

VILLAGE OF RIVER GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

Year Ended April 30, 2014

VILLAGE OF RIVER GROVE, ILLINOIS

Year Ended April 30, 2014

CONTENTS

FINANCIAL SECTION:

Independent Auditor's Report.....	1
Required Supplementary Information:	
Management's Discussion and Analysis (unaudited)	3
Basic Financial Statements	
Government-Wide Financial Statements:	
STATEMENT 1 – Statement of Net Position.....	10
STATEMENT 2 – Statement of Activities	11
Fund Financial Statements:	
STATEMENT 3 – Balance Sheet – Governmental Funds	12
STATEMENT 4 – Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	13
STATEMENT 5 – Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
STATEMENT 6 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
STATEMENT 7 – Statement of Net Position – Proprietary Funds	16
STATEMENT 8 – Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	17
STATEMENT 9 – Statement of Cash Flows – Proprietary Funds.....	18
STATEMENT 10 – Statement of Fiduciary Net Position	19
STATEMENT 11 – Statement of Changes in Fiduciary Net Position.....	20
Notes to Financial Statements	21

VILLAGE OF RIVER GROVE, ILLINOIS

Year Ended April 30, 2014

CONTENTS

FINANCIAL SECTION (Continued):

Required Supplementary Information (unaudited):

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures and Changes in Fund	
Balance – Budget (Budgetary Basis) and Actual – General Fund	45

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures and Changes in Fund	
Balance – Budget (GAAP Basis) and Actual – Motor Fuel Tax Fund	46

Schedules of Funding Progress.....	47
------------------------------------	----

Schedules of Employer Contributions.....	48
--	----

Notes to Required Supplementary Information.....	49
--	----

Supplemental Information

General Fund – Balance Sheet by Account.....	50
--	----

General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – by Account	54
--	----

Combining Balance Sheet – Nonmajor Governmental Funds.....	58
--	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	59
---	----

Independent Accountant's Report on Compliance	60
---	----

INDEPENDENT AUDITOR'S REPORT

To the Honorable President
and Members of the Board of Trustees
Village of River Grove, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of River Grove, Illinois, (Village), as of and for the year then ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Village of River Grove Police Pension Fund (Pension Fund) were not audited in accordance with *Government Auditing Standards*.

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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 as of April 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedules of funding progress, schedules of employer contributions, and budgetary comparison schedules as 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 (GASB) 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. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Crowe Horwath LLP

Oak Brook, Illinois
January 23, 2015

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2014

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, 2014. 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 exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,455,116 (net position).

The Village's total net position increased by \$1,257,548 (or 29.9% from fiscal year 2013) during the fiscal year ended April 30, 2014 (FY14). The governmental net position increased by \$1,445,698 from FY13 and the business-type activities net position decreased by \$188,150 from FY13.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$10,444,837, a decrease of \$823,394 in comparison with the prior year. Approximately 45.6% of this amount (\$4,766,503) is available for spending at the Village's discretion (General Fund General Account unassigned fund balance).

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.

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2014

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 three 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2014

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets/deferred outflows:						
Current assets	\$ 22,003	\$ 20,639	\$ 1,663	\$ 1,769	\$ 23,666	\$ 22,408
Capital assets/deferred outflows	13,214	11,934	2,483	2,580	15,697	14,514
Total assets/deferred outflows	35,217	32,573	4,146	4,349	39,363	36,922
Liabilities/deferred inflows:						
Short-term liabilities/deferred inflows	11,805	9,796	830	845	12,635	10,641
Long-term liabilities	21,272	22,083	-	-	21,272	22,083
Total liabilities/deferred inflows	33,077	31,879	830	845	33,907	32,724
Net Position:						
Net investment in capital assets	11,807	10,548	2,483	2,580	14,290	13,128
Restricted	10,465	10,165	-	-	10,465	10,165
Unrestricted	(20,132)	(20,019)	833	924	(19,299)	(19,095)
Total Net Position	\$ 2,140	\$ 694	\$ 3,316	\$ 3,504	\$ 5,455	\$ 4,198

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.

The following chart reflects the condensed Statement of Activities (in thousands):

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2014

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for Services	\$ 1,852	\$ 1,702	\$ 1,929	\$ 2,058	\$ 3,781	\$ 3,760
Oper. Grants/Contrib.	57	1	-	-	57	1
Cap. Grants/Contrib.	1,982	1,768	-	-	1,982	1,768
General Revenues:						
Property Taxes	4,680	3,752	-	-	4,680	3,752
Other Taxes	4,585	4,158	-	-	4,585	4,158
Other	187	306	(2)	5	185	311
Total Revenues	13,343	11,687	1,927	2,063	15,270	12,360
EXPENSES						
General Government	2,087	2,197	-	-	2,087	2,197
Public Safety	5,177	5,434	-	-	5,177	5,434
Public Works	3,818	2,463	-	-	3,818	2,463
Culture and Recreation	125	108	-	-	125	108
Interest Long-Term Debt	691	836	-	-	691	836
Water and Sewer	-	-	2,101	1,941	2,101	1,941
Commuter Parking Lot	-	-	14	16	14	16
Total Expenses	11,898	11,038	2,115	1,957	14,013	12,995
Change in Net Position	1,445	649	(188)	106	1,257	755
Ending Net Position	\$ 2,140	\$ 694	\$ 3,316	\$ 3,504	\$ 5,455	\$ 4,198

Governmental Activities Governmental activities increased the Village's net position by \$1,445 thousand, thereby accounting for the majority of the total increase in the net position of the Village. The increase was due to increased revenues of \$1,656 thousand which was offset by increased expenses of \$860 thousand. Specifically, the increase in revenues was caused by an increase of \$214 thousand for capital grants related to the acquisition of the new public works facility site and the Elm Street construction project, increased operating grants of \$56 thousand for Police DUI enforcement, increased charges for services of \$150 thousand for increased fees and services provided and increased property tax collections from Cook County that was offset by a decline in other revenues of \$81 thousand. The increase in expenses was primarily driven by management's initiative to reduce spending so that costs do not exceed available revenue streams. Although in the increase in public works was noted due to street maintenance costs and capital projects, this was offset by overall decreases in other functions as well as decreases in interest expenses as the Village pays down its long term debt.

Business-type Activities Business-type activities decreased the Village's net position by \$188 thousand. The decrease was due an increase in charges for services due to water and sewer rate increases that was offset by increased operational costs and increased allowances for doubtful accounts that exceeded increased revenues.

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.

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2014

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$10,444,837, a decrease of \$823,394 in comparison with the prior year. Approximately 45.6% of this amount (\$4,766,503) is available for spending at the Village's discretion (General Fund General Account unassigned fund balance).

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 (\$1,964,873) while fund balance reserved for assets held for resale was \$1,990,508 and restricted fund balance for capital projects was \$4,632,403 for a total fund balance of \$4,658,038. 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 decreased by \$1,170,432 during the current fiscal year. Total revenue for the fund decreased by \$678,709. Increases in property taxes of \$634,350 and sales tax revenues of \$432,153 (all due to higher rates of collections) were offset by lower grant revenue of \$1,528,086 (due to the state of Illinois grant for the public works facility not being repeated) and miscellaneous revenue of \$155,755.

Expenses decreased in the current year by \$808,558, with the majority of the decrease due to the acquisition of the new public works facility site of \$1,600,000 within the FY13 capital outlay expenditures not being repeated offset by increased operational costs for public works projects (\$330,478). 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 \$234,718 during the current fiscal year. This increase is due to the Village increased motor fuel tax revenues in FY14. In addition, the Village began projects in FY14 using MFT funds but revenues exceeded expenditures by \$234,718. Fund balance is expected to be used for future projects and is shown as restricted.

The fund balance of the Village's Tax Increment Financing Fund decreased by \$68,921 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 decreased by \$93,786 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 non 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 \$2,550,165. The Fund had a decrease in net position of \$222,629 mainly due to an increase in collections of water and sewer billings, increased rates charged to the residents and increased bad debt reductions of revenue which led to a decline in overall operating revenues of \$135,093 that was offset by increased operating costs of \$161,028 mostly due to increased water purchase costs of \$172,991 and maintenance costs of \$47,916.

Net position of the Commuter Parking Lot Fund at the end of the year amounted to \$765,394. The Fund had an increase in net position of \$34,479 mainly due to increased parking lot collections.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village remains committed to fiscal responsibility. However, income taxes, utility taxes, licenses, and grant revenues fell short of expectations by \$627,388 while property taxes, sales taxes, other revenue, fines and charges for services increased by \$1,338,096. Expenditures were more than expected by \$386,292 due to more than expected police department, public works, culture and recreation, other departments, interest on debt and capital outlay expenditures of \$1,149,633 offset by less than expected administration, fire department, public

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2014

health and debt service principal of \$763,341. Other financing sources and uses of \$356,680 were not budgeted. The result was a change in fund balance of \$681,096 more than budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Governmental Activities

Change in Capital Assets

(in thousands)

	Balance May 1, 2013	Net Additions/ Deletions	Balance April 30, 2014
Non-Depreciable Assets:	\$ 1,872	\$ 1,597	\$ 3,469
Depreciable Capital Assets:	9,944	(297)	9,647
Totals	<u>\$ 11,816</u>	<u>\$ 2,300</u>	<u>\$ 13,116</u>

The Village used federal grant proceeds for a major public works reconstruction project.

Business-Type Activities

Change in Capital Assets

(in thousands)

	Balance May 1, 2013	Net Additions/ Deletions	Balance April 30, 2014
Non-Depreciable Assets	\$ 256	\$ -	\$ 256
Depreciable Assets:	2,324	(97)	2,227
Totals	<u>\$ 2,580</u>	<u>\$ (97)</u>	<u>\$ 2,483</u>

The Village purchased new water and sewer equipment in FY14. For more detailed information related to capital assets, see notes to financial statements.

Debt Administration

At April 30, 2014, the Village had outstanding debt as follows:

General Obligation Bonds Series 2006A	\$ 3,390,000
General Obligation Bonds Series 2008	4,670,000
General Obligation Bonds Series 2009	3,925,000
General Obligation Bonds Series 2012A	5,365,000
General Obligation Bonds Series 2012B	310,000
Unamortized Premiums/Discounts	79,955
Installment Notes Payable	266,827
Net Pension Obligation	3,252,635
Net OPEB Obligation	12,426
Total Long-Term Debt	<u>\$ 21,271,843</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.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2014

ECONOMIC FACTORS

There were two significant economic factors that Village management believes will have a significant impact on the Village's fiscal position in future years. The planned commercial redevelopment of specific areas of the Village in high-traffic locations will bring about continued growth in state and local sales tax revenue funding sources. In addition, the Village is looking into redeveloping former industrial properties for potential residential and commercial use. This will have the effect of increasing the tax base of the Village without having to increase current resident tax burdens. The Village will continue to strive to provide the best services possible at costs that are reasonable for the taxpayer 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 Village Comptroller, 2601 Thatcher Avenue, River Grove Illinois, 60171 or call (708) 453-8000.

VILLAGE OF RIVER GROVE, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current			
Cash and investments	\$ 8,617,257	\$ 717,670	\$ 9,334,927
Cash - commingled	7,880,688	564,599	8,445,287
Property taxes receivable	2,013,657	-	2,013,657
Other governmental receivables	1,374,126	-	1,374,126
Accounts receivable	126,168	380,123	506,291
Assets held for resale	1,990,508	-	1,990,508
Non-current			
Capital assets not being depreciated	3,468,697	255,501	3,724,198
Capital assets being depreciated, net	9,647,200	2,227,865	11,875,065
Total assets	35,118,301	4,145,758	39,264,059
 Deferred outflows of resources			
Unamortized loss on refunding	98,667	-	98,667
Total deferred outflows of resources	98,667	-	98,667
 Liabilities			
Current			
Cash - commingled overdraft liability	7,837,811	631,696	8,469,507
Accounts payable	854,797	191,418	1,046,215
Accrued payroll	166,423	7,085	173,508
Accrued interest payable	254,974	-	254,974
Other payables	462,304	-	462,304
Unearned revenue	230,804	-	230,804
Due to fiduciary fund	7,538	-	7,538
Current portion - bonds payable	1,195,000	-	1,195,000
Current portion - notes payable	66,092	-	66,092
Non-current			
Bonds payable	16,544,955	-	16,544,955
Notes payable	200,735	-	200,735
Net pension obligation	3,252,635	-	3,252,635
Net OPEB obligation	12,426	-	12,426
Total liabilities	31,086,494	830,199	31,916,693
 Deferred inflows of resources			
Property tax revenue	1,990,917	-	1,990,917
Total deferred inflows of resources	1,990,917	-	1,990,917
 Net position			
Net investment in capital assets	11,806,470	2,483,366	14,289,836
Restricted			
Highways and streets	2,854,919	-	2,854,919
TIF development	1,820,175	-	1,820,175
Capital projects	5,364,226	-	5,364,226
Debt service	426,405	-	426,405
Unrestricted	(20,132,638)	832,193	(19,300,445)
Total net position	\$ 2,139,557	\$ 3,315,559	\$ 5,455,116

STATEMENT OF ACTIVITIES
Year Ended April 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 2,087,439	\$ 613,976	\$ 1,320	\$ -	\$ (1,472,143)		\$ (1,472,143)
Public safety	5,177,024	619,975	55,542	1,630,680	(2,870,827)		(2,870,827)
Public works	3,817,865	503,681	-	351,061	(2,963,123)		(2,963,123)
Culture & recreation	124,687	114,548	-	-	(10,139)		(10,139)
Interest on long-term debt	690,780	-	-	-	(690,780)		(690,780)
Total government activities	<u>11,897,795</u>	<u>1,852,180</u>	<u>56,862</u>	<u>1,981,741</u>	<u>(8,007,012)</u>		<u>(8,007,012)</u>
Business-type activities							
Water and sewer	2,101,688	1,881,530	-	-	\$ (220,158)		(220,158)
Commuter parking lot	13,606	47,985	-	-	34,379		34,379
Total business-type activities	<u>2,115,294</u>	<u>1,929,515</u>	<u>-</u>	<u>-</u>	<u>(185,779)</u>		<u>(185,779)</u>
Total primary government	<u>\$ 14,013,089</u>	<u>\$ 3,781,695</u>	<u>\$ 56,862</u>	<u>\$ 1,981,741</u>	<u>(8,007,012)</u>	<u>(185,779)</u>	<u>(8,192,791)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes						4,680,370	-
Public service taxes						4,584,465	-
Unrestricted investment earnings						11,178	692
Miscellaneous revenues						173,634	-
Transfers						3,063	(3,063)
Total general revenues						<u>9,452,710</u>	<u>(2,371)</u>
Change in net position						1,445,698	(188,150)
Net position - beginning						<u>693,859</u>	<u>3,503,709</u>
Net position - ending						<u>\$ 2,139,557</u>	<u>\$ 3,315,559</u>
							<u>\$ 5,455,116</u>

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS
BALANCE SHEET
April 30, 2014

	Major Funds					Nonmajor Governmental Funds	Total
	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>2006 Capital Projects Fund</u>			
Assets							
Cash and investments	\$ 5,269,455	\$ 584,405	\$ 1,257,068	\$ 1,056,480	\$ 449,849	\$ 8,617,257	
Cash - commingled	4,809,702	2,339,437	563,107	-	168,442	7,880,688	
Property taxes receivable	1,791,498	-	-	-	222,159	2,013,657	
Accounts receivable	126,168	-	-	-	-	126,168	
Other governmental receivables	833,172	65,182	-	475,772	-	1,374,126	
Assets held for resale	1,990,508	-	-	-	-	1,990,508	
Interfund receivables	379,835	-	-	-	-	379,835	
Total assets	\$ 15,200,338	\$ 2,989,024	\$ 1,820,175	\$ 1,532,252	\$ 840,450	\$ 22,382,239	
Liabilities, deferred inflows of resources and fund balances							
Liabilities							
Cash - commingled overdraft liability	\$ 7,769,629	\$ -	\$ -	\$ 61,528	\$ 6,654	\$ 7,837,811	
Accounts payable	418,512	134,105	-	302,180	-	854,797	
Accrued payroll	166,423	-	-	-	-	166,423	
Other payables	234,632	-	-	-	-	234,632	
Unearned revenue	-	-	-	230,804	-	230,804	
Due to police pension fund	7,538	-	-	-	-	7,538	
Interfund payables	-	-	-	145,669	234,166	379,835	
Total liabilities	8,596,734	134,105	-	740,181	240,820	9,711,840	
Deferred inflows of resources							
Property tax revenue	1,771,169	-	-	-	219,748	1,990,917	
Unavailable grant revenue	34,495	-	-	-	-	34,495	
Unavailable state tax revenue	139,902	-	-	60,248	-	200,150	
Total deferred inflows of resources	1,945,566	-	-	60,248	219,748	2,225,562	
Fund balances							
Nonspendable							
Assets held for resale	1,990,508	-	-	-	-	1,990,508	
Restricted							
Highway and streets	-	2,854,919	-	-	-	2,854,919	
TIF development	-	-	1,820,175	-	-	1,820,175	
Capital projects	4,632,403	-	-	731,823	-	5,364,226	
Debt service	-	-	-	-	426,405	426,405	
Unassigned	(1,964,873)	-	-	-	(46,523)	(2,011,396)	
Total fund balances	4,658,038	2,854,919	1,820,175	731,823	379,882	10,444,837	
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,200,338	\$ 2,989,024	\$ 1,820,175	\$ 1,532,252	\$ 840,450	\$ 22,382,239	

See accompanying notes to financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
April 30, 2014

Total fund balances - governmental funds	\$ 10,444,837
--	---------------

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 funds:

Capital assets	\$ 19,233,270
Accumulated depreciation	<u>(6,117,373)</u>
Net capital assets	13,115,897

Some assets reported in governmental funds do not increase fund balance because the assets are not "available" to pay for current period expenditures. These assets (i.e., receivables) may be offset by deferred inflows of resources in the governmental funds. However, these assets may increase net position in the statement of net position. They consist of:

State and local taxes	234,645
-----------------------	---------

Interest on long-term debt is not accrued in the governmental funds but rather recognized when due: (254,974)

For refunding bond issues, the loss on the refunding is capitalized and amortized over the life of the debt issue in the statement of net position. 98,667

Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of :

Bonds payable	(17,739,955)
Notes payable	(266,827)
Insurance deposit payable	(227,672)
Net pension obligation	(3,252,635)
Net OPEB obligation	<u>(12,426)</u>
Total long-term liabilities	<u>(21,499,515)</u>

Net position of governmental activities	\$ 2,139,557
---	--------------

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended April 30, 2014

	Major Funds				Nonmajor Governmental Funds	Total
	General Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	2006 Capital Project Fund		
Revenues						
Property taxes	\$ 3,731,077	\$ -	\$ 558,582	\$ -	\$ 390,711	\$ 4,680,370
Sales taxes	1,489,101	-	-	614,336	-	2,103,437
Income taxes	916,840	-	-	-	-	916,840
Utility taxes	868,853	-	-	-	-	868,853
Other taxes	317,256	336,718	-	-	-	653,974
Licenses, permits and fees	426,745	-	-	-	-	426,745
Grant revenue	241,019	-	-	132,409	-	373,428
Other revenue	426,136	-	-	176,293	-	602,429
Fines and forfeitures	436,488	-	-	-	-	436,488
Investment income	9,839	112	87	982	158	11,178
Charges for services	527,659	-	-	-	32,493	560,152
Total revenues	9,391,013	336,830	558,669	924,020	423,362	11,633,894
Expenditures						
Current						
Administration	977,693	-	-	62	4	977,759
Police department	3,899,933	-	-	-	-	3,899,933
Fire protection	464,070	-	-	-	-	464,070
Public works	1,917,027	64,907	-	-	-	1,981,934
Culture & recreation	87,846	-	-	-	-	87,846
Public health	548,092	-	-	-	-	548,092
All other departments	1,433,284	-	-	-	-	1,433,284
Debt service						
Principal	244,774	-	480,000	225,000	200,000	1,149,774
Interest and other charges	206,542	-	147,590	212,038	162,704	728,874
Capital outlay	1,138,864	37,205	-	302,180	-	1,478,249
Total expenditures	10,918,125	102,112	627,590	739,280	362,708	12,749,815
Excess (deficiency) of revenues over (under) expenditures	(1,527,112)	234,718	(68,921)	184,740	60,654	(1,115,921)
Other financing sources (uses)						
Transfers in	763,926	-	-	362,337	334,373	1,460,636
Transfers out	(696,710)	-	-	(640,863)	(120,000)	(1,457,573)
Proceeds from sale of capital assets	50,000	-	-	-	-	50,000
Proceeds from issuance of debt	239,464	-	-	-	-	239,464
Total other financing sources (uses)	356,680	-	-	(278,526)	214,373	292,527
Net changes in fund balances	(1,170,432)	234,718	(68,921)	(93,786)	275,027	(823,394)
Fund balances at beginning of year	5,828,470	2,620,201	1,889,096	825,609	104,855	11,268,231
Fund balances at end of year	\$ 4,658,038	\$ 2,854,919	\$ 1,820,175	\$ 731,823	\$ 379,882	\$ 10,444,837

VILLAGE OF RIVER GROVE, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 Year Ended April 30, 2014

Net change in fund balances - total governmental funds \$ (823,394)

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

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

Capital outlay	1,933,314
Depreciation	(625,404)
Capital outlay in excess of depreciation	1,307,910

Some revenues reported in the statement of activities do not impact current financial resources and therefore are not reported in the governmental funds.

Capital contributions	(1,630,680)
-----------------------	-------------

The proceeds from the sale of land and equipment are reported as revenues and the purchase of land and equipment are reported as expenditures in the governmental funds. However, the net book value of the land and equipment is removed from the capital asset account in the statement of net position and offset against sale proceeds resulting in gain or (loss) in the statement of activities.

Net effect of sales, trade-ins and disposals of assets	(8,265)
--	---------

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Similarly, the issuance of long-term debt is recognized as an "other financing source" in the fund statements but increases the long-term liability in the statement of net position.

Principal retirement	1,147,589
New issuances	(239,464)
	908,125

Some revenues were not collected within sixty days of year end and were not considered "available" to pay for current year expenditures. These amounts are therefore deferred and the in the funds statements but recognized in the government-wide statements. The change from prior year is: 1,706,536

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds.

Amortization of debt-related items	(12,366)
Change in net pension obligation	(119,988)
Change in net OPEB obligation	15,267
Change in MICA liability	49,441
Change in accrued interest on debt	53,112
Total expenses of non-current resources	(14,534)

Change in net position of governmental activities \$ 1,445,698

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 April 30, 2014

	Major Funds		
	Water and <u>Sewer Fund</u>	Commuter Parking <u>Lot Fund</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 717,660	\$ 10	\$ 717,670
Cash - commingled	-	564,599	564,599
Accounts receivable	380,123	-	380,123
Total current assets	1,097,783	564,609	1,662,392
Noncurrent assets:			
Capital assets, not being depreciated	92,671	162,830	255,501
Capital assets, net of accumulated depreciation	2,189,910	37,955	2,227,865
Total noncurrent assets	2,282,581	200,785	2,483,366
Total assets	3,380,364	765,394	4,145,758
Liabilities			
Current liabilities:			
Cash - commingled overdraft liability	631,696	-	631,696
Accounts payable	191,418	-	191,418
Accrued payroll	7,085	-	7,085
Total current liabilities	830,199	-	830,199
Net position			
Net investment in capital assets	2,282,581	200,785	2,483,366
Unrestricted	267,584	564,609	832,193
Total net position	\$ 2,550,165	\$ 765,394	\$ 3,315,559

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended April 30, 2014

	Major Funds		
	Water and Sewer Fund	Commuter Parking Lot Fund	Total
Operating revenues			
Charges for services	\$ 1,881,530	\$ 47,985	\$ 1,929,515
Total operating revenues	<u>1,881,530</u>	<u>47,985</u>	<u>1,929,515</u>
Operating expenses			
Administration	450,875	4,281	455,156
Water purchases	1,213,035	-	1,213,035
Repairs & maintenance	285,484	-	285,484
Depreciation	152,210	9,325	161,535
Total operating expenses	<u>2,101,604</u>	<u>13,606</u>	<u>2,115,210</u>
Operating income (loss)	<u>(220,074)</u>	<u>34,379</u>	<u>(185,695)</u>
Non-operating revenues and expenses			
Investment income	592	100	692
Interest expense	(84)	-	(84)
Transfers out	<u>(3,063)</u>	<u>-</u>	<u>(3,063)</u>
Total non-operating revenues and expenses	<u>(2,555)</u>	<u>100</u>	<u>(2,455)</u>
Change in net position	<u>(222,629)</u>	<u>34,479</u>	<u>(188,150)</u>
Net position at beginning of year	<u>2,772,794</u>	<u>730,915</u>	<u>3,503,709</u>
Net position at end of year	<u>\$ 2,550,165</u>	<u>\$ 765,394</u>	<u>\$ 3,315,559</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended April 30, 2014

	<u>Water and Sewer Fund</u>	<u>Commuter Parking Lot Fund</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities			
Receipts from customers	\$ 1,986,368	\$ 47,985	\$ 2,034,353
Payments to suppliers	(1,517,184)	(4,308)	(1,521,492)
Payments to employees	(374,808)	-	(374,808)
Net cash provided by (used in) operating activities	<u>94,376</u>	<u>43,677</u>	<u>138,053</u>
Cash flows from non-capital and related financing activities			
Interfunds	(3,063)	-	(3,063)
Net cash used by non-capital and related financing activities	<u>(3,063)</u>	<u>-</u>	<u>(3,063)</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(65,087)	-	(65,087)
Net cash used in capital and related financing activities	<u>(65,087)</u>	<u>-</u>	<u>(65,087)</u>
Cash flows from investing activities			
Interest received	592	100	692
Interest paid on capital related debt	(84)	-	(84)
Net cash provided by (used in) investing activities	<u>508</u>	<u>100</u>	<u>608</u>
Net increase (decrease) in cash and cash equivalents	<u>26,734</u>	<u>43,777</u>	<u>70,511</u>
Balances - beginning of the year	<u>59,230</u>	<u>520,832</u>	<u>580,062</u>
Balances - end of year	<u>\$ 85,964</u>	<u>\$ 564,609</u>	<u>\$ 650,573</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (220,074)	\$ 34,379	\$ (185,695)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	152,210	9,325	161,535
Change in assets and liabilities:			
Decrease in receivables, net	104,838	-	104,838
Increase (Decrease) in accounts payable	57,167	(27)	57,140
Increase in accrued payroll	235	-	235
Net cash provided by operating activities	<u>\$ 94,376</u>	<u>\$ 43,677</u>	<u>\$ 138,053</u>

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 April 30, 2014

	Pension Trust Fund
	Police Pension Fund
Assets	
Cash	\$ 861,409
Investments	
U.S. agencies	452,968
U.S. treasuries	930,730
Corporate bonds	1,624,395
Mutual funds	441,617
Life insurance annuities	2,909,091
Due from Village	7,538
Other receivables	29,120
Total assets	7,256,868
 Liabilities	 -
 Net position	
Held in trust for pension benefits and other purposes	7,256,868
Total net position	\$ 7,256,868

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 Year Ended April 30, 2014

	Pension Trust Fund
	Police Pension Fund
Additions	
Contributions	
Employer	\$ 815,885
Plan members	180,328
Total contributions	<u>996,213</u>
Net investment earnings	<u>489,159</u>
Total additions	<u>1,485,372</u>
Deductions	
Benefits	982,696
Administrative expenses	20,338
Total deductions	<u>1,003,034</u>
Change in net position	482,338
Net position - beginning of year	<u>6,774,530</u>
Net position - end of year	<u>\$ 7,256,868</u>

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of River Grove, Illinois ("Village") have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the Village's significant accounting policies.

Reporting Entity and Its Services: The Village is a municipal corporation governed by an elected board. The Village has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement 61, *The Financial Reporting: Entity Omnibus, an amendment of GASB Statement No. 14 and No. 34*, under which these financial statements include all organizations, activities, functions and component units for which the Village is 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 accounting principles generally accepted in the United States of America, the financial statements of the Police Pension Plan have been included in the financial reporting entity as a fiduciary component unit.

Fiduciary Component Unit – The Village's police department employees participate in the Police Pension Plan ("Plan"). The Plan functions for the benefit of these employees. The Village is obligated to fund all Plan costs based on actuarial valuations. The nature of the 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 government is authorized to approve the actuarial assumptions used in the determination of contribution levels. Separately issued financial statements for the Plan can be obtained from the Village by contacting the Village's Comptroller.

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

Government-wide 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 fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The government-wide statement of activities reflects both the direct expenses and net cost of each function of the Village's governmental activities and business-like activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Village.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements – The financial transactions of the Village are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures or expenses, as appropriate. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and presented as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

Measurement Focus and Basis of Accounting:

Government-Wide Financial Statements – 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 non-current) are included on the statements of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

The Village has reported three categories of program revenues in the statement of activities (1) charges for services, (2) program-specific operating grants and contributions, and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the Village's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Eliminations have been made in the statement of net position to remove the “grossing-up” effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables and advances. Similarly, operating transfers between funds have been eliminated in the statement of activities. Amounts reported in the governmental funds as receivable from or payable to fiduciary funds have been reclassified in the statement of net position as accounts receivable or payable to external parties.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Village considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. In fiscal year 2014, the Village elected to recognize 12 months of revenue for state income taxes despite the collection of revenues past the 60 day availability period due to delayed payment from the Illinois Department of Revenue. Revenues accrued at the end of the year include charges for services, licenses and permits, fines and forfeitures, intergovernmental revenues, investment earnings, property taxes, sales taxes and income taxes. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds separate all activity into two categories: operating and non-operating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and noncapital financing activities and investing activities.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Village's policy to apply restricted resources first, then unrestricted resources as needed.

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

The Village reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

2006 Capital Projects Fund – This capital projects fund is used to account for the 2006 and 2008 bond proceeds and its related uses.

Proprietary Funds

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the 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 (b) where the Village Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Village reports the following major proprietary funds:

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

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

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the Village's own programs. Fiduciary funds report assets held by the Village in a trustee capacity.

The Village has one pension trust fund that accounts for the Police Pension Plan.

Governmental Funds

In addition to the major funds mentioned above, the Village uses the following governmental fund types:

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

Debt Service Fund – Debt Service Funds are used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest and related costs

Advances to Other Funds: Noncurrent portions of long-term interfund loans receivable (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. In the current year, the Village has no advances to other funds. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund receivables/payables" on the Governmental and Proprietary Fund balance sheets. Any residual balances between the governmental activities and business-type activities are reported in the Village-wide financial statements as "internal balances."

Capital Assets: Capital assets, which include property, plant, equipment, 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 as assets with a cost of \$5,000 or more and a useful life of more than one year. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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:

Buildings	15 - 50 years
Land improvements	20 years
Machinery and equipment	5 - 20 years
Infrastructure - roads	20 years
Infrastructure - other	30 - 50 years

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments consist of certificates of deposit, treasury obligations, insurance contracts and equity securities held by broker-dealers for the police pension trust fund with original maturities greater than three months. Investments are stated at fair value in accordance with GASB 31. Fair values for the Illinois Funds are the same as the value of the pool shares. State statute requires these funds to comply with the Illinois Public Funds Investment Act.

Inventory: Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory is recorded on the basis of a physical count. Immaterial inventories at year end are not reported on the balance sheet.

Claims and Judgments: Liabilities resulting from claims and judgments, if any, have been reflected in the financial statements in accordance with accounting principles generally accepted in the United States of America.

Fund Equity/Net Position: Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction or improvements of those 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 accordance with the Governmental Accounting Standard Board's (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, fund balance includes the following line items:

- a. Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact
- b. Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation
- c. Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action (ordinance) at the same level to remove. For the Village, the Board of Trustees is the highest level of decision making. As of April 30, 2014, the Village does not have any commitments of fund balance.
- d. Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Trustees designated for that purpose. The intended use is established by an official designated for that purpose. The Board of Trustees has not designated any members of management for this purpose.
- e. Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. Any other funds with negative fund balance will present as unassigned.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If there is an expenditure 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 to 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.

The following funds or accounts within a fund had deficit fund balances at April 30, 2014:

Fund	Amount
General Fund – Auditing Account	\$ 321,809
General Fund – Public Liability Insurance Account	314,535
General Fund – Illinois Municipal Retirement Account	547,558
General Fund – Social Security Account	180,611
General Fund – Unemployment Insurance Account	42,643
General Fund – Workers’ Compensation Account	99,563
General Fund – Streets and Bridges Account	569,559
General Fund – Garbage Disposal Account	1,420,394
General Fund – Emergency Service & Disaster Account	35,734
General Fund – Police Protection Account	540,327
General Fund – Fire Protection Account	2,000,721
General Fund – School Crossing Guards Account	237,603
General Fund – Municipal Ambulance Service Account	1,364,392
General Fund – 2004 Bond Account	27,147
Grand Avenue TIF Fund	46,523

The Village plans to recover these deficits through planned transfers of cash.

Property Tax Revenue Recognition: Property taxes attach as an enforceable lien on January 1. They are levied in December (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1 and August 1 and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically. Property tax revenues are recognized when they become both measurable and available, in accordance with the Government Accounting Standards Board. “Measurable” means that amounts can be reasonably determined within the current period. “Available” means that amounts are due and collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes levied in the current year which are not collected at year end and are not used to pay liabilities of the current period do not meet the “available” criterion and are reported as deferred inflows of resources in the fund financial statements. The Village deferred in the government-wide statements the second installment of the 2013 property tax levy due to the second installment being intended to fund the next fiscal year’s operations.

Property taxes receivable are initially recorded at the gross levy less an allowance for uncollectible taxes. Taxes receivable and/or the allowance are adjusted periodically to reflect taxes receivable at their estimated realizable value.

Property taxes receivable which are delinquent more than one year have been fully reserved. The allowance for uncollectible property taxes is equal to 3% of the tax levy as recommended by the County Clerk, except in the case of bond levies for which the allowance is equal to 5% of the tax levy as is recommended by the County Clerk.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Unpaid 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. Police officers are paid out for both unused sick and vacation time on the first payday in January. As such, there is no liability as of the fiscal year end.

Cash and Investments: Cash and cash equivalents represent cash on hand, cash deposited in interest-bearing and non-interest bearing checking accounts, treasury obligations 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.

Use of Estimates: Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Assets 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. These property sales are anticipated to occur within the next fiscal year. As such, they are classified as current assets in the General Fund valued at cost. The total carrying amount as of April 30, 2014 was \$1,990,508.

Unearned/Unavailable Revenue: The Village reports unearned revenues on its financial statements. 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 liability for unearned revenue is removed from the balance sheet or statement of net position and revenue is recognized.

In addition to liabilities, the balance sheet 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. In addition to the deferred property tax revenue discussed earlier, the Village has two items which arise only under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, *unavailable grant revenue*, and *unavailable state tax revenue*, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Outflows of Resources: In addition to assets, the statement of net 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Village only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is capitalized and amortized over the shorter of the life of the refunded or refunding debt.

Allowance for Doubtful Accounts: The Village assesses collectability of its receivables on an annual basis. During the fiscal year, the Village determined that \$214,155 of its receivables are at an increased risk for non-collection and have been reserved on the financial statements in the Water and Sewer Fund.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 2 - CASH AND INVESTMENTS

Cash: The carrying amount of cash, excluding the Pension Trust Fund, was \$7,927,874 at April 30, 2014, while the bank balances were \$8,976,210. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000, or collateralized with securities of the U.S government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

Certificates of Deposit: Certificates of Deposit, excluding the Pension Trust Fund, amounted to \$100,000 at April 30, 2014. The deposit was collateralized with FDIC. The deposit matures less than ninety days after year end.

Investments (Excluding Pension Trust Fund): Illinois statutes authorized the Village to invest in obligations of the U.S. Treasury, U.S. agencies and banks and savings and loan associations covered by federal depositary insurance.

The following schedule reports the fair values for the Village's investments at April 30, 2014. All investments mature in less than one year:

<u>Investment Type</u>	<u>Fair Value</u>
Illinois Funds – State Treasurer	\$ 1,282,833

The value of the Illinois Funds equates to the number of shares owned as of April 30, 2014. The Illinois Funds do not mature.

Interest Rate Risk – 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.

Credit Risk – The Village's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. Illinois Funds are rated AAA by Standard & Poor's.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investments are fully collateralized as of April 30, 2014.

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

Cash – Pension Trust Fund: At April 30, 2014, the Pension Trust Fund's carrying amount and the bank balance of cash was \$649,596. The FDIC insures bank balances up to \$250,000. As of April 30, 2014, all of the bank balance was collateralized with securities of the U.S. government held in the Pension Trust Fund's name by a financial institution acting as the Fund's agent.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

Certificates of Deposit – Pension Trust Fund: Certificates of Deposit amounted to \$211,813 at April 30, 2014. In accordance with Pension Trust Fund policy, certificates of deposit were collateralized with securities of the U.S. Government in an amount equal to 100% of the funds on deposit. All investment collateral is held in safekeeping in the Pension Trust's name by financial institutions acting as the Pension Trust Fund's agent. Collateral is priced to market semi-monthly and monitored regularly with additional collateral requested as necessary.

Pension Trust Fund's Investments: The Pension Trust Fund is authorized to invest in bonds, notes and other obligations of the U.S. 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 Illinois Compiled Statutes.

The Pension Trust Fund's policy is to maintain long-term focus on its investment decision-making process. Specifically, the Fund's benefit liabilities extend many years into the future. As such, the investment focus should be on long-term results.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Pension Trust Fund's investments at April 30, 2014.

Investment Type	Investment Maturities				
	Fair Value	Less than One Year	One to Five Years	Six to Ten Years	Greater than Ten Years
U.S. Agencies	\$ 452,968	\$ 35,093	\$ 349,091	\$ -	\$ 68,784
U.S. Treasuries	930,730	-	204,555	726,175	-
Corporate Bonds	1,624,395	-	1,333,296	291,099	-
Total	3,008,093	\$ 35,093	\$ 1,886,942	\$ 1,017,274	\$ 68,784
Investments Not Sensitive to Interest Rate Risk:					
Mutual Funds	441,617				
Life Insurance Annuities	2,909,091				
Total Investments	\$ 6,358,801				

Interest Rate Risk. The Pension Trust Fund's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Pension Trust Fund's policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. Government or any agency or instrumentality 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 Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. As of April 30, 2014, \$68,784 of U.S. Agencies securities are rated AAA while \$384,184 is rated AA+. All U.S. Treasuries are rated AAA. Investments in Corporate Bonds carried the following ratings:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

AA+	\$ 53,087
A+	91,717
A	168,911
A-	485,504
BBB+	322,904
BBB	413,661
BBB-	88,612
	<u>\$ 1,624,395</u>

Concentration of Credit Risk. The Pension Trust Fund places no limit on the amount it may invest in any one issuer. More than 5 percent of the Pension Trust Fund's investments are in ING USA Annuities, Transamerica Annuities, Met Life Insurance Annuities and Wilshire Target Funds. These investments are 23.84%, 6.37%, 12.19%, and 6.42%, respectively, of the Pension Trust Fund's total investments.

Reconciliation to Financial Statements:

Cash and investments per financial statements:

Statement of net position

Cash and investments	\$ 9,334,927
Cash – commingled	8,445,287
Cash – commingled overdraft liability	(8,469,507)

Statement of fiduciary net position

Pension trust fund	
Cash	861,409
U.S. agencies	452,968
U.S. treasuries	930,730
Corporate bonds	1,624,395
Mutual funds	441,617
Life insurance annuities	2,909,091
Total	<u>\$ 16,530,917</u>

Cash and investments per footnote:

Cash	\$ 7,927,874
Certificate of deposits	100,000
Investments	
Illinois funds – state treasurer	1,282,833
Cash – pension trust fund	649,596
Certificate of deposits – pension trust fund	211,813
Investments – pension trust fund	
U.S. agencies	452,968
U.S. treasuries	930,730
Corporate bonds	1,624,395
Mutual funds	441,617
Life insurance annuities	2,909,091
Total	<u>\$ 16,530,917</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 3 - CAPITAL ASSETS

A summary of changes in the Village's Governmental Activities capital assets for the period May 1, 2013 through April 30, 2014 follows:

	<u>Balance at May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,872,233	\$ -	\$ -	\$ 1,872,233
Construction in Process	- <u>1,872,233</u>	<u>1,596,464</u>	<u>-</u>	<u>1,596,464</u>
Subtotal	<u>1,872,233</u>	<u>1,596,464</u>	<u>-</u>	<u>3,468,697</u>
Capital assets being depreciated:				
Land improvements	185,632	-	-	185,632
Infrastructure	7,745,954	271,077	(273,661)	7,743,370
Buildings	4,594,233	-	-	4,594,233
Machinery and equipment	<u>3,180,889</u>	<u>339,434</u>	<u>(278,985)</u>	<u>3,241,338</u>
Subtotal	<u>15,706,708</u>	<u>610,511</u>	<u>(552,646)</u>	<u>15,764,573</u>
Less accumulated depreciation:				
Land improvements	(147,553)	(4,181)	-	(151,734)
Infrastructure	(1,851,390)	(380,287)	-	(2,231,677)
Buildings	(1,270,082)	(78,443)	-	(1,348,525)
Machinery and equipment	<u>(2,493,664)</u>	<u>(162,493)</u>	<u>270,720</u>	<u>(2,385,437)</u>
Total accumulated depreciation	<u>(5,762,689)</u>	<u>(625,404)</u>	<u>270,720</u>	<u>(6,117,373)</u>
Total capital assets being depreciated, net	<u>9,944,019</u>	<u>(14,893)</u>	<u>(281,926)</u>	<u>9,647,200</u>
Governmental activities capital assets, net	<u>\$11,816,252</u>	<u>\$ 1,581,571</u>	<u>\$(281,926)</u>	<u>\$13,115,897</u>

Depreciation expense for the Village's Governmental Activities were charged to the following functions:

General government	\$ 34,341
Public safety	156,839
Public works	420,715
Culture and recreation	13,509
Total	<u>\$ 625,404</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 3 - CAPITAL ASSETS (Continued)

A summary of changes in the Village's Business-Type Activities capital assets for the period May 1, 2013 through April 30, 2014 follows:

	<u>Balance at May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2014</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 255,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,501</u>
Capital assets being depreciated:				
Land improvements	<u>189,049</u>	<u>-</u>	<u>-</u>	<u>189,049</u>
Infrastructure	<u>2,605,153</u>	<u>-</u>	<u>-</u>	<u>2,605,153</u>
Buildings	<u>353,110</u>	<u>-</u>	<u>-</u>	<u>353,110</u>
Machinery and equipment	<u>243,225</u>	<u>65,087</u>	<u>-</u>	<u>308,312</u>
Subtotal	<u>3,390,537</u>	<u>65,087</u>	<u>-</u>	<u>3,455,624</u>
Less accumulated depreciation:				
Land improvements	<u>(146,029)</u>	<u>(9,452)</u>	<u>-</u>	<u>(155,481)</u>
Infrastructure	<u>(458,714)</u>	<u>(130,258)</u>	<u>-</u>	<u>(588,972)</u>
Buildings	<u>(337,924)</u>	<u>(3,374)</u>	<u>-</u>	<u>(341,298)</u>
Machinery and equipment	<u>(123,557)</u>	<u>(18,451)</u>	<u>-</u>	<u>(142,008)</u>
Total accumulated depreciation	<u>(1,066,224)</u>	<u>(161,535)</u>	<u>-</u>	<u>(1,227,759)</u>
Total capital assets being depreciated, net	<u>2,324,313</u>	<u>(96,448)</u>	<u>-</u>	<u>2,227,865</u>
Business-Type Activities capital assets, net	<u>\$ 2,579,814</u>	<u>\$ (96,448)</u>	<u>\$ -</u>	<u>\$ 2,483,366</u>

Depreciation expenses for the Village's Business-Type Activities were charged to the following functions:

Water and sewer	\$ 152,210
Commuter parking lot	9,325
Total	<u>\$ 161,535</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 4 – LONG-TERM DEBT

A summary of the changes in the Village's long term debt is summarized below.

Governmental Activities:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
G.O. Bonds 2006A	\$ 3,590,000	\$ -	\$ 200,000	\$ 3,390,000	\$ 215,000
G.O. Bonds 2008	4,895,000	-	225,000	4,670,000	230,000
G.O. Bonds 2009 – TIF	4,405,000	-	480,000	3,925,000	520,000
G.O. Bonds 2012A	5,365,000	-	-	5,365,000	-
G.O. Bonds 2012B	520,000	-	210,000	310,000	230,000
Plus unamortized premium	192,825	-	11,610	181,215	-
Less unamortized discount	(108,478)	-	(7,218)	(101,260)	-
Total G.O. Bonds	18,859,347	-	1,119,392	17,739,955	1,195,000
Installment notes payable	62,604	239,464	35,241	266,827	66,092
Net pension obligation	3,132,647	119,988	-	3,252,635	-
Net OPEB obligation	27,693	-	15,267	12,426	-
Total	\$ 22,082,291	\$ 359,452	\$ 1,169,900	\$ 21,271,843	\$ 1,261,092

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

Fiscal Year	Principal	Interest	Total
2015	\$ 66,092	\$ 9,066	\$ 75,158
2016	37,691	6,249	43,940
2017	37,362	5,077	42,440
2018	37,013	3,889	40,902
2019	35,116	2,746	37,862
2020	26,343	1,762	28,105
2021	27,210	895	28,105
Total	\$ 266,827	\$ 29,685	\$ 296,511

The General Obligation Bonds Series 2006A were issued during fiscal year 2008. Interest payments are paid in equal semi-annually installments on the fifteenth of June and December. The bonds will be repaid using resources accumulated in the Bond & Interest Fund. The principal and interest payments to maturity at December 15, 2026 are as follows:

Fiscal Year	Principal	Interest	Total	Rate
2015	\$ 215,000	\$ 155,004	\$ 370,004	3.88%
2016	220,000	146,673	366,673	3.90%
2017	230,000	138,093	368,093	3.95%
2018	235,000	129,008	364,008	4.00%
2019	250,000	119,608	369,608	4.05%
2020	255,000	109,483	364,483	4.10%
2021	265,000	99,028	364,028	4.10%
2022	275,000	88,162	363,162	4.88%
2023	295,000	74,756	369,756	4.88%
2024	265,000	60,374	325,374	5.25%

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 4 – LONG-TERM DEBT (Continued)

Fiscal Year	Principal	Interest	Total	Rate
2025	\$ 280,000	\$ 46,462	\$ 326,462	5.25%
2026	295,000	31,762	326,762	5.25%
2027	310,000	16,274	326,274	5.25%
Total	<u>\$ 3,390,000</u>	<u>\$ 1,214,687</u>	<u>\$ 4,604,687</u>	

The General Obligation Bonds Series 2008 were issued during fiscal year 2009. Interest payments are paid in equal semi-annually installments on the fifteenth of June and December. The bonds will be repaid using resources accumulated in the 2006 Capital Projects Fund. The principal and interest payments to maturity at December 15, 2028 are as follows:

Fiscal Year	Principal	Interest	Total	Rate
2015	\$ 230,000	\$ 204,163	\$ 434,163	3.65%
2016	240,000	195,767	435,767	3.80%
2017	250,000	186,648	436,648	3.95%
2018	260,000	176,773	436,773	4.00%
2019	270,000	166,373	436,373	4.10%
2020	280,000	155,303	435,303	4.20%
2021	290,000	143,543	433,543	4.25%
2022	305,000	131,218	436,218	4.40%
2023	320,000	117,798	437,798	4.40%
2024	330,000	103,718	433,718	4.45%
2025	345,000	89,033	434,033	4.50%
2026	360,000	73,508	433,508	4.60%
2027	380,000	56,948	436,948	4.70%
2028	395,000	39,088	434,088	4.80%
2029	<u>415,000</u>	<u>20,128</u>	<u>435,128</u>	<u>4.85%</u>
Total	<u>\$ 4,670,000</u>	<u>\$ 1,860,009</u>	<u>\$ 6,530,009</u>	

The General Obligation Bonds Series 2009 were issued during fiscal year 2010. The Village refunded the 1999 Series bonds using the proceeds from the 2009 Series bonds to reduce its total debt service payments over the next 10 years by \$758,365 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$255,552. As a result, the 1999 Bonds are considered defeased and are not a liability of the Village. The balance of the defeased debt as of April 30, 2014 was \$3,910,000. Interest payments are paid in equal semi-annually installments on the fifteenth of June and December. The bonds will be repaid using resources accumulated in the Tax Increment Financing Fund. The principal and interest payments to maturity at December 15, 2019 are as follows:

Fiscal Year	Principal	Interest	Total	Rate
2015	\$ 520,000	\$ 133,190	\$ 653,190	3.00%
2016	600,000	117,590	717,590	3.15%
2017	620,000	98,690	718,690	3.20%
2018	675,000	78,850	753,850	3.40%
2019	740,000	55,900	795,900	3.60%
2020	770,000	29,260	799,260	3.80%
Total	<u>\$ 3,925,000</u>	<u>\$ 513,480</u>	<u>\$ 4,438,480</u>	

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 4 - LONG-TERM DEBT (Continued)

The General Obligation Bonds Series 2012A were issued during fiscal year 2013 to fund future capital projects. Interest payments are paid in equal semi-annually installments on the fifteenth of June and December. The bonds will be repaid using resources accumulated in the General Fund. The principal and interest payments to maturity at December 15, 2032 are as follows:

Fiscal Year	Principal	Interest	Total	Rate
2015	\$ -	\$ 173,905	\$ 173,905	2.00%
2016	160,000	173,905	333,905	2.00%
2017	240,000	170,705	410,705	2.00%
2018	245,000	165,905	410,905	2.00%
2019	250,000	161,005	411,005	2.50%
2020	255,000	154,755	409,755	2.50%
2021	265,000	148,380	413,380	2.50%
2022	270,000	141,755	411,755	3.00%
2023	275,000	133,655	408,655	3.00%
2024	285,000	125,405	410,405	5.00%
2025	300,000	111,155	411,155	3.00%
2026	310,000	102,155	412,155	5.00%
2027	325,000	86,655	411,655	3.20%
2028	335,000	76,255	411,255	3.30%
2029	345,000	65,200	410,200	3.40%
2030	355,000	53,470	408,470	3.40%
2031	370,000	41,400	411,400	3.60%
2032	385,000	28,080	413,080	3.60%
2033	395,000	14,220	409,220	3.60%
Total	<u>\$ 5,365,000</u>	<u>\$ 2,127,965</u>	<u>\$ 7,492,965</u>	

The General Obligation Bonds Series 2012B were issued during fiscal year 2013 to fund future capital projects. Interest payments are paid in equal semi-annually installments on the fifteenth of June and December. The bonds will be repaid using resources accumulated in the General Fund. The principal and interest payments to maturity at December 15, 2015 are as follows:

Fiscal Year	Principal	Interest	Total	Rate
2015	\$ 230,000	\$ 6,200	\$ 236,200	2.00%
2016	80,000	1,600	81,600	2.00%
Total	<u>\$ 310,000</u>	<u>\$ 7,800</u>	<u>\$ 317,800</u>	

Aggregate principal and interest requirements to maturity by year for the Village's general obligation bonds are as follows:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 4 - LONG-TERM DEBT (Continued)

Fiscal Year	Principal	Interest	Total
2015	\$ 1,195,000	\$ 672,462	\$ 1,867,462
2016	1,300,000	635,535	1,935,535
2017	1,340,000	594,136	1,934,136
2018	1,415,000	550,536	1,965,536
2019	1,510,000	502,886	2,012,886
2020-2024	5,000,000	1,816,593	6,816,593
2025-2029	4,395,000	814,623	5,209,623
2030-2033	1,505,000	137,170	1,642,170
Total	<u>\$ 17,660,000</u>	<u>\$ 5,723,941</u>	<u>\$ 23,383,941</u>

NOTE 5 – INTERFUNDS AND TRANSFERS

All interfund balances are expected to be repaid in the next fiscal year. The interfunds are borrowings from the General Fund for debt service payments in prior years and borrowing from the General Fund for purchase of land held for resale.

	<u>Due from other funds</u>	<u>Due to other funds</u>
General		
2006 Capital Projects	\$ 145,669	\$ -
Nonmajor Governmental	<u>234,166</u>	<u>-</u>
Total General	<u>379,835</u>	<u>-</u>
2006 Capital Projects		
General	- -	145,669
Total 2006 Capital Projects	<u>- -</u>	<u>145,669</u>
Nonmajor Governmental		
General	- -	234,166
Total Nonmajor Governmental	<u>- -</u>	<u>234,166</u>
Total	<u>\$ 379,835</u>	<u>\$ 379,835</u>

The following transfers were made during the fiscal year between funds within the primary government:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 763,926	\$ 696,710
2006 Capital Project	362,337	640,863
Nonmajor Governmental	334,373	120,000
Water and Sewer	- -	3,063
	<u>\$ 1,460,636</u>	<u>\$ 1,460,636</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 5 – INTERFUND AND TRANSFERS (Continued)

The non-routine transfers represents \$120,000 was transferred from the 2004 Bond Account to the General Account for reimbursement of water billings incurred by the General Fund, \$640,863 was transferred to the General Fund from the 2006 Capital Project Funds as a reimbursement for sales tax paid by the 2006 Capital Projects Fund and \$3,063 transferred to the General Fund from the Water and Sewer Fund for cost reimbursements. There were transfers from the General Fund used to pay the Village's bond obligations and capital project costs from the General Fund to the 2006 Capital Project Fund and Bond and Interest Fund for \$362,337 and \$307,226 respectively. Finally, \$27,147 was transferred to the 2004 Bond Fund from the General Fund to close out the 2004 Bond Fund and incorporate the activity into the General Fund.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

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

Funding Policy. As set by statute, the Village regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village annual required contribution rate for calendar year 2013 was 13.39 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For the calendar year ending December 31, 2013, the Village's actual contributions for pension cost for the Regular Plan were \$187,772. Its required contribution for calendar year 2013 was \$187,772. Trend information is listed below:

<u>Year Ending</u>	<u>Annual Pension Cost(APC)</u>	<u>Percentage of APC Net Contributed</u>	<u>Pension Obligation</u>
April 30, 2014	\$ 204,849	99%	\$ 71,761
April 30, 2013	182,270	96%	70,331
April 30, 2012	179,763	90%	63,822

The required contribution for 2013 was determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Annual Required Contribution	\$ 203,419
Interest on NPO	1,430
Annual Pension Cost	<u>204,849</u>
Actual Contribution	<u>(203,419)</u>
Increase in net pension obligation	1,430
Net pension obligation at April 30, 2013	<u>70,331</u>
Net pension obligation at April 30, 2014	<u><u>\$ 71,761</u></u>

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 85.66 percent funded. The actuarial accrued liability for benefits was \$4,771,523 and the actuarial value of assets was \$4,087,063, resulting in an underfunded actuarial accrued liability (UAAL) of \$684,460. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,402,328 and the ratio of the UAAL to the covered payroll was 49 percent.

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

Police Pension Plan

Plan Description: 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, as well as the employee and employer contributions levels, are governed by Illinois Compiled Statutes (40 ILCS 5/3) and may be amended by the Illinois legislature. The Village accounts for the plan as a pension trust fund. The Police Pension Plan issues its own stand-alone financial report. The publicly available report that includes financial statements and other required information for the Police Pension Plan may be obtained by writing the Village.

The Police Pension Plan provides retirement 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 one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% 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 eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% 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 shall not exceed \$106,800 however, that amount shall increase annually by the lesser of 1/2 of the annual change in the Consumer Price Index or 3.0% 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 75.0% of such salary.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. $\frac{1}{2}\%$ for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

At April 30, 2013 (the latest information available), the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to but not yet Receiving Benefits	18
Current Employees	
Vested and Nonvested	<u>23</u> <u>41</u>

Summary of Significant Accounting Policies and Plan Asset Matters:

Basis of Accounting: The financial statements are prepared using the accrual basis of accounting. Employees and employer contributions are recognized as revenue in the period in which employee services are performed.

Method Used to Value Investments: Fixed-income securities are reported at fair value. Short-term investments are reported at fair value. Investment income is recognized when earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the trade date. Insurance contracts are valued at contract value. Fair values are derived from published sources.

Contributions: Covered employees are required 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 interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service costs for the Police Pension Plan.

Concentration of Investments: The Police Pension Fund investment in insurance contracts and mutual funds represent 5% or more of the net plan assets.

Related-Party Transactions: There were no securities of the Village or related parties included in the Plan's assets.

Annual Pension Cost and Net Pension Obligation (NPO): The Village's annual pension cost for the current year and related information is as follows:

Contribution rates:	
Village, Plan Members	23.88%, 9.91%
Annual Pension Cost	\$ 944,196
Contributions Made	\$ 825,636
Actuarial Valuation Date	April 30, 2013
Actuarial Cost Method	Entry Age

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Amortization Period	Level Percentage of Pay, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Market
Actuarial Assumptions	
Investment Rate of Return	6.75%
Projected Salary Increases	5.50%
Inflation	3.00%
Cost of Living Adjustments	3.00%

The amount of the pension liability is as follows:

Annual Required Contribution	\$ 855,937
Interest on Net Pension Obligation	214,362
Adjustment to Annual Required Contribution	<u>(126,103)</u>
Annual Pension Cost	944,196
Actual Contributions	<u>(825,636)</u>
Increase in Net Pension Obligation	118,560
Net Pension Obligation as of April 30, 2013	<u>3,062,314</u>
Net Pension Obligation as of April 30, 2014	<u><u>\$ 3,180,874</u></u>

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
April 30, 2014	\$ 944,196	87%	\$ 3,180,874
April 30, 2013	818,959	71%	3,062,314
April 30, 2012	887,561	38%	2,825,400

Funded Status and Funding Progress: As of April 30, 2013, the latest information available, the actuarial accrued liability for benefits was \$19,415,152. The covered payroll was approximately \$1,798,749 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 702.7%.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2013	\$ 6,774,530	\$ 19,415,152	\$ 12,640,622	34.9%	\$ 1,798,749	702.7%
4/30/2011	6,596,392	17,183,193	10,586,801	38.4%	1,900,927	556.9%
4/30/2009	5,717,755	16,097,581	10,379,826	35.5%	1,634,009	635.2%

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 the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 7 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village'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 was established by certain units of local government in Illinois to administer insurance to some or all of the members and to their officers and employees of certain other governmental and quasi-governmental entities. MICA acts solely as an administrative agency to receive, process, and pay such claims as may come within the benefit program of each member. The balance of the Village's shortfall in the cooperative totaled \$227,672 as of April 30, 2013, which is the latest information available.

NOTE 8 - TAX INCREMENT REVENUES PLEDGED

The Village has pledged a portion of future property tax revenues to repay \$6,415,000 in property tax increment bonds issued in June 1999 to finance the refurbishing of the Belmont and Thatcher Avenue Thatcher Woods Shopping Center. The bonds are payable solely from the incremental property taxes generated by increased development in the refurbished district. Incremental property taxes were projected to produce 100 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$4,438,480, payable through December 2019. For the current year, principal and interest paid and total incremental property tax revenues were \$627,590 and \$558,582 respectively.

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description: The Village provides full health care insurance for its eligible retired employees until age 65 via a single employer plan.

Funding Policy: 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 the employees to the insurance provider was \$201,493 for 2014.

Annual OPEB Cost and Net OPEB Obligation: The Village's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *actuarial cost method*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The following table shows the components of the Village's annual OPEB cost for 2014, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

Annual Required Contribution	\$ 185,764
ARC Adjustment	(923)
Interest on OPEB	1,385
Annual OPEB Cost	<u>186,226</u>
Contributions	(201,493)
Decrease in OPEB	(15,267)
OPEB at April 30, 2012	27,693
OPEB at April 30, 2013	<u>\$ 12,426</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
4/30/2014	\$ 186,226	108.1	\$ 12,426
4/30/2013	182,180	103.9	27,693
4/30/2012	81,125	79.7	34,758

Funded Status and Funding Progress: As of April 30, 2014, the plan was unfunded. The actuarial accrued liability for benefits was \$1,134,031 as of April 30, 2012, the latest information available. 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 the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the effects of 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, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, 5% projected annual salary increases, a 3% inflation rate and an annual healthcare cost trend rate of 7.4% initially, reduced by decrements to an ultimate rate of 6%. There was no actuarial value of assets of the retiree healthcare account as of April 30, 2012. The UAAL is being amortized as a level dollar percentage of projected payroll on a open basis. The remaining amortization period at April 30, 2012, was 30 years.

In accordance with GASB Statement No. 45, the Village will have an actuarial valuation done once every three years. The next actuarial valuation will be conducted for the fiscal year ended April 30, 2015.

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this Statement are effective for the Village's Pension Fund fiscal year ending April 30, 2015. Management has determined that this GASB statement will have significant disclosure changes.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for the Village's financial year ending April 30, 2016. Management has determined that this GASB statement will have a significant impact on its financial statements.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values as well as provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold as well as requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in fiscal year ending April 30, 2015, and should be applied on a prospective basis. Earlier application is encouraged. Management has determined that there will be no impact on its financial statements.

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This liability should be reported until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units by specifying the information required to be disclosed by governments that extend nonexchange financial guarantee as well as new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for the Village's fiscal year ended April 30, 2015, with earlier application being encouraged. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2014

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In November 2013, GASB released Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement is effective for fiscal years beginning after June 15, 2014 and is required to be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68 “Accounting and Financial Reporting for Pensions”. The issue relates to the amounts associated with contributions to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This Statement will be implemented for fiscal year ending April 30, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

NOTE 11 - MANAGEMENT’S PLAN TO REDUCE DEFICIT

The Village experienced several recent revenue shortfalls that have impacted its operating position. Despite these difficulties, management has plans to reduce the deficit position and has other options available should the need arise. Due to the Village’s non-reliance on general obligation debt in prior years to fund operations, the Village has the ability to obtain additional general obligation financing should the need arise. In addition, the Village is expecting long term growth in its economic base which would be used to generate additional sales tax revenues through planned expansion of businesses within the Village. Overall, it is expected that the Village’s financial health will continue to improve over the next several years despite some serious headwinds. Chief among these is the national economy and its impact on economically sensitive revenues, such as income and sales taxes as well as building permit revenues. It is not clear when the economy will fully recover, and the Village will continue to meet the challenges posed by depressed revenues in these and related areas.

VILLAGE OF RIVER GROVE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (BUDGET BASIS) AND ACTUAL
 GENERAL FUND
 Year Ended April 30, 2014

	Original & <u>Final Budget</u>	Actual	Variance Over <u>(Under)</u>
Revenues			
Property taxes	\$ 2,624,000	\$ 2,946,627	\$ 322,627
Sales taxes	1,065,000	1,489,101	424,101
Income taxes	1,000,000	916,840	(83,160)
Utility taxes	1,000,000	868,853	(131,147)
Other taxes	284,000	300,071	16,071
Licenses, permits and fees	736,525	426,745	(309,780)
Grant revenue	344,320	241,019	(103,301)
Other revenue	224,385	426,136	201,751
Fines and forfeitures	319,500	436,488	116,988
Investment income	440	9,839	9,399
Charges for services	280,500	527,659	247,159
Total revenues	<u>7,878,670</u>	<u>8,589,378</u>	<u>710,708</u>
Expenditures			
Current			
Administration	1,105,431	977,693	127,738
Police department	2,694,276	3,084,048	(389,772)
Fire protection	475,524	464,070	185,764
Public works	1,865,044	1,917,027	(51,983)
Culture & recreation	80,714	87,846	(7,132)
Public health	550,015	548,092	1,923
All other departments	1,310,194	1,433,284	(123,090)
Debt service			
Principal	867,000	244,774	622,226
Interest and other charges	5,200	206,542	(201,342)
Capital outlay	762,550	1,138,864	(376,314)
Total expenditures	<u>9,715,948</u>	<u>10,102,240</u>	<u>(386,292)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,837,278)</u>	<u>(1,512,862)</u>	<u>324,416</u>
Other financing sources (uses)			
Transfers in	-	763,926	763,926
Transfers out	-	(696,710)	(696,710)
Proceeds from the issuance of debt	-	239,464	239,464
Proceeds from the sale of capital assets	-	50,000	50,000
Total other financing sources (uses)	<u>-</u>	<u>356,680</u>	<u>356,680</u>
Net change in fund balance	<u>\$ (1,837,278)</u>	<u>(1,156,182)</u>	<u>\$ 681,096</u>
Fund balance at beginning of year		<u>5,828,470</u>	
Fund balance at end of year		<u>\$ 4,672,288</u>	

VILLAGE OF RIVER GROVE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 MOTOR FUEL TAX FUND
 Year Ended April 30, 2014

	Original & <u>Final Budget</u>	Actual	Variance Over (Under)
Revenues			
Other taxes	\$ 250,000	\$ 336,718	\$ 86,718
Investment income	450	112	(338)
Total revenues	<u>250,450</u>	<u>336,830</u>	<u>86,380</u>
Expenditures			
Current:			
Public works	125,000	64,907	60,093
Capital outlay	42,000	37,205	4,795
Total expenditures	<u>167,000</u>	<u>102,112</u>	<u>64,888</u>
Net change in fund balance	<u>\$ 83,450</u>	<u>234,718</u>	<u>\$ 151,268</u>
			<u>185,764</u>
Fund balance at beginning of year		<u>2,620,201</u>	
Fund balance at end of year		<u>\$ 2,854,919</u>	

VILLAGE OF RIVER GROVE, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS
 April 30, 2014

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded (Overfunded) AAL (2) - (1)	Funded Ratio (1) / (2)	Annual Covered Payroll	(6) Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (4) / (5)	
ILLINOIS MUNICIPAL RETIREMENT FUND							
12/31/2013	\$ 4,087,063	\$ 4,771,523	\$ 684,460	85.7%	\$ 1,402,328		48.8%
12/31/2012	3,353,745	4,381,423	1,027,678	76.5%	1,360,074		75.6%
12/31/2011	3,927,847	5,153,471	1,225,624	76.2%	1,393,659		87.9%
POLICE PENSION FUND							
4/30/2013	\$ 6,774,530	\$ 19,415,152	\$ 12,640,622	34.9%	\$ 1,798,749		702.7%
4/30/2011	6,596,392	17,183,193	10,586,801	38.4%	1,900,927		556.9%
4/30/2009	5,717,755	16,097,581	10,379,826	35.5%	1,634,009		635.2%

Note: April 30, 2013 valuation is latest actuarial valuation available

OTHER POST EMPLOYMENT BENEFITS

4/30/2012	\$ -	\$ 1,134,031	\$ 1,134,031	0.0%	Not available	Not available
4/30/2010	-	\$ 1,085,760	\$ 1,085,760	0.0%	Not available	Not available

Note: April 30, 2012 valuation is latest actuarial valuation available

VILLAGE OF RIVER GROVE, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYER CONTRIBUTIONS
 April 30, 2014

Year End	Employer Contributions	Annual Required Contribution	Percent Contributed	Net Pension Obligation
ILLINOIS MUNICIPAL RETIREMENT FUND				
4/30/2014	\$ 203,419	\$ 203,419	100%	\$ 71,761
4/30/2013	175,759	180,903	97%	70,331
4/30/2012	162,149	178,774	91%	63,822
POLICE PENSION FUND				
4/30/2014	\$ 825,636	\$ 855,937	96%	\$ 3,180,874
4/30/2013	582,045	766,067	76%	3,062,314
4/30/2012	337,922	882,213	38%	2,825,400
OTHER POST EMPLOYMENT BENEFITS				
Year End	Employer Contributions	Annual Required Contribution	Percent Contributed	Net OPEB Obligation
4/30/2013	\$ 201,493	\$ 185,764	108%	\$ 12,426
4/30/2012	189,245	182,180	104%	27,693
4/30/2011	64,681	81,125	80%	34,758

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2014

NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Finance Department submits to the Board of Trustees a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Budget hearings are conducted.
- The budget is legally enacted through passage of an ordinance.
- Budgets are adopted for all funds with the exception of the Tax Increment Financing Fund and the Bond and Interest Fund. Because these funds do not have legally adopted budgets, no budget to actual is presented in the required supplementary information.
- The budget may be amended by the Board of Trustees. The budget was not amended this year.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except for the General Fund, which does not budget property tax revenues or personal property replacement tax revenues levied for the Police Pension Fund or expenditures for Police Pension contributions.

The level of control (level at which expenditures may not exceed budget/ appropriations) is the Fund. Budget/Appropriations lapse at year end.

The differences between the General Fund budget and GAAP basis are as follows:

	<u>Revenues</u>	<u>Expenditures</u>
General Fund – Budgetary Basis	\$ 8,589,378	\$ 10,102,240
To adjust for Police Pension property taxes received	784,450	-
To adjust for Police Pension personal property replacement taxes received	17,185	-
To adjust for Police Pension contributions made	- <hr/>	815,885
General Fund GAAP Basis	<u>\$ 9,391,013</u>	<u>\$ 10,918,125</u>

The General Fund exceeded budget by \$386,292 for the year ended April 30, 2014.

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND
BALANCE SHEET - BY ACCOUNT
April 30, 2014

	<u>General Account</u>	<u>Auditing Account</u>	<u>Public Liability Insurance Account</u>	<u>Illinois Municipal Retirement Account</u>
Assets				
Cash and investments	\$ 5,035,255	\$ -	\$ 29,590	\$ 5,486
Cash - commingled	3,927,369	-	-	-
Property taxes receivable	1,791,498	-	-	-
Accounts receivable	-	-	-	-
Other governmental receivables	833,172	-	-	-
Assets held for resale	1,990,508	-	-	-
Interfund receivables	379,835	-	-	-
Total assets	\$ 13,957,637	\$ -	\$ 29,590	\$ 5,486
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Cash - commingled overdraft liability	\$ -	\$ 321,809	\$ 344,125	\$ 553,044
Accounts payable	290,277	-	-	-
Accrued payroll	92,897	-	-	-
Other payables	231,945	-	-	-
Due to police pension fund	7,538	-	-	-
Total liabilities	622,657	321,809	344,125	553,044
Deferred inflows of resources				
Property tax revenue	1,771,169	-	-	-
Unavailable grant revenue	34,495	-	-	-
Unavailable state tax revenue	139,902	-	-	-
Total deferred inflows of resources	1,945,566	-	-	-
Fund balances				
Nonspendable				
Assets held for resale	1,990,508	-	-	-
Restricted				
Capital projects	4,632,403	-	-	-
Unassigned	4,766,503	(321,809)	(314,535)	(547,558)
Total fund balances	11,389,414	(321,809)	(314,535)	(547,558)
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,957,637	\$ -	\$ 29,590	\$ 5,486

<u>Social Security Account</u>	<u>Unemployment Insurance Account</u>	<u>Workers' Compensation Account</u>	<u>Streets and Bridges Account</u>	<u>Garbage Disposal Account</u>	<u>Emergency Service & Disaster Account</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	123,321	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,321</u>	<u>\$ -</u>
\$ 180,611	\$ 42,643	\$ 99,563	\$ 567,246	\$ 1,432,985	\$ 35,734
-	-	-	-	110,730	-
-	-	-	2,313	-	-
-	-	-	-	-	-
<u>180,611</u>	<u>42,643</u>	<u>99,563</u>	<u>569,559</u>	<u>1,543,715</u>	<u>35,734</u>
-	-	-	-	-	-
<u>(180,611)</u>	<u>(42,643)</u>	<u>(99,563)</u>	<u>(569,559)</u>	<u>(1,420,394)</u>	<u>(35,734)</u>
<u>(180,611)</u>	<u>(42,643)</u>	<u>(99,563)</u>	<u>(569,559)</u>	<u>(1,420,394)</u>	<u>(35,734)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,321</u>	<u>\$ -</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND
BALANCE SHEET - BY ACCOUNT
April 30, 2014

	<u>Emergency</u> <u>Telephone</u> <u>System</u> <u>Account</u>	<u>Police</u> <u>Protection</u> <u>Account</u>	<u>Fire</u> <u>Protection</u> <u>Account</u>	<u>School</u> <u>Crossing</u> <u>Guards</u> <u>Account</u>
Assets				
Cash and investments	\$ 76,620	\$ 65,345	\$ 25,983	\$ -
Cash - commingled	178,358	-	-	-
Property taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Other governmental receivables	-	-	-	-
Assets held for resale	-	-	-	-
Interfund receivables	-	-	-	-
Total assets	\$ 254,978	\$ 65,345	\$ 25,983	\$ -
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Cash - commingled overdraft liability	\$ -	\$ 593,975	\$ 1,995,676	\$ 237,603
Accounts payable	5,686	-	-	-
Accrued payroll	-	11,697	31,028	-
Other payables	-	-	-	-
Due to police pension fund	-	-	-	-
Total liabilities	5,686	605,672	2,026,704	237,603
Deferred inflows of resources				
Property tax revenue	-	-	-	-
Unavailable grant revenue	-	-	-	-
Unavailable state tax revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances				
Nonspendable				
Assets held for resale	-	-	-	-
Restricted				
Capital projects	-	-	-	-
Unassigned	249,292	(540,327)	(2,000,721)	(237,603)
Total fund balances	249,292	(540,327)	(2,000,721)	(237,603)
Total liabilities, deferred inflows of resources, and fund balances	\$ 254,978	\$ 65,345	\$ 25,983	\$ -

<u>Municipal Ambulance Service Account</u>	<u>Cable Vision Development Account</u>	<u>2004 Bond Account</u>	<u>Total</u>
\$ -	\$ 15,106	\$ 16,070	\$ 5,269,455
-	703,975	-	4,809,702
-	-	-	1,791,498
-	2,847	-	126,168
-	-	-	833,172
-	-	-	1,990,508
-	-	-	379,835
<u>\$ -</u>	<u>\$ 721,928</u>	<u>\$ 16,070</u>	<u>\$ 15,200,338</u>
\$ 1,321,398	\$ -	\$ 43,217	\$ 7,769,629
11,819	-	-	418,512
28,488	-	-	166,423
2,687	-	-	234,632
-	-	-	7,538
<u>1,364,392</u>	<u>-</u>	<u>43,217</u>	<u>8,596,734</u>
-	-	-	1,771,169
-	-	-	34,495
-	-	-	139,902
-	-	-	1,945,566
-	-	-	1,990,508
-	-	-	4,632,403
<u>(1,364,392)</u>	<u>721,928</u>	<u>(27,147)</u>	<u>(1,964,873)</u>
<u>(1,364,392)</u>	<u>721,928</u>	<u>(27,147)</u>	<u>4,658,038</u>
<u>\$ -</u>	<u>\$ 721,928</u>	<u>\$ 16,070</u>	<u>\$ 15,200,338</u>

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BY ACCOUNT
 Year Ended April 30, 2014

	<u>General Account</u>	<u>Auditing Account</u>	<u>Public Liability Insurance Account</u>	<u>Illinois Municipal Retirement Account</u>
Revenues				
Property taxes	\$ 3,731,077	\$ -	\$ -	\$ -
Sales taxes	1,489,101	-	-	-
Income taxes	916,840	-	-	-
Utility taxes	868,853	-	-	-
Other taxes	205,849	-	-	-
Licenses, permits and fees	426,745	-	-	-
Grant revenue	241,019	-	-	-
Other revenue	425,286	-	-	-
Fines and forfeitures	435,206	-	-	-
Investment income	9,680	-	15	1
Charges for services	-	-	-	-
Total revenues	<u>8,749,656</u>	<u>-</u>	<u>15</u>	<u>1</u>
Expenditures				
Current				
Administration	630,160	62,755	5,225	175,995
Police department	3,627,804	-	-	-
Fire protection	-	-	-	-
Public works	1,246,043	-	-	-
Culture & recreation	71,237	-	-	-
Public health	17,442	-	-	-
All other departments	1,433,284	-	-	-
Debt service				
Principal payments	244,774	-	-	-
Interest and other charges	206,542	-	-	-
Capital outlay	1,048,165	-	-	-
Total expenditures	<u>8,525,451</u>	<u>62,755</u>	<u>5,225</u>	<u>175,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>224,205</u>	<u>(62,755)</u>	<u>(5,210)</u>	<u>(175,994)</u>
Other financing sources (uses)				
Transfers in	763,926	-	-	-
Proceeds from sale of capital assets	50,000	-	-	-
Proceeds from issuance of debt	239,464	-	-	-
Transfers out	(669,563)	-	-	-
Total other financing sources (uses)	<u>383,827</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	608,032	(62,755)	(5,210)	(175,994)
Fund balances at beginning of year	<u>10,781,382</u>	<u>(259,054)</u>	<u>(309,325)</u>	<u>(371,564)</u>
Fund balances at end of year	<u>\$ 11,389,414</u>	<u>\$ (321,809)</u>	<u>\$ (314,535)</u>	<u>\$ (547,558)</u>

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BY ACCOUNT
 Year Ended April 30, 2014

	<u>Emergency</u> <u>Telephone</u> <u>System</u> <u>Account</u>	<u>Police</u> <u>Protection</u> <u>Account</u>	<u>Fire</u> <u>Protection</u> <u>Account</u>	<u>School</u> <u>Crossing</u> <u>Guards</u> <u>Account</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Income taxes	-	-	-	-
Utility taxes	-	-	-	-
Other taxes	101,307	-	10,100	-
Licenses, permits and fees	-	-	-	-
Grant revenue	-	-	-	-
Other revenue	-	-	850	-
Fines and forfeitures	-	1,282	-	-
Investment income	14	126	-	1
Charges for services	-	-	-	-
Total revenues	<u>101,321</u>	<u>1,408</u>	<u>10,950</u>	<u>1</u>
Expenditures				
Current				
Administration	79,127	-	-	-
Police department	-	233,309	-	38,820
Fire protection	-	-	464,070	-
Public works	-	-	-	-
Culture & recreation	-	-	-	-
Public health	-	-	-	-
All other departments	-	-	-	-
Debt service				
Principal payments	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	77,756	-
Total expenditures	<u>79,127</u>	<u>233,309</u>	<u>541,826</u>	<u>38,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,194</u>	<u>(231,901)</u>	<u>(530,876)</u>	<u>(38,819)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balances	22,194	(231,901)	(530,876)	(38,819)
Fund balances at beginning of year	<u>227,098</u>	<u>(308,426)</u>	<u>(1,469,845)</u>	<u>(198,784)</u>
Fund balances at end of year	<u>\$ 249,292</u>	<u>\$ (540,327)</u>	<u>\$ (2,000,721)</u>	<u>\$ (237,603)</u>

<u>Municipal Ambulance Service Account</u>	<u>Cable Vision Development Account</u>	<u>2004 Bond Account</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 3,731,077
-	-	-	1,489,101
-	-	-	916,840
-	-	-	868,853
-	-	-	317,256
-	-	-	426,745
-	-	-	241,019
-	-	-	426,136
-	-	-	436,488
	2	-	9,839
177,350	80,905	-	527,659
<u>177,350</u>	<u>80,907</u>	<u>-</u>	<u>9,391,013</u>
-	-	-	977,693
-	-	-	3,899,933
-	-	-	464,070
-	-	-	1,917,027
-	16,609	-	87,846
530,650	-	-	548,092
-	-	-	1,433,284
-	-	-	244,774
-	-	-	206,542
5,618	3,000	-	1,138,864
<u>536,268</u>	<u>19,609</u>	<u>-</u>	<u>10,918,125</u>
(358,918)	61,298	-	(1,527,112)
-	-	-	763,926
-	-	-	50,000
-	-	-	239,464
-	-	(27,147)	(696,710)
-	-	(27,147)	356,680
(358,918)	61,298	(27,147)	(1,170,432)
(1,005,474)	660,630	-	5,828,470
<u>\$ (1,364,392)</u>	<u>\$ 721,928</u>	<u>\$ (27,147)</u>	<u>\$ 4,658,038</u>

VILLAGE OF RIVER GROVE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2014

	Special Revenue Fund	Debt Service Funds		
	Grand Avenue TIF Fund	Bond and Interest Fund	2004 Bond Fund	Total
Assets				
Cash and investments	\$ 19,201	\$ 430,648	\$ -	\$ 449,849
Cash - commingled	168,442	-	-	168,442
Property taxes receivable	-	222,159	-	222,159
Total assets	\$ 187,643	\$ 652,807	\$ -	\$ 840,450
Liabilities, deferred inflows of resources and fund balances				
Liabilities				
Cash - commingled overdraft liability	\$ -	\$ 6,654	\$ -	\$ 6,654
Interfund payables	234,166	-	-	234,166
Total liabilities	234,166	6,654	-	240,820
Deferred inflows of resources				
Property tax revenue	-	219,748	-	219,748
Total deferred inflows of resources	-	219,748	-	219,748
Fund balances				
Restricted				
Debt service	-	426,405	-	426,405
Unassigned	(46,523)	-	-	(46,523)
Total fund balances	(46,523)	426,405	-	379,882
Total liabilities, deferred inflows of resources, and fund balances	\$ 187,643	\$ 652,807	\$ -	\$ 840,450

VILLAGE OF RIVER GROVE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2014

	Special Revenue Fund	Debt Service Funds		
	Grand Avenue TIF Fund	Bond and Interest Fund	2004 Bond Fund	Total
Revenues				
Property taxes	\$ -	\$ 390,711	\$ -	\$ 390,711
Investment income	10	26	122	158
Charges for services	-	-	32,493	32,493
Total revenues	10	390,737	32,615	423,362
Expenditures				
Current				
Administration	-	-	4	4
Debt service				
Principal payments	-	200,000	-	200,000
Interest and other charges	-	162,704	-	162,704
Total expenditures	-	362,704	4	362,708
Excess (deficiency) of revenues over (under) expenditures	10	28,033	32,611	60,654
Other financing sources (uses)				
Transfers in	-	307,226	27,147	334,373
Transfers out	-	-	(120,000)	(120,000)
Total other financing sources (uses)	-	307,226	(92,853)	214,373
Net changes in fund balances	10	335,259	(60,242)	275,027
Fund balances at beginning of year	(46,533)	91,146	60,242	104,855
Fund balances at end of year	\$ (46,523)	\$ 426,405	\$ -	\$ 379,882

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

To the Honorable Mayor
and Members of the Board of Trustees
Village of River Grove, Illinois

We have examined the Village of River Grove, Illinois', (Village's) compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act during the year ended April 30, 2014. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the Village's compliance with specified requirements.

In our opinion, the Village complied in all material respects, with the aforementioned requirements for the year ended April 30, 2014.



Crowe Horwath LLP

Oak Brook, Illinois
January 23, 2015