



EDER, CASELLA & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

cpas@edercasella.com
www.edercasella.com

5400 West Elm Street, Suite 203
McHenry, Illinois 60050
Telephone: (815) 344-1300
Fax: (815) 344-1320

509 West Old Northwest Highway, Suite 102
Barrington, Illinois 60010
Telephone: (847) 382-3366
Fax: (847) 382-0608

**VILLAGE OF FOX RIVER GROVE
LAKE AND MCHENRY COUNTIES, ILLINOIS**

ANNUAL FINANCIAL REPORT

APRIL 30, 2013

VILLAGE OF FOX RIVER GROVE
TABLE OF CONTENTS
APRIL 30, 2013

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Fiduciary Net Position – Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	20
Notes to Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	41
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund – Tax Increment Financing Fund	43

VILLAGE OF FOX RIVER GROVE
TABLE OF CONTENTS
APRIL 30, 2013

PAGE

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund – Capital Improvement Fund	44
Notes to Required Supplementary Information	45



EDER, CASELLA & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

cpas@edercasella.com
www.edercasella.com

5400 West Elm Street, Suite 203
McHenry, Illinois 60050
Telephone: (815) 344-1300
Fax: (815) 344-1320

509 West Old Northwest Highway, Suite 102
Barrington, Illinois 60010
Telephone: (847) 382-3366
Fax: (847) 382-0608

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Fox River Grove
Fox River Grove, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

VILLAGE OF FOX RIVER GROVE, ILLINOIS

as of and for the year ended April 30, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 of Fox River Grove as of April 30, 2013, 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 and budgetary comparison information on pages 3 through 9 and 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As discussed in Note 18 to the financial statements, the Village implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
January 14, 2014

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX RIVER GROVE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Village of Fox River Grove (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2013 by \$24,700,875 (total net position, see page 10). Of this amount, \$6,432,315 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$1,007,602.
- At April 30, 2013, the Village's governmental funds reported combined ending fund balances of \$7,021,806, an increase of \$1,107,206 in comparison with the prior year. Approximately 36 percent of this total amount, \$2,527,840, is unassigned fund balance.
- At April 30, 2013, the unassigned fund balance for the General Fund was \$2,527,840, or 91 percent of total General Fund expenditures. This amount is available for spending at the Village's discretion.

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 themselves.

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 and liabilities, 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 long-term financial position of the Village is improving or deteriorating. See page 5 for the section titled Government-Wide Financial Analysis for further information.

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 (full accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, streets and parks, building and zoning, and environment. The business-type activities of the Village include water, sewer, and parking.

The government-wide financial statements include not only the Village itself (known as the primary government), but also a legally separate police pension fund for which the Village is financially accountable. The Police Pension Fund has been blended into the financial statements of the Village as a fiduciary fund and is not shown in the government-wide financial statements.

The government-wide financial statements can be found on pages 10 and 11 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - 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. Such information may be useful in evaluating a government's near-term financing requirements.

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 seventeen individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Tax Increment Financing Fund, and the Capital Improvement Fund all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Proprietary funds - 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, sewer, and parking operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is considered to be a major fund of the Village. The remaining two proprietary funds (parking) are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 16 through 18 of this report.

Fiduciary funds - 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 the funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village has two fiduciary funds: the Police Pension Fund and an Agency Fund. As mentioned above, the Police Pension Fund is blended into the financial statements of the Village. The Agency Fund is used to account for assets held by the Village as an agent for individuals, private organizations, and other governments. This fund is custodial in nature and does not involve the measurement of results of operations.

The basic fiduciary fund financial statements can be found on pages 19 and 20 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 40 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in meeting its obligation to provide services to its residents.

The Village adopts an annual budget for all funds. A budgetary comparison statement and related notes have been provided on pages 41 through 45 for the General Fund, Tax Increment Financing Fund, and Capital Improvement Fund to demonstrate compliance with the budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$24,700,875 at April 30, 2013.

By far the largest portion of the Village's net position (68 percent) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, equipment, systems and equipment, vehicles, and infrastructure). The Village uses these 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.

Village of Fox River Grove's Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2013	4/30/2012	4/30/2013	4/30/2012	4/30/2013	4/30/2012
Current and Other Assets	\$ 9,258,282	\$ 8,105,045	\$ 4,418,135	\$ 4,164,967	\$ 13,676,417	\$ 12,270,012
Capital Assets	15,198,754	15,364,555	3,555,802	3,746,474	18,754,556	19,111,029
Total Assets	<u>\$ 24,457,036</u>	<u>\$ 23,469,600</u>	<u>\$ 7,973,937</u>	<u>\$ 7,911,441</u>	<u>\$ 32,430,973</u>	<u>\$ 31,381,041</u>
Long-Term Liabilities Outstanding	\$ 3,444,271	\$ 3,621,533	\$ 1,714,250	\$ 1,784,000	\$ 5,158,521	\$ 5,405,533
Other Liabilities	2,206,838	2,166,095	364,739	116,140	2,571,577	2,282,235
Total Liabilities	<u>\$ 5,651,109</u>	<u>\$ 5,787,628</u>	<u>\$ 2,078,989</u>	<u>\$ 1,900,140</u>	<u>\$ 7,730,098</u>	<u>\$ 7,687,768</u>
Net Position:						
Net Investment in Capital						
Assets	\$ 13,474,577	\$ 13,452,815	\$ 3,423,527	\$ 3,545,743	\$ 16,898,104	\$ 16,998,558
Restricted	1,370,456	1,291,954	-	-	1,370,456	1,291,954
Unrestricted	3,960,894	2,937,203	2,471,421	2,465,558	6,432,315	5,402,761
Total Net Position	<u>\$ 18,805,927</u>	<u>\$ 17,681,972</u>	<u>\$ 5,894,948</u>	<u>\$ 6,011,301</u>	<u>\$ 24,700,875</u>	<u>\$ 23,693,273</u>

An additional portion of the Village's net position (6 percent) represents resources that are subject to external restrictions on how they may be used (e.g. Audit, Debt Service, Economic Development). The remaining balance of unrestricted net position (\$6,432,315) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2013, the Village is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities - Governmental activities increased the Village's net position by \$1,123,954. Key elements of this increase are as follows:

Village of Fox River Grove's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues						
Program Revenues						
Charges for Services	\$ 1,775,385	\$ 1,710,141	\$ 1,829,602	\$ 1,703,576	\$ 3,604,987	\$ 3,413,717
Operating Grants and Contributions						
Contributions	100,408	89,931	30,028	30,049	130,436	119,980
Capital Grants and Contributions	-	-	47,772	31,117	47,772	31,117
General Revenues						
Property Taxes	1,511,965	1,539,079	-	-	1,511,965	1,539,079
Other Taxes	1,712,318	1,501,922	-	-	1,712,318	1,501,922
Interest Income	8,800	11,509	5,385	4,584	14,185	16,093
Total Revenues	\$ 5,108,876	\$ 4,852,582	\$ 1,912,787	\$ 1,769,326	\$ 7,021,663	\$ 6,621,908
Expenses						
General Government	\$ 832,759	\$ 949,506	\$ -	\$ -	\$ 832,759	\$ 949,506
Public Safety	1,492,384	1,487,230	-	-	1,492,384	1,487,230
Streets and Parks	939,987	1,258,799	-	-	939,987	1,258,799
Building and Zoning	380,310	341,661	-	-	380,310	341,661
Environment	11,333	11,828	-	-	11,333	11,828
Water	-	-	1,298,977	876,997	1,298,977	876,997
Sewer	-	-	646,130	673,730	646,130	673,730
Parking	-	-	36,033	40,427	36,033	40,427
Interest and Fees on Long-Term Debt						
Debt	332,448	405,560	-	-	332,448	405,560
Unallocated Depreciation	43,700	43,700	-	-	43,700	43,700
Total Expenses	\$ 4,032,921	\$ 4,498,284	\$ 1,981,140	\$ 1,591,154	\$ 6,014,061	\$ 6,089,438
Increase/(Decrease) in Net Position						
Before Transfers	\$ 1,075,955	\$ 354,298	\$ (68,353)	\$ 178,172	\$ 1,007,602	\$ 532,470
Transfers	48,000	-	(48,000)	-	-	-
Increase/(Decrease) in Net Position	\$ 1,123,955	\$ 354,298	\$ (116,353)	\$ 178,172	\$ 1,007,602	\$ 532,470
Net Position - Beginning of Year	17,681,972	17,327,674	6,011,301	5,833,129	23,693,273	23,160,803
Net Position - End of Year	\$ 18,805,927	\$ 17,681,972	\$ 5,894,948	\$ 6,011,301	\$ 24,700,875	\$ 23,693,273

For the most part, revenues and expenses of governmental activities all experienced minimal differences from the prior year. Exceptions include the following:

- Other taxes increased mainly due to a one-time payment from the state for interest on late payments from Simplified Municipal Telecommunications.

Business-type activities - Business-type activities decreased the Village's net position by \$116,353. Charges for services increased with the demand for services; however, the increase was lessened by higher expenses. The most notable change was in water expenditures. It increased mainly due to a rehabilitation project that was completed during the fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 the Village's net resources available for spending at the end of the fiscal year.

At April 30, 2013, the Village's governmental funds reported combined ending fund balances of \$7,021,806, an increase of \$1,107,206 in comparison with the prior year. Approximately 36 percent of this total amount (\$2,527,840) constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is restricted or committed (by board action) to indicate that it is not available for new spending because it has already been committed or restricted for specific purposes.

The General Fund is the chief operating fund of the Village. At April 30, 2013, unassigned fund balance of the General Fund was \$2,527,840, while total fund balance reached \$4,140,278. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance (\$2,527,840) represents 91 percent of total General Fund expenditures (\$2,776,577), while total fund balance (\$4,140,278) represents 149 percent of that same amount.

The fund balance of the Village's General Fund increased by \$560,290 during the year ended April 30, 2013. The increase in fund balance is largely related to increased tax revenues earned in the current year. The Bond Highway Fund saw a large decrease in fund balance related to continued road programs within the Village.

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

Unrestricted net position of the Water and Sewer Fund at April 30, 2013 amounted to \$2,149,550. The total decrease in net position for the Water and Sewer Fund was \$142,931. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

The proprietary fund financial statements can be found on pages 16 through 18 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was not amended during the year ended April 30, 2013; therefore, the amounts shown as original and final budget are the same.

Significant differences between the budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$645,041 (favorable). This was mostly due to the Police Pension tax levy. The Village budgeted for property tax revenue for the Police Pension in the Police Pension Fund. The amounts are reported as revenue in the General Fund with an offsetting expenditure for pension contributions made to the Police Pension Fund. These amounts were not budgeted for in the General Fund. Also, the Village received a one-time Telecommunication tax payment from the state for interest on late payments the state had received and allocated.
- The difference between the estimated expenditures and the actual expenditures was \$1,692,019 (favorable). This was due to less than expected capital outlay expenditures for Streets and Parks related to the maintenance garage that is still under construction.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The Village's cumulative investment in capital assets for its governmental and business-type activities as of April 30, 2013 amounts to \$18,754,556 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, systems and equipment, vehicles, and infrastructure.

Major capital asset events during the year ended April 30, 2013 included the following:

- Purchase of a new pump and stage bowl for \$5,738
- Purchase of a new gear box for \$9,400
- The Village halted its construction project of a new maintenance garage due to a challenge of the zoning on the property. As of April 30, 2013 the Village has spent \$389,798 on this project.

Village of Fox River Grove's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	4/30/2013	4/30/2012	4/30/2013	4/30/2012	4/30/2013	4/30/2012
Land	\$ 12,212,515	\$ 12,212,515	\$ 75,716	\$ 75,716	\$ 12,288,231	\$ 12,288,231
Construction in Progress	184,741	184,741	205,057	189,500	389,798	374,241
Land Improvements	160,076	178,051	5,178	7,249	165,254	185,300
Buildings	1,759,294	1,807,894	1,829,526	1,897,819	3,588,820	3,705,713
Equipment	170,924	200,479	-	-	170,924	200,479
Systems and Equipment	-	-	1,363,509	1,470,819	1,363,509	1,470,819
Vehicles	60,227	92,235	76,816	105,371	137,043	197,606
Infrastructure	650,977	688,640	-	-	650,977	688,640
Total	<u>\$ 15,198,754</u>	<u>\$ 15,364,555</u>	<u>\$ 3,555,802</u>	<u>\$ 3,746,474</u>	<u>\$ 18,754,556</u>	<u>\$ 19,111,029</u>

Additional information on the Village's capital assets can be found in note 3 on pages 29 and 30 of this report.

Long-term debt - At April 30, 2013, the Village had total debt outstanding of \$5,059,000 which is backed by the full faith and credit of the Village.

Village of Fox River Grove's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	4/30/2013	4/30/2012	4/30/2013	4/30/2012	4/30/2013	4/30/2012
General Obligation Bonds	\$ 1,770,000	\$ 1,940,000	\$ -	\$ -	\$ 1,770,000	\$ 1,940,000
Debt Certificates	1,574,750	1,598,000	1,714,250	1,784,000	3,289,000	3,382,000
Total	<u>\$ 3,344,750</u>	<u>\$ 3,538,000</u>	<u>\$ 1,714,250</u>	<u>\$ 1,784,000</u>	<u>\$ 5,059,000</u>	<u>\$ 5,322,000</u>

The Village's total debt decreased by \$263,000 (5 percent) during the year ended April 30, 2013. The key factor in this decrease was principal payments made on the Village's debt.

Additional information on the Village's long-term debt can be found in note 5 on pages 31 and 32 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Trustees of the Village considered these factors in preparing the budget for the Village which was adopted for the 2013 fiscal year:

- The equalized assessed valuation (EAV) for the Village for 2012 is \$129,509,309. That represents a decrease in EAV of \$12,877,126 (9 percent) over the prior year's EAV.
- Continued lower interest earnings
- Continued consultant expenses to fund economic downtown re-development efforts
- Uncertainty over state revenue transfers
- Construction of a new public works garage for approximately \$3,700,000

For further information see the budget officer's comments in the Village's fiscal year 2014 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Village of Fox River Grove, 305 Illinois Street, Fox River Grove, Illinois 60021.

BASIC FINANCIAL STATEMENTS

VILLAGE OF FOX RIVER GROVE, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
APRIL 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,203,221	\$ 3,962,340	\$ 11,165,561
Investments	67,251	134,863	202,114
Receivables (Net of Allowance of \$0)			
Accounts Receivable - Billed	-	107,860	107,860
Accounts Receivable - Unbilled	-	148,444	148,444
Property Taxes	1,572,500	-	1,572,500
Utility Tax	14,361	-	14,361
Interest Rebate	20,695	11,240	31,935
Due from Other Governmental Units	289,836	-	289,836
Other Receivables	53,300	-	53,300
Interfund Balances	(33,671)	32,690	(981)
Debt Issuance Costs, net of amortization	53,331	20,698	74,029
Capital Position			
Land, Construction in Progress, and Other Non-Depreciable Assets	12,397,256	280,773	12,678,029
Other Capital Assets, Net of Depreciation	2,801,498	3,275,029	6,076,527
Net Pension Asset	17,458	-	17,458
Total Assets	\$ 24,457,036	\$ 7,973,937	\$ 32,430,973
LIABILITIES			
Accounts Payable	\$ 541,511	\$ 275,828	\$ 817,339
Accrued Expenses	92,827	38,911	131,738
Deferred Revenue	1,572,500	50,000	1,622,500
Net Other Post Employment Benefit Obligation	95,576	-	95,576
IMRF Pension Obligation	5,150	-	5,150
Non-Current Liabilities			
Due Within One Year	193,049	69,750	262,799
Due in More Than One Year	3,150,496	1,644,500	4,794,996
Total Liabilities	\$ 5,651,109	\$ 2,078,989	\$ 7,730,098
NET POSITION			
Net Investment in Capital Assets	\$ 13,474,577	\$ 3,423,527	\$ 16,898,104
Restricted for:			
Audit	9,068	-	9,068
Debt Service	45,735	-	45,735
Economic Development	763,460	-	763,460
Highways and Streets	235,943	-	235,943
Public Safety	71,117	-	71,117
Retirement	33,658	-	33,658
School Crossing Guard	12,864	-	12,864
Special Service Areas	198,611	-	198,611
Unrestricted/(Deficit)	3,960,894	2,471,421	6,432,315
Total Net Position	\$ 18,805,927	\$ 5,894,948	\$ 24,700,875

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 832,759	\$ 784,315	\$ 70,291	\$ -
Public Safety	1,492,384	924,198	-	-
Streets and Parks	939,987	-	30,117	-
Building and Zoning	380,310	66,872	-	-
Environment	11,333	-	-	-
Interest and Fees on Long-Term Debt	332,448	-	-	-
Unallocated Depreciation	43,700	-	-	-
	<u>\$ 4,032,921</u>	<u>\$ 1,775,385</u>	<u>\$ 100,408</u>	<u>\$ -</u>
Business-Type Activities				
Water	\$ 1,298,977	\$ 752,134	\$ 15,014	\$ -
Sewer	646,130	1,015,172	15,014	47,772
Parking	36,033	62,296	-	-
	<u>\$ 1,981,140</u>	<u>\$ 1,829,602</u>	<u>\$ 30,028</u>	<u>\$ 47,772</u>
Total Primary Government	<u>\$ 6,014,061</u>	<u>\$ 3,604,987</u>	<u>\$ 130,436</u>	<u>\$ 47,772</u>

General Revenues

Taxes

Property Tax, Levied for General Purposes

Utility Tax

State Sales Tax

State Income Tax

State Replacement Tax

State Telecommunications Tax

State Motor Fuel Tax

Unrestricted Investment Earnings

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - May 1, 2012

Net Position - April 30, 2013

The Notes to Financial Statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ 21,847	\$ -	\$ 21,847
(568,186)	-	(568,186)
(909,870)	-	(909,870)
(313,438)	-	(313,438)
(11,333)	-	(11,333)
(332,448)	-	(332,448)
(43,700)	-	(43,700)
<u>\$ (2,157,128)</u>	<u>\$ -</u>	<u>\$ (2,157,128)</u>
\$ -	\$ (531,829)	\$ (531,829)
-	431,828	431,828
-	26,263	26,263
<u>\$ -</u>	<u>\$ (73,738)</u>	<u>\$ (73,738)</u>
<u>\$ (2,157,128)</u>	<u>\$ (73,738)</u>	<u>\$ (2,230,866)</u>
\$ 1,511,965	\$ -	\$ 1,511,965
201,656	-	201,656
583,411	-	583,411
459,272	-	459,272
9,706	-	9,706
342,687	-	342,687
115,586	-	115,586
8,800	5,385	14,185
48,000	(48,000)	-
<u>\$ 3,281,083</u>	<u>\$ (42,615)</u>	<u>\$ 3,238,468</u>
\$ 1,123,955	\$ (116,353)	\$ 1,007,602
<u>17,681,972</u>	<u>6,011,301</u>	<u>23,693,273</u>
<u>\$ 18,805,927</u>	<u>\$ 5,894,948</u>	<u>\$ 24,700,875</u>

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2013

	General Fund	Tax Increment Financing Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,968,163	\$ 1,159,451	\$ 1,456,702	\$ 618,905	\$ 7,203,221
Investments	67,251	-	-	-	67,251
Receivables (Net of Allowance of \$0)					
Property Taxes	699,648	550,114	-	322,738	1,572,500
Utility Tax	14,361	-	-	-	14,361
Due from Other Governmental Units	281,489	-	-	8,347	289,836
Due from Other Funds	-	49,130	-	13,748	62,878
Other Receivables	-	-	53,300	-	53,300
Total Assets	\$ 5,030,912	\$ 1,758,695	\$ 1,510,002	\$ 963,738	\$ 9,263,347
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 97,314	\$ 441,324	\$ 1,473	\$ 1,400	\$ 541,511
Accrued Expenses	10,871	-	20,110	-	30,981
Due to Other Funds	82,801	-	-	13,748	96,549
Deferred Revenue	699,648	550,114	-	322,738	1,572,500
Total Liabilities	\$ 890,634	\$ 991,438	\$ 21,583	\$ 337,886	\$ 2,241,541
FUND BALANCES					
Restricted for:					
Audit	\$ -	\$ -	\$ -	\$ 9,068	\$ 9,068
Capital Improvements	1,565,916	-	-	-	1,565,916
Debt Service	-	-	-	45,735	45,735
Economic Development	-	763,460	-	-	763,460
Highways and Streets	-	-	-	235,943	235,943
Public Safety	-	-	-	71,117	71,117
Retirement	33,658	-	-	-	33,658
School Crossing Guard	12,864	-	-	-	12,864
Special Service Areas	-	-	-	198,611	198,611
Committed for:					
Capital Improvements	-	-	658,056	-	658,056
Assigned for:					
Capital Improvements	-	-	830,363	-	830,363
Debt Service	-	-	-	287	287
Economic Development	-	3,797	-	-	3,797
Highways and Streets	-	-	-	14,645	14,645
Liability Insurance	-	-	-	49,662	49,662
Public Safety	-	-	-	158	158
Special Service Areas	-	-	-	626	626
Unassigned	2,527,840	-	-	-	2,527,840
Total Fund Balances	\$ 4,140,278	\$ 767,257	\$ 1,488,419	\$ 625,852	\$ 7,021,806
Total Liabilities and Fund Balance	\$ 5,030,912	\$ 1,758,695	\$ 1,510,002	\$ 963,738	\$ 9,263,347

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 APRIL 30, 2013

Total Fund Balances - Governmental Funds	\$	7,021,806
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, net of accumulated depreciation		15,198,754
Net IMRF Asset/Obligation is not included in the governmental funds.		(5,150)
Net Pension Asset/Obligation is not included in the governmental funds.		17,458
Net Other Post Employment Benefit Asset/Obligation is not included in the governmental funds.		(95,576)
Deferred charges and credits for debt issue discounts or premiums and other debt issue costs are not financial resources and therefore are not reported in the funds.		
Deferred Loss on Refunding	\$ 13,371	
Bond Issuance Costs	53,331	
Premium on Bonds Sold	(12,166)	
		54,536
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (3,344,750)	
Accrued Interest on Long-Term Debt	(61,846)	
Interest Rebate Receivable	20,695	
		(3,385,901)
Net Position of Governmental Activities	\$	18,805,927

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2013

	General Fund	Tax Increment Financing Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local Taxes					
Property Tax	\$ 686,922	\$ 501,285	\$ -	\$ 323,758	\$ 1,511,965
Utility Tax	201,656	-	-	-	201,656
Intergovernmental					
State Sales Tax	583,411	-	-	-	583,411
State Income Tax	459,272	-	-	-	459,272
State Replacement Tax	9,706	-	-	-	9,706
State Telecommunications Tax	342,687	-	-	-	342,687
State Motor Fuel Tax	-	-	-	115,586	115,586
State Grants	1,780	-	-	21,114	22,894
Interest Rebate	30,028	-	-	26,394	56,422
Other Local Sources					
Licenses, Permits, and Fees	134,052	-	-	-	134,052
Charges for Services	321,894	-	-	-	321,894
Fines and Forfeitures	144,011	-	771,935	8,252	924,198
Franchise Fees	78,216	-	-	-	78,216
Interest	5,115	1,072	1,253	1,360	8,800
Miscellaneous					
Donations	7,223	-	-	-	7,223
Special Events	23,115	-	-	-	23,115
Other Miscellaneous	307,779	-	-	-	307,779
	<u>\$ 3,336,867</u>	<u>\$ 502,357</u>	<u>\$ 773,188</u>	<u>\$ 496,464</u>	<u>\$ 5,108,876</u>
EXPENDITURES					
Current					
General Government	\$ 562,720	\$ -	\$ -	\$ 211,952	\$ 774,672
Public Safety	1,171,627	-	309,624	424	1,481,675
Streets and Parks	744,640	-	-	21,538	766,178
Building and Zoning	65,384	4,317	-	-	69,701
Environment	-	-	-	11,333	11,333
Capital Outlay					
General Government	34,405	-	-	-	34,405
Public Safety	509	-	7,320	-	7,829
Streets and Parks	52,335	-	-	25,961	78,296
Building and Zoning	-	1,220	-	-	1,220
Debt Service					
Principal	50,785	283,074	-	170,000	503,859
Interest and Fees	94,172	157,030	-	69,300	320,502
	<u>\$ 2,776,577</u>	<u>\$ 445,641</u>	<u>\$ 316,944</u>	<u>\$ 510,508</u>	<u>\$ 4,049,670</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 560,290	\$ 56,716	\$ 456,244	\$ (14,044)	\$ 1,059,206
OTHER FINANCING SOURCES/(USES)					
Transfers	-	-	-	48,000	48,000
NET CHANGE IN FUND BALANCES	\$ 560,290	\$ 56,716	\$ 456,244	\$ 33,956	\$ 1,107,206
FUND BALANCES - MAY 1, 2012	3,579,988	710,541	1,032,175	591,896	5,914,600
FUND BALANCES - APRIL 30, 2013	<u>\$ 4,140,278</u>	<u>\$ 767,257</u>	<u>\$ 1,488,419</u>	<u>\$ 625,852</u>	<u>\$ 7,021,806</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 1,107,206

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense (165,801)

The change in the Net Pension Asset/Obligation is not included in the governmental funds. 17,458

The change in the IMRF Pension Asset/Obligation is not included in the governmental funds. (108)

The change in the Net Other Post Employment Benefit Asset/Obligation is not included in the governmental funds. (15,679)

Long-term debt issuance costs decrease current financial resources in the governmental funds and are therefore shown as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but debt issuance costs are amortized and reported as an asset in the Statement of Net Position and are therefore not reported in the Statement of Activities.

Amortization Expense (5,687)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Interest Rebate Receivable	\$	(425)	
Accrued Interest on Long-Term Debt		<u>(6,259)</u>	(6,684)

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt 193,250

Change in Net Position of Governmental Activities \$ 1,123,955

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2013

	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 3,637,702	\$ 324,638	\$ 3,962,340
Investments	134,863	-	134,863
Receivables (Net of Allowance of \$0)			
Accounts Receivable - Billed	107,860	-	107,860
Accounts Receivable - Unbilled	148,444	-	148,444
Interest Rebate	11,240	-	11,240
Due from Other Funds	32,690	-	32,690
	<u>\$ 4,072,799</u>	<u>\$ 324,638</u>	<u>\$ 4,397,437</u>
Non-Current Assets			
Capital Assets			
Land	\$ 75,716	\$ -	\$ 75,716
Construction in Progress	205,057	-	205,057
Land Improvements	41,420	-	41,420
Buildings	3,493,784	-	3,493,784
Systems and Equipment	4,585,858	-	4,585,858
Vehicles	287,622	-	287,622
Less: Accumulated Depreciation	(5,133,655)	-	(5,133,655)
	<u>\$ 3,555,802</u>	<u>\$ -</u>	<u>\$ 3,555,802</u>
Other Assets			
Bond Issuance Costs	\$ 24,579	\$ -	\$ 24,579
Less: Accumulated Amortization	(3,881)	-	(3,881)
	<u>\$ 20,698</u>	<u>\$ -</u>	<u>\$ 20,698</u>
Total Assets	<u>\$ 7,649,299</u>	<u>\$ 324,638</u>	<u>\$ 7,973,937</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 273,061	\$ 2,767	\$ 275,828
Accrued Expenses	38,911	-	38,911
Deferred Grant Revenue	50,000	-	50,000
Debt Certificates Payable - Current	69,750	-	69,750
	<u>\$ 431,722</u>	<u>\$ 2,767</u>	<u>\$ 434,489</u>
Non-Current Liabilities			
Debt Certificates Payable	\$ 1,644,500	\$ -	\$ 1,644,500
	<u>\$ 1,644,500</u>	<u>\$ -</u>	<u>\$ 1,644,500</u>
Total Liabilities	<u>\$ 2,076,222</u>	<u>\$ 2,767</u>	<u>\$ 2,078,989</u>
NET POSITION			
Net Investment in Capital Assets	\$ 3,423,527	\$ -	\$ 3,423,527
Unrestricted/(Deficit)	2,149,550	321,871	2,471,421
	<u>\$ 5,573,077</u>	<u>\$ 321,871</u>	<u>\$ 5,894,948</u>
Total Net Position	<u>\$ 5,573,077</u>	<u>\$ 321,871</u>	<u>\$ 5,894,948</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2013

	Enterprise Funds		Total
	Water and Sewer	Other Enterprise Funds	
OPERATING REVENUES			
Charges for Services			
Water Sales	\$ 745,159	\$ -	\$ 745,159
Water Tap-in Fees	1,875	-	1,875
Sewer Charges	1,010,073	-	1,010,073
Parking Fees	-	62,296	62,296
Miscellaneous	10,199	-	10,199
	<u>\$ 1,767,306</u>	<u>\$ 62,296</u>	<u>\$ 1,829,602</u>
OPERATING EXPENSES			
Water Department			
Personal Services	\$ 465,508	\$ -	\$ 465,508
Commodities	362,408	-	362,408
Contractual Services	337,641	-	337,641
Retirement	50,565	-	50,565
Depreciation	33,805	-	33,805
Amortization	647	-	647
Sewer Department			
Personal Services	2,915	-	2,915
Commodities	93,832	-	93,832
Contractual Services	312,772	-	312,772
Depreciation	187,562	-	187,562
Amortization	647	-	647
Parking			
Personal Services	-	17,950	17,950
Commodities	-	1,965	1,965
Contractual Services	-	16,118	16,118
	<u>\$ 1,848,302</u>	<u>\$ 36,033</u>	<u>\$ 1,884,335</u>
OPERATING INCOME/(LOSS)	<u>\$ (80,996)</u>	<u>\$ 26,263</u>	<u>\$ (54,733)</u>
NON OPERATING REVENUE/(EXPENSE)			
Interest Income	\$ 5,070	\$ 315	\$ 5,385
Interest Rebate	30,028	-	30,028
Federal Grants	47,772	-	47,772
Interest Expense	(96,805)	-	(96,805)
	<u>\$ (13,935)</u>	<u>\$ 315</u>	<u>\$ (13,620)</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ (94,931)</u>	<u>\$ 26,578</u>	<u>\$ (68,353)</u>
TRANSFERS/(TO) FROM OTHER FUNDS			
Transfer to Other Governmental Funds	(48,000)	-	(48,000)
CHANGE IN NET POSITION	<u>\$ (142,931)</u>	<u>\$ 26,578</u>	<u>\$ (116,353)</u>
NET POSITION - MAY 1, 2012	<u>5,716,008</u>	<u>295,293</u>	<u>6,011,301</u>
NET POSITION - APRIL 30, 2013	<u>\$ 5,573,077</u>	<u>\$ 321,871</u>	<u>\$ 5,894,948</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2013

	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,737,371	\$ 62,296	\$ 1,799,667
Payments to Suppliers for Goods and Services	(909,158)	(19,221)	(928,379)
Payments to Employees for Services	(515,589)	(17,950)	(533,539)
Internal Activity - Payments to Other Funds	(27,306)	-	(27,306)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 285,318</u>	<u>\$ 25,125</u>	<u>\$ 310,443</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to Other Funds	\$ (48,000)	\$ -	\$ (48,000)
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$ (48,000)</u>	<u>\$ -</u>	<u>\$ (48,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	\$ (30,695)	\$ -	\$ (30,695)
Proceeds from Government Grants	97,772	-	97,772
Interest Paid on Capital Debt	(97,962)	-	(97,962)
Interest Rebate Received on Capital Debt	45,042	-	45,042
Payment on Capital Debt	(69,750)	-	(69,750)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (55,593)</u>	<u>\$ -</u>	<u>\$ (55,593)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	\$ (300)	\$ -	\$ (300)
Interest on Cash and Cash Equivalents and Investments	5,070	315	5,385
Net Cash Provided/(Used) by Investing Activities	<u>\$ 4,770</u>	<u>\$ 315</u>	<u>\$ 5,085</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 186,495	\$ 25,440	\$ 211,935
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2012	3,451,207	299,198	3,750,405
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2013	<u>\$ 3,637,702</u>	<u>\$ 324,638</u>	<u>\$ 3,962,340</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES			
Operating Income/(Loss)	\$ (80,996)	\$ 26,263	\$ (54,733)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation Expense	221,367	-	221,367
Amortization Expense	1,294	-	1,294
Change in assets and liabilities:			
Receivables, net	(29,935)	-	(29,935)
Due from/to Other Funds	(27,306)	-	(27,306)
Accounts and Other Payables	200,894	(1,138)	199,756
Net Cash Provided/(Used) by Operating Activities	<u>\$ 285,318</u>	<u>\$ 25,125</u>	<u>\$ 310,443</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 APRIL 30, 2013

	Police Pension Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 22,578	\$ 43,954
Investments	1,421,562	-
Due from Other Funds	-	981
Receivables (Net of Allowance of \$0)		
Accrued Interest	17,363	-
TOTAL ASSETS	\$ 1,461,503	\$ 44,935
 LIABILITIES		
Due to Developers	\$ -	\$ 44,935
TOTAL LIABILITIES	\$ -	\$ 44,935
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 1,461,503	

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED APRIL 30, 2013

	<u>Police Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 267,929
Plan Members	52,454
Total Contributions	<u>\$ 320,383</u>
Investment Income	
Interest and Dividends	\$ 43,109
Net Increase/(Decrease) in Fair Value of Investments	13,593
	<u>\$ 56,702</u>
Less: Investment Management Fees	(7,744)
Net Investment Income	<u>\$ 48,958</u>
 TOTAL ADDITIONS	 <u>\$ 369,341</u>
 DEDUCTIONS	
Benefits	\$ 273,002
Disability Payments	52,240
Administrative Expenses	15,200
Transfer of Creditable Service	41,136
TOTAL DEDUCTIONS	<u>\$ 381,578</u>
 NET INCREASE/(DECREASE)	 \$ (12,237)
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2012	 <u>1,473,740</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2013	 <u><u>\$ 1,461,503</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village of Fox River Grove's (Village) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police Pension Fund meets the above criteria. The Police Pension Fund is blended into the Village's primary government financial statements as a fiduciary fund although it remains a separate legal entity. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Financial Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety, streets and parks, building and zoning, and environment services are classified as governmental activities. The Village's water, sewer, and parking services are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, streets and parks, building and zoning, etc.) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use or directly benefit from

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basic Financial Statements – Government-Wide Financial Statements (Continued)*

goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, unrestricted investment earnings, etc.).

The Village does not allocate indirect costs.

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

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The following fund types are used by the Village:

Governmental Funds

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

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.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Tax Increment Financing Fund includes revenues from property taxes along with expenditures related to the TIF district. The Capital Improvement Fund consists of RedSpeed revenue, related expenditures, and capital improvement expenditures.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basic Financial Statements – Fund Financial Statements (Continued)*

Governmental Funds (Continued)

Debt Services Funds – The Debt Services Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of principal, interest and related fees on general long-term debt.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

Enterprise Funds – Enterprise Funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension and agency). Since by definition these assets are being held for the benefit of a third party (pension participants and developers) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. *Accrual*

The governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. An exception was made to the 60 day recognition period for income tax revenues due to delayed payments from the State of Illinois. The exception was made to preserve the consistency of revenue recognition between years. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The Village reports deferred revenue on its governmental funds Balance Sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. At April 30, 2013 the Village has \$1,622,500 of deferred revenue, \$1,572,500 from property taxes and \$50,000 from a grant.

E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all Village funds. Instead, the funds maintain their cash balances in a common money market account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Village funds and are, therefore, interfund loans that have not been authorized by Village Board action.

No Village fund had a cash overdraft at April 30, 2013.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Inventories*

No inventory accounts are maintained to reflect the values of resale or supply items on hand. Instead, the costs of such items are charged to expense when purchased. The value of the Village's inventories is not deemed to be material.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Land Improvements	20 years
Buildings	50 - 101 years
Systems and Equipment	5 - 53 years
Vehicles	8 - 14 years
Infrastructure	20 - 50 years

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets effective as of May 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Village is not required to retroactively report infrastructure.

J. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the Village. Sick leave is accumulated from year to year up to specified maximums, but is not paid upon termination. No compensated absence accrual has been recorded because vacation benefits do not accumulate from year to year and sick leave is not paid upon termination.

K. *Long-Term Obligations*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. *Long-Term Obligations (Continued)*

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

L. *Government-Wide and Proprietary Fund Net Position*

Government-wide and proprietary fund net positions are divided into three components:

1. Net investment in capital assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consists of net position that is restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted net position – all other net position is reported in this category.

M. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation
3. Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Village has not delegated this authority to an appointed body or official.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. *Governmental Fund Balances* (Continued)

3. Assigned (Continued)

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself. All other assigned fund balances are the residual amounts of the fund.

4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

N. *Property Tax Calendar and Revenues*

The Village's property tax is levied each calendar year on all taxable real property located in the Village's district on or before the last Tuesday in December. The 2012 levy was passed by the Board on December 13, 2012. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

O. *Defining Operating Revenues and Expenses*

The Village's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's water and sewer funds consist of charges for services (including tap fees for the water fund and systems development charges for the sewer fund) and the costs of providing those services, including depreciation and excluding interest cost. All other revenue and expenses are reported as nonoperating.

P. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6, and Chapter 40, Act 5/Article 4 – Pensions.

Investments

As of April 30, 2013, the Village had the following investments and maturities:

Investments	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pools	\$ 2,423,125	\$ 2,423,125	\$ -	\$ -	\$ -
*Federal National Mtg Assn	288,648	65,989	167,129	55,530	-
*US Treasury Bond	622,369	59,939	199,653	362,777	-
*Government National Mtg Assn	35,030	-	-	-	35,030
*Mutual Funds	173,286	173,286	-	-	-
*Federal Home Loan Mtg Corp	51,979	-	-	51,979	-
*JPMorgan Chase Corporate Bond	31,307	-	31,307	-	-
*AT&T Inc. Corporate Bond	10,181	-	10,181	-	-
*GE Capital Corporate Bond	10,188	-	10,188	-	-
*Bank of America Corporate Bond	10,651	-	10,651	-	-
*Goldman Sachs Corporate Bond	15,273	-	15,273	-	-
*Pepsi Inc Corporate Bond	10,514	-	10,514	-	-
*Target Corporation Bond	11,652	-	-	11,652	-
*Verizon Communications Corp Bond	14,952	-	14,952	-	-
*Wal-Mart Stores Corporate Bond	10,036	-	10,036	-	-
*Walt Disney Corporate Bond	15,329	-	15,329	-	-
*Wells Fargo Corporate Bond	10,348	-	10,348	-	-
Total	\$ 3,744,868	\$ 2,722,339	\$ 505,561	\$ 481,938	\$ 35,030

*Police Pension Investments

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

Interest Rate Risk. The Village’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Village is allowed to invest in any type of security allowed for in Illinois statutes regarding the investment of public funds limited to:

- Bonds, notes, certificates of indebtedness, treasury bills, or other securities backed by the full faith and credit of the government of the United States of America;
- Interest bearing savings accounts, certificates of deposits, or time deposits or any other investment constituting direct obligations of any institution as defined by the Illinois Banking Act and that is insured by the Federal Deposit Insurance Corporation; and
- Illinois Public Treasurer’s Investment Pool

As of April 30, 2013, the Village’s investments were rated as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investments	Credit Rating	Rating Source
State Investment Pools	AAAm	Standard and Poor's
*Federal National Mortgage Assn	AA+	Standard and Poor's
*US Treasury Bond	Aaa	Moody's
*Government National Mtg Assn	Rating Not Available	Rating Not Available
*Mutual Funds	Rating Not Available	Rating Not Available
*Federal Home Loan Mtg Corp	AA+	Standard and Poor's
*JPMorgan Chase Corporate Bond	A	Standard and Poor's
*AT&T Inc. Corporate Bond	A-	Standard and Poor's
*GE Capital Corporate Bond	AA+	Standard and Poor's
*Bank of America Corporate Bond	A-	Standard and Poor's
*Goldman Sachs Corporate Bond	AA	Standard and Poor's
*Pepsi Inc Corporate Bond	A-	Standard and Poor's
*Target Corporation Bond	A+	Standard and Poor's
*Verizon Communications Corp Bond	BBB+	Standard and Poor's
*Wal-Mart Stores Corporate Bond	AA	Standard and Poor's
*Walt Disney Corporate Bond	A	Standard and Poor's
*Wells Fargo Corporate Bond	A+	Standard and Poor's
*Police Pension Investments		

Concentration of Credit Risk. The Village places a limit of 50% on the amount the Village may invest in any one issuer. More than 5% of the Village's investments are in US Treasury securities (17%) and Federal National Mortgage Association (8%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 was as follows:

	Balance May 1, 2012	Increases	Decreases	Balance April 30, 2013
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 12,212,515	\$ -	\$ -	\$ 12,212,515
Construction in Progress	184,741	-	-	184,741
Total Capital Assets not being depreciated	<u>\$ 12,397,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,397,256</u>
Other Capital Assets				
Land Improvements	\$ 622,498	\$ -	\$ -	\$ 622,498
Buildings	2,462,270	-	-	2,462,270
Equipment	533,056	-	-	533,056
Vehicles	492,336	-	-	492,336
Infrastructure	969,229	-	-	969,229
Total Other Capital Assets at Historical Cost	<u>\$ 5,079,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,079,389</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 444,447	\$ 17,975	\$ -	\$ 462,422
Buildings	654,376	48,600	-	702,976
Equipment	332,577	29,555	-	362,132
Vehicles	400,101	32,008	-	432,109
Infrastructure	280,589	37,663	-	318,252
Total Accumulated Depreciation	<u>\$ 2,112,090</u>	<u>\$ 165,801</u>	<u>\$ -</u>	<u>\$ 2,277,891</u>
Other Capital Assets, Net	<u>\$ 2,967,299</u>	<u>\$ (165,801)</u>	<u>\$ -</u>	<u>\$ 2,801,498</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,364,555</u>	<u>\$ (165,801)</u>	<u>\$ -</u>	<u>\$ 15,198,754</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2012	Increases	Decreases	Balance April 30, 2013
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 75,716	\$ -	\$ -	\$ 75,716
Construction in Progress	189,500	15,557	-	205,057
Total Capital Assets not being depreciated	<u>\$ 265,216</u>	<u>\$ 15,557</u>	<u>\$ -</u>	<u>\$ 280,773</u>
Other Capital Assets				
Land Improvements	\$ 41,420	\$ -	\$ -	\$ 41,420
Buildings	3,493,784	-	-	3,493,784
Systems and Equipment	4,570,720	15,138	-	4,585,858
Vehicles	287,622	-	-	287,622
Total Other Capital Assets at Historical Cost	<u>\$ 8,393,546</u>	<u>\$ 15,138</u>	<u>\$ -</u>	<u>\$ 8,408,684</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 34,171	\$ 2,071	\$ -	\$ 36,242
Buildings	1,595,965	68,293	-	1,664,258
Systems and Equipment	3,099,901	122,448	-	3,222,349
Vehicles	182,251	28,555	-	210,806
Total Accumulated Depreciation	<u>\$ 4,912,288</u>	<u>\$ 221,367</u>	<u>\$ -</u>	<u>\$ 5,133,655</u>
Other Capital Assets, Net	<u>\$ 3,481,258</u>	<u>\$ (206,229)</u>	<u>\$ -</u>	<u>\$ 3,275,029</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,746,474</u>	<u>\$ (190,672)</u>	<u>\$ -</u>	<u>\$ 3,555,802</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 6,250
Public Safety	20,338
Streets and Parks	95,513
Unallocated	43,700
Total Governmental Activities Depreciation Expense	<u>\$ 165,801</u>
Business-Type Activities	
Water	\$ 33,805
Sewer	187,562
Total Business-Type Activities Depreciation Expense	<u>\$ 221,367</u>

NOTE 4 - TAX INCREMENT FINANCING

On February 17, 2000 the Village entered into a redevelopment agreement with Dominick's Finer Foods, Inc. The agreement calls for incremental real estate taxes and a formula based sales tax distribution to be used to fund the redevelopment project over the next 20 years.

On June 1, 2001, the Village signed a 20-year note to Dominick's Finer Foods, Inc. in the amount of \$1,600,003, which is the total cost to be reimbursed.

On February 1, 2003 and April 1, 2003 the Village signed two similar 20-year notes in the amount of \$475,000 to Fox River Grove Limited Partnership and \$294,820 to Coniston Consulting LLC and Phase II Partnership LLC.

On November 18, 2004 the Village signed another note for 18 years with Buchanan Property Group, LLC in the amount of \$1,500,000 funded via incremental real estate taxes only. The interest rate for all of the above notes is 7.5% per annum. These notes are not a general obligation of the Village and will only be paid if there are incremental real estate taxes (paid from the Tax Increment Financing Fund) and sales taxes (paid from the General

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - TAX INCREMENT FINANCING (Continued)

Fund) from which to pay it. Therefore, these do not show as a long-term liability of the Village. A calculation is performed each year to determine if the Village has any liability under these agreements for that year.

At April 30, 2013, the Village is obligated to pay the following for fiscal year 2013:

	Principal	Interest	Total
<u>TAX INCREMENT FINANCING FUND PAYABLE</u>			
Dominick's Finer Foods, Inc	\$ 151,018	\$ 24,108	\$ 175,126
Fox River Grove Limited Partnership	24,819	8,281	33,100
Coniston Consulting LLC	53,619	15,450	69,069
Phase II Partnership LLC	53,618	15,449	69,067
Buchanan Property Group, LLC	-	93,742	93,742
	<u>\$ 283,074</u>	<u>\$ 157,030</u>	<u>\$ 440,104</u>
<u>GENERAL FUND PAYABLE</u>			
Dominick's Finer Foods, Inc.	\$ 27,535	\$ 4,322	\$ 31,857

The above amounts have been included in accounts payable at April 30, 2013.

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2013 was as follows:

	Balance May 1, 2012	Additions	Retirements	Balance April 30, 2013	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 1,940,000	\$ -	\$ 170,000	\$ 1,770,000	\$ 170,000
Unamortized Bond Premium	14,193	-	2,027	12,166	2,027
Deferred Loss on Refunding	(15,599)	-	(2,228)	(13,371)	(2,228)
Debt Certificates	1,598,000	-	23,250	1,574,750	23,250
Total Bonds and Notes Payable	<u>\$ 3,536,594</u>	<u>\$ -</u>	<u>\$ 193,049</u>	<u>\$ 3,343,545</u>	<u>\$ 193,049</u>
Governmental Activities Long-Term Debt	<u>\$ 3,536,594</u>	<u>\$ -</u>	<u>\$ 193,049</u>	<u>\$ 3,343,545</u>	<u>\$ 193,049</u>
Business-Type Activities					
Bonds and Notes Payable					
Debt Certificates	\$ 1,784,000	\$ -	\$ 69,750	\$ 1,714,250	\$ 69,750
Total Bonds and Notes Payable	<u>\$ 1,784,000</u>	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 1,714,250</u>	<u>\$ 69,750</u>
Business-Type Activities Long-Term Debt	<u>\$ 1,784,000</u>	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 1,714,250</u>	<u>\$ 69,750</u>

Bonds and debt certificates payable consisted of the following at April 30, 2013:

	Maturity Dates	Interest Rates	Face Amount	Carrying Amount	Interest Rebate Percentage
Governmental Activities					
General Obligation Bond Dated 4/22/2010	12/15/2024	3.6% - 5.8%	\$ 1,238,000	\$ 1,100,000	45%
Refunding Bond Dated 4/1/2010	12/1/2018	2.0% - 3.375%	965,000	670,000	
Debt Certificates					
Dated 6/15/2006	12/15/2015	4.29%	116,250	69,750	
Dated 4/22/2010	12/15/2029	4.2% - 6.3%	1,505,000	1,505,000	35%
Business-Type Activities					
Debt Certificates					
Dated 6/15/2006	12/15/2015	4.29%	813,750	209,250	
Dated 4/22/2010	12/15/2029	4.2% - 6.3%	1,505,000	1,505,000	35%

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

At April 30, 2013 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total	Rebate
2014	\$ 193,250	\$ 163,475	\$ 356,725	\$ 55,288
2015	203,250	157,944	361,194	54,154
2016	208,250	151,476	359,726	52,939
2017	270,000	144,877	414,877	51,724
2018	282,500	134,387	416,887	48,768
2019	287,500	122,844	410,344	45,550
2020	177,500	110,416	287,916	42,179
2021	185,000	101,362	286,362	38,547
2022	195,000	91,744	286,744	34,692
2023	210,000	80,814	290,814	30,287
2024	222,500	68,884	291,384	25,473
2025	232,500	56,029	288,529	20,306
2026	120,000	42,323	162,323	14,813
2027	127,500	35,123	162,623	12,293
2028	135,000	27,090	162,090	9,482
2029	142,500	18,585	161,085	6,505
2030	152,500	9,610	162,110	3,364
	<u>\$ 3,344,750</u>	<u>\$ 1,516,983</u>	<u>\$ 4,861,733</u>	<u>\$ 546,364</u>

At April 30, 2013 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total	Rebate
2014	\$ 69,750	\$ 94,896	\$ 164,646	\$ 30,028
2015	69,750	91,862	161,612	30,028
2016	69,750	88,828	158,578	30,028
2017	75,000	85,794	160,794	30,028
2018	77,500	82,644	160,144	28,926
2019	82,500	79,079	161,579	27,678
2020	87,500	75,078	162,578	26,277
2021	90,000	70,659	160,659	24,731
2022	95,000	65,934	160,934	23,077
2023	100,000	60,804	160,804	21,282
2024	107,500	55,254	162,754	19,339
2025	112,500	49,073	161,573	17,176
2026	120,000	42,323	162,323	14,813
2027	127,500	35,123	162,623	12,293
2028	135,000	27,090	162,090	9,482
2029	142,500	18,585	161,085	6,505
2030	152,500	9,610	162,110	3,364
	<u>\$ 1,714,250</u>	<u>\$ 1,032,636</u>	<u>\$ 2,746,886</u>	<u>\$ 355,055</u>

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2013 consisted of the following:

Due To	Due From	Amount
Tax Increment Financing Fund	General Fund	\$ 49,130
Bond Highway Fund	Other Governmental Funds	13,748
Water and Sewer Fund	General Fund	33,671
Agency Fund	Water and Sewer Fund	981

The interfund balances resulted from a time lag between the dates that (1) revenue was collected and remitted to the appropriate fund and (2) expenditures were incurred and reimbursed between funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - INTERFUND BALANCES AND TRANSFERS (Continued)

Transferred From	Transferred To	Amount
Water and Sewer Fund	Other Governmental Funds	\$ 48,000

The transfer from the Other Governmental Funds (Liability Insurance Fund) to the Water and Sewer Fund was to cover the portion of liability insurance expenditures for the fund.

NOTE 7 - DEFICIT FUND BALANCES

No Village fund had a deficit fund balance at April 30, 2013.

NOTE 8 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2012 tax levy. The deferred revenue is 100% of the 2012 tax levy. These taxes are deferred as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2013. The Village has determined that 100% of the amounts collected for the 2011 levy are allocable for use in fiscal year 2013. Therefore, 100% of the amounts collected for the 2011 levy and any back taxes are recorded in these financial statements as property taxes revenue (\$1,511,965). A summary of the assessed valuation, rates, and extensions for the years 2012, 2011, and 2010 follows:

McHenry County

Tax Year	2012		2011		2010	
Assessed Valuation	\$106,786,321		\$118,584,222		\$131,186,628	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1117	\$ 119,329	0.1188	\$ 140,869	0.1141	\$ 149,708
Police Protection	0.0347	37,105	0.0333	39,516	0.0217	28,474
Crossing Guard	0.0017	1,814	0.0013	1,527	0.0012	1,519
Illinois Municipal Retirement	0.0430	45,868	0.0319	37,838	0.0308	40,409
Audit	0.0167	17,790	0.0162	19,259	0.0142	18,600
Liability Insurance	0.1313	140,173	0.1195	141,581	0.1089	142,911
Social Security	0.0782	83,488	0.0669	79,304	0.0622	81,627
Debt Service	0.0907	96,896	0.0839	99,535	0.0745	97,717
Police Pension	0.2279	243,396	0.1880	222,938	0.1622	212,823
	<u>0.7359</u>	<u>\$ 785,859</u>	<u>0.6598</u>	<u>\$ 782,367</u>	<u>0.5898</u>	<u>\$ 773,788</u>

Tax Year	2012		2011		2010	
Tax Increment Financing	-	\$ 550,114	-	\$ 501,281	-	\$ 549,164
Road and Bridge (from Algonquin Township)	-	\$ 55,260	-	\$ 54,704	-	\$ 53,018
Gardner Terrace Special Service Area	-	\$ 2,528	-	\$ 2,538	-	\$ 2,615
Picnic Grove Special Service Area	-	\$ 1,000	-	\$ 1,000	-	\$ 1,000

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - PROPERTY TAXES (Continued)

Lake County

Tax Year	2012		2011		2010	
Assessed Valuation	\$22,722,988		\$23,802,213		\$25,167,830	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1120	\$ 25,450	0.1570	\$ 37,369	0.1160	\$ 29,195
Police Protection	0.0350	7,953	0.0240	5,713	0.0190	4,782
Crossing Guard	0.0020	455	-	-	-	-
Illinois Municipal Retirement	0.0430	9,771	0.0250	5,951	0.0310	7,802
Audit	0.0170	3,863	0.0160	3,808	0.0150	3,775
Liability Insurance	0.1320	29,994	0.1100	26,182	0.1090	27,433
Social Security	0.0790	17,951	0.0550	13,091	0.0630	15,856
Debt Service	0.0920	20,905	0.0850	20,232	0.0760	19,128
Police Pension	0.2280	51,808	0.1890	44,986	0.1630	41,024
	<u>0.7400</u>	<u>\$ 168,150</u>	<u>0.6610</u>	<u>\$ 157,332</u>	<u>0.5920</u>	<u>\$ 148,995</u>
Gardner Terrace Special Service Area	-	\$ 2,473	-	\$ 2,492	-	\$ 2,418
Hunters Farm Special Service Area	-	\$ 5,117	-	\$ 5,068	-	\$ 5,095
Talon Special Service Area	-	\$ 2,001	-	\$ 2,020	-	\$ 2,011

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2013 the following fund had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Capital Improvement Fund	\$ 140,150	\$ 316,944	\$ 176,794

The over-expenditure was covered by available fund balance.

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *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 Village's 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.

B. *Funding Policy*

As set by statute, the Village's Regular plan members are required to contribute 4.50% 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 employer annual required contribution rate for calendar year 2012 used by the Village was 7.45%. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

C. *Annual Pension Cost and Net Pension Obligation*

For the calendar year ending December 31, 2012, the employer's actual contributions for pension cost for the Regular Plan were \$63,806, which was its required contribution for calendar year 2012. The following table shows the components of the annual pension cost for the current year:

Annual required contribution	\$ 63,806
Interest on net pension obligation (optional)	378
Adjustment to annual required contribution	<u>(270)</u>
Annual pension cost	\$ 63,914
Contributions made	<u>63,806</u>
Increase/(decrease) in net pension obligation	\$ 108
Net pension asset/obligation beginning of year	<u>5,042</u>
Net pension asset/obligation end of year	<u>\$ 5,150</u>

The required contribution for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% 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 the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 63,806	100%	\$ 5,150
12/31/2011	72,646	100%	5,042
12/31/2010	80,694	94%	4,973

D. *Funded Status and Funding Progress*

As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 100.62% funded. The actuarial accrued liability for benefits was \$3,456,824 and the actuarial value of assets was \$3,478,117, resulting in an overfunded actuarial accrued liability (UAAL) of \$21,293. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$856,459. Because the plan was overfunded, there is no ratio of the UAAL to the covered payroll.

This schedule of funding progress 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

D. *Funded Status and Funding Progress (Continued)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 3,478,117	\$ 3,456,824	\$ (21,293)	100.62%	\$ 856,459	0.00%
12/31/2011	3,612,205	3,598,592	(13,613)	100.38%	893,553	0.00%
12/31/2010	3,575,522	3,407,787	(167,735)	104.92%	897,602	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$3,571,485. On a market basis, the funded ratio would be 103.32%.

NOTE 11 - POLICE PENSION PLAN

A. *Plan Description and Contribution Information*

The Fox River Grove Police Pension Fund (Plan) is a single-employer defined benefit pension plan that covers all full-time police sworn personnel of the Village. The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency.

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature. The Plan does not issue a stand-alone financial report.

Membership in the Plan consisted of the following at April 30, 2012, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	7
Active Plan Members	10
Total	<u>17</u>

Contribution requirements of both the Plan members and the Village are established and may be amended by the Illinois legislature. Plan members are required to contribute 9.91% of their annual covered salary. The Village is required to contribute at an actuarially determined rate. Administrative costs of the Plan are financed through investment earnings.

B. *Summary of Significant Accounting Policies*

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Village contributions to the Plan are recognized when due and when the Village has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

B. *Summary of Significant Accounting Policies (Continued)*

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Any investments that do not have an established market are reported at estimated fair value.

C. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension asset/obligation to the Plan as of April 30, 2012 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 235,895
Adjustment to annual required contribution	-
Annual pension cost	\$ 235,895
Contributions made	253,353
Increase/(decrease) in net pension obligation	\$ (17,458)
Net pension asset/obligation beginning of year	-
Net pension asset/obligation end of year	\$ (17,458)

The annual required contribution for the current year was determined as part of the April 30, 2012 actuarial valuation using the entry-age-normal actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.5%, which includes an inflation allowance of 3.00% per year. The assumptions include postretirement benefit increases of 3%. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed period. The remaining amortization period at April 30, 2012 was 30 years.

Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2012	\$ 235,895	107.40%	\$ (17,458)
4/30/2011	235,895	100.00%	-
4/30/2010	240,979	88.50%	(27,068)

D. *Required Supplementary Information*

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL - Entry Age) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2012	\$ 1,473,740	\$ 5,682,824	\$ 4,209,084	25.9%	\$ 496,999	846.9%
4/30/2011	1,411,794	5,511,782	4,099,988	25.6%	492,883	831.8%
4/30/2010	1,288,360	5,385,857	4,097,497	23.9%	599,627	683.3%

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - SOCIAL SECURITY

All employees are covered under Social Security. The Village paid the total required contribution for the current fiscal year.

NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS - RETIREE INSURANCE PLAN

A. *Plan Overview*

The Village provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides pre- and post-Medicare postretirement healthcare benefits to all employees who work for the Village and receive a pension from the Village through IMRF or the Police Pension. The Plan does not issue a stand-alone financial report.

B. *Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements.

C. *Annual OPEB Cost and Net OPEB Obligation*

The Village’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the Village, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following shows the components of the Village’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Village’s net OPEB obligation to the plan:

Annual required contribution	\$	49,746
Interest on net OPEB obligation (optional)		3,995
Adjustment to annual required contribution		(4,950)
Annual OPEB cost	\$	48,791
Contributions made		33,112
Increase/(decrease) in net OPEB obligation	\$	15,679
Net OPEB asset/obligation beginning of year		79,897
Net OPEB asset/obligation end of year	\$	95,576

The Village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2013	\$ 48,791	\$ 33,112	67.86%	\$ 95,576
4/30/2012	54,910	27,177	49.49%	79,897
4/30/2011	52,528	25,883	49.27%	52,163

D. *Funded Status and Funding Progress*

This schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS - RETIREE INSURANCE PLAN
(Continued)

D. *Funded Status and Funding Progress (Continued)*

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL - Entry Age) (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	\$ -	\$ 527,142	\$ 527,142	0.00%	N/A	0.00%
4/30/2010	-	595,884	595,884	0.00%	N/A	0.00%

E. *Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend.

Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

The following includes actuarial assumptions and methods:

Actuarial Cost Method	Unit Credit (Alternative Measurement Method)
Amortization Period	Level Dollar - Open
Remaining Amortization Period	30 Years
Asset Valuation Method	N/A
Discount Rate	5%
Projected Salary Increases	N/A
Healthcare Inflation Rate	Initial – 8.3% Ultimate - 5%
Percentage of Active Employees Assumed to Elect Benefit	25% of IMRF and Police employees will elect coverage
Employer Provided Benefit	Eligible retirees may continue coverage into retirement on the Village plan on a pay-all basis. Active Police Personnel who were disabled during service may receive coverage only until attaining age 65.

NOTE 14 - RISK MANAGEMENT

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Village is a member of the McHenry County Municipal Risk Management Agency (MCMRMA), a public entity risk pool through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Village and MCMRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for MCMRMA, to report claims on a timely basis, cooperate with MCMRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - RISK MANAGEMENT (Continued)

procedures as outlined by MCMRMA. Members have a contractual obligation to fund any deficit of MCMRMA attributable to a membership year during which they were a member.

MCMRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. MCMRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members. During fiscal year 2013 there was no significant reduction in insurance coverage for any category.

The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2013, there were no significant adjustments in premiums based on actual experience.

NOTE 15 - COMMITMENTS

While the Village has a construction project in progress, as of April 30, 2013 there are no outstanding construction commitments related to this project.

NOTE 16 - CONTINGENCIES

The Village is currently involved in litigation which might have a material adverse affect on the Village's financial position. A group of Plaintiffs is seeking to challenge the recently approved zoning for a parcel of property on which the Village would like to build a new public works garage. At present, this case is set to go to trial, and the Plaintiffs have not made any claim for monetary damages.

NOTE 17 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of indebtedness to 8.625% of the most recent available equalized assessed valuation (EAV) of the Village.

2012 EAV	\$	129,509,309
	X	8.625%
Debt Margin	\$	11,170,178
Current Debt		5,059,000
Remaining Debt Margin	\$	<u>6,111,178</u>

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended April 30, 2013, the Village has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

NOTE 19 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through January 14, 2014, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX RIVER GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2013

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 413,426	\$ 686,922
Utility Tax	198,000	201,656
Intergovernmental		
State Sales Tax	570,076	583,411
State Income Tax	389,291	459,272
State Replacement Tax	10,000	9,706
State Telecommunications Tax	172,934	342,687
State Grants	-	1,780
Interest Rebate	30,028	30,028
Other Local Sources		
Licenses, Permits, and Fees	87,209	134,052
Charges for Services	320,100	321,894
Fines and Forfeitures	146,000	144,011
Franchise Fees	73,162	78,216
Interest	6,600	5,115
Miscellaneous		
Donations	1,500	7,223
Special Events	8,000	23,115
Other Miscellaneous	265,500	307,779
	\$ 2,691,826	\$ 3,336,867
EXPENDITURES		
CURRENT		
GENERAL GOVERNMENT		
Board of Trustees/Commissions		
Personal Services	\$ 30,885	\$ 27,392
Contractual Services	261,225	147,204
Miscellaneous	13,950	7,837
Administration		
Personal Services	356,970	312,887
Contractual Services	43,775	31,332
Commodities	27,870	35,988
Miscellaneous	700	80
	\$ 735,375	\$ 562,720
PUBLIC SAFETY		
Police Department		
Personal Services	\$ 760,473	\$ 816,188
Contractual Services	96,500	86,520
Commodities	2,500	918
Miscellaneous	1,000	72
Pension Contributions	-	267,929
	\$ 860,473	\$ 1,171,627

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2013

	Budgeted Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
CURRENT (Continued)		
STREETS AND PARKS		
Streets and Parks		
Personal Services	\$ 423,158	\$ 381,675
Contractual Services	281,879	258,009
Commodities	94,000	104,956
	\$ 799,037	\$ 744,640
BUILDING AND ZONING		
Building Department		
Personal Services	\$ 68,232	\$ 60,749
Contractual Services	5,475	3,703
Commodities	800	766
Miscellaneous	150	166
	\$ 74,657	\$ 65,384
CAPITAL OUTLAY		
General Government	\$ 67,850	\$ 34,405
Public Safety	500	509
Streets and Parks	1,787,517	52,335
	\$ 1,855,867	\$ 87,249
DEBT SERVICE		
Principal	\$ 54,600	\$ 50,785
Interest and Fees	88,587	94,172
	\$ 143,187	\$ 144,957
TOTAL EXPENDITURES	\$ 4,468,596	\$ 2,776,577
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,776,770)	\$ 560,290
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (1,776,770)	\$ 560,290
FUND BALANCE - MAY 1, 2012	3,488,053	3,579,988
FUND BALANCE - APRIL 30, 2013	\$ 1,711,283	\$ 4,140,278

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - TAX INCREMENT FINANCING FUND
YEAR ENDED APRIL 30, 2013

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 560,000	\$ 501,285
Other Local Sources		
Interest	2,500	1,072
	\$ 562,500	\$ 502,357
EXPENDITURES		
CURRENT		
BUILDING AND ZONING		
Contractual Services	\$ 20,000	\$ 4,317
CAPITAL OUTLAY		
Building and Zoning	\$ 50,000	\$ 1,220
DEBT SERVICE		
Principal	\$ 310,000	\$ 283,074
Interest and Fees	230,000	157,030
	\$ 540,000	\$ 440,104
TOTAL EXPENDITURES	\$ 610,000	\$ 445,641
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (47,500)	\$ 56,716
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (47,500)	\$ 56,716
FUND BALANCE - MAY 1, 2012	1,096,964	710,541
FUND BALANCE - APRIL 30, 2013	\$ 1,049,464	\$ 767,257

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CAPITAL IMPROVEMENT FUND
YEAR ENDED APRIL 30, 2013

	Budgeted Amounts	
	Original and Final	Actual Amounts
REVENUES		
Other Local Sources		
Fines and Forfeitures	\$ 122,000	\$ 771,935
Interest	750	1,253
	\$ 122,750	\$ 773,188
EXPENDITURES		
CURRENT		
PUBLIC SAFETY		
Personal Services	\$ 15,000	\$ 11,087
Contractual Services	125,150	298,537
	\$ 140,150	\$ 309,624
CAPITAL OUTLAY		
Public Safety	\$ -	\$ 7,320
TOTAL EXPENDITURES	\$ 140,150	\$ 316,944
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (17,400)	\$ 456,244
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (17,400)	\$ 456,244
FUND BALANCE - MAY 1, 2012	914,611	1,032,175
FUND BALANCE - APRIL 30, 2013	\$ 897,211	\$ 1,488,419

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 APRIL 30, 2013

NOTE 1 - BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted by the Village Board for all funds except agency funds. All annual budgets lapse at fiscal year end.

Budgeted expenditures are controlled at the departmental level with the Village Administrator's oversight. All transfers and any revision that change the total expenditures of any fund must be approved by the Village Board. All budget amendments must be approved by the Village Board.

The budget was approved on April 19, 2012.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2013, the following fund presented as Required Supplementary Information had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Capital Improvement Fund	\$ 140,150	\$ 316,944	\$ 176,794

The over-expenditure was covered by available fund balance.