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

ANNUAL FINANCIAL REPORT

APRIL 30, 2012

VILLAGE OF FOX RIVER GROVE, ILLINOIS
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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, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Fox River Grove, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 40 through 44 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.

As discussed in Note 7 to the financial statements, the Village implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
September 18, 2012

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX RIVER GROVE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Village of Fox River Grove, Illinois (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, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2012 by \$23,693,273 (total net assets, see page 9). Of this amount, \$5,402,761 (unrestricted net assets) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets increased by \$532,470.
- At April 30, 2012, the Village's governmental funds reported combined ending fund balances of \$5,914,600, an increase of \$236,213 in comparison with the prior year. Approximately 33 percent of this total amount, \$1,968,416, is unassigned fund balance.
- At April 30, 2012, the unassigned fund balance for the General Fund was \$1,968,416, or 69 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 Assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the long-term financial position of the Village is improving or deteriorating. See page 4 for the section titled Government-Wide Financial Analysis for further information.

The Statement of Activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets 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 9 and 10 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 eighteen 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, the Bond Highway 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 11 through 14 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 15 through 17 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 18 and 19 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 20 through 39 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 40 through 44 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$23,693,273 at April 30, 2012.

By far the largest portion of the Village's net assets (72 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, Illinois' Net Assets

	Governmental Activities		Business-Type Activities		Total	
	4/30/2012	4/30/2011	4/30/2012	4/30/2011	4/30/2012	4/30/2011
Current and Other Assets	\$ 8,105,045	\$ 7,907,899	\$ 4,164,967	\$ 4,092,949	\$ 12,270,012	\$ 12,000,848
Capital Assets	15,364,555	15,375,217	3,746,474	3,666,234	19,111,029	19,041,451
Total Assets	<u>\$ 23,469,600</u>	<u>\$ 23,283,116</u>	<u>\$ 7,911,441</u>	<u>\$ 7,759,183</u>	<u>\$ 31,381,041</u>	<u>\$ 31,042,299</u>
Long-Term Liabilities Outstanding	\$ 3,621,533	\$ 3,779,779	\$ 1,784,000	\$ 1,853,750	\$ 5,405,533	\$ 5,633,529
Other Liabilities	2,166,095	2,175,663	116,140	72,304	2,282,235	2,247,967
Total Liabilities	<u>\$ 5,787,628</u>	<u>\$ 5,955,442</u>	<u>\$ 1,900,140</u>	<u>\$ 1,926,054</u>	<u>\$ 7,687,768</u>	<u>\$ 7,881,496</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	\$ 13,452,815	\$ 13,297,401	\$ 3,545,743	\$ 3,547,427	\$ 16,998,558	\$ 16,844,828
Restricted	1,291,954	1,675,743 *	-	- *	1,291,954	1,675,743
Unrestricted	2,937,203	2,354,530 *	2,465,558	2,285,702 *	5,402,761	4,640,232
Total Net Assets	<u>\$ 17,681,972</u>	<u>\$ 17,327,674</u>	<u>\$ 6,011,301</u>	<u>\$ 5,833,129</u>	<u>\$ 23,693,273</u>	<u>\$ 23,160,803</u>

*Restated

An additional portion of the Village's net assets (5 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 assets (\$5,402,761) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2012, the Village is able to report positive balances in all three categories of net assets, 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 assets by \$354,298. Key elements of this increase are as follows:

Village of Fox River Grove, Illinois' Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011
Revenues						
Program Revenues						
Charges for Services	\$ 1,710,141	\$ 1,378,246	\$ 1,703,576	\$ 1,614,648	\$ 3,413,717	\$ 2,992,894
Operating Grants and Contributions	89,931	127,426	30,049	-	119,980	127,426
Capital Grants and Contributions	-	-	31,117	-	31,117	-
General Revenues						
Property Taxes	1,539,079	1,553,346	-	-	1,539,079	1,553,346
Other Taxes	1,501,922	1,434,704	-	-	1,501,922	1,434,704
Interest Income	11,509	12,813	4,584	4,294	16,093	17,107
Other	-	82,459	-	-	-	82,459
Total Revenues	\$ 4,852,582	\$ 4,588,994	\$ 1,769,326	\$ 1,618,942	\$ 6,621,908	\$ 6,207,936
Expenses						
General Government	\$ 949,506	\$ 882,147	\$ -	\$ -	\$ 949,506	\$ 882,147
Public Safety	1,487,230	1,526,660	-	-	1,487,230	1,526,660
Streets and Parks	1,258,799	1,733,669	-	-	1,258,799	1,733,669
Building and Zoning	341,661	307,476	-	-	341,661	307,476
Environment	11,828	11,825	-	-	11,828	11,825
Water	-	-	876,997	719,156	876,997	719,156
Sewer	-	-	673,730	770,723	673,730	770,723
Parking	-	-	40,427	47,012	40,427	47,012
Interest and Fees on Long-Term Debt	405,560	382,384	-	-	405,560	382,384
Unallocated Depreciation	43,700	43,700	-	-	43,700	43,700
Total Expenses	\$ 4,498,284	\$ 4,887,861	\$ 1,591,154	\$ 1,536,891	\$ 6,089,438	\$ 6,424,752
Increase/(Decrease) in Net Assets						
Before Transfers	\$ 354,298	\$ (298,867)	\$ 178,172	\$ 82,051	\$ 532,470	\$ (216,816)
Transfers	-	(1,234,644)	-	1,234,644	-	-
Increase/(Decrease) in Net Assets	\$ 354,298	\$ (1,533,511)	\$ 178,172	\$ 1,316,695	\$ 532,470	\$ (216,816)
Net Assets - Beginning of Year	17,327,674	17,391,612	5,833,129	5,880,605	23,160,803	23,272,217
Net Assets Adjustment	-	1,469,573	-	(1,364,171)	-	105,402
Net Assets - End of Year	\$ 17,681,972	\$ 17,327,674	\$ 6,011,301	\$ 5,833,129	\$ 23,693,273	\$ 23,160,803

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

- Charges for Services increased due to increased revenue from the RedSpeed camera within the Village.
- Expenditures for Streets and Parks decreased due to road projects undertaken during the prior fiscal year.

Business-type activities - Business-type activities increased the Village's net assets by \$178,172. Charges for services increased with the demand for services; however, the increase was lessened by higher expenses.

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, 2012, the Village's governmental funds reported combined ending fund balances of \$5,914,600, an increase of \$236,213 in comparison with the prior year. Approximately 33 percent of this total amount (\$1,968,416) 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, 2012, unassigned fund balance of the General Fund was \$1,968,416, while total fund balance reached \$3,579,988. 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 (\$1,968,416) represents 69 percent of total General Fund expenditures (\$2,839,083), while total fund balance (\$3,579,988) represents 126 percent of that same amount.

The fund balance of the Village's General Fund increased by \$102,937 during the year ended April 30, 2012. 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 assets of the Water and Sewer Fund at April 30, 2012 amounted to \$2,170,265. The total growth in net assets for the Water and Sewer Fund was \$147,722. 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 15 through 17 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was not amended during the year ended April 30, 2012; 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 \$301,885 (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.
- The difference between the estimated expenditures and the actual expenditures was \$1,720,588 (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, 2012 amounts to \$19,111,029 (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, 2012 included the following:

- Purchase of new police car computers for \$12,987

- Purchase of new sewer inspection camera for \$73,932
- The Village continued its construction project of a new maintenance garage and is still in progress at the end of the year. As of April 30, 2012 the Village has spent \$374,241 on this project.

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

	Governmental Activities		Business-Type Activities		Total	
	4/30/2012	4/30/2011	4/30/2012	4/30/2011	4/30/2012	4/30/2011
Land	\$ 12,212,515	\$ 12,212,515	\$ 75,716	\$ 75,716	\$ 12,288,231	\$ 12,288,231
Construction in Progress	184,741	39,119	189,500	39,119	374,241	78,238
Land Improvements	178,051	196,026	7,249	9,320	185,300	205,346
Buildings	1,807,894	1,856,494	1,897,819	1,966,113	3,705,713	3,822,607
Equipment	200,479	219,046	-	-	200,479	219,046
Systems and Equipment	-	-	1,470,819	1,442,040	1,470,819	1,442,040
Vehicles	92,235	125,715	105,371	133,926	197,606	259,641
Infrastructure	688,640	726,302	-	-	688,640	726,302
Total	\$ 15,364,555	\$ 15,375,217	\$ 3,746,474	\$ 3,666,234	\$ 19,111,029	\$ 19,041,451

Additional information on the Village's capital assets can be found in note 3 on pages 28 and 29 of this report.

Long-term debt - At April 30, 2012, the Village had total debt outstanding of \$5,322,000 which is backed by the full faith and credit of the Village.

Village of Fox River Grove, Illinois' Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	4/30/2012	4/30/2011	4/30/2012	4/30/2011	4/30/2012	4/30/2011
General Obligation Bonds	\$ 1,940,000	\$ 2,103,000	\$ -	\$ -	\$ 1,940,000	\$ 2,103,000
Debt Certificates	1,598,000	1,621,250	1,784,000	1,853,750	3,382,000	3,475,000
Total	\$ 3,538,000	\$ 3,724,250	\$ 1,784,000	\$ 1,853,750	\$ 5,322,000	\$ 5,578,000

The Village's total debt decreased by \$256,000 (5 percent) during the year ended April 30, 2012. 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 29 through 31 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 2011 is \$142,386,435. That represents a decrease in EAV of \$13,968,023 (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
- The award of a \$200,000 grant to extend water lines within the Village
- The upgrade of water meters and the water treatment plant

For further information see the budget officer's comments in the Village's fiscal year 2012 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 ASSETS
APRIL 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,009,900	\$ 3,750,405	\$ 9,760,305
Investments	67,127	134,563	201,690
Receivables (Net of Allowance of \$0)			
Accounts Receivable - Billed	-	132,321	132,321
Accounts Receivable - Unbilled	-	94,048	94,048
Property Taxes	1,508,803	-	1,508,803
Utility Tax	14,279	-	14,279
Interest Rebate	21,120	26,254	47,374
Due from Other Governmental Units	336,427	-	336,427
Other Receivables	94,937	-	94,937
Interfund Balances	(6,365)	5,384	(981)
Debt Issuance Costs, net of amortization	58,817	21,992	80,809
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	12,397,256	265,216	12,662,472
Other Capital Assets, Net of Depreciation	2,967,299	3,481,258	6,448,557
Total Assets	\$ 23,469,600	\$ 7,911,441	\$ 31,381,041
LIABILITIES			
Accounts Payable	\$ 572,011	\$ 79,471	\$ 651,482
Accrued Expenses	85,281	36,669	121,950
Deferred Revenue	1,508,803	-	1,508,803
Net Other Post Employment Benefit Obligation	79,897	-	79,897
IMRF Pension Obligation	5,042	-	5,042
Non-Current Liabilities			
Due Within One Year	193,049	69,750	262,799
Due in More Than One Year	3,343,545	1,714,250	5,057,795
Total Liabilities	\$ 5,787,628	\$ 1,900,140	\$ 7,687,768
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 13,452,815	\$ 3,545,743	\$ 16,998,558
Restricted for:			
Audit	7,348	-	7,348
Debt Service	36,611	-	36,611
Economic Development	707,816	-	707,816
Highways and Streets	234,563	-	234,563
Public Safety	63,291	-	63,291
Retirement	34,199	-	34,199
School Crossing Guard	11,336	-	11,336
Special Service Areas	196,790	-	196,790
Unrestricted/(Deficit)	2,937,203	2,465,558	5,402,761
Total Net Assets	\$ 17,681,972	\$ 6,011,301	\$ 23,693,273

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 949,506	\$ 701,755	\$ 67,661	\$ -
Public Safety	1,487,230	951,223	-	-
Streets and Parks	1,258,799	-	22,270	-
Building and Zoning	341,661	57,163	-	-
Environment	11,828	-	-	-
Interest and Fees on Long-Term Debt	405,560	-	-	-
Unallocated Depreciation	43,700	-	-	-
	<u>\$ 4,498,284</u>	<u>\$ 1,710,141</u>	<u>\$ 89,931</u>	<u>\$ -</u>
Business-Type Activities				
Water	\$ 876,997	\$ 696,806	\$ 15,025	\$ -
Sewer	673,730	936,410	15,024	31,117
Parking	40,427	70,360	-	-
	<u>\$ 1,591,154</u>	<u>\$ 1,703,576</u>	<u>\$ 30,049</u>	<u>\$ 31,117</u>
Total Primary Government	<u>\$ 6,089,438</u>	<u>\$ 3,413,717</u>	<u>\$ 119,980</u>	<u>\$ 31,117</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
 Total General Revenues and Transfers

Change in Net Assets

Net Assets - May 1, 2011

Net Assets - April 30, 2012

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (180,090)	\$ -	\$ (180,090)
(536,007)	-	(536,007)
(1,236,529)	-	(1,236,529)
(284,498)	-	(284,498)
(11,828)	-	(11,828)
(405,560)	-	(405,560)
(43,700)	-	(43,700)
<u>\$ (2,698,212)</u>	<u>\$ -</u>	<u>\$ (2,698,212)</u>
\$ -	\$ (165,166)	\$ (165,166)
-	308,821	308,821
-	29,933	29,933
<u>\$ -</u>	<u>\$ 173,588</u>	<u>\$ 173,588</u>
<u>\$ (2,698,212)</u>	<u>\$ 173,588</u>	<u>\$ (2,524,624)</u>
\$ 1,539,079	\$ -	\$ 1,539,079
204,787	-	204,787
584,417	-	584,417
411,260	-	411,260
10,314	-	10,314
171,279	-	171,279
119,865	-	119,865
11,509	4,584	16,093
<u>\$ 3,052,510</u>	<u>\$ 4,584</u>	<u>\$ 3,057,094</u>
\$ 354,298	\$ 178,172	\$ 532,470
<u>17,327,674</u>	<u>5,833,129</u>	<u>23,160,803</u>
<u>\$ 17,681,972</u>	<u>\$ 6,011,301</u>	<u>\$ 23,693,273</u>

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2012

	General Fund	Tax Increment Financing Fund	Bond Highway Fund	Capital Improvement Fund
ASSETS				
Cash and Cash Equivalents	\$ 3,267,134	\$ 1,174,797	\$ 40,345	\$ 998,302
Investments	67,127	-	-	-
Receivables (Net of Allowance of \$0)				
Property Taxes	683,805	501,281	-	-
Utility Tax	14,279	-	-	-
Due from Other Governmental Units	327,003	-	-	-
Due from Other Funds	-	11,556	13,748	-
Other Receivables	15,014	-	13,748	66,175
Total Assets	\$ 4,374,362	\$ 1,687,634	\$ 67,841	\$ 1,064,477
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 92,648	\$ 475,812	\$ -	\$ 2,608
Accrued Expenses	-	-	-	29,694
Due to Other Funds	17,921	-	-	-
Deferred Revenue	683,805	501,281	-	-
Total Liabilities	\$ 794,374	\$ 977,093	\$ -	\$ 32,302
FUND BALANCES				
Restricted for:				
Audit	\$ -	\$ -	\$ -	\$ -
Capital Improvements	1,566,037	-	-	-
Debt Service	-	-	-	-
Economic Development	-	707,816	-	-
Highways and Streets	-	-	39,872	-
Public Safety	-	-	-	-
Retirement	34,199	-	-	-
School Crossing Guard	11,336	-	-	-
Special Service Areas	-	-	-	-
Committed for:				
Capital Improvements	-	-	-	975,000
Assigned for:				
Capital Improvements	-	-	-	57,175
Debt Service	-	-	-	-
Economic Development	-	2,725	-	-
Highways and Streets	-	-	27,969	-
Liability Insurance	-	-	-	-
Public Safety	-	-	-	-
Special Service Areas	-	-	-	-
Unassigned	1,968,416	-	-	-
Total Fund Balances	\$ 3,579,988	\$ 710,541	\$ 67,841	\$ 1,032,175
Total Liabilities and Fund Balance	\$ 4,374,362	\$ 1,687,634	\$ 67,841	\$ 1,064,477

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

Other Governmental Funds	Total Governmental Funds
\$ 529,322	\$ 6,009,900
-	67,127
323,717	1,508,803
-	14,279
9,424	336,427
-	25,304
-	94,937
<u>\$ 862,463</u>	<u>\$ 8,056,777</u>

\$ 943	\$ 572,011
-	29,694
13,748	31,669
323,717	1,508,803
<u>\$ 338,408</u>	<u>\$ 2,142,177</u>

\$ 7,348	\$ 7,348
-	1,566,037
36,611	36,611
-	707,816
194,691	234,563
63,291	63,291
-	34,199
-	11,336
196,790	196,790
-	975,000
-	57,175
205	205
-	2,725
144	28,113
24,452	24,452
90	90
433	433
-	1,968,416
<u>\$ 524,055</u>	<u>\$ 5,914,600</u>
<u>\$ 862,463</u>	<u>\$ 8,056,777</u>

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 APRIL 30, 2012

Total Fund Balances - Governmental Funds		\$	5,914,600
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Capital Assets, net of accumulated depreciation			15,364,555
Net IMRF Asset/Obligation is not included in the governmental funds.			(5,042)
Net Other Post Employment Benefit Obligation is not included in the governmental funds.			(79,897)
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	\$	15,599	
Bond Issuance Costs		58,817	
Premium on Bonds Sold		(14,193)	
		60,223	
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Bonds and Notes Payable	\$	(3,538,000)	
Accrued Interest on Long-Term Debt		(55,587)	
Interest Rebate Receivable		21,120	
		(3,572,467)	
Net Assets of Governmental Activities		\$	17,681,972

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, 2012

	General Fund	Tax Increment Financing Fund	Bond Highway Fund	Capital Improvement Fund
REVENUES				
Local Taxes				
Property Tax	\$ 667,857	\$ 549,164	\$ -	\$ -
Utility Tax	204,787	-	-	-
Intergovernmental				
State Sales Tax	584,417	-	-	-
State Income Tax	411,260	-	-	-
State Replacement Tax	10,314	-	-	-
State Telecommunications Tax	171,279	-	-	-
State Motor Fuel Tax	-	-	-	-
State Grants	-	-	-	-
Interest Rebate	30,028	-	27,495	-
Federal Grants	1,156	-	-	-
Other Local Sources				
Licenses, Permits, and Fees	156,355	-	-	-
Charges for Services	305,568	-	-	-
Fines and Forfeitures	141,945	-	-	789,651
Franchise Fees	73,261	-	-	-
Interest	5,702	2,726	475	1,678
Miscellaneous				
Special Events	16,896	-	-	-
Other Miscellaneous	216,976	-	-	-
	<u>\$ 2,997,801</u>	<u>\$ 551,890</u>	<u>\$ 27,970</u>	<u>\$ 791,329</u>
EXPENDITURES				
Current				
General Government	\$ 654,210	\$ -	\$ -	\$ -
Public Safety	1,105,915	-	-	310,004
Streets and Parks	681,139	-	-	-
Building and Zoning	39,988	5,416	-	-
Environment	-	-	-	-
Capital Outlay				
Public Safety	-	-	-	33,736
Streets and Parks	206,157	-	400,352	-
Debt Service				
Principal	53,260	266,247	68,000	-
Interest and Fees	98,414	208,461	61,101	-
	<u>\$ 2,839,083</u>	<u>\$ 480,124</u>	<u>\$ 529,453</u>	<u>\$ 343,740</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 158,718	\$ 71,766	\$ (501,483)	\$ 447,589
OTHER FINANCING SOURCES/(USES)				
Transfers	(55,781)	-	129,140	-
NET CHANGE IN FUND BALANCES	\$ 102,937	\$ 71,766	\$ (372,343)	\$ 447,589
FUND BALANCES - MAY 1, 2011	3,477,051	638,775	440,184	584,586
FUND BALANCES - APRIL 30, 2012	<u>\$ 3,579,988</u>	<u>\$ 710,541</u>	<u>\$ 67,841</u>	<u>\$ 1,032,175</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 322,058	\$ 1,539,079
-	204,787
-	584,417
-	411,260
-	10,314
-	171,279
119,865	119,865
21,114	21,114
-	57,523
-	1,156
-	156,355
-	305,568
19,627	951,223
-	73,261
928	11,509
-	16,896
-	216,976
<u>\$ 483,592</u>	<u>\$ 4,852,582</u>

\$ 262,476	\$ 916,686
365	1,416,284
21,259	702,398
-	45,404
11,828	11,828
-	33,736
-	606,509
95,000	482,507
33,041	401,017
<u>\$ 423,969</u>	<u>\$ 4,616,369</u>

\$ 59,623	\$ 236,213
<u>(73,359)</u>	<u>-</u>
\$ (13,736)	\$ 236,213
<u>537,791</u>	<u>5,678,387</u>
<u>\$ 524,055</u>	<u>\$ 5,914,600</u>

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, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 236,213

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	\$ (169,271)	
Capital Outlay	<u>158,609</u>	(10,662)

The change in the Net Pension Asset/Obligation is not included in the governmental funds. (27,068)

The change in the IMRF Pension Asset/Obligation is not included in the governmental funds. (69)

The change in the Net Other Post Employment Benefit Obligation is not included in the governmental funds. (27,734)

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 Assets and are therefore not reported in the Statement of Activities.

Amortization Expense		(5,687)
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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	\$ 1,911	
Accrued Interest on Long-Term Debt	<u>1,144</u>	3,055

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 Assets and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>186,250</u>
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Change in Net Assets of Governmental Activities		<u>\$ 354,298</u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 APRIL 30, 2012

	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 3,451,207	\$ 299,198	\$ 3,750,405
Investments	134,563	-	134,563
Receivables (Net of Allowance of \$0)			
Accounts Receivable - Billed	132,321	-	132,321
Accounts Receivable - Unbilled	94,048	-	94,048
Interest Rebate	26,254	-	26,254
Due from Other Funds	5,384	-	5,384
	<u>\$ 3,843,777</u>	<u>\$ 299,198</u>	<u>\$ 4,142,975</u>
Non-Current Assets			
Capital Assets			
Land	\$ 75,716	\$ -	\$ 75,716
Construction in Progress	189,500	-	189,500
Land Improvements	41,420	-	41,420
Buildings	3,493,784	-	3,493,784
Systems and Equipment	4,570,720	-	4,570,720
Vehicles	287,622	-	287,622
Less: Accumulated Depreciation	(4,912,288)	-	(4,912,288)
	<u>\$ 3,746,474</u>	<u>\$ -</u>	<u>\$ 3,746,474</u>
Other Assets			
Bond Issuance Costs	\$ 24,579	\$ -	\$ 24,579
Less: Accumulated Amortization	(2,587)	-	(2,587)
	<u>\$ 21,992</u>	<u>\$ -</u>	<u>\$ 21,992</u>
Total Assets	<u>\$ 7,612,243</u>	<u>\$ 299,198</u>	<u>\$ 7,911,441</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 75,566	\$ 3,905	\$ 79,471
Accrued Expenses	36,669	-	36,669
Debt Certificates Payable - Current	69,750	-	69,750
	<u>\$ 181,985</u>	<u>\$ 3,905</u>	<u>\$ 185,890</u>
Non-Current Liabilities			
Debt Certificates Payable	\$ 1,714,250	\$ -	\$ 1,714,250
	<u>\$ 1,714,250</u>	<u>\$ -</u>	<u>\$ 1,714,250</u>
Total Liabilities	<u>\$ 1,896,235</u>	<u>\$ 3,905</u>	<u>\$ 1,900,140</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 3,545,743	\$ -	\$ 3,545,743
Unrestricted/(Deficit)	2,170,265	295,293	2,465,558
	<u>\$ 5,716,008</u>	<u>\$ 295,293</u>	<u>\$ 6,011,301</u>
Total Net Assets	<u>\$ 5,716,008</u>	<u>\$ 295,293</u>	<u>\$ 6,011,301</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 ASSETS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2012

	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
OPERATING REVENUES			
Charges for Services			
Water Sales	\$ 671,414	\$ -	\$ 671,414
Water Tap-in Fees	16,500	-	16,500
Sewer Charges	927,518	-	927,518
Parking Fees	-	66,878	66,878
Lawn Maintenance and Snow Removal	-	3,482	3,482
Miscellaneous	17,784	-	17,784
	<u>\$ 1,633,216</u>	<u>\$ 70,360</u>	<u>\$ 1,703,576</u>
OPERATING EXPENSES			
Water Department			
Personal Services	\$ 491,012	\$ -	\$ 491,012
Commodities	130,513	-	130,513
Contractual Services	117,920	-	117,920
Retirement	53,187	-	53,187
Depreciation	34,697	-	34,697
Amortization	647	-	647
Sewer Department			
Personal Services	41	-	41
Commodities	129,909	-	129,909
Contractual Services	310,923	-	310,923
Depreciation	183,191	-	183,191
Amortization	646	-	646
Parking			
Personal Services	-	16,428	16,428
Commodities	-	3,191	3,191
Contractual Services	-	20,808	20,808
	<u>\$ 1,452,686</u>	<u>\$ 40,427</u>	<u>\$ 1,493,113</u>
OPERATING INCOME/(LOSS)	<u>\$ 180,530</u>	<u>\$ 29,933</u>	<u>\$ 210,463</u>
NON OPERATING REVENUE/(EXPENSE)			
Interest Income	\$ 4,067	\$ 517	\$ 4,584
Interest Rebate	30,049	-	30,049
Federal Grants	31,117	-	31,117
Interest Expense	(98,041)	-	(98,041)
	<u>\$ (32,808)</u>	<u>\$ 517</u>	<u>\$ (32,291)</u>
CHANGE IN NET ASSETS	<u>\$ 147,722</u>	<u>\$ 30,450</u>	<u>\$ 178,172</u>
NET ASSETS - MAY 1, 2011	<u>5,568,286</u>	<u>264,843</u>	<u>5,833,129</u>
NET ASSETS - APRIL 30, 2012	<u>\$ 5,716,008</u>	<u>\$ 295,293</u>	<u>\$ 6,011,301</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, 2012

	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,636,283	\$ 70,360	\$ 1,706,643
Payments to Suppliers for Goods and Services	(643,612)	(22,894)	(666,506)
Payments to Employees for Services	(544,240)	(16,428)	(560,668)
Internal Activity - Payments to Other Funds	(65,007)	(590)	(65,597)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 383,424</u>	<u>\$ 30,448</u>	<u>\$ 413,872</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	\$ (298,128)	\$ -	\$ (298,128)
Proceeds from Government Grants	31,117	-	31,117
Interest Paid on Capital Debt	(100,963)	-	(100,963)
Interest Rebate Received on Capital Debt	15,012	-	15,012
Payment on Capital Debt	(69,750)	-	(69,750)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (422,712)</u>	<u>\$ -</u>	<u>\$ (422,712)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	\$ (262)	\$ -	\$ (262)
Interest on Cash and Cash Equivalents and Investments	4,067	517	4,584
Net Cash Provided/(Used) by Investing Activities	<u>\$ 3,805</u>	<u>\$ 517</u>	<u>\$ 4,322</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (35,483)	\$ 30,965	\$ (4,518)
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2011	<u>3,486,690</u>	<u>268,233</u>	<u>3,754,923</u>
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2012	<u>\$ 3,451,207</u>	<u>\$ 299,198</u>	<u>\$ 3,750,405</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES			
Operating Income/(Loss)	\$ 180,530	\$ 29,933	\$ 210,463
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation Expense	217,888	-	217,888
Amortization Expense	1,293	-	1,293
Change in assets and liabilities:			
Receivables, net	3,067	-	3,067
Due from/to Other Funds	(65,007)	(590)	(65,597)
Accounts and Other Payables	45,653	1,105	46,758
Net Cash Provided/(Used) by Operating Activities	<u>\$ 383,424</u>	<u>\$ 30,448</u>	<u>\$ 413,872</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 ASSETS
 FIDUCIARY FUNDS
 APRIL 30, 2012

	<u>Police Pension Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 85,427	\$ 17,304
Investments	1,372,425	-
Due from Other Funds	-	981
Receivables (Net of Allowance of \$0)		
Accrued Interest	15,888	-
TOTAL ASSETS	<u><u>\$ 1,473,740</u></u>	<u><u>\$ 18,285</u></u>
 LIABILITIES		
Due to Developers	\$ -	\$ 18,285
TOTAL LIABILITIES	<u><u>\$ -</u></u>	<u><u>\$ 18,285</u></u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,473,740</u></u>	

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 ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED APRIL 30, 2012

	Police Pension Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 253,353
Plan Members	48,816
Total Contributions	\$ 302,169
Investment Income	
Interest and Dividends	\$ 42,288
Net Increase/(Decrease) in Fair Value of Investments	27,747
	\$ 70,035
Less: Investment Management Fees	(7,367)
Net Investment Income	\$ 62,668
 TOTAL ADDITIONS	 \$ 364,837
 DEDUCTIONS	
Benefits	\$ 262,804
Disability Payments	27,820
Administrative Expenses	12,268
TOTAL DEDUCTIONS	\$ 302,892
 NET INCREASE	 \$ 61,945
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2011	 1,411,795
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2012	 \$ 1,473,740

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village of Fox River Grove, Illinois' (Village) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, and the Village has chosen to do so. The more significant accounting policies established in GAAP and 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 Assets, 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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 assets 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Funds (Continued)

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. The Bond Highway Fund consists of bond proceeds that are to be used for road programs throughout the Village.

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 assets, 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 assets and changes in net assets 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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

1. Accrual (Continued)

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.

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, 2012 the Village has \$1,508,803 of deferred revenue from property taxes.

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, 2012.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Assets. 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.

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 Assets*

Government-wide net assets are divided into three components:

1. Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net assets – consist of net assets that are 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 – all other net assets are 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. *Governmental Fund Balances (Continued)*

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.

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. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash.

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 2011 levy was passed by the Board on December 15, 2011. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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, 2012, 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	\$ 1,930,656	\$ 1,930,656	\$ -	\$ -	\$ -
*Federal National Mtg Assn	321,796	51,253	168,166	102,377	-
*US Treasury Bond	619,203	51,047	261,892	306,264	-
*Government National Mtg Assn	48,141	-	-	-	48,141
*Mutual Funds	149,878	149,878	-	-	-
*Federal Home Loan Mtg Corp	39,956	-	-	39,956	-
*Eden Prairie Municipal Securities	21,048	-	21,048	-	-
*Goldman Sachs Corp Bond	15,220	15,220	-	-	-
*GE Capital Corporate Bond	15,226	15,226	-	-	-
*JPMorgan Chase Corporate Bond	31,927	-	31,927	-	-
*AT&T Inc. Corporate Bond	10,030	-	10,030	-	-
Total	<u>\$ 3,203,081</u>	<u>\$ 2,213,280</u>	<u>\$ 493,063</u>	<u>\$ 448,597</u>	<u>\$ 48,141</u>
*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, 2012, the Village's investments were rated as follows:

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
*Eden Prairie Municipal Securities	Aa1	Moody's
*Goldman Sachs Corporate Bond	A-	Standard and Poor's
*GE Capital Corporate Bond	AA+	Standard and Poor's
*JPMorgan Chase Corporate Bond	A	Standard and Poor's
*AT&T Inc. Corporate Bond	A-	Standard and Poor's
*Police Pension Investments		

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 (19%) and Federal National Mortgage Association (10%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

	Balance May 1, 2011	Increases	Decreases	Balance April 30, 2012
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 12,212,515	\$ -	\$ -	\$ 12,212,515
Construction in Progress	39,119	145,622	-	184,741
Total Capital Assets not being depreciated	<u>\$ 12,251,634</u>	<u>\$ 145,622</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	520,069	12,987	-	533,056
Vehicles	492,336	-	-	492,336
Infrastructure	969,229	-	-	969,229
Total Other Capital Assets at Historical Cost	<u>\$ 5,066,402</u>	<u>\$ 12,987</u>	<u>\$ -</u>	<u>\$ 5,079,389</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 426,472	\$ 17,975	\$ -	\$ 444,447
Buildings	605,776	48,600	-	654,376
Equipment	301,023	31,554	-	332,577
Vehicles	366,621	33,480	-	400,101
Infrastructure	242,927	37,662	-	280,589
Total Accumulated Depreciation	<u>\$ 1,942,819</u>	<u>\$ 169,271</u>	<u>\$ -</u>	<u>\$ 2,112,090</u>
Other Capital Assets, Net	<u>\$ 3,123,583</u>	<u>\$ (156,284)</u>	<u>\$ -</u>	<u>\$ 2,967,299</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,375,217</u>	<u>\$ (10,662)</u>	<u>\$ -</u>	<u>\$ 15,364,555</u>
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 75,716	\$ -	\$ -	\$ 75,716
Construction in Progress	39,119	150,381	-	189,500
Total Capital Assets not being depreciated	<u>\$ 114,835</u>	<u>\$ 150,381</u>	<u>\$ -</u>	<u>\$ 265,216</u>
Other Capital Assets				
Land Improvements	\$ 41,420	\$ -	\$ -	\$ 41,420
Buildings	3,493,784	-	-	3,493,784
Systems and Equipment	4,422,973	147,747	-	4,570,720
Vehicles	287,622	-	-	287,622
Total Other Capital Assets at Historical Cost	<u>\$ 8,245,799</u>	<u>\$ 147,747</u>	<u>\$ -</u>	<u>\$ 8,393,546</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 32,100	\$ 2,071	\$ -	\$ 34,171
Buildings	1,527,671	68,294	-	1,595,965
Systems and Equipment	2,980,933	118,968	-	3,099,901
Vehicles	153,696	28,555	-	182,251
Total Accumulated Depreciation	<u>\$ 4,694,400</u>	<u>\$ 217,888</u>	<u>\$ -</u>	<u>\$ 4,912,288</u>
Other Capital Assets, Net	<u>\$ 3,551,399</u>	<u>\$ (70,141)</u>	<u>\$ -</u>	<u>\$ 3,481,258</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,666,234</u>	<u>\$ 80,240</u>	<u>\$ -</u>	<u>\$ 3,746,474</u>

Depreciation expense was charged to functions as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

Governmental Activities	
General Government	\$ 6,929
Public Safety	23,130
Streets and Parks	95,512
Unallocated	43,700
Total Government Activities Depreciation Expense	<u>\$ 169,271</u>
Business-Type Activities	
Water	\$ 34,697
Sewer	183,191
Total Business-Type Activities	<u>\$ 217,888</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 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, 2012, the Village is obligated to pay the following for fiscal year 2012:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>TAX INCREMENT FINANCING FUND PAYABLE</u>			
Dominick's Finer Foods, Inc	\$ 137,389	\$ 34,627	\$ 172,016
Fox River Grove Limited Partnership	20,835	9,844	30,679
Coniston Consulting LLC	54,012	19,500	73,512
Phase II Partnership LLC	54,011	19,501	73,512
Buchanan Property Group, LLC	-	124,989	124,989
	<u>\$ 266,247</u>	<u>\$ 208,461</u>	<u>\$ 474,708</u>
<u>GENERAL FUND PAYABLE</u>			
Dominick's Finer Foods, Inc.	<u>\$ 30,010</u>	<u>\$ 7,564</u>	<u>\$ 37,574</u>

The above amounts have been included in accounts payable at April 30, 2012.

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2012 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Balance May 1, 2011	Additions	Retirements	Balance April 30, 2012	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 2,103,000	\$ -	\$ 163,000	\$ 1,940,000	\$ 170,000
Unamortized Bond Premium	16,220	-	2,027	14,193	2,027
Deferred Loss on Refunding	(17,827)	-	(2,228)	(15,599)	(2,228)
Debt Certificates	1,621,250	-	23,250	1,598,000	23,250
Total Bonds and Notes Payable	<u>\$ 3,722,643</u>	<u>\$ -</u>	<u>\$ 186,049</u>	<u>\$ 3,536,594</u>	<u>\$ 193,049</u>
Governmental Activities Long-Term Debt	<u>\$ 3,722,643</u>	<u>\$ -</u>	<u>\$ 186,049</u>	<u>\$ 3,536,594</u>	<u>\$ 193,049</u>
Business-Type Activities					
Bonds and Notes Payable					
Debt Certificates	\$ 1,853,750	\$ -	\$ 69,750	\$ 1,784,000	\$ 69,750
Total Bonds and Notes Payable	<u>\$ 1,853,750</u>	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 1,784,000</u>	<u>\$ 69,750</u>
Business-Type Activities Long-Term Debt	<u>\$ 1,853,750</u>	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 1,784,000</u>	<u>\$ 69,750</u>

Bonds and debt certificates payable consisted of the following at April 30, 2012:

	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	\$ 1,170,000	45%
Refunding Bond Dated 4/1/2010	12/1/2018	2.0% - 3.375%	965,000	770,000	
Debt Certificates Dated 6/15/2006	12/15/2015	4.29%	116,250	93,000	
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	279,000	
Dated 4/22/2010	12/15/2029	4.2% - 6.3%	1,505,000	1,505,000	35%

At April 30, 2012 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total	Rebate
2013	\$ 193,250	\$ 158,770	\$ 352,020	\$ 56,422
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>\$ 3,538,000</u>	<u>\$ 1,675,753</u>	<u>\$ 5,213,753</u>	<u>\$ 602,786</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

At April 30, 2012 the annual debt service requirements to service long-term debt attributable to business-type activities are:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rebate</u>
2013	\$ 69,750	\$ 97,963	\$ 167,713	\$ 30,028
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>\$ 1,784,000</u>	<u>\$ 1,130,599</u>	<u>\$ 2,914,599</u>	<u>\$ 385,083</u>

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2012 consisted of the following:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Tax Increment Financing Fund	General Fund	\$ 11,556
Bond Highway Fund	Other Governmental Funds	13,748
Water and Sewer Fund	General Fund	6,365
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.

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
Bond Highway Fund	Other Governmental Funds	\$ 129,140
General Fund	Other Governmental Funds	14,219
Other Governmental Funds	General Fund	70,000

The transfer to the Bond Highway Fund was to cover expenditures for debt service requirements related to the bond issuance. The transfer to the General Fund was related to closing a fund; the remaining fund balance was transferred to the General Fund. The transfer from the General Fund was a need based transfer to cover expenditures in the receiving fund.

NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended April 30, 2012, the Village has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - RESTRICTED EQUITY

The following amounts are restricted equity balances at April 30, 2012:

Restricted For	Restricted Net Assets	Restricted Fund Balance
Audit	\$ 7,348	\$ 7,348
Capital Improvements	-	1,566,037
Debt Service	36,611	36,611
Economic Development	707,816	707,816
Highways and Streets	234,563	234,563
Public Safety	63,291	63,291
Retirement	34,199	34,199
School Crossing Guard	11,336	11,336
Special Service Areas	196,790	196,790
	\$ 1,291,954	\$ 2,857,991

NOTE 9 - DEFICIT FUND BALANCES

The Village had no funds with a deficit fund balance at April 30, 2012.

NOTE 10 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2011 tax levy. The deferred revenue is 100% of the 2011 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 2012. The Village has determined that 100% of the amounts collected for the 2010 levy are allocable for use in fiscal year 2012. Therefore, 100% of the amounts collected for the 2010 levy and any back taxes are recorded in these financial statements as property taxes revenue (\$1,539,079). A summary of the assessed valuation, rates, and extensions for the years 2011, 2010, and 2009 follows:

McHenry County

Tax Year	2011		2010		2009	
	Assessed Valuation		Assessed Valuation		Assessed Valuation	
	\$118,584,222		\$131,186,628		\$140,020,190	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1188	\$ 140,869	0.1141	\$ 149,708	0.1320	\$ 184,869
Police Protection	0.0333	39,516	0.0217	28,474	0.0248	34,684
Crossing Guard	0.0013	1,527	0.0012	1,519	0.0011	1,540
Illinois Municipal Retirement	0.0319	37,838	0.0308	40,409	0.0067	9,317
Audit	0.0162	19,259	0.0142	18,600	0.0122	17,031
Liability Insurance	0.1195	141,581	0.1089	142,911	0.0940	131,685
Social Security	0.0669	79,304	0.0622	81,627	0.0641	89,736
Debt Service	0.0839	99,535	0.0745	97,717	0.0765	107,167
Police Pension	0.1880	222,938	0.1622	212,823	0.1416	198,207
	0.6598	\$ 782,367	0.5898	\$ 773,788	0.5530	\$ 774,236
Tax Increment Financing	-	\$ 501,281	-	\$ 549,164	-	\$ 561,076
Road and Bridge (from Algonquin Township)	-	\$ 54,704	-	\$ 53,018	-	\$ 51,695
Gardner Terrace Special Service Area	-	\$ 2,538	-	\$ 2,615	-	\$ 2,636
Picnic Grove Special Service Area	-	\$ 1,000	-	\$ 1,000	-	\$ 2,500

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - PROPERTY TAXES (Continued)

Lake County

Tax Year	2011		2010		2009	
Assessed Valuation	\$23,802,213		\$25,167,830		\$26,547,692	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1570	\$ 37,369	0.1160	\$ 29,195	0.1420	\$ 37,698
Police Protection	0.0240	5,713	0.0190	4,782	0.0150	3,982
Illinois Municipal Retirement	0.0250	5,951	0.0310	7,802	0.0070	1,858
Audit	0.0160	3,808	0.0150	3,775	0.0120	3,186
Liability Insurance	0.1100	26,182	0.1090	27,433	0.0940	24,955
Social Security	0.0550	13,091	0.0630	15,856	0.0640	16,991
Debt Service	0.0850	20,232	0.0760	19,128	0.0780	20,707
Police Pension	0.1890	44,986	0.1630	41,024	0.1430	37,963
	<u>0.6610</u>	<u>\$ 157,332</u>	<u>0.5920</u>	<u>\$ 148,995</u>	<u>0.5550</u>	<u>\$ 147,340</u>
Gardner Terrace Special Service Area	-	\$ 2,492	-	\$ 2,418	-	\$ 2,397
Hunters Farm Special Service Area	-	\$ 5,068	-	\$ 5,095	-	\$ 5,101
Talon Special Service Area	-	\$ 2,020	-	\$ 2,011	-	\$ 4,761

NOTE 11 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2012 the following fund had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
Capital Improvement Fund	\$ 115,017	\$ 343,740	\$ 228,723

The over-expenditures were covered by available fund balance.

NOTE 12 - 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 contribution rate for calendar year 2011 used by the Village was 8.13% of annual covered payroll, with was also the Village's annual required contribution rate for calendar year 2011. 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 12 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

C. *Annual Pension Cost and Net Pension Obligation*

For the calendar year ending December 31, 2011, the employer's actual contributions for pension cost for the Regular Plan were \$72,646, which was its required contribution for calendar year 2011. The following table shows the components of the annual pension cost for the current year:

Annual required contribution	\$ 72,646
Interest on net pension obligation (optional)	370
Adjustment to annual required contribution	<u>(301)</u>
Annual pension cost	\$ 72,715
Contributions made	<u>72,646</u>
Increase/(decrease) in net pension obligation	\$ 69
Net pension obligation beginning of year	<u>4,973</u>
Net pension obligation end of year	<u>\$ 5,042</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, 2009 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
12/31/2011	\$ 72,646	100%	\$ 5,042
12/31/2010	80,694	94%	4,973
12/31/2009	13,153	100%	-

D. *Funded Status and Funding Progress*

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 100.38% funded. The actuarial accrued liability for benefits was \$3,598,592 and the actuarial value of assets was \$3,612,205, resulting in an overfunded actuarial accrued liability (UAAL) of \$13,613. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$893,553. 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 12 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

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

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)
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%
12/31/2009	3,252,741	3,200,814	(51,927)	101.62%	937,472	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$3,491,140. On a market basis, the funded ratio would be 97.01%.

NOTE 13 - 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, 2011, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	7
Active Plan Members	<u>10</u>
Total	<u><u>17</u></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 13 - 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 obligation to the Plan as of April 30, 2011 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 235,895
Adjustment to annual required contribution	<u>27,068</u>
Annual pension cost	\$ 262,963
Contributions made	<u>235,895</u>
Increase/(decrease) in net pension obligation	\$ 27,068
Net pension obligation beginning of year	<u>(27,068)</u>
Net pension obligation end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of the April 30, 2011 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, 2011 was 30 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2011	\$ 235,895	100.00%	\$ -
4/30/2010	240,979	88.50%	(27,068)
4/30/2009	259,978	81.51%	50,609

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)
4/30/2011	\$ 1,411,794	\$ 5,511,782	\$ 4,099,988	25.61%	\$ 492,883	831.84%
4/30/2010	1,288,360	5,385,857	4,097,497	23.90%	599,627	683.30%
4/30/2009	1,331,664	4,898,609	3,566,945	27.18%	580,786	614.16%

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - SOCIAL SECURITY

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

NOTE 15 - 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	\$	52,302
Interest on net OPEB obligation (optional)		2,609
Annual OPEB cost	\$	54,911
Contributions made		27,177
Increase/(decrease) in net OPEB obligation	\$	27,734
Net OPEB obligation beginning of year		52,163
Net OPEB obligation end of year	\$	79,897

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
4/30/2012	\$ 54,910	\$ 27,177	49.49%	\$ 79,897
4/30/2011	52,528	25,883	49.27%	52,163
4/30/2011	50,168	24,650	49.13%	25,518

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 15 - 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)
4/30/2010	\$ -	\$ 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	Projected Unit Credit
Amortization Period	Level Dollar
Remaining Amortization Period	30 Years
Asset Valuation Method	N/A
Discount Rate	5%
Projected Salary Increases	N/A
Healthcare Inflation Rate	Initial - 6-11% 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 elect to enroll in the Village plan at their own expense

NOTE 16 - 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 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 16 - RISK MANAGEMENT (Continued)

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 2012 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, 2012, there were no significant adjustments in premiums based on actual experience.

NOTE 17 - COMMITMENTS

While the Village has a construction project in progress, as of April 30, 2012 there are no outstanding construction commitments related to this project.

NOTE 18 - 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 in late September 2012, and the Plaintiffs have not made any claim for monetary damages.

The Village is currently involved in a dispute with the Internal Revenue Service revolving around the Village's 2007 W-2s. The Internal Revenue Service is claiming to have never received the W-2s from the Village. The penalty being levied by the Internal Revenue Service is approximately \$151,000. The Village feels this matter will be resolved without any payment due to the Internal Revenue Service.

NOTE 19 - 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.

2011 EAV	\$	142,386,435
	X	8.625%
Debt Margin	\$	12,280,830
Current Debt		5,322,000
Remaining Debt Margin	\$	<u>6,958,830</u>

NOTE 20 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through September 18, 2012, 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, 2012

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 422,603	\$ 667,857
Utility Tax	196,000	204,787
Intergovernmental		
State Sales Tax	536,642	584,417
State Income Tax	440,000	411,260
State Replacement Tax	10,000	10,314
State Telecommunications Tax	180,000	171,279
State Grants	1,100	1,156
Interest Rebate	30,028	30,028
Other Local Sources		
Licenses, Permits, and Fees	119,160	156,355
Charges for Services	311,233	305,568
Fines and Forfeitures	163,500	141,945
Franchise Fees	67,500	73,261
Interest	15,000	5,702
Miscellaneous		
Donations	2,550	-
Special Events	8,000	16,896
Other Miscellaneous	192,600	216,976
	\$ 2,695,916	\$ 2,997,801
EXPENDITURES		
CURRENT		
GENERAL GOVERNMENT		
Board of Trustees/Commissions		
Personal Services	\$ 30,835	\$ 27,123
Contractual Services	262,900	192,157
Miscellaneous	16,800	12,820
Administration		
Personal Services	336,966	352,395
Contractual Services	41,375	35,439
Commodities	30,440	33,339
Miscellaneous	1,500	937
	\$ 720,816	\$ 654,210
PUBLIC SAFETY		
Police Department		
Personal Services	\$ 795,207	\$ 762,033
Contractual Services	95,000	88,808
Commodities	2,500	1,599
Miscellaneous	1,400	122
Pension Contributions	-	253,353
	\$ 894,107	\$ 1,105,915

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, 2012

	Budgeted Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
CURRENT (Continued)		
STREETS AND PARKS		
Streets and Parks		
Personal Services	\$ 403,604	\$ 368,626
Contractual Services	227,569	194,892
Commodities	94,000	117,621
	\$ 725,173	\$ 681,139
BUILDING AND ZONING		
Building Department		
Personal Services	\$ 37,164	\$ 32,010
Contractual Services	5,375	7,398
Commodities	800	446
Miscellaneous	150	134
	\$ 43,489	\$ 39,988
CAPITAL OUTLAY		
General Government	\$ 1,000	\$ -
Streets and Parks	2,029,100	206,157
	\$ 2,030,100	\$ 206,157
DEBT SERVICE		
Principal	\$ 56,600	\$ 53,260
Interest and Fees	89,386	98,414
	\$ 145,986	\$ 151,674
TOTAL EXPENDITURES	\$ 4,559,671	\$ 2,839,083
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,863,755)	\$ 158,718
OTHER FINANCING SOURCES/(USES)		
Transfers	25,000	(55,781)
NET CHANGE IN FUND BALANCE	\$ (1,838,755)	\$ 102,937
FUND BALANCE - MAY 1, 2011	2,891,982	3,477,051
FUND BALANCE - APRIL 30, 2012	\$ 1,053,227	\$ 3,579,988

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, 2012

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 522,000	\$ 549,164
Other Local Sources		
Interest	2,610	2,726
	\$ 524,610	\$ 551,890
EXPENDITURES		
CURRENT		
BUILDING AND ZONING		
Contractual Services	\$ 20,000	\$ 5,416
DEBT SERVICE		
Principal	\$ 311,343	\$ 266,247
Interest and Fees	213,992	208,461
	\$ 525,335	\$ 474,708
TOTAL EXPENDITURES	\$ 545,335	\$ 480,124
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (20,725)	\$ 71,766
OTHER FINANCING SOURCES/(USES)		
Transfers	(70,000)	-
NET CHANGE IN FUND BALANCE	\$ (90,725)	\$ 71,766
FUND BALANCE - MAY 1, 2011	1,042,502	638,775
FUND BALANCE - APRIL 30, 2012	\$ 951,777	\$ 710,541

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, 2012

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Other Local Sources		
Fines and Forfeitures	\$ 121,200	\$ 789,651
Interest	500	1,678
	\$ 121,700	\$ 791,329
EXPENDITURES		
CURRENT		
PUBLIC SAFETY		
Personal Services	\$ 15,000	\$ 9,981
Contractual Services	53,500	300,023
	\$ 68,500	\$ 310,004
CAPITAL OUTLAY		
Public Safety	\$ 46,517	\$ 33,736
	\$ 115,017	\$ 343,740
TOTAL EXPENDITURES	\$ 115,017	\$ 343,740
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 6,683	\$ 447,589
OTHER FINANCING SOURCES/(USES)		
Transfers	(125,000)	-
NET CHANGE IN FUND BALANCE	\$ (118,317)	\$ 447,589
FUND BALANCE - MAY 1, 2011	513,816	584,586
FUND BALANCE - APRIL 30, 2012	\$ 395,499	\$ 1,032,175

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, 2012

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 21, 2011.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2012 the following fund presented as Required Supplementary Information had expenditures that exceeded the budget:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Actual Over Budget</u>
Capital Improvement Fund	\$ 115,017	\$ 343,740	\$ 228,723

The over-expenditure was covered by available fund balance.