,923	\$ 222,087

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and can be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund.

The Police Pension Plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village President and three members are elected by plan members.

Plan Membership

At April 30, 2017, the Police Pension Plan's membership consisted of:

Inactive plan members currently receiving benefits	15
Inactive plan members entitled to benefits but not yet receiving them	-
Active plan members	
Vested	22
Nonvested	2
TOTAL	39

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to $\frac{1}{2}$ 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% 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 May 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% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$110,004 for 2016, plus the amount automatically increases by the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the May 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions

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 Police Pension Plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. It is the Village's policy to fund the Police Pension Plan to achieve 100% funding by the same date. The employer contribution for the fiscal year ended April 30, 2017 was 52.86% of covered payroll.

The Police Pension Plan does not issue a separate financial report.

Investment Policy

The Police Pension Fund (the Fund) requires investments to be made in accordance with ILCS and the Fund's investment policy, which allows the Fund to invest in bonds, notes and other obligations of the United States Government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; and other investment vehicles as set forth in the ILCS.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2017 are listed in the table below.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

Concentration of credit risk - The Fund's investment policy provides diversification guidelines on the amount of the portfolio that can be invested in any one investment vehicle. Diversification by security is as follows:

Asset Class	Target	Long-Term Expected Real Rate of Return
Domestic Equity All Cap	34.00%	6.43%
International Equities	4.90%	6.42%
Real Estate	2.30%	5.47%
Fixed Income	53.70%	3.18%

Small and temporary variations from the above are allowed for by the policy.

The Fund's investment policy prohibits short selling, securities lending, financial futures, margins, options, nonmarketable securities, commodities, speculative real estate or other specialized derivative investments.

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

The Fund has the following recurring fair value measurements as of April 30, 2017: U.S. Treasury notes and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, the corporate bonds and negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs). The Insurance Contracts used Level 3 inputs.

Investment Concentrations

The Fund places no limit on the amount it may invest in any one issuer. At April 30, 2017, the Fund had greater than 5% of its fixed income portfolio invested in obligations of the U.S. Treasury notes (12.30%) and corporate bonds (28.71%). The investment policy does not include any limitations on how much U.S. Treasury or U.S. agency securities can be held in the portfolio.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 Fund's deposits may not be returned to them. The Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions.

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2017:

Fair Value	Investment Maturities (in Years)			
	Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 1,025,396	\$ -	\$ 483,612	\$ 345,035
Corporate bonds	2,394,383	-	1,454,237	940,146
U.S. agency obligations	118,681	-	-	2,339
CMO and asset backed	214,401	-	84,461	105,676
Negotiable CDs	100,664	-	100,664	-
TOTAL	\$ 3,853,525	\$ -	\$ 2,122,974	\$ 1,393,196
				\$ 337,355

In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio into an equity portion and fixed income portion to allow the Fund to maximize current returns while allowing stability of the Fund and providing for long-term return on investment.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Credit Risk

The Fund's investment policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of ILCS, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the United States Government or any agency or instrumentally thereof, or to corporate and municipal issues. All securities shall be of "investment grade" quality; that is, at the time of purchases, rated no lower than Baa by Moody's and no lower than BBB by Standard and Poor's. The municipal bonds are not rated, corporate bonds are rated Aa+ to Bbb+, and CMO and asset backed securities range in rating from Aaa to Baa1 as of April 30, 2017.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund's policy requires reporting and monitoring of investment managers and custodians. To additionally limit its exposure, the Fund prepares all 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 Fund's agent separate from where the investment was purchased in the Fund's name.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2017
Actuarial cost method	Entry-age normal level dollar
Assumptions	
Inflation	2.50%
Salary increases	5.50%, including inflation
Interest rate	6.50%
Cost of living adjustments	3.00%
Asset valuation method	Market

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table with blue collar adjustment, projected to the valuation date using Scale BB. The plan has not had a formal actuarial experience study performed.

Discount Rate

The discount rate used to measure the total pension liability was 6.48%. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution related and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.50% was blended with the index rate of 3.71% for tax exempt general obligation municipal bonds rated AA or better at April 30, 2017 to arrive at a discount rate of 6.48% used to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6.48% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.48%) or 1 percentage point higher (7.48%) than the current rate:

	1% Decrease (5.48%)	Current Discount Rate (6.48%)	1% Increase (7.48%)
Net pension liability	\$ 20,197,766	\$ 16,456,247	\$ 13,406,680

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2016	\$ 22,302,264	\$ 7,763,942	\$ 14,538,322
Changes for the period			
Service cost	486,898	-	486,898
Interest	1,502,175	-	1,502,175
Difference between expected and actual experience	(2,238,666)	-	(2,238,666)
Changes in assumptions	3,864,244	-	3,864,244
Employer contributions	-	993,210	(993,210)
Employee contributions	-	208,521	(208,521)
Net investment income	-	541,180	(541,180)
Benefit payments and refunds	(1,069,430)	(1,069,430)	-
Administrative expense	-	(46,185)	46,185
Other (net transfer)	-	-	-
Net changes	2,545,221	627,296	1,917,925
BALANCES AT APRIL 30, 2017	\$ 24,847,485	\$ 8,391,238	\$ 16,456,247

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2017, the Village recognized pension expense of \$1,672,178. At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 39,505	\$ 1,865,555
Changes in assumption	3,220,205	-
Net difference between projected and actual earnings on pension plan investments	254,217	-
TOTAL	\$ 3,513,927	\$ 1,865,555

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

Year Ending <u>April 30,</u>	
2018	\$ 372,418
2019	372,418
2020	364,517
2021	268,089
2022	270,930
Thereafter	<hr/>
TOTAL	<u>\$ 1,648,372</u>

b. Summary of Significant Accounting Policies and Plan Asset Matters

Related Party Transactions: There were no securities of the employer or any other related parties included in plan assets, including any loans.

Administrative costs for the Police Pension Plan are financed primarily through investment earnings.

10. 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 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. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the Village's governmental activities.

VILLAGE OF RIVER GROVE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The Village provides postretirement health insurance to its eligible employees until the age of 65 (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under IMRF or meet COBRA requirements.

c. Membership

At April 30, 2016 (most recent available), membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Active employees - vested	3
Active employees - nonvested	19
TOTAL	24
Participating employers	1

d. Funding Policy

The Village provides the contribution percentages between the Village and employees through the personnel 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. Funding is provided by the Village on a pay-as-you-go basis. The Village is reimbursed by retirees for the Village's contribution on their behalf. The Village's contribution on behalf of its employees to the insurance provider was \$88,987 for the fiscal year ended April 30, 2017.

e. Annual OPEB Costs and Net OPEB Obligation

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the last three fiscal years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 190,282	\$ 214,258	112.60%	\$ (11,550)
2016	103,088	56,235	54.55%	35,303
2017	103,635	88,987	85.87%	49,951

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of April 30, 2017 was calculated as follows:

Annual required contribution	\$ 103,223
Interest on net OPEB obligation	1,589
Adjustment to annual required contribution	<u>(1,177)</u>
Annual OPEB cost	103,635
Contributions	<u>88,987</u>
Increase in net OPEB obligation	14,648
Net OPEB obligation, beginning of year	<u>35,303</u>
NET OPEB OBLIGATION, END OF YEAR	\$ 49,951

Funded Status and Funding Progress: The funded status of the Plan as of April 30, 2016 (most recent information available), was as follows:

Actuarial accrued liability (AAL)	\$ 1,214,754
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,214,754
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

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.

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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, 2016 actuarial valuation (most recent data available), the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4.50%, and a 2017 healthcare cost trend rate of 8.00% decreasing to 6.00% in 2026. 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, 2017 was 30 years.

11. PRIOR PERIOD ADJUSTMENT

The Village has restated fund balances/net position as of May 1, 2016 to adjust for improper revenue recognition and expenses relating to the prior fiscal year which were not accrued at April 30, 2016 as follows:

	General Fund	Capital Improvements Fund	Governmental Activities	Water and Sewer Fund	Business-Type Activities
FUND BALANCE (DEFICIT)					
NET POSITION MAY 1, 2016	\$ 941,138	\$ 493,683	\$ (7,540,445)	\$ 2,537,036	\$ 3,372,032
Prior period adjustment	148,353	52,850	(146,545)	(42,319)	(42,319)
FUND BALANCE (DEFICIT)					
NET POSITION, MAY 1, 2016 (RESTATED)	\$ 1,089,491	\$ 546,533	\$ (7,686,990)	\$ 2,494,717	\$ 3,329,713

12. SUBSEQUENT EVENTS

On June 29, 2017, the Village sold \$3,255,000 Taxable General Obligation Bonds, Series 2017A and \$6,470,000 General Obligation Refunding Bonds, Series 2017B. The Series 2017A bonds mature annually on December 15, beginning December 15, 2018 through December 15, 2036, with maturities ranging from \$120,000 to \$930,000. Interest is due semiannually on June 15 and December 15, with rates ranging from 2.40% to 5.15%. The Series 2017B bonds mature annually on December 15, beginning December 15, 2017 through December 15, 2028, with maturities ranging from \$240,000 to \$670,000. Interest is due semiannually on June 15 and December 15, with rates ranging from 2.00% to 4.00%.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RIVER GROVE, ILLINOIS

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

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 2,859,000	\$ 3,340,298
Other taxes	4,421,000	4,034,260
Licenses, permits and fees	653,000	510,331
Fines and forfeitures	305,000	445,651
Charges for services	1,018,610	1,262,996
Intergovernmental	112,100	122,738
Investment income	4,352	4,260
Miscellaneous	427,200	245,546
 Total revenues	 9,800,262	 9,966,080
EXPENDITURES		
Current		
Administration	1,177,485	640,410
Police department	2,611,906	2,880,505
Fire protection	1,005,742	1,091,119
Public works	1,962,680	1,645,653
Culture and recreation	121,444	94,596
Public health	17,628	17,770
All other departments	1,506,697	1,721,797
Debt Service		
Principal	810,000	299,482
Interest and other charges	20,250	176,170
Capital outlay	1,266,500	868,075
 Total expenditures	 10,500,332	 9,435,577
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (700,070)	 530,503
OTHER FINANCING SOURCES (USES)		
Transfer in	500,000	991,309
Transfers (out)	-	(994,647)
 Total other financing sources (uses)	 500,000	 (3,338)
NET CHANGE IN FUND BALANCE	 \$ (200,070)	 527,165
FUND BALANCE, MAY 1		941,138
Prior period adjustment		148,353
FUND BALANCE, MAY 1 (RESTATED)		 1,089,491
FUND BALANCE, APRIL 30		 \$ 1,616,656

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	\$ -	\$ 1,134,031	0.00%	\$ 1,134,031	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	-	1,214,754	0.00%	1,214,754	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Year Ended April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	N/A	N/A	N/A
2013	N/A	N/A	N/A
2014	\$ 201,493	\$ 199,574	100.96%
2015	214,258	190,075	112.72%
2016	56,235	103,223	54.48%
2017	88,987	103,223	86.21%

N/A - This information is not available.

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017
Actuarially determined contribution	\$ 206,842	\$ 197,439
Contributions in relation to the actuarially determined contribution	<u>206,842</u>	<u>197,439</u>
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -
Covered-employee payroll	\$ 2,029,750	\$ 1,845,603
Contributions as a percentage of covered-employee payroll	10.19%	10.70%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percentage of pay, closed and the amortization period was 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return of 7.50% annually, projected salary increases assumption of 4.40% to 16.00%, compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF RIVER GROVE, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016
TOTAL PENSION LIABILITY		
Service cost	\$ 246,163	\$ 235,145
Interest	741,310	772,237
Changes in benefit terms	-	-
Differences between expected and actual experience	(55,453)	235,078
Changes of assumptions	11,970	(24,568)
Benefit payments, including refunds of member contributions	<u>(514,828)</u>	<u>(508,749)</u>
Net change in total pension liability	429,162	709,143
Total pension liability - beginning	<u>10,031,666</u>	<u>10,460,828</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 10,460,828</u>	<u>\$ 11,169,971</u>
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 238,585	\$ 207,077
Contributions - member	111,555	95,482
Net investment income	46,800	631,894
Benefit payments, including refunds of member contributions	(514,828)	(508,749)
Administrative expense	(51,740)	154,714
Net change in plan fiduciary net position	(169,628)	580,418
Plan fiduciary net position - beginning	<u>9,442,258</u>	<u>9,272,630</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 9,272,630</u>	<u>\$ 9,853,048</u>
EMPLOYER'S NET PENSION LIABILITY	<u>\$ 1,188,198</u>	<u>\$ 1,316,923</u>
Plan fiduciary net position as a percentage of total pension liability	88.64%	88.21%
Covered-employee payroll	\$ 2,020,477	\$ 1,845,603
Employer's net pension liability as a percentage of covered-employee payroll	58.81%	71.35%

The discount rate assumption was changed from 7.48% to 7.50% in 2016.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Ten Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 655,441	\$ 655,441	\$ 750,965	\$ 750,965	\$ 882,213	\$ 766,067	\$ 855,937	\$ 865,761	\$ 1,274,642	\$ 1,563,857
Contribution in relation to the actuarially determined contribution	306,317	306,091	390,156	361,768	337,922	582,045	825,636	688,527	1,115,353	993,210
CONTRIBUTION DEFICIENCY (Excess)	\$ 349,124	\$ 349,350	\$ 360,809	\$ 389,197	\$ 544,291	\$ 184,022	\$ 30,301	\$ 177,234	\$ 159,289	\$ 570,647
Covered-employee payroll	\$ 1,670,723	\$ 1,634,927	\$ 1,634,927	\$ 1,900,927	\$ 1,900,927	\$ 1,798,749	\$ 1,798,749	\$ 1,872,614	\$ 1,995,949	\$ 1,876,066
Contributions as a percentage of covered-employee payroll	18.33%	18.72%	23.86%	19.03%	17.78%	32.36%	45.90%	36.77%	55.88%	52.94%

N/A - Information not available.

The information directly above is formatted to comply with the requirements of GASB Statement No. 67.

The information presented was determined as part of the actuarial valuations as of April 30, 2017. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 6.50% (7.00% prior to 2016) annually, projected salary increases assumption of 5.50%, including inflation, compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND**

Last Three Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	\$ 427,935	\$ 456,111	\$ 486,898
Interest	1,325,272	1,374,078	1,502,175
Changes of benefit terms	-	-	-
Differences between expected and actual experience	565,183	71,109	(2,238,666)
Changes of assumptions	-	-	3,864,244
Benefit payments, including refunds of member contributions	(1,010,371)	(1,088,443)	(1,069,430)
Net change in total pension liability	1,308,019	812,855	2,545,221
Total pension liability - beginning	<u>20,181,390</u>	<u>21,489,409</u>	<u>21,489,409</u>
TOTAL PENSION LIABILITY - ENDING	<u>\$ 21,489,409</u>	<u>\$ 22,302,264</u>	<u>\$ 24,034,630</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 688,567	\$ 1,115,353	\$ 993,210
Contributions - member	186,676	190,944	208,521
Contributions - other	-	-	-
Net investment income	415,535	70,407	541,180
Benefit payments, including refunds of member contributions	(1,010,371)	(1,088,443)	(1,069,430)
Administrative expense	(26,575)	(35,019)	(46,185)
Net change in plan fiduciary net position	253,832	253,242	627,296
Plan fiduciary net position - beginning	<u>7,256,868</u>	<u>7,510,700</u>	<u>7,763,942</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u>\$ 7,510,700</u>	<u>\$ 7,763,942</u>	<u>\$ 8,391,238</u>
EMPLOYER'S NET PENSION LIABILITY			
Plan fiduciary net position as a percentage of the total pension liability	34.95%	34.81%	34.91%
Covered-employee payroll	\$ 1,872,614	\$ 1,995,949	\$ 1,879,066
Employer's net pension liability as a percentage of covered-employee payroll	746.48%	728.39%	832.51%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF RIVER GROVE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Three Fiscal Years

<u>FISCAL YEAR ENDED APRIL 30,</u>	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	(1.35%)	6.75%	7.00%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF RIVER GROVE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2017

BUDGETS

Annual budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for all governmental and proprietary funds, with the exception of the Capital Improvements Fund, Tax Increment Financing Fund, Bond and Interest Fund and the Grand Thatcher TIF Fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end. No supplemental appropriations were adopted during the current fiscal year.

In establishing the budget, the Finance Department submits to the Board of Trustees the proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance. The fiscal year appropriation, which is equal to the budgetary limits established by the Board of Trustees, is legally enacted for all applicable funds.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations within a fund may only be made with the approval of the Board of Trustees. Transfers of appropriations between funds require the approval of the Board of Trustees. The legal level of budgetary control is the fund level.

The following funds had expenditures greater than the budget for the year ended April 30, 2017:

Fund	Actual Expenditures	Budget
Water and Sewer Fund	\$ 2,212,929	\$ 2,200,805
Police Pension Fund	1,115,615	1,066,200

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

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF RIVER GROVE, ILLINOIS

**SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
PROPERTY TAXES		
Property tax	\$ 2,734,000	\$ 3,204,643
Road and bridge	125,000	135,655
	<hr/>	<hr/>
Total property taxes	2,859,000	3,340,298
OTHER TAXES		
State income	1,000,000	966,705
Sales	1,100,000	1,297,071
Home rule sales	1,300,000	676,184
Utility	750,000	733,555
Other taxes	271,000	360,745
	<hr/>	<hr/>
Total other taxes	4,421,000	4,034,260
LICENSES AND PERMITS		
Vehicle licenses	160,000	158,211
Business licenses	160,000	108,152
Building permit fees	157,500	69,880
Franchise fees	125,000	127,454
Miscellaneous licenses and fees	50,500	46,634
	<hr/>	<hr/>
Total licenses and permits	653,000	510,331
FINES AND FORFEITURES		
Court fines	25,000	34,666
Building deposit forfeiture	-	11,400
Ticket fines	150,000	134,075
Miscellaneous fines and forfeitures	130,000	265,510
	<hr/>	<hr/>
Total fines and forfeitures	305,000	445,651
INTERGOVERNMENTAL		
Miscellaneous grants	112,100	122,738
	<hr/>	<hr/>
Total intergovernmental	112,100	122,738
INVESTMENT INCOME	<hr/>	<hr/>
	4,352	4,260
MISCELLANEOUS	<hr/>	<hr/>
Charges for services	1,018,610	1,262,996
Miscellaneous income	427,200	245,546
	<hr/>	<hr/>
Total miscellaneous	1,445,810	1,508,542
TOTAL REVENUES	<hr/>	<hr/>
	\$ 9,800,262	\$ 9,966,080

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
GENERAL GOVERNMENT		
Administration services		
Current		
Administration	\$ 1,177,485	\$ 640,410
Police department	2,611,906	2,880,505
Fire protection	1,005,742	1,091,119
Public works	1,962,680	1,645,653
Culture and recreation	121,444	94,596
Public health	17,628	17,770
All other departments	1,506,697	1,721,797
Debt Service		
Principal	-	299,482
Interest and other charges	20,250	176,170
Capital outlay	1,266,500	868,075
TOTAL EXPENDITURES	\$ 9,690,332	\$ 9,435,577

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Grand Thatcher TIF Fund - to account for the Village's Grand Thatcher TIF district activity.

DEBT SERVICE FUND

Bond and Interest Fund - to account for the accumulation of resources for and payments made on general long-term debt principal, interest and related costs.

VILLAGE OF RIVER GROVE, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

April 30, 2017

	Special Revenue	Debt Service	
	Grand Thatcher TIF	Bond and Interest	Total
ASSETS			
Cash and cash equivalents	\$ 8,788	\$ 548,456	\$ 557,244
TOTAL ASSETS	\$ 8,788	\$ 548,456	\$ 557,244
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
None	\$ -	\$ -	\$ -
Total liabilities	- - -	- - -	- - -
DEFERRED INFLOWS OF RESOURCES			
None	- - -	- - -	- - -
Total deferred inflows of resources	- - -	- - -	- - -
Total liabilities and deferred inflows of resources	- - -	- - -	- - -
FUND BALANCES			
Restricted for TIF development	8,788	-	8,788
Unrestricted	-	548,456	548,456
Assigned for debt service	-	548,456	548,456
Total fund balances	8,788	548,456	557,244
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,788	\$ 548,456	\$ 557,244

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

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

For the Year Ended April 30, 2017

	Special Revenue	Debt Service	Total
	Grand Thatcher TIF	Bond and Interest	
	4	434	
REVENUES			
Investment income	\$ 4	\$ 434	\$ 438
Total revenues	<u>4</u>	<u>434</u>	<u>438</u>
EXPENDITURES			
Debt service			
Principal retirement	- -	230,000	230,000
Interest and fiscal charges	- -	138,093	138,093
Total expenditures	<u>- -</u>	<u>368,093</u>	<u>368,093</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	4	(367,659)	(367,655)
OTHER FINANCING SOURCES (USES)			
Transfers in	- -	426,542	426,542
Total other financing sources (uses)	<u>- -</u>	<u>426,542</u>	<u>426,542</u>
NET CHANGE IN FUND BALANCE	4	58,883	58,887
FUND BALANCES, MAY 1	<u>8,784</u>	<u>489,573</u>	<u>498,357</u>
FUND BALANCES, APRIL 30	\$ 8,788	\$ 548,456	\$ 557,244

(See independent auditor's report.)

ENTERPRISE FUNDS

Water and Sewer Fund - to account for the provision of water and sewer 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, maintenance, capital improvements, financing and related debt service and billing and collection.

Commuter Parking Lot Fund - to account for the operating activities of the Village's parking lot activities.

VILLAGE OF RIVER GROVE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER AND SEWER FUND**

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
OPERATING REVENUES		
Charges for services	\$ 2,200,000	\$ 2,327,719
Total operating revenues	<u>2,200,000</u>	<u>2,327,719</u>
OPERATING EXPENSES		
Administration	436,805	380,817
Operations	<u>1,764,000</u>	<u>1,832,112</u>
Total operating expenses excluding depreciation	<u>2,200,805</u>	<u>2,212,929</u>
OPERATING INCOME BEFORE DEPRECIATION		
Depreciation	-	188,134
OPERATING INCOME (LOSS)	<u>(805)</u>	<u>(73,344)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	<u>650</u>	<u>2,514</u>
Total non-operating revenues (expenses)	<u>650</u>	<u>2,514</u>
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS		
	<u>(155)</u>	<u>(70,830)</u>
CONTRIBUTIONS		
Capital grants	-	200,000
Total contributions	<u>-</u>	<u>200,000</u>
TRANSFERS		
Transfers (out)	-	(248,057)
Total transfers	<u>-</u>	<u>(248,057)</u>
Total contributions and transfers	<u>-</u>	<u>(48,057)</u>
CHANGE IN NET POSITION		
NET POSITION, MAY 1		2,537,036
Prior period adjustment		<u>(42,319)</u>
NET POSITION, MAY 1 (RESTATED)		<u>2,494,717</u>
NET POSITION, APRIL 30	<u><u>\$ 2,375,830</u></u>	

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL WATER AND SEWER FUND

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
ADMINISTRATION		
Personnel services	\$ 355,055	\$ 289,531
Contractual services	43,750	40,301
Commodities	7,000	4,506
Other charges	31,000	46,479
 Total administration	 436,805	 380,817
OPERATIONS		
Water purchases	1,465,000	1,405,138
Repairs and maintenance	299,000	426,974
 Total operations	 1,764,000	 1,832,112
TOTAL OPERATING EXPENSES	\$ 2,200,805	\$ 2,212,929

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
COMMUTER PARKING LOT FUND**

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
OPERATING REVENUES		
Parking lot fees	\$ 20,000	\$ 17,186
Parking passes	<u>28,000</u>	<u>29,800</u>
Total operating revenues	<u>48,000</u>	<u>46,986</u>
OPERATING EXPENSES		
Operations	<u>45,800</u>	<u>7,476</u>
Total operating expenses excluding depreciation	<u>45,800</u>	<u>7,476</u>
OPERATING INCOME BEFORE DEPRECIATION		
	2,200	39,510
Depreciation	<u>-</u>	<u>1,862</u>
CHANGE IN NET POSITION	<u>\$ 2,200</u>	<u>37,648</u>
NET POSITION, MAY 1		<u>834,996</u>
NET POSITION, APRIL 30	<u>\$</u>	<u>872,644</u>

(See independent auditor's report.)

VILLAGE OF RIVER GROVE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL COMMUTER PARKING LOT FUND

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
OPERATIONS		
Administration	\$ 43,800	\$ 7,476
Repairs and maintenance	2,000	-
Total operations	<u>45,800</u>	<u>7,476</u>
TOTAL OPERATING EXPENSES	<u>\$ 45,800</u>	<u>\$ 7,476</u>

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF RIVER GROVE, ILLINOIS

SCHEDULE OF CHANGES IN PLAN NET POSITION - BUDGET AND ACTUAL POLICE PENSION FUND

For the Year Ended April 30, 2017

	Original and Final Budget	Actual
ADDITIONS		
Contributions - employer	\$ 1,074,000	\$ 993,210
Contributions - employee	-	208,521
 Total contributions	 1,074,000	 1,201,731
 Investment income		
Net appreciation in fair value of investments	-	347,123
Interest	-	203,404
 Total investment income	 -	 550,527
 Less investment expense	 (2,000)	 (9,347)
 Net investment income	 (2,000)	 541,180
 Total additions	 1,072,000	 1,742,911
 DEDUCTIONS		
Benefits	1,057,000	1,069,430
Administrative	9,200	46,185
 Total deductions	 1,066,200	 1,115,615
 NET INCREASE	 <u>\$ 5,800</u>	 627,296
 NET POSITION RESTRICTED FOR PENSIONS		
May 1		7,763,942
April 30		<u>\$ 8,391,238</u>

(See independent auditor's report.)

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

The Honorable President
Members of the Village Board
Village of River Grove, Illinois

We have examined management's assertion, included in its representation letter dated March 22 2018 that the Village of River Grove, Illinois (the Village) 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 year ended April 30, 2017. Management is responsible for the Village's assertion and for 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 conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village's 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's compliance with statutory requirements.

In our opinion, management's assertion that the Village of River Grove, Illinois complied with the aforementioned requirements for the year ended April 30, 2017 is fairly stated, in all material respects.

This report is intended solely for the information and use of the President, the Village Board, management of the Village, the Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
March 22, 2018