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VILLAGE OF FOX RIVER GROVE LAKE AND MCHENRY COUNTIES, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2011

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, 2011, 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, 2011, 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 3 through 9 and 41 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Fox River Grove, Illinois' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
August 23, 2011

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, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2011 by \$23,160,803 (total net assets, see page 10). Of this amount, \$2,343,988 (unrestricted net assets) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets decreased by \$216,816.
- At April 30, 2011, the Village's governmental funds reported combined ending fund balances of \$5,678,387, a decrease of \$1,356,052 in comparison with the prior year. Approximately 60 percent of this total amount, \$3,397,013, is unreserved fund balance.
- At April 30, 2011, the unreserved fund balance for the General Fund was \$1,733,468, or 60 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 5 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 10 and 11 of this report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 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 12 through 15 of this report.

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

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

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

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

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

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

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

The Village adopts an annual budget for its General Fund, Tax Increment Financing Fund, and Capital Improvement Fund. A budgetary comparison statement and related notes have been provided on pages 41 through 45 for both of these funds 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 \$23,160,803 at April 30, 2011.

By far the largest portion of the Village's net assets (73 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.

	Governmental Activities		Business-Type Activities		Total	
	4/30/2011	4/30/2010	4/30/2011	4/30/2010	4/30/2011	4/30/2010
Current and Other Assets	\$ 7,907,899	\$ 9,513,857	\$ 4,092,949	\$ 2,636,791	\$ 12,000,848	\$ 12,150,648
Capital Assets	15,375,217	15,572,058	3,666,234	3,852,574	19,041,451	19,424,632
Total Assets	\$ 23,283,116	\$ 25,085,915	\$ 7,759,183	\$ 6,489,365	\$ 31,042,299	\$ 31,575,280
Long-Term Liabilities						
Outstanding	\$ 3,779,779	\$ 5,227,693	\$ 1,853,750	\$ 558,000	\$ 5,633,529	\$ 5,785,693
Other Liabilities	2,175,663	2,466,610	72,304	50,760	2,247,967	2,517,370
Total Liabilities	\$ 5,955,442	\$ 7,694,303	\$ 1,926,054	\$ 608,760	\$ 7,881,496	\$ 8,303,063
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	\$ 13,297,401	\$ 10,344,365	\$ 3,547,427	\$ 3,294,574	\$ 16,844,828	\$ 13,638,939
Restricted	2,260,329	2,613,854	1,711,658	-	3,971,987	2,613,854
Unrestricted	1,769,944	4,433,393	574,044	2,586,031	2,343,988	7,019,424
Total Net Assets	\$ 17,327,674	\$ 17,391,612	\$ 5,833,129	\$ 5,880,605	\$ 23,160,803	\$ 23,272,217

An additional portion of the Village's net assets (17 percent) represents resources that are subject to external restrictions on how they may be used (e.g. Audit, Debt Service, Liability Insurance). The remaining balance of unrestricted net assets (\$2,343,988) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2011, 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 decreased the Village's net assets by \$1,533,511. Key elements of this decrease are as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010
Revenues						
Program Revenues						
Charges for Services	\$ 1,378,246	\$ 1,271,235	\$ 1,614,648	\$ 1,498,841	\$ 2,992,894	\$ 2,770,076
Operating Grants and Contributions	127,426	10,826	-	-	127,426	10,826
Capital Grants and Contributions	-	1,140	-	-	-	1,140
General Revenues						
Property Taxes	1,553,346	1,575,427	-	-	1,553,346	1,575,427
Other Taxes	1,434,704	1,426,838	-	-	1,434,704	1,426,838
Interest Income	12,813	8,972	4,294	5,833	17,107	14,805
Other	82,459	4,250	-	-	82,459	4,250
Total Revenues	\$ 4,588,994	\$ 4,298,688	\$ 1,618,942	\$ 1,504,674	\$ 6,207,936	\$ 5,803,362
Expenses						
General Government	\$ 882,147	\$ 770,301	\$ -	\$ -	\$ 882,147	\$ 770,301
Public Safety	1,526,660	1,471,424	-	-	1,526,660	1,471,424
Streets and Parks	1,733,669	1,498,697	-	-	1,733,669	1,498,697
Building and Zoning	307,476	309,866	-	-	307,476	309,866
Environment	11,825	13,752	-	-	11,825	13,752
Water	-	-	719,156	675,427	719,156	675,427
Sewer	-	-	770,723	678,259	770,723	678,259
Parking	-	-	47,012	46,049	47,012	46,049
Interest and Fees on Long-Term Debt	382,384	291,884	-	-	382,384	291,884
Unallocated Depreciation	43,700	40,937	-	-	43,700	40,937
Total Expenses	\$ 4,887,861	\$ 4,396,861	\$ 1,536,891	\$ 1,399,735	\$ 6,424,752	\$ 5,796,596
Increase/(Decrease) in Net Assets						
Before Transfers	\$ (298,867)	\$ (98,173)	\$ 82,051	\$ 104,939	\$ (216,816)	\$ 6,766
Transfers	(1,234,644)	-	1,234,644	-	-	-
Increase/(Decrease) in Net Assets	\$ (1,533,511)	\$ (98,173)	\$ 1,316,695	\$ 104,939	\$ (216,816)	\$ 6,766
Net Assets - Beginning of Year	17,391,612	17,489,785	5,880,605	5,775,666	23,272,217	23,265,451
Net Assets Adjustment	1,469,573	-	(1,364,171)	-	105,402	-
Net Assets - End of Year	\$ 17,327,674	\$ 17,391,612	\$ 5,833,129	\$ 5,880,605	\$ 23,160,803	\$ 23,272,217

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 the first full year of a RedSpeed camera within the Village; subsequently, Public Safety expenditures increased due to the related costs of the RedSpeed camera.
- Expenditures for Streets and Parks increased due to road projects undertaken during the fiscal year.
- Operating Grants and Contributions increased due to the Village receiving multiple new grants during the fiscal year, including an interest rebate under the Build America Bonds Program.

Business-type activities - Business-type activities increased the Village's net assets by \$1,316,695. Charges for services increased with the demand for services; however, the increase was lessened by higher expenses. There was a large transfer from the General Fund that increased net assets.

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, unreserved 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, 2011, the Village's governmental funds reported combined ending fund balances of \$5,678,387, a decrease of \$1,356,052 in comparison with the prior year. Approximately 60 percent of this total amount (\$3,397,013) constitutes unreserved fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for specific restricted purposes.

The General Fund is the chief operating fund of the Village. At April 30, 2011, unreserved fund balance of the General Fund was \$1,733,468, while total fund balance reached \$3,477,051. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance (\$1,733,468) represents 60 percent of total General Fund expenditures (\$2,889,080), while total fund balance (\$3,477,051) represents 120 percent of that same amount.

The fund balance of the Village's General Fund decreased by \$1,002,452 during the year ended April 30, 2011. The decrease in fund balance is largely related to a transfer from the General Fund to the Water and Sewer Fund. The Bond Highway Fund road construction projects significantly decreased fund balance.

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, 2011 amounted to \$309,201. The total growth in net assets for the Water and Sewer Fund was \$1,293,275. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was not amended during the year ended April 30, 2011; 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 \$128,444 (favorable). This was mostly due to the Village budgeting for less tax income than was received. This difference was offset by less than expected interest income.
- The difference between the estimated expenditures and the actual expenditures was \$4,727,842 (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.
- 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.

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, 2011 amounts to \$19,041,451 (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, 2011 included the following:

- Purchase of a new police car for \$24,218
- Purchase of new playground equipment for \$16,434
- The Village began a construction project of a new maintenance garage that was still in progress at the end of the year. As of April 30, 2011 the Village has spent \$78,238 on this project.

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

	Governmental Activities		Business-Type Activities		Total	
	4/30/2011	4/30/2010	4/30/2011	4/30/2010	4/30/2011	4/30/2010
Land	\$ 12,212,515	\$ 12,317,751	\$ 75,716	\$ 75,716	\$ 12,288,231	\$ 12,393,467
Construction in Progress	39,119	-	39,119	-	78,238	-
Land Improvements	196,026	214,001	9,320	11,391	205,346	225,392
Buildings	1,856,494	1,905,094	1,966,113	2,034,407	3,822,607	3,939,501
Equipment	219,046	236,284	-	-	219,046	236,284
Systems and Equipment	-	-	1,442,040	1,568,579	1,442,040	1,568,579
Vehicles	125,715	134,963	133,926	162,481	259,641	297,444
Infrastructure	726,302	763,965	-	-	726,302	763,965
Total	<u>\$ 15,375,217</u>	<u>\$ 15,572,058</u>	<u>\$ 3,666,234</u>	<u>\$ 3,852,574</u>	<u>\$ 19,041,451</u>	<u>\$ 19,424,632</u>

Additional information on the Village's capital assets can be found in note 3 on pages 27 and 28 of this report.

Long-term debt - At April 30, 2011, the Village had total debt outstanding of \$5,578,000 and 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	
	4/30/2011	4/30/2010	4/30/2011	4/30/2010	4/30/2011	4/30/2010
General Obligation Bonds	\$ 2,103,000	\$ 2,203,000	\$ -	\$ -	\$ 2,103,000	\$ 2,203,000
Debt Certificates	1,621,250	3,026,500	1,853,750	558,000	3,475,000	3,584,500
Total	<u>\$ 3,724,250</u>	<u>\$ 5,229,500</u>	<u>\$ 1,853,750</u>	<u>\$ 558,000</u>	<u>\$ 5,578,000</u>	<u>\$ 5,787,500</u>

The Village's total debt decreased by \$209,500 (4 percent) during the year ended April 30, 2011. 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 2012 fiscal year:

- The equalized assessed valuation (EAV) for the Village for 2010 is \$156,354,458. That represents a decrease in EAV of \$10,213,424 (6 percent) over the prior year's EAV.
- Continued downturn in the region's economy
- Continued lower interest earnings
- Continued consultant expenses to fund economic downtown re-development efforts
- Uncertainty over state revenue transfers

- Construction of a new public works garage for approximately \$3,700,000

For further information see the budget officer's comments in the Village's fiscal year 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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,783,355	\$ 3,754,923	\$ 9,538,278
Investments	67,047	134,301	201,348
Receivables (Net of Allowance of \$0)			
Accounts Receivable - Billed	-	137,238	137,238
Accounts Receivable - Unbilled	-	92,198	92,198
Property Taxes	1,538,103	-	1,538,103
Utility Tax	19,228	-	19,228
Accrued Interest	-	11,217	11,217
Interest Rebate	19,209	-	19,209
Due from Other Governmental Units	266,661	-	266,661
Other Receivables	61,860	852	62,712
Interfund Balances	61,065	(61,065)	-
Debt Issuance Costs, net of amortization	64,303	23,285	87,588
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	12,251,634	114,835	12,366,469
Other Capital Assets, Net of Depreciation	3,123,583	3,551,399	6,674,982
Net Pension Asset	27,068	-	27,068
Total Assets	\$ 23,283,116	\$ 7,759,183	\$ 31,042,299
LIABILITIES			
Accounts Payable	\$ 555,508	\$ 32,713	\$ 588,221
Accrued Expenses	82,052	39,591	121,643
Deferred Revenue	1,538,103	-	1,538,103
Net Other Post Employment Benefit Obligation	57,136	-	57,136
Non-Current Liabilities			
Due Within One Year	186,250	69,750	256,000
Due in More Than One Year	3,536,393	1,784,000	5,320,393
Total Liabilities	\$ 5,955,442	\$ 1,926,054	\$ 7,881,496
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 13,297,401	\$ 3,547,427	\$ 16,844,828
Restricted for:			
Audit	6,147	-	6,147
Debt Service	62,247	-	62,247
Liability Insurance	25,731	-	25,731
Public Safety	71,097	-	71,097
Capital Improvements	584,586	1,711,658	2,296,244
Highways and Streets	644,296	-	644,296
Redevelopment	638,775	-	638,775
Retirement	22,915	-	22,915
Special Service Areas	195,525	-	195,525
School Crossing Guard	9,010	-	9,010
Unrestricted/(Deficit)	1,769,944	574,044	2,343,988
Total Net Assets	\$ 17,327,674	\$ 5,833,129	\$ 23,160,803

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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 882,147	\$ 688,418	\$ 68,439	\$ -
Public Safety	1,526,660	669,271	-	-
Streets and Parks	1,733,669	2,851	58,987	-
Building and Zoning	307,476	17,706	-	-
Environment	11,825	-	-	-
Interest and Fees on Long-Term Debt	382,384	-	-	-
Unallocated Depreciation	43,700	-	-	-
	<u>\$ 4,887,861</u>	<u>\$ 1,378,246</u>	<u>\$ 127,426</u>	<u>\$ -</u>
Business-Type Activities				
Water	\$ 719,156	\$ 630,022	\$ -	\$ -
Sewer	770,723	914,815	-	-
Parking	47,012	69,811	-	-
	<u>\$ 1,536,891</u>	<u>\$ 1,614,648</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 6,424,752</u>	<u>\$ 2,992,894</u>	<u>\$ 127,426</u>	<u>\$ -</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

Gain/(Loss) on Sale of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - May 1, 2010

Net Assets Adjustment (Note 15)

Net Assets - April 30, 2011

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
\$ (125,290)	\$ -	\$ (125,290)
(857,389)	-	(857,389)
(1,671,831)	-	(1,671,831)
(289,770)	-	(289,770)
(11,825)	-	(11,825)
(382,384)	-	(382,384)
(43,700)	-	(43,700)
<u>\$ (3,382,189)</u>	<u>\$ -</u>	<u>\$ (3,382,189)</u>
\$ -	\$ (89,134)	\$ (89,134)
-	144,092	144,092
-	22,799	22,799
<u>\$ -</u>	<u>\$ 77,757</u>	<u>\$ 77,757</u>
<u>\$ (3,382,189)</u>	<u>\$ 77,757</u>	<u>\$ (3,304,432)</u>
\$ 1,553,346	\$ -	\$ 1,553,346
220,219	-	220,219
525,458	-	525,458
376,256	-	376,256
11,056	-	11,056
178,715	-	178,715
123,000	-	123,000
12,813	4,294	17,107
82,459	-	82,459
(1,234,644)	1,234,644	-
<u>\$ 1,848,678</u>	<u>\$ 1,238,938</u>	<u>\$ 3,087,616</u>
\$ (1,533,511)	\$ 1,316,695	\$ (216,816)
17,391,612	5,880,605	23,272,217
1,469,573	(1,364,171)	105,402
<u>\$ 17,327,674</u>	<u>\$ 5,833,129</u>	<u>\$ 23,160,803</u>

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2011

	General Fund	Tax Increment Financing Fund	Bond Highway Fund	Capital Improvement Fund
ASSETS				
Cash and Cash Equivalents	\$ 3,220,445	\$ 1,043,824	\$ 461,934	\$ 550,231
Investments	67,047	-	-	-
Receivables (Net of Allowance of \$0)				
Property Taxes	666,236	549,164	-	-
Utility Tax	19,228	-	-	-
Due from Other Governmental Units	256,626	-	-	-
Due from Other Funds	61,658	73,459	-	-
Other Receivables	1,685	-	-	60,175
Total Assets	\$ 4,292,925	\$ 1,666,447	\$ 461,934	\$ 610,406
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 76,179	\$ 478,508	\$ -	\$ 499
Accrued Expenses	-	-	-	25,321
Due to Other Funds	73,459	-	21,750	-
Deferred Revenue	666,236	549,164	-	-
Total Liabilities	\$ 815,874	\$ 1,027,672	\$ 21,750	\$ 25,820
FUND BALANCES				
Reserved for:				
Audit	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-
Liability Insurance	-	-	-	-
Public Safety	-	-	-	-
Capital Improvements	1,711,658	-	-	-
Highways and Streets	-	-	-	-
Retirement	22,915	-	-	-
Special Service Areas	-	-	-	-
School Crossing Guard	9,010	-	-	-
Unreserved	1,733,468	638,775	440,184	584,586
Total Fund Balances	\$ 3,477,051	\$ 638,775	\$ 440,184	\$ 584,586
Total Liabilities and Fund Balance	\$ 4,292,925	\$ 1,666,447	\$ 461,934	\$ 610,406

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

Other Governmental Funds	Total Governmental Funds
\$ 506,921	\$ 5,783,355
-	67,047
322,703	1,538,103
-	19,228
10,035	266,661
21,750	156,867
-	61,860
\$ 861,409	\$ 7,893,121

\$ 322	\$ 555,508
-	25,321
593	95,802
322,703	1,538,103
\$ 323,618	\$ 2,214,734

\$ 6,147	\$ 6,147
62,247	62,247
25,731	25,731
44,029	44,029
-	1,711,658
204,112	204,112
-	22,915
195,525	195,525
-	9,010
-	3,397,013
\$ 537,791	\$ 5,678,387
\$ 861,409	\$ 7,893,121

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 APRIL 30, 2011

Total Fund Balances - Governmental Funds	\$	5,678,387
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		15,375,217
Net Pension Asset/Obligation is not included in the governmental funds.		
		27,068
Net Other Post Employment Benefit Obligation is not included in the governmental funds.		
		(57,136)
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	\$ 17,827	
Bond Issuance Costs	64,303	
Premium on Bonds Sold	(16,220)	
		65,910
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (3,724,250)	
Accrued Interest on Long-Term Debt	(56,731)	
Interest Rebate Receivable	19,209	
		(3,761,772)
Net Assets of Governmental Activities	\$	17,327,674

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, 2011

	General Fund	Tax Increment Financing Fund	Bond Highway Fund	Capital Improvement Fund
REVENUES				
Local Taxes				
Property Tax	\$ 670,526	\$ 561,076	\$ -	\$ -
Utility Tax	220,219	-	-	-
Intergovernmental				
State Sales Tax	525,458	-	-	-
State Income Tax	376,256	-	-	-
State Replacement Tax	11,056	-	-	-
State Telecommunications Tax	178,715	-	-	-
State Motor Fuel Tax	-	-	-	-
Grants	50,868	-	-	-
Federal Grants	19,435	-	17,796	-
Other Local Sources				
Licenses, Permits, and Fees	111,967	-	-	-
Charges for Services	306,532	-	-	-
Fines and Forfeitures	150,656	-	-	506,559
Franchise Fees	67,714	-	-	-
Special Assessments	-	-	-	-
Interest	6,306	2,720	2,101	596
Miscellaneous				
Donations	8,119	-	-	-
Special Events	16,824	-	-	-
Other Miscellaneous	212,926	-	-	-
	<u>\$ 2,933,577</u>	<u>\$ 563,796</u>	<u>\$ 19,897</u>	<u>\$ 507,155</u>
EXPENDITURES				
Current				
General Government	\$ 636,694	\$ -	\$ -	\$ -
Public Safety	1,242,675	-	-	225,215
Streets and Parks	786,521	-	-	-
Building and Zoning	5,583	5,770	-	-
Environment	-	-	-	-
Capital Outlay				
General Government	1,993	-	-	-
Public Safety	-	-	-	-
Streets and Parks	127,374	-	757,309	-
Debt Service				
Principal	23,494	272,629	-	-
Interest and Fees	64,746	204,775	39,546	-
	<u>\$ 2,889,080</u>	<u>\$ 483,174</u>	<u>\$ 796,855</u>	<u>\$ 225,215</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 44,497</u>	<u>\$ 80,622</u>	<u>\$ (776,958)</u>	<u>\$ 281,940</u>
OTHER FINANCING SOURCES/(USES)				
Transfers	\$ (1,234,644)	\$ -	\$ -	\$ -
Proceeds from Sale of Capital Assets	187,695	-	-	-
	<u>\$ (1,046,949)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,002,452)</u>	<u>\$ 80,622</u>	<u>\$ (776,958)</u>	<u>\$ 281,940</u>
FUND BALANCES - MAY 1, 2010	<u>4,479,503</u>	<u>558,153</u>	<u>1,217,142</u>	<u>302,646</u>
FUND BALANCES - APRIL 30, 2011	<u>\$ 3,477,051</u>	<u>\$ 638,775</u>	<u>\$ 440,184</u>	<u>\$ 584,586</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 321,744	\$ 1,553,346
-	220,219
-	525,458
-	376,256
-	11,056
-	178,715
123,000	123,000
-	50,868
21,114	58,345
-	111,967
-	306,532
12,056	669,271
-	67,714
2,851	2,851
1,090	12,813
-	8,119
-	16,824
255	213,181
<u>\$ 482,110</u>	<u>\$ 4,506,535</u>
\$ 221,135	\$ 857,829
1,449	1,469,339
22,916	809,437
-	11,353
11,825	11,825
-	1,993
29,378	29,378
-	884,683
116,500	412,623
18,111	327,178
<u>\$ 421,314</u>	<u>\$ 4,815,638</u>
<u>\$ 60,796</u>	<u>\$ (309,103)</u>
\$ -	\$ (1,234,644)
-	187,695
<u>\$ -</u>	<u>\$ (1,046,949)</u>
\$ 60,796	\$ (1,356,052)
476,995	7,034,439
<u>\$ 537,791</u>	<u>\$ 5,678,387</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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (1,356,052)

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	\$ (171,376)	
Capital Outlay	<u>79,771</u>	(91,605)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (187,695)	
Gain/(Loss) on Sale of Capital Assets	<u>82,459</u>	(105,236)

The change in the Net Pension Asset/Obligation is not included in the governmental funds. (27,724)

The change in the Net Other Post Employment Benefit Obligation is not included in the governmental funds. (31,618)

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	\$ 17,430	
Accrued Interest on Long-Term Debt	<u>(49,519)</u>	(32,089)

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>116,500</u>
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Change in Net Assets of Governmental Activities		<u><u>\$ (1,533,511)</u></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, 2011

	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 3,486,690	\$ 268,233	\$ 3,754,923
Investments	134,301	-	134,301
Receivables (Net of Allowance of \$0)			
Accounts Receivable - Billed	137,238	-	137,238
Accounts Receivable - Unbilled	92,198	-	92,198
Interest Rebate	11,217	-	11,217
Other Receivables	852	-	852
	<u>\$ 3,862,496</u>	<u>\$ 268,233</u>	<u>\$ 4,130,729</u>
Non-Current Assets			
Capital Assets			
Land	\$ 75,716	\$ -	\$ 75,716
Construction in Progress	39,119	-	39,119
Land Improvements	41,420	-	41,420
Buildings	3,493,784	-	3,493,784
Systems and Equipment	4,422,973	-	4,422,973
Vehicles	287,622	-	287,622
Less: Accumulated Depreciation	(4,694,400)	-	(4,694,400)
	<u>\$ 3,666,234</u>	<u>\$ -</u>	<u>\$ 3,666,234</u>
Other Assets			
Bond Issuance Costs	\$ 24,579	\$ -	\$ 24,579
Less: Accumulated Amortization	(1,294)	-	(1,294)
	<u>\$ 23,285</u>	<u>\$ -</u>	<u>\$ 23,285</u>
Total Assets	<u>\$ 7,552,015</u>	<u>\$ 268,233</u>	<u>\$ 7,820,248</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 29,913	\$ 2,800	\$ 32,713
Accrued Expenses	39,591	-	39,591
Due to Other Funds	60,475	590	61,065
Debt Certificates Payable - Current	69,750	-	69,750
	<u>\$ 199,729</u>	<u>\$ 3,390</u>	<u>\$ 203,119</u>
Non-Current Liabilities			
Debt Certificates Payable	\$ 1,784,000	\$ -	\$ 1,784,000
	<u>\$ 1,784,000</u>	<u>\$ -</u>	<u>\$ 1,784,000</u>
Total Liabilities	<u>\$ 1,983,729</u>	<u>\$ 3,390</u>	<u>\$ 1,987,119</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	\$ 3,547,427	\$ -	\$ 3,547,427
Restricted	1,711,658	-	1,711,658
Unrestricted/(Deficit)	309,201	264,843	574,044
	<u>\$ 5,568,286</u>	<u>\$ 264,843</u>	<u>\$ 5,833,129</u>
Total Net Assets	<u>\$ 5,568,286</u>	<u>\$ 264,843</u>	<u>\$ 5,833,129</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, 2011

	Enterprise Funds		Total
	Water and Sewer	Other Enterprise Funds	
OPERATING REVENUES			
Charges for Services			
Water Sales	\$ 627,022	\$ -	\$ 627,022
Water Tap-in Fees	3,000	-	3,000
Sewer Charges	884,161	-	884,161
Parking Fees	-	68,411	68,411
Lawn Maintenance and Snow Removal	-	1,400	1,400
Miscellaneous	30,654	-	30,654
	<u>\$ 1,544,837</u>	<u>\$ 69,811</u>	<u>\$ 1,614,648</u>
OPERATING EXPENSES			
Water Department			
Personal Services	\$ 457,728	\$ -	\$ 457,728
Commodities	110,735	-	110,735
Contractual Services	49,150	-	49,150
Retirement	48,116	-	48,116
Depreciation	52,780	-	52,780
Amortization	647	-	647
Sewer Department			
Commodities	156,372	-	156,372
Contractual Services	324,812	-	324,812
Depreciation	178,546	-	178,546
Amortization	647	-	647
Parking			
Personal Services	-	23,394	23,394
Commodities	-	4,281	4,281
Contractual Services	-	19,337	19,337
	<u>\$ 1,379,533</u>	<u>\$ 47,012</u>	<u>\$ 1,426,545</u>
OPERATING INCOME/(LOSS)	<u>\$ 165,304</u>	<u>\$ 22,799</u>	<u>\$ 188,103</u>
NON OPERATING REVENUE/(EXPENSE)			
Interest Income	\$ 3,673	\$ 621	\$ 4,294
Interest Expense	(110,346)	-	(110,346)
	<u>\$ (106,673)</u>	<u>\$ 621</u>	<u>\$ (106,052)</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ 58,631</u>	<u>\$ 23,420</u>	<u>\$ 82,051</u>
TRANSFERS/(TO) FROM OTHER FUNDS			
Transfer from General Fund	1,234,644	-	1,234,644
CHANGE IN NET ASSETS	<u>\$ 1,293,275</u>	<u>\$ 23,420</u>	<u>\$ 1,316,695</u>
NET ASSETS - MAY 1, 2010	5,639,182	241,423	5,880,605
NET ASSETS ADJUSTMENT (NOTE 15)	(1,364,171)	-	(1,364,171)
NET ASSETS - APRIL 30, 2011	<u><u>\$ 5,568,286</u></u>	<u><u>\$ 264,843</u></u>	<u><u>\$ 5,833,129</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 CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2011

	Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,579,503	\$ 69,811	\$ 1,649,314
Payments to Suppliers for Goods and Services	(569,264)	(30,274)	(599,538)
Payments to Employees for Services	(519,869)	(23,394)	(543,263)
Internal Activity - Payments to Other Funds	(852)	-	(852)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 489,518</u>	<u>\$ 16,143</u>	<u>\$ 505,661</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from Other Funds	\$ 1,234,644	\$ -	\$ 1,234,644
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$ 1,234,644</u>	<u>\$ -</u>	<u>\$ 1,234,644</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	\$ (44,986)	\$ -	\$ (44,986)
Interest Paid on Capital Debt	(79,798)	-	(79,798)
Transfer of Capital Debt	(93,000)	-	(93,000)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>\$ (217,784)</u>	<u>\$ -</u>	<u>\$ (217,784)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	\$ (195)	\$ -	\$ (195)
Interest on Cash and Cash Equivalents and Investments	(7,544)	621	(6,923)
Net Cash Provided/(Used) by Investing Activities	<u>\$ (7,739)</u>	<u>\$ 621</u>	<u>\$ (7,118)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,498,639	\$ 16,764	\$ 1,515,403
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2010	1,988,051	251,469	2,239,520
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2011	<u>\$ 3,486,690</u>	<u>\$ 268,233</u>	<u>\$ 3,754,923</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES			
Operating Income/(Loss)	\$ 165,304	\$ 22,799	\$ 188,103
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation Expense	231,326	-	231,326
Amortization Expense	1,294	-	1,294
Change in assets and liabilities:			
Receivables, net	34,666	-	34,666
Due from/to Other Funds	59,623	(347)	59,276
Accounts and Other Payables	(2,695)	(6,309)	(9,004)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 489,518</u>	<u>\$ 16,143</u>	<u>\$ 505,661</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, 2011

	Police Pension Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 57,311	\$ 36,167
Investments	1,340,953	-
Receivables (Net of Allowance of \$0)		
Accrued Interest	13,531	-
TOTAL ASSETS	\$ 1,411,795	\$ 36,167
 LIABILITIES		
Due to Developers	\$ -	\$ 36,167
TOTAL LIABILITIES	\$ -	\$ 36,167
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 \$ 1,411,795	

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, 2011

	<u>Police Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 235,896
Plan Members	58,597
Total Contributions	<u>\$ 294,493</u>
Investment Income	
Interest and Dividends	\$ 39,641
Net Increase/(Decrease) in Fair Value of Investments	28,787
	<u>\$ 68,428</u>
Less: Investment Management Fees	(7,043)
Net Investment Income	<u>\$ 61,385</u>
 TOTAL ADDITIONS	 <u>\$ 355,878</u>
 DEDUCTIONS	
Benefits	\$ 199,566
Disability Payments	27,820
Administrative Expenses	7,141
TOTAL DEDUCTIONS	<u>\$ 234,527</u>
 NET INCREASE	 \$ 121,351
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2010	 <u>1,290,444</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2011	 <u><u>\$ 1,411,795</u></u>

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2011

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 Village reports these governmental funds and fund types:

1. 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.
2. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. The Debt Service Funds are used to account for the accumulation of funds 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

2. Modified Accrual (Continued)

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, 2011 the Village has \$1,538,103 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, 2011.

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

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

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Inventories*

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

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Interfund Activity* (Continued)

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

I. *Capital Assets*

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

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

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

J. *Compensated Absences*

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

K. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 reported as "reserved" when the balances are not available for appropriation or expenditure or because they are legally segregated for a specific future use. The remaining balances are "unreserved" fund balances. From time to time, the Village agrees to set aside or "designate" resources for future uses – such as for specific capital projects. These unreserved, designated balances are based on management's tentative plans and can be changed.

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 2010 levy was passed by the Board on December 23, 2010. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

O. *Defining Operating Revenues and Expenses*

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

P. *Estimates*

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

Investments

As of April 30, 2011, 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	\$ 789,041	\$ 789,041	\$ -	\$ -	\$ -
*Federal National Mtg Assn	261,964	-	167,691	94,273	-
*US Treasury Bond	743,081	169,188	304,069	269,824	-
*Government National Mtg Assn	57,121	-	-	-	57,121
*Mutual Funds	152,391	152,391	-	-	-
*Eden Prairie Municipal Securities	26,397	-	26,397	-	-
Total	\$ 2,029,995	\$ 1,110,620	\$ 498,157	\$ 364,097	\$ 57,121

*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, 2011, the Village’s investments were rated as follows:

Investments	Credit Rating	Rating Source
State Investment Pools	AAAm	Standard and Poor’s
*US Treasury Bond	AAA	Standard and Poor’s
*Government National Mtg Assn	AAA	Standard and Poor’s
*Federal National Mtg Assn	AAA	Standard and Poor’s
*Mutual Funds	Rating Not Available	Rating Not Available
*Eden Prairie Municipal Securities	Aaa	Moody’s
*Police Pension Investments		

Concentration of Credit Risk. The Village places a limit of 50% on the amount the Village may invest in any one issuer. More than 5 percent of the Village’s investments are in Federal National Mortgage Association (13%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2011 was as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2010	Increases	Decreases	Balance April 30, 2011
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 12,317,751	\$ -	\$ 105,236	\$ 12,212,515
Construction in Progress	-	39,119	-	39,119
Total Capital Assets not being depreciated	<u>\$ 12,317,751</u>	<u>\$ 39,119</u>	<u>\$ 105,236</u>	<u>\$ 12,251,634</u>
Other Capital Assets				
Land Improvements	\$ 622,498	\$ -	\$ -	\$ 622,498
Buildings	2,462,270	-	-	2,462,270
Equipment	503,635	16,434	-	520,069
Vehicles	490,118	24,218	22,000	492,336
Infrastructure	969,229	-	-	969,229
Total Other Capital Assets at Historical Cost	<u>\$ 5,047,750</u>	<u>\$ 40,652</u>	<u>\$ 22,000</u>	<u>\$ 5,066,402</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 408,497	\$ 17,975	\$ -	\$ 426,472
Buildings	557,176	48,600	-	605,776
Equipment	267,351	33,672	-	301,023
Vehicles	355,155	33,466	22,000	366,621
Infrastructure	205,264	37,663	-	242,927
Total Accumulated Depreciation	<u>\$ 1,793,443</u>	<u>\$ 171,376</u>	<u>\$ 22,000</u>	<u>\$ 1,942,819</u>
Other Capital Assets, Net	<u>\$ 3,254,307</u>	<u>\$ (130,724)</u>	<u>\$ -</u>	<u>\$ 3,123,583</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,572,058</u>	<u>\$ (91,605)</u>	<u>\$ 105,236</u>	<u>\$ 15,375,217</u>
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 75,716	\$ -	\$ -	\$ 75,716
Construction in Progress	-	39,119	-	39,119
Total Capital Assets not being depreciated	<u>\$ 75,716</u>	<u>\$ 39,119</u>	<u>\$ -</u>	<u>\$ 114,835</u>
Other Capital Assets				
Land Improvements	\$ 41,420	\$ -	\$ -	\$ 41,420
Buildings	3,493,784	-	-	3,493,784
Systems and Equipment	4,417,106	5,867	-	4,422,973
Vehicles	287,622	-	-	287,622
Total Other Capital Assets at Historical Cost	<u>\$ 8,239,932</u>	<u>\$ 5,867</u>	<u>\$ -</u>	<u>\$ 8,245,799</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 30,029	\$ 2,071	\$ -	\$ 32,100
Buildings	1,459,377	68,294	-	1,527,671
Systems and Equipment	2,848,527	132,406	-	2,980,933
Vehicles	125,141	28,555	-	153,696
Total Accumulated Depreciation	<u>\$ 4,463,074</u>	<u>\$ 231,326</u>	<u>\$ -</u>	<u>\$ 4,694,400</u>
Other Capital Assets, Net	<u>\$ 3,776,858</u>	<u>\$ (225,459)</u>	<u>\$ -</u>	<u>\$ 3,551,399</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,852,574</u>	<u>\$ (186,340)</u>	<u>\$ -</u>	<u>\$ 3,666,234</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 8,137
Public Safety	24,437
Streets and Parks	95,102
Unallocated	43,700
Total Governmental Activities Depreciation Expense	<u>\$ 171,376</u>
Business-Type Activities	
Water	\$ 52,780
Sewer	178,546
Total Business-Type Activities Depreciation Expense	<u>\$ 231,326</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2011, the Village is obligated to pay the following for fiscal year 2011:

	Principal	Interest	Total
<u>TAX INCREMENT FINANCING FUND PAYABLE</u>			
Dominick's Finer Foods, Inc.	\$ 109,468	\$ 42,946	\$ 152,414
Fox River Grove Limited Partnership	75,109	20,564	95,673
Coniston Consulting LLC	44,026	22,802	66,828
Phase II Partnership LLC	44,026	22,802	66,828
Buchanan Property Group, LLC	-	100,748	100,748
	<u>\$ 272,629</u>	<u>\$ 209,862</u>	<u>\$ 482,491</u>
<u>GENERAL FUND PAYABLE</u>			
Dominick's Finer Foods, Inc.	<u>\$ 23,494</u>	<u>\$ 9,217</u>	<u>\$ 32,711</u>

The above amounts have been included in accounts payable at April 30, 2011.

NOTE 5 - LONG -TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2011 was as follows:

	Balance May 1, 2010	Additions	Retirements	Transfer	Balance April 30, 2011	Amounts Due Within One Year
Governmental Activities						
Bonds and Notes Payable						
General Obligation Bonds	\$ 2,203,000	\$ -	\$ 100,000	\$ -	\$ 2,103,000	\$ 163,000
Unamortized Bond Premium	18,248	-	2,028	-	16,220	2,028
Deferred Loss on Refunding	(20,055)	-	(2,228)	-	(17,827)	(2,228)
Debt Certificates	3,026,500	-	16,500	(1,388,750)	1,621,250	23,250
Total Bonds and Notes Payable	<u>\$ 5,227,693</u>	<u>\$ -</u>	<u>\$ 116,300</u>	<u>\$ (1,388,750)</u>	<u>\$ 3,722,643</u>	<u>\$ 186,050</u>
Governmental Activities Long-Term Debt	<u>\$ 5,227,693</u>	<u>\$ -</u>	<u>\$ 116,300</u>	<u>\$ (1,388,750)</u>	<u>\$ 3,722,643</u>	<u>\$ 186,050</u>
Business-Type Activities						
Bonds and Notes Payable						
Debt Certificates	\$ 558,000	\$ -	\$ 93,000	\$ 1,388,750	\$ 1,853,750	\$ 69,750
Total Bonds and Notes Payable	<u>\$ 558,000</u>	<u>\$ -</u>	<u>\$ 93,000</u>	<u>\$ 1,388,750</u>	<u>\$ 1,853,750</u>	<u>\$ 69,750</u>
Business-Type Activities Long-Term Debt	<u>\$ 558,000</u>	<u>\$ -</u>	<u>\$ 93,000</u>	<u>\$ 1,388,750</u>	<u>\$ 1,853,750</u>	<u>\$ 69,750</u>

The Village issued \$1,645,000 in general obligation bonds on December 1, 1998. The bond issue provides for serial retirement of principal on December 1 of each year beginning December 1, 2000 and continuing until December 1, 2018. Interest ranges from 3.95% to 4.85% and is payable on June 1 and December 1 of each year.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

The Village issued \$965,000 in general obligation refunding bonds on April 1, 2010. The bond issue provides for serial retirement of principal on December 1 of each year beginning December 1, 2010 and continuing until December 1, 2018. Interest ranges from 2.00% to 3.375% and is payable on June 1 and December 1 of each year.

On April 1, 2010 the Village deposited \$980,055 into an escrow account to refund \$960,000 of the 1998 bond issue. The \$980,055 was used to purchase U.S. Government Securities. The escrow account will be used to provide for all future debt service payments on the refunded debt. As a result, the 1998 issue is considered defeased and its corresponding liability for the amount refunded has been removed from long-term debt. At April 30, 2011, a total of \$960,000 of defeased debt is still outstanding as a result of the 1998 bond issue. The reacquisition price exceeded the net carrying amount of the old debt by \$20,055. This amount is being netted against the new debt and amortized over the remaining life of the new debt.

At April 30, 2011 the annual debt service requirements to service the general obligation refunding bonds are:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 95,000	\$ 22,414	\$ 117,414
2013	100,000	20,514	120,514
2014	100,000	18,514	118,514
2015	105,000	16,514	121,514
2016	110,000	13,758	123,758
2017	115,000	10,870	125,870
2018	120,000	7,650	127,650
2019	120,000	4,050	124,050
	<u>\$ 865,000</u>	<u>\$ 114,284</u>	<u>\$ 979,284</u>

The Village issued \$1,238,000 in general obligation (Qualified Recovery Zone) bonds on April 22, 2010. The bond issue provides for serial retirement of principal on December 15 of each year beginning December 15, 2011 and continuing until December 15, 2024. Interest ranges from 3.60% to 5.80% and is payable on June 15 and December 15 of each year. These qualified zone recovery bonds include a provision that 45% of the interest paid will be rebated to the Village from the US Treasury.

At April 30, 2011 the annual debt service requirements to service the general obligation (Qualified Recovery Zone) bonds are:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rebate</u>
2012	\$ 68,000	\$ 61,101	\$ 129,101	\$ 27,495
2013	70,000	58,653	128,653	26,394
2014	70,000	56,133	126,133	25,260
2015	75,000	53,613	128,613	24,126
2016	75,000	50,913	125,913	22,911
2017	80,000	48,213	128,213	21,696
2018	85,000	44,093	129,093	19,842
2019	85,000	39,715	124,715	17,872
2020	90,000	35,338	125,338	15,902
2021	95,000	30,703	125,703	13,816
2022	100,000	25,810	125,810	11,615
2023	110,000	20,010	130,010	9,005
2024	115,000	13,630	128,630	6,134
2025	120,000	6,960	126,960	3,132
	<u>\$ 1,238,000</u>	<u>\$ 544,885</u>	<u>\$ 1,782,885</u>	<u>\$ 245,200</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

The Village issued \$114,500 in debt certificates on July 15, 2002. The debt certificates provide for serial retirement of principal on March 1 of each year beginning March 1, 2004 and continuing until March 1, 2011. Interest is at a rate of 4.62% and is payable on March 1 of each year. The debt certificates dated July 15, 2002 were paid off in the current fiscal year.

The Village issued \$3,010,000 in Build America debt certificates on April 22, 2010. The debt certificates provide for serial retirement of principal on December 15 of each year beginning December 15, 2016 and continuing until December 15, 2029. Interest ranges from 4.20% to 6.30% and is payable on June 15 and December 15 of each year. These Build America debt certificates include a provision that 35% of the interest paid will be rebated to the Village from the US Treasury.

At April 30, 2011 the annual debt service requirements to service the Build America debt certificates are:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rebate</u>
2012	\$ -	\$ 171,588	\$ 171,588	\$ 60,056
2013	-	171,588	171,588	60,056
2014	-	171,588	171,588	60,056
2015	-	171,588	171,588	60,056
2016	-	171,588	171,588	60,056
2017	150,000	171,588	321,588	60,056
2018	155,000	165,288	320,288	57,851
2019	165,000	158,158	323,158	55,355
2020	175,000	150,155	325,155	52,554
2021	180,000	141,318	321,318	49,461
2022	190,000	131,868	321,868	46,154
2023	200,000	121,608	321,608	42,563
2024	215,000	110,508	325,508	38,678
2025	225,000	98,145	323,145	34,351
2026	240,000	84,645	324,645	29,626
2027	255,000	70,245	325,245	24,586
2028	270,000	54,180	324,180	18,963
2029	285,000	37,170	322,170	13,010
2030	305,000	19,215	324,215	6,725
	<u>\$ 3,010,000</u>	<u>\$ 2,372,031</u>	<u>\$ 5,382,031</u>	<u>\$ 830,213</u>

The Village issued \$930,000 in debt certificates on June 15, 2006. The debt certificates provide for serial retirement of principal on December 15 of each year until December 15, 2015. Interest is at a rate of 4.29% and is payable on December 15 and June 15 of each year.

At April 30, 2011 the annual debt service requirements to service the debt certificates are:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 93,000	\$ 17,954	\$ 110,954
2013	93,000	13,964	106,964
2014	93,000	9,974	102,974
2015	93,000	5,985	98,985
2016	93,000	3,990	96,990
	<u>\$ 465,000</u>	<u>\$ 51,867</u>	<u>\$ 516,867</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2011 consisted of the following:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Tax Increment Financing Fund	General Fund	\$ 73,459
General Fund	Agency Fund	1,685
General Fund	Gardner SSA Fund	103
General Fund	Picnic Grove Fund	117
General Fund	Commuter Parking Fund	238
General Fund	Metra Parking Fund	352
General Fund	Hunters Farm SSA Fund	197
General Fund	Talon SSA Fund	177
General Fund	Water and Sewer Fund	60,475
Water and Sewer Fund	Agency Fund	852
Motor Fuel Tax Fund	Bond Highway Fund	21,750

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>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Water and Sewer Fund	General Fund	\$ 1,234,644

The transfer between the General Fund and the Water and Sewer Fund was related to the transfer of cash related to the 2010 bond issuance.

NOTE 7 - RESTRICTED/RESERVED EQUITY

The following amounts are restricted/reserved equity balances at April 30, 2011:

<u>Restricted/ Reserved For</u>	<u>Restricted Net Assets</u>	<u>Reserved Fund Balance</u>
Audit	\$ 6,147	\$ 6,147
Debt Service	62,247	62,247
Liability Insurance	25,731	25,731
Public Safety	71,097	44,029
Capital Improvements	584,586	1,711,658
Highways and Streets	644,296	204,112
Redevelopment	638,775	-
Retirement	22,915	22,915
Special Service Areas	195,525	195,525
School Crossing Guard	9,010	9,010
	<u>\$ 2,260,329</u>	<u>\$ 2,281,374</u>

NOTE 8 - DEFICIT FUND BALANCES

The Village had no funds with a deficit fund balance at April 30, 2011.

NOTE 9 - PROPERTY TAXES

Property taxes receivable and deferred revenue recorded in these financial statements are from the 2010 tax levy. The deferred revenue is 100% of the 2010 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 2011. The Village has determined that 100% of the amount collected for the 2009 levy is allocable for use in fiscal year 2011. Therefore, 100% of the amounts

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - PROPERTY TAXES (Continued)

collected for the 2009 levy and any back taxes are recorded in these financial statements as property taxes revenue (\$1,553,346). A summary of the assessed valuation, rates, and extensions for the years 2010, 2009, and 2008 follows:

McHenry County

Tax Year	2010		2009		2008	
	\$131,186,628		\$140,020,190		\$141,204,072	
Assessed Valuation	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1141	\$ 149,708	0.1320	\$ 184,869	0.1430	\$ 201,947
Police Protection	0.0217	28,474	0.0248	34,684	0.0227	32,000
Crossing Guard	0.0012	1,519	0.0011	1,540	0.0020	2,824
Illinois Municipal Retirement	0.0308	40,409	0.0067	9,317	0.0024	3,400
Audit	0.0142	18,600	0.0122	17,031	0.0115	16,301
Liability Insurance	0.1089	142,911	0.0940	131,685	0.1016	143,500
Social Security	0.0622	81,627	0.0641	89,736	0.0616	87,000
Debt Service	0.0745	97,717	0.0765	107,167	0.0781	110,263
Police Pension	0.1622	212,823	0.1416	198,207	0.1261	178,000
	<u>0.5898</u>	<u>\$ 773,788</u>	<u>0.5530</u>	<u>\$ 774,236</u>	<u>0.5490</u>	<u>\$ 775,235</u>
Tax Increment Financing	-	\$ 549,164	-	\$ 561,076	-	\$ 582,809
Road and Bridge (from Algonquin Township)	-	\$ 53,018	-	\$ 51,695	-	\$ -
Gardner Terrace Special Service Area	-	\$ 2,615	-	\$ 2,636	-	\$ 5,128
Picnic Grove Special Service Area	-	\$ 1,000	-	\$ 2,500	-	\$ 2,500
Special Service Area #1	-	\$ -	-	\$ -	-	\$ 2,635

Lake County

Tax Year	2010		2009		2008	
	\$25,167,830		\$26,547,692		\$26,763,240	
Assessed Valuation	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1160	\$ 29,195	0.1420	\$ 37,698	0.1430	\$ 38,271
Police Protection	0.0190	4,782	0.0150	3,982	0.0220	5,888
Crossing Guard	-	-	-	-	-	-
Illinois Municipal Retirement	0.0310	7,802	0.0070	1,858	0.0030	803
Audit	0.0150	3,775	0.0120	3,186	0.0120	3,212
Liability Insurance	0.1090	27,433	0.0940	24,955	0.1020	27,299
Social Security	0.0630	15,856	0.0640	16,991	0.0620	16,593
Debt Service	0.0760	19,128	0.0780	20,707	0.0800	21,411
Police Pension	0.1630	41,024	0.1430	37,963	0.1270	33,989
	<u>0.5920</u>	<u>\$ 148,995</u>	<u>0.5550</u>	<u>\$ 147,340</u>	<u>0.5510</u>	<u>\$ 147,466</u>
Gardner Terrace Special Service Area	-	\$ 2,418	-	\$ 2,397	-	\$ 2,406
Hunters Farm Special Service Area	-	\$ 5,095	-	\$ 5,101	-	\$ 5,128
Talon Special Service Area	-	\$ 2,011	-	\$ 4,761	-	\$ 4,758

NOTE 10 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2011 the following funds had expenditures that exceeded the budgeted amount:

Fund	Budget	Actual	Excess of Actual Over Budget
Water and Sewer	\$ 1,474,248	\$ 1,489,878	\$ 15,630
Building Bond	116,811	117,346	535
Crawford Ally	16,762	17,262	500

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - EXCESS OF EXPENDITURES OVER BUDGET (Continued)

The over-expenditures were covered by available fund balance.

NOTE 11 - 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 2010 used by the Village was 8.44% of annual covered payroll. The Village's annual required contribution rate for calendar year 2010 was 8.99%. 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.

C. *Annual Pension Cost*

For calendar year ending December 31, 2010, the Village's actual contributions for pension cost for the Regular plan were \$75,758. Its required contribution for calendar year 2010 was \$80,694.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2010	\$ 80,694	94%	\$ 4,973
12/31/2009	13,153	100%	-
12/31/2008	31,218	100%	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008 included (a) 7.50% 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, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

D. *Funded Status and Funding Progress*

As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 104.92% funded. The actuarial accrued liability for benefits was \$3,407,787 and the actuarial value of assets was \$3,575,522, resulting in an overfunded actuarial accrued liability (UAAL) of \$167,735. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$897,602 and because the plan is 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.

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)
12/30/2010	\$ 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%	932,860	0.00%
12/31/2008	3,397,587	3,430,666	33,079	99.04%	937,472	3.53%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$3,747,528. On a market basis, the funded ratio would be 109.97%.

NOTE 12 - 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, 2009, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	5
Active Plan Members	<u>12</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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - POLICE PENSION PLAN (Continued)

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.

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, 2009 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$	95,935
Interest on net pension obligation (optional)		-
Adjustment to annual required contribution		<u>145,044</u>
Annual pension cost	\$	240,979
Contributions made		<u>213,254</u>
Increase/(decrease) in net pension obligation	\$	27,725
Net pension obligation beginning of year		50,609
Net Assets Adjustment (See Note 15)		<u>(105,402)</u>
Net pension obligation end of year	\$	<u>(27,068)</u>

The annual required contribution for the current year was determined as part of the April 30, 2010 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 range from 3.12% to 6.86%, which includes an inflation allowance of 2.00% 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, 2010 was 28 years.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2010	\$ 240,979	88.50%	\$ (27,068)
4/30/2009	259,978	81.51%	50,609
4/30/2008	194,028	109.90%	2,538

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - POLICE PENSION PLAN (Continued)

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)
4/30/2010	\$ 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%
4/30/2008	1,006,618	3,390,998	2,384,380	29.69%	636,124	374.83%

NOTE 13 - SOCIAL SECURITY

All employees are covered under Social Security. The Village paid \$120,275, the total required contribution for the current fiscal year.

NOTE 14 - POST EMPLOYMENT BENEFIT COMMITMENTS

Retiree Insurance Plan

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.

Funding Policy

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

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	\$	52,528
Interest on net OPEB obligation (optional)		-
Adjustment to annual required contribution		-
Annual OPEB cost	\$	52,528
Contributions made		25,883
Increase/(decrease) in net OPEB obligation	\$	26,645
Net OPEB obligation beginning of year		25,518
Net OPEB obligation end of year	\$	52,163

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - POST EMPLOYMENT BENEFIT COMMITMENTS (Continued)

Retiree Insurance Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/2011	\$ 52,528	\$ 25,883	49.27%	\$ 52,163
4/30/2010	50,168	24,650	49.13%	25,518

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.

Schedule of Funding Progress						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
4/30/2010	\$ -	\$ 595,884	\$ 595,884	0.00%	N/A	0.00%

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 15 - NET ASSETS ADJUSTMENT

The Village had the following net assets adjustments:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 15 - NET ASSETS ADJUSTMENT (Continued)

Governmental Activities

Adjustments to correct April 30, 2010 balances:

Record Transfer of bond balance to Water and Sewer Fund	\$ 1,364,171
Record adjustment for difference in third party actuaries used	<u>105,402</u>
	<u>\$ 1,469,573</u>

Business Type Activities

Record Transfer of Bonds Payable from Governmental Activities	<u>\$ (1,364,171)</u>
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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.

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 2011 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, 2011, 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, 2011 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 2011, and the Plaintiffs have not made any claim for monetary damages.

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

2010 EAV	\$	166,567,882
	X	<u>8.625%</u>
Debt Margin	\$	14,366,480
Current Debt		<u>5,578,000</u>
Remaining Debt Margin	\$	<u><u>8,788,480</u></u>

NOTE 20 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through August 23, 2011, 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, 2011

	Budgeted Amounts		Actual Amounts
	Original and Final		
REVENUES			
Local Taxes			
Property Tax	\$ 430,423	\$	670,526
Utility Tax	196,000		220,219
Intergovernmental			
State Sales Tax	497,344		525,458
State Income Tax	336,937		376,256
State Replacement Tax	9,500		11,056
State Telecommunications Tax	190,000		178,715
Grants	216,100		50,868
Federal Grants	19,435		19,435
Other Local Sources			
Licenses, Permits, and Fees	114,900		111,967
Charges for Services	308,700		306,532
Fines and Forfeitures	170,000		150,656
Franchise Fees	60,000		67,714
Interest	30,000		6,306
Miscellaneous			
Donations	25,000		8,119
Special Events	8,000		16,824
Other Miscellaneous	192,794		212,926
	\$ 2,805,133	\$	2,933,577
EXPENDITURES			
CURRENT			
GENERAL GOVERNMENT			
Board of Trustees/Commissions			
Personal Services	\$ 37,472	\$	28,054
Contractual Services	143,700		188,692
Miscellaneous	17,200		15,623
Administration			
Personal Services	331,783		332,999
Contractual Services	40,705		40,637
Commodities	27,980		29,930
Miscellaneous	1,500		759
	\$ 600,340	\$	636,694
PUBLIC SAFETY			
Police Department			
Personal Services	\$ 923,603	\$	884,821
Contractual Services	141,366		119,792
Commodities	3,000		1,121
Miscellaneous	1,400		1,046
Pension Contributions	-		235,895
	\$ 1,069,369	\$	1,242,675
STREETS AND PARKS			
Streets and Parks			
Personal Services	\$ 441,870	\$	442,827
Contractual Services	293,740		260,121
Commodities	94,800		83,573
	\$ 830,410	\$	786,521

See Accompanying Independent Auditor's Report

VILLAGE OF FOX RIVER GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2011

	Budgeted Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
CURRENT (Continued)		
BUILDING AND ZONING		
Building Department		
Contractual Services	\$ 7,125	\$ 4,825
Commodities	800	758
Miscellaneous	150	-
	\$ 8,075	\$ 5,583
CAPITAL OUTLAY		
General Government	\$ 501,900	\$ 1,993
Streets and Parks	4,510,600	127,374
Building and Zoning	5,700	-
	\$ 5,018,200	\$ 129,367
DEBT SERVICE		
Principal	\$ 35,000	\$ 23,494
Interest and Fees	55,528	64,746
	\$ 90,528	\$ 88,240
TOTAL EXPENDITURES	\$ 7,616,922	\$ 2,889,080
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (4,811,789)	\$ 44,497
OTHER FINANCING SOURCES/(USES)		
Transfers	\$ -	(1,234,644)
Principal on Bonds Sold	4,245,000	-
Proceeds from Sale of Capital Assets	500,000	187,695
	\$ 4,745,000	\$ (1,046,949)
NET CHANGE IN FUND BALANCE	\$ (66,789)	\$ (1,002,452)
FUND BALANCE - MAY 1, 2010	1,472,422	4,479,503
FUND BALANCE - APRIL 30, 2011	\$ 1,405,633	\$ 3,477,051

See Accompanying Independent Auditor's Report

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, 2011

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 588,000	\$ 561,076
Other Local Sources		
Interest	3,000	2,720
	\$ 591,000	\$ 563,796
EXPENDITURES		
CURRENT		
BUILDING AND ZONING		
Contractual Services	\$ 19,200	\$ 5,770
CAPITAL OUTLAY		
Building and Zoning	\$ 70,000	\$ -
DEBT SERVICE		
Principal	\$ 263,900	\$ 272,629
Interest and Fees	241,450	204,775
	\$ 505,350	\$ 477,404
TOTAL EXPENDITURES	\$ 594,550	\$ 483,174
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (3,550)	\$ 80,622
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (3,550)	\$ 80,622
FUND BALANCE - MAY 1, 2010	966,254	558,153
FUND BALANCE - APRIL 30, 2011	\$ 962,704	\$ 638,775

See Accompanying Independent Auditor's Report

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, 2011

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Other Local Sources		
Fines and Forfeitures	\$ 121,200	\$ 506,559
Interest	500	596
	\$ 121,700	\$ 507,155
EXPENDITURES		
CURRENT		
PUBLIC SAFETY		
Contractual Services	\$ 282,000	\$ 225,215
TOTAL EXPENDITURES	\$ 282,000	\$ 225,215
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (160,300)	\$ 281,940
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (160,300)	\$ 281,940
FUND BALANCE - MAY 1, 2010	250,667	302,646
FUND BALANCE - APRIL 30, 2011	\$ 90,367	\$ 584,586

See Accompanying Independent Auditor's Report

VILLAGE OF FOX RIVER GROVE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2011

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 15, 2010.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2011 no fund presented as Required Supplementary Information had expenditures that exceeded the budgeted amount.