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

ANNUAL FINANCIAL REPORT

APRIL 30, 2014

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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, 2014, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fox River Grove as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison information on pages 3 through 9 and 41 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As discussed in Note 18 to the financial statements, the Village implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to the matter.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
September 8, 2014

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX RIVER GROVE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Village of Fox River Grove (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at April 30, 2014 by \$25,149,223 (total net position, see page 10). Of this amount, \$6,584,057 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$448,348.
- At April 30, 2014, the Village's governmental funds reported combined ending fund balances of \$6,709,987, a decrease of \$311,819 in comparison with the prior year. Approximately 18 percent of this total amount, \$1,189,585, is unassigned fund balance.
- At April 30, 2014, the unassigned fund balance for the General Fund was \$1,189,585, or 47 percent of total General Fund expenditures. This amount is available for spending at the Village's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference amongst those reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the long-term financial position of the Village is improving or deteriorating. See page 5 for the section titled Government-Wide Financial Analysis for further information.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (full accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

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

The government-wide financial statements include not only the Village itself (known as the primary government), but also a legally separate police pension fund for which the Village is financially

accountable. The Police Pension Fund has been blended into the financial statements of the Village as a fiduciary fund and is not shown in the government-wide financial statements.

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

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

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

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

The Village maintains twenty-one 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, General Capital Fund, Public Works Facility Bond Fund, Tax Increment Financing Fund, and Capital Improvement Fund all of which are considered to be major funds. Data from the other sixteen 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 and water and sewer capital, which are considered to be major funds of the Village. The remaining two proprietary funds (parking) are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

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

governments. This fund is custodial in nature and does not involve the measurement of results of operations.

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

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

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

The Village adopts an annual budget for all funds. A budgetary comparison statement and related notes have been provided on pages 44 through 48 for the General Fund, Tax Increment Financing Fund, and Capital Improvement Fund to demonstrate compliance with the budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,149,223 at April 30, 2014.

By far the largest portion of the Village's net position (69 percent) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, equipment, systems and equipment, vehicles, and infrastructure). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Fox River Grove's Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013*	4/30/2014	4/30/2013*	4/30/2014	4/30/2013*
Assets						
Current and Other Assets	\$ 10,661,880	\$ 9,258,282	\$ 4,318,943	\$ 4,418,135	\$ 14,980,823	\$ 13,676,417
Capital Assets	15,472,186	15,198,754	3,675,584	3,555,802	19,147,770	18,754,556
Total Assets	\$ 26,134,066	\$ 24,457,036	\$ 7,994,527	\$ 7,973,937	\$ 34,128,593	\$ 32,430,973
Deferred Outflows of Resources	\$ 11,142	\$ 13,370	\$ -	\$ -	\$ 11,142	\$ 13,370
Liabilities						
Long-Term Liabilities Outstanding	\$ 3,276,854	\$ 3,457,641	\$ 1,644,500	\$ 1,714,250	\$ 4,921,354	\$ 5,171,891
Other Liabilities	2,398,069	634,338	92,899	314,739	2,490,968	949,077
Total Liabilities	\$ 5,674,923	\$ 4,091,979	\$ 1,737,399	\$ 2,028,989	\$ 7,412,322	\$ 6,120,968
Deferred Inflows of Resources	\$ 1,578,190	\$ 1,572,500	\$ -	\$ 50,000	\$ 1,578,190	\$ 1,622,500
Net Position						
Net Investment in Capital Assets	\$ 13,762,550	\$ 13,474,577	\$ 3,464,741	\$ 3,423,527	\$ 17,227,291	\$ 16,898,104
Restricted	1,287,381	1,370,456	-	-	1,287,381	1,370,456
Unrestricted	3,842,164	3,960,894	2,792,387	2,471,421	6,634,551	6,432,315
Total Net Position	\$ 18,892,095	\$ 18,805,927	\$ 6,257,128	\$ 5,894,948	\$ 25,149,223	\$ 24,700,875

*Restated

An additional portion of the Village's net position (5 percent) represents resources that are subject to external restrictions on how they may be used (e.g. Audit, Debt Service, Economic Development). The remaining balance of unrestricted net position (\$6,634,551) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2014, the Village is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities - Governmental activities increased the Village's net position by \$86,168. Key elements of this increase are as follows:

	Village of Fox River Grove's Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Revenues						
Program Revenues						
Charges for Services	\$ 1,423,285	\$ 1,775,385	\$ 1,755,922	\$ 1,829,602	\$ 3,179,207	\$ 3,604,987
Operating Grants and Contributions	88,797	100,408	23,278	30,028	112,075	130,436
Capital Grants and Contributions	-	-	170,716	47,772	170,716	47,772
General Revenues						
Property Taxes	1,547,606	1,511,965	-	-	1,547,606	1,511,965
Other Taxes	1,540,799	1,712,318	-	-	1,540,799	1,712,318
Investment Income	(14,350)	8,800	2,924	5,385	(11,426)	14,185
Other	2,729	-	-	-	2,729	-
Total Revenues	\$ 4,588,866	\$ 5,108,876	\$ 1,952,840	\$ 1,912,787	\$ 6,541,706	\$ 7,021,663
Expenses						
General Government	\$ 805,482	\$ 832,759	\$ -	\$ -	\$ 805,482	\$ 832,759
Public Safety	1,487,735	1,492,384	-	-	1,487,735	1,492,384
Streets and Parks	1,444,085	939,987	-	-	1,444,085	939,987
Building and Zoning	388,260	380,310	-	-	388,260	380,310
Environment	9,456	11,333	-	-	9,456	11,333
Water	-	-	647,793	1,298,977	647,793	1,298,977
Sewer	-	-	847,312	646,130	847,312	646,130
Parking	-	-	63,619	36,033	63,619	36,033
Interest and Fees on Long-Term Debt	355,916	332,448	-	-	355,916	332,448
Unallocated Depreciation	43,700	43,700	-	-	43,700	43,700
Total Expenses	\$ 4,534,634	\$ 4,032,921	\$ 1,558,724	\$ 1,981,140	\$ 6,093,358	\$ 6,014,061
Increase/(Decrease) in Net Position						
Before Transfers	\$ 54,232	\$ 1,075,955	\$ 394,116	\$ (68,353)	\$ 448,348	\$ 1,007,602
Transfers	31,936	48,000	(31,936)	(48,000)	-	-
Increase/(Decrease) in Net Position	\$ 86,168	\$ 1,123,955	\$ 362,180	\$ (116,353)	\$ 448,348	\$ 1,007,602
Net Position - Beginning of Year	18,805,927	17,681,972	5,894,948	6,011,301	24,700,875	23,693,273
Net Position - End of Year	\$ 18,892,095	\$ 18,805,927	\$ 6,257,128	\$ 5,894,948	\$ 25,149,223	\$ 24,700,875

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 decreased due to the Village no longer charging the Water and Sewer Fund an administrative fee; instead allocating administrative and other salaries between water and sewer departments.
- Other Taxes decreased due to a one-time payment received in the prior year for late taxes from the State of Illinois.
- Streets and Parks expenses increased due to a road resurfacing project that was completed in the current year.

Business-type activities - Business-type activities increased the Village's net position by \$362,180. Charges for Services decreased with the demand for services. Expenses also decreased mainly due to a rehabilitation project that was completed during the prior fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds - The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At April 30, 2014, the Village's governmental funds reported combined ending fund balances of \$6,709,987, a decrease of \$311,819 in comparison with the prior year. Approximately 18 percent of this total amount (\$1,240,079) constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of fund balance is restricted or committed (by board action) to indicate that it is not available for new spending because it has already been committed or restricted for specific purposes.

The General Fund is the chief operating fund of the Village. At April 30, 2014, unassigned fund balance of the General Fund was \$1,240,079, while total fund balance reached \$1,255,204. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance (\$1,240,079) represents 49 percent of total General Fund expenditures (\$2,505,852), while total fund balance (\$1,255,204) represents 50 percent of that same amount.

The fund balance of the Village's General Fund decreased by \$2,885,074 during the year ended April 30, 2014. The decrease in fund balance is largely related to substantial transfers that were made to establish the Public Works Facility Fund, Retirement Fund, and General Capital Fund.

Other significant highlights in the governmental funds for the year ended April 30, 2014 are outlined below:

- Establishment of new governmental funds for General Capital Fund and Public Works Facility Bond Fund through transfers discussed above.
- Capital Improvements Fund decreased by \$278,084 due to a road resurfacing project that was completed during the year and decreased revenue from fines and forfeitures over the prior year.
- Tax Increment Financing Fund decreased by \$207,120 due to a transfer to another fund to establish a secondary Tax Increment Financing Fund (included in other governmental funds).
- Other governmental funds show a total increase in fund balance of \$212,580 due to increased tax revenue.

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

Unrestricted net position of the Water and Sewer Fund at April 30, 2014 amounted to \$724,762. The total decrease in net position for the Water and Sewer Fund was \$1,383,574. The decrease is largely due to a transfer to establish a Water and Sewer Capital Fund.

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, 2014; 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 \$231,312 (favorable). This was mostly due to the Police Pension tax levy. The Village budgeted for property tax revenue for the Police Pension in the Police Pension Fund. The amounts are reported as revenue in the General Fund with an offsetting expenditure for pension contributions made to the Police Pension Fund. These amounts were not budgeted for in the General Fund. This was offset by unbudgeted losses in the investment income.
- The difference between the estimated expenditures and the actual expenditures was \$315,880 (unfavorable). This was due to unbudgeted police pension contributions that are discussed above and higher than anticipated streets and parks expenditures during the year.

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, 2014 amounts to \$19,147,770 (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, 2014 included the following:

- Purchase of land in the tax increment financing district for \$200,000
- Purchase of two new police vehicles for \$62,574
- County Line Road engineering and land improvements of \$204,093

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

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Land	\$ 12,531,980	\$ 12,212,515	\$ 195,182	\$ 75,716	\$ 12,727,162	\$ 12,288,231
Construction in Progress	190,331	184,741	213,212	205,057	403,543	389,798
Land Improvements	175,825	160,076	205,159	5,178	380,984	165,254
Buildings	1,710,694	1,759,294	1,761,232	1,829,526	3,471,926	3,588,820
Equipment	162,413	170,924	-	-	162,413	170,924
Systems and Equipment	-	-	1,252,537	1,363,509	1,252,537	1,363,509
Vehicles	87,629	60,227	48,262	76,816	135,891	137,043
Infrastructure	613,314	650,977	-	-	613,314	650,977
Total	\$ 15,472,186	\$ 15,198,754	\$ 3,675,584	\$ 3,555,802	\$ 19,147,770	\$ 18,754,556

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

Long-term debt - At April 30, 2014, the Village had total debt outstanding of \$4,796,000 which is backed by the full faith and credit of the Village.

Village of Fox River Grove's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
General Obligation Bonds	\$ 1,600,000	\$ 1,770,000	\$ -	\$ -	\$ 1,600,000	\$ 1,770,000
Debt Certificates	1,551,500	1,574,750	1,644,500	1,714,250	3,196,000	3,289,000
Total	\$ 3,151,500	\$ 3,344,750	\$ 1,644,500	\$ 1,714,250	\$ 4,796,000	\$ 5,059,000

The Village's total debt decreased by \$263,000 (5 percent) during the year ended April 30, 2014. The key factor in this decrease was principal payments made on the Village's debt.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Trustees of the Village considered these factors in preparing the budget for the Village which was adopted for the 2015 fiscal year:

- The equalized assessed valuation (EAV) for the Village for 2013 is \$117,946,210. That represents a decrease in EAV of \$11,563,099 (9 percent) over the prior year's EAV.
- Continued consultant expenses to fund economic downtown re-development efforts;
- Uncertainty over state revenue transfers;
- The Village plans to spend approximately \$750,000 on a road resurfacing project and \$218,000 in general capital purchases.

For further information see the budget officer's comments in the Village's fiscal year 2015 budget.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF FOX RIVER GROVE, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
APRIL 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,337,768	\$ 2,342,505	\$ 9,680,273
Investments	2,978,369	135,066	3,113,435
Receivables (Net of Allowance of \$0)			
Accounts Receivable - Billed	-	96,112	96,112
Accounts Receivable - Unbilled	-	152,785	152,785
Property Taxes	1,578,190	-	1,578,190
Utility Tax	18,568	-	18,568
Interest Rebate	17,686	9,389	27,075
Due from Other Governmental Units	251,369	-	251,369
Other Receivables	38,725	-	38,725
Interfund Balances	(1,576,388)	1,583,086	6,698
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	12,722,311	408,394	13,130,705
Other Capital Assets, Net of Depreciation	2,749,875	3,267,190	6,017,065
Net Pension Asset	17,593	-	17,593
Total Assets	\$ 26,134,066	\$ 7,994,527	\$ 34,128,593
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Charge on Bond Refunding	\$ 11,142	\$ -	\$ 11,142
Total Deferred Outflows of Resources	\$ 11,142	\$ -	\$ 11,142
LIABILITIES			
Accounts Payable	\$ 533,264	\$ 51,952	\$ 585,216
Accrued Expenses	92,935	40,947	133,882
Overdrafts	1,771,870	-	1,771,870
Net Other Post Employment Benefit Obligation	109,956	-	109,956
IMRF Pension Obligation	5,260	-	5,260
Non-Current Liabilities			
Due Within One Year	205,277	69,750	275,027
Due in More Than One Year	2,956,361	1,574,750	4,531,111
Total Liabilities	\$ 5,674,923	\$ 1,737,399	\$ 7,412,322
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 1,578,190	\$ -	\$ 1,578,190
Total Deferred Inflows of Resources	\$ 1,578,190	\$ -	\$ 1,578,190
NET POSITION			
Net Investment in Capital Assets	\$ 13,762,550	\$ 3,464,741	\$ 17,227,291
Restricted for:			
Audit	5,367	-	5,367
Debt Service	44,633	-	44,633
Economic Development	629,633	-	629,633
Highways and Streets	273,270	-	273,270
Liability Insurance	28,906	-	28,906
Public Safety	33,571	-	33,571
Retirement	54,611	-	54,611
School Crossing Guard	15,125	-	15,125
Special Service Areas	202,265	-	202,265
Unrestricted/(Deficit)	3,842,164	2,792,387	6,634,551
Total Net Position	\$ 18,892,095	\$ 6,257,128	\$ 25,149,223

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, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 805,482	\$ 544,257	\$ 55,124	\$ -	\$ (206,101)	\$ -	\$ (206,101)
Public Safety	1,487,735	824,906	-	-	(662,829)	-	(662,829)
Streets and Parks	1,444,085	-	33,673	-	(1,410,412)	-	(1,410,412)
Building and Zoning	388,260	54,122	-	-	(334,138)	-	(334,138)
Environment	9,456	-	-	-	(9,456)	-	(9,456)
Interest and Fees on Long-Term Debt	355,916	-	-	-	(355,916)	-	(355,916)
Unallocated Depreciation	43,700	-	-	-	(43,700)	-	(43,700)
	<u>\$ 4,534,634</u>	<u>\$ 1,423,285</u>	<u>\$ 88,797</u>	<u>\$ -</u>	<u>\$ (3,022,552)</u>	<u>\$ -</u>	<u>\$ (3,022,552)</u>
Business-Type Activities							
Water	\$ 647,793	\$ 666,933	\$ 11,639	\$ 85,358	\$ -	\$ 116,137	\$ 116,137
Sewer	847,312	1,025,321	11,639	85,358	-	275,006	275,006
Parking	63,619	63,668	-	-	-	49	49
	<u>\$ 1,558,724</u>	<u>\$ 1,755,922</u>	<u>\$ 23,278</u>	<u>\$ 170,716</u>	<u>\$ -</u>	<u>\$ 391,192</u>	<u>\$ 391,192</u>
Total Primary Government	<u>\$ 6,093,358</u>	<u>\$ 3,179,207</u>	<u>\$ 112,075</u>	<u>\$ 170,716</u>	<u>\$ (3,022,552)</u>	<u>\$ 391,192</u>	<u>\$ (2,631,360)</u>
General Revenues							
Taxes							
Property Tax, Levied for General Purposes					\$ 1,547,606	\$ -	\$ 1,547,606
Utility Tax					236,693	-	236,693
State Sales Tax					554,833	-	554,833
State Income Tax					463,548	-	463,548
State Replacement Tax					10,660	-	10,660
State Telecommunications Tax					155,230	-	155,230
State Motor Fuel Tax					119,835	-	119,835
Unrestricted Investment Earnings					(14,350)	2,924	(11,426)
Gain/(Loss) on Sale of Capital Assets					2,729	-	2,729
Transfers					31,936	(31,936)	-
Total General Revenues and Transfers					<u>\$ 3,108,720</u>	<u>\$ (29,012)</u>	<u>\$ 3,079,708</u>
Change in Net Position					\$ 86,168	\$ 362,180	\$ 448,348
Net Position - May 1, 2013					<u>18,805,927</u>	<u>5,894,948</u>	<u>24,700,875</u>
Net Position - April 30, 2014					<u>\$ 18,892,095</u>	<u>\$ 6,257,128</u>	<u>\$ 25,149,223</u>

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2014

	General Fund	General Capital Fund	Public Works Facility Bond Fund	Tax Increment Financing Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ -	\$ 1,236,482	\$ 3,211,997	\$ 922,916	\$ 1,206,759	\$ 759,614	\$ 7,337,768
Investments	2,963,936	-	-	-	-	14,433	2,978,369
Receivables (Net of Allowance of \$0)							
Property Taxes	658,003	-	-	530,094	-	390,093	1,578,190
Utility Tax	10,861	7,707	-	-	-	-	18,568
Due from Other Governmental Units	242,421	-	-	-	-	8,948	251,369
Due from Other Funds	-	-	-	49,596	-	64,114	113,710
Other Receivables	-	-	-	-	38,725	-	38,725
Total Assets	\$ 3,875,221	\$ 1,244,189	\$ 3,211,997	\$ 1,502,606	\$ 1,245,484	\$ 1,237,202	\$ 12,316,699
LIABILITIES							
Accounts Payable	\$ 96,748	\$ -	\$ -	\$ 412,375	\$ 15,464	\$ 8,677	\$ 533,264
Accrued Expenses	13,605	-	-	-	19,685	-	33,290
Overdrafts	1,771,870	-	-	-	-	-	1,771,870
Due to Other Funds	79,791	-	1,610,307	-	-	-	1,690,098
Total Liabilities	\$ 1,962,014	\$ -	\$ 1,610,307	\$ 412,375	\$ 35,149	\$ 8,677	\$ 4,028,522
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	\$ 658,003	\$ -	\$ -	\$ 530,094	\$ -	\$ 390,093	\$ 1,578,190
Total Deferred Inflows of Resources	\$ 658,003	\$ -	\$ -	\$ 530,094	\$ -	\$ 390,093	\$ 1,578,190
FUND BALANCES							
Restricted for:							
Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,367	\$ 5,367
Capital Improvements	-	-	1,440,860	-	-	-	1,440,860
Debt Service	-	-	-	-	-	44,633	44,633
Economic Development	-	-	-	547,942	-	81,691	629,633
Highways and Streets	-	-	-	-	-	273,270	273,270
Liability Insurance	-	-	-	-	-	28,906	28,906
Public Safety	-	-	-	-	-	33,571	33,571
Retirement	-	-	-	-	-	54,611	54,611
School Crossing Guard	15,125	-	-	-	-	-	15,125
Special Service Areas	-	-	-	-	-	202,265	202,265
Assigned for:							
Audit	-	-	-	-	-	5	5
Capital Improvements	-	1,244,189	160,830	-	1,210,335	-	2,615,354
Debt Service	-	-	-	-	-	330	330
Economic Development	-	-	-	12,195	-	86	12,281
Highways and Streets	-	-	-	-	-	14,696	14,696
Liability Insurance	-	-	-	-	-	81,645	81,645
Public Safety	-	-	-	-	-	209	209
Retirement	-	-	-	-	-	16,403	16,403
Special Service Areas	-	-	-	-	-	744	744
Unassigned	1,240,079	-	-	-	-	-	1,240,079
Total Fund Balances	\$ 1,255,204	\$ 1,244,189	\$ 1,601,690	\$ 560,137	\$ 1,210,335	\$ 838,432	\$ 6,709,987
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,875,221	\$ 1,244,189	\$ 3,211,997	\$ 1,502,606	\$ 1,245,484	\$ 1,237,202	\$ 12,316,699

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 APRIL 30, 2014

Total Fund Balances - Governmental Funds		\$	6,709,987
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Capital Assets, net of accumulated depreciation			15,472,186
Net IMRF Asset/Obligation is not included in the governmental funds.			(5,260)
Net Pension Asset/Obligation is not included in the governmental funds.			17,593
Net Other Post Employment Benefit Asset/Obligation is not included in the governmental funds.			(109,956)
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	\$	11,142	
Premium on Bonds Sold		(10,138)	
			1,004
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Bonds and Notes Payable	\$	(3,151,500)	
Accrued Interest on Long-Term Debt		(59,645)	
Interest Rebate Receivable		17,686	
			(3,193,459)
Net Position of Governmental Activities		\$	18,892,095

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, 2014

	General Fund	General Capital Fund	Public Works Facility Bond Fund	Tax Increment Financing Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Local Taxes							
Property Tax	\$ 544,201	\$ -	\$ -	\$ 522,867	\$ -	\$ 480,538	\$ 1,547,606
Utility Tax	136,498	100,195	-	-	-	-	236,693
Intergovernmental							
State Sales Tax	554,833	-	-	-	-	-	554,833
State Income Tax	463,548	-	-	-	-	-	463,548
State Replacement Tax	10,660	-	-	-	-	-	10,660
State Telecommunications Tax	155,230	-	-	-	-	-	155,230
State Motor Fuel Tax	-	-	-	-	-	119,835	119,835
State Grants	2,865	-	-	-	-	21,114	23,979
Interest Rebate	25,129	-	-	-	-	23,251	48,380
Other Local Sources							
Licenses, Permits, and Fees	107,956	57,475	-	-	-	-	165,431
Charges for Services	94,068	-	-	-	-	-	94,068
Fines and Forfeitures	143,251	-	-	-	673,021	8,634	824,906
Franchise Fees	78,856	-	-	-	-	-	78,856
Interest	46,554	406	1,079	700	697	460	49,896
Net Increase/(Decrease) in Fair Value of Investments							
Value of Investments	(64,515)	-	-	-	-	-	(64,515)
Gain/Loss on Sale of Investments	269	-	-	-	-	-	269
Miscellaneous							
Donations	4	-	-	-	9,690	-	9,694
Special Events	11,240	-	-	-	-	-	11,240
Other Miscellaneous	247,829	-	-	7,699	-	-	255,528
	<u>\$ 2,558,476</u>	<u>\$ 158,076</u>	<u>\$ 1,079</u>	<u>\$ 531,266</u>	<u>\$ 683,408</u>	<u>\$ 653,832</u>	<u>\$ 4,586,137</u>
EXPENDITURES							
Current							
General Government	\$ 464,281	\$ -	\$ -	\$ -	\$ -	\$ 301,610	\$ 765,891
Public Safety	1,206,225	-	-	-	250,815	248	1,457,288
Streets and Parks	634,401	-	-	-	-	740	635,141
Building and Zoning	55,274	-	-	22,339	-	20,555	98,168
Environment	-	-	-	-	-	9,456	9,456
Capital Outlay							
General Government	13,310	22,809	-	-	-	-	36,119
Public Safety	5,128	16,643	-	-	1,950	45,932	69,653
Streets and Parks	-	29,554	125,056	-	718,368	-	872,978
Building and Zoning	-	-	-	4,891	-	200,000	204,891
Debt Service							
Principal	36,834	-	-	271,617	-	170,000	478,451
Interest and Fees	90,399	-	-	139,539	-	74,647	304,585
	<u>\$ 2,505,852</u>	<u>\$ 69,006</u>	<u>\$ 125,056</u>	<u>\$ 438,386</u>	<u>\$ 971,133</u>	<u>\$ 823,188</u>	<u>\$ 4,932,621</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	<u>\$ 52,624</u>	<u>\$ 89,070</u>	<u>\$ (123,977)</u>	<u>\$ 92,880</u>	<u>\$ (287,725)</u>	<u>\$ (169,356)</u>	<u>\$ (346,484)</u>
OTHER FINANCING SOURCES/(USES)							
Transfers	\$ (2,940,427)	\$ 1,155,119	\$ 1,725,667	\$ (300,000)	\$ 9,641	\$ 381,936	\$ 31,936
Proceeds from Sale of Capital Assets	2,729	-	-	-	-	-	2,729
	<u>\$ (2,937,698)</u>	<u>\$ 1,155,119</u>	<u>\$ 1,725,667</u>	<u>\$ (300,000)</u>	<u>\$ 9,641</u>	<u>\$ 381,936</u>	<u>\$ 34,665</u>
NET CHANGE IN FUND BALANCES							
	<u>\$ (2,885,074)</u>	<u>\$ 1,244,189</u>	<u>\$ 1,601,690</u>	<u>\$ (207,120)</u>	<u>\$ (278,084)</u>	<u>\$ 212,580</u>	<u>\$ (311,819)</u>
FUND BALANCES - MAY 1, 2013							
	<u>4,140,278</u>	<u>-</u>	<u>-</u>	<u>767,257</u>	<u>1,488,419</u>	<u>625,852</u>	<u>7,021,806</u>
FUND BALANCES - APRIL 30, 2014							
	<u>\$ 1,255,204</u>	<u>\$ 1,244,189</u>	<u>\$ 1,601,690</u>	<u>\$ 560,137</u>	<u>\$ 1,210,335</u>	<u>\$ 838,432</u>	<u>\$ 6,709,987</u>

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (311,819)

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	\$ (170,793)	
Capital Outlay	<u>444,225</u>	273,432

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 Position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (2,729)	
Gain/(Loss) on Sale of Capital Assets	<u>2,729</u>	-

The change in the Net Pension Asset/Obligation is not included in the governmental funds. 135

The change in the IMRF Pension Asset/Obligation is not included in the governmental funds. (110)

The change in the Net Other Post Employment Benefit Asset/Obligation is not included in the governmental funds. (14,380)

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

Amortization Expense (53,532)

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	\$ (3,009)	
Accrued Interest on Long-Term Debt	<u>2,201</u>	(808)

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

Repayment of Long-Term Debt 193,250

Change in Net Position of Governmental Activities \$ 86,168

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2014

	Enterprise Funds			Total
	Water and Sewer	Water and Sewer Capital	Other Enterprise Funds	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 272,259	\$ 1,745,380	\$ 324,866	\$ 2,342,505
Investments	135,066	-	-	135,066
Receivables (Net of Allowance of \$0)				
Accounts Receivable - Billed	96,112	-	-	96,112
Accounts Receivable - Unbilled	152,785	-	-	152,785
Interest Rebate	9,389	-	-	9,389
Due from Other Funds	1,583,086	-	-	1,583,086
	<u>\$ 2,248,697</u>	<u>\$ 1,745,380</u>	<u>\$ 324,866</u>	<u>\$ 4,318,943</u>
Non-Current Assets				
Capital Assets				
Land	\$ 195,182	\$ -	\$ -	\$ 195,182
Construction in Progress	213,212	-	-	213,212
Land Improvements	245,513	-	-	245,513
Buildings	3,493,784	-	-	3,493,784
Systems and Equipment	4,591,798	-	-	4,591,798
Vehicles	287,622	-	-	287,622
Less: Accumulated Depreciation	(5,351,527)	-	-	(5,351,527)
	<u>\$ 3,675,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,675,584</u>
Total Assets	<u>\$ 5,924,281</u>	<u>\$ 1,745,380</u>	<u>\$ 324,866</u>	<u>\$ 7,994,527</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 49,331	\$ -	\$ 2,621	\$ 51,952
Accrued Expenses	40,947	-	-	40,947
Debt Certificates Payable - Current	69,750	-	-	69,750
	<u>\$ 160,028</u>	<u>\$ -</u>	<u>\$ 2,621</u>	<u>\$ 162,649</u>
Non-Current Liabilities				
Debt Certificates Payable	\$ 1,574,750	\$ -	\$ -	\$ 1,574,750
	<u>\$ 1,574,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,574,750</u>
Total Liabilities	<u>\$ 1,734,778</u>	<u>\$ -</u>	<u>\$ 2,621</u>	<u>\$ 1,737,399</u>
NET POSITION				
Net Investment in Capital Assets	\$ 3,464,741	\$ -	\$ -	\$ 3,464,741
Unrestricted/(Deficit)	724,762	1,745,380	322,245	2,792,387
Total Net Position	<u>\$ 4,189,503</u>	<u>\$ 1,745,380</u>	<u>\$ 322,245</u>	<u>\$ 6,257,128</u>

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2014

	Enterprise Funds			Total
	Water and Sewer	Water and Sewer Capital	Other Enterprise Funds	
OPERATING REVENUES				
Charges for Services				
Water Sales	\$ 591,339	\$ 57,424	\$ -	\$ 648,763
Water Tap-in Fees	16,748	-	-	16,748
Sewer Charges	723,237	300,662	-	1,023,899
Parking Fees	-	-	57,673	57,673
Lawn Maintenance and Snow Removal	-	-	5,995	5,995
Miscellaneous	2,844	-	-	2,844
	<u>\$ 1,334,168</u>	<u>\$ 358,086</u>	<u>\$ 63,668</u>	<u>\$ 1,755,922</u>
OPERATING EXPENSES				
Water Department				
Personal Services	\$ 363,931	\$ -	\$ -	\$ 363,931
Commodities	84,158	5,872	-	90,030
Contractual Services	56,810	15,212	-	72,022
Retirement	29,657	-	-	29,657
Depreciation	34,954	-	-	34,954
Amortization	10,349	-	-	10,349
Sewer Department				
Personal Services	324,070	-	-	324,070
Commodities	128,051	5,872	-	133,923
Contractual Services	99,535	15,211	-	114,746
Retirement	34,457	-	-	34,457
Depreciation	182,918	-	-	182,918
Amortization	10,349	-	-	10,349
Parking				
Personal Services	-	-	16,941	16,941
Commodities	-	-	27,287	27,287
Contractual Services	-	-	19,391	19,391
	<u>\$ 1,359,239</u>	<u>\$ 42,167</u>	<u>\$ 63,619</u>	<u>\$ 1,465,025</u>
OPERATING INCOME/(LOSS)	<u>\$ (25,071)</u>	<u>\$ 315,919</u>	<u>\$ 49</u>	<u>\$ 290,897</u>
NON OPERATING REVENUE/(EXPENSE)				
Interest Income	\$ 2,599	\$ -	\$ 325	\$ 2,924
Interest Rebate	23,278	-	-	23,278
Grants	170,716	-	-	170,716
Interest Expense	(93,699)	-	-	(93,699)
	<u>\$ 102,894</u>	<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 103,219</u>
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ 77,823</u>	<u>\$ 315,919</u>	<u>\$ 374</u>	<u>\$ 394,116</u>
TRANSFERS/(TO) FROM OTHER FUNDS				
Transfers	(1,461,397)	1,429,461	-	(31,936)
CHANGE IN NET POSITION	<u>\$ (1,383,574)</u>	<u>\$ 1,745,380</u>	<u>\$ 374</u>	<u>\$ 362,180</u>
NET POSITION - MAY 1, 2013	<u>5,573,077</u>	<u>-</u>	<u>321,871</u>	<u>5,894,948</u>
NET POSITION - APRIL 30, 2014	<u>\$ 4,189,503</u>	<u>\$ 1,745,380</u>	<u>\$ 322,245</u>	<u>\$ 6,257,128</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, 2014

	Enterprise Funds			Total
	Water and Sewer	Water and Sewer Capital	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 1,341,575	\$ 358,086	\$ 63,668	\$ 1,763,329
Payments to Suppliers for Goods and Services	(592,284)	(11,744)	(46,824)	(650,852)
Payments to Employees for Services	(748,883)	(30,423)	(16,941)	(796,247)
Internal Activity - Payments to Other Funds	59,911	-	-	59,911
Net Cash Provided/(Used) by Operating Activities	\$ 60,319	\$ 315,919	\$ (97)	\$ 376,141
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers to Other Funds	\$ (1,461,397)	\$ 1,429,461	\$ -	\$ (31,936)
Interfund Loans	(1,610,307)	-	-	(1,610,307)
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ (3,071,704)	\$ 1,429,461	\$ -	\$ (1,642,243)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	\$ (337,654)	\$ -	\$ -	\$ (337,654)
Proceeds from Government Grants	120,716	-	-	120,716
Interest Paid on Capital Debt	(94,895)	-	-	(94,895)
Interest Rebate Received on Capital Debt	25,129	-	-	25,129
Payment on Capital Debt	(69,750)	-	-	(69,750)
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (356,454)	\$ -	\$ -	\$ (356,454)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	\$ (203)	\$ -	\$ -	\$ (203)
Interest on Cash and Cash Equivalents and Investments	2,599	-	325	2,924
Net Cash Provided/(Used) by Investing Activities	\$ 2,396	\$ -	\$ 325	\$ 2,721
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (3,365,443)	\$ 1,745,380	\$ 228	\$ (1,619,835)
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2013	3,637,702	-	324,638	3,962,340
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2014	\$ 272,259	\$ 1,745,380	\$ 324,866	\$ 2,342,505
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES				
Operating Income/(Loss)	\$ (25,071)	\$ 315,919	\$ 49	\$ 290,897
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation Expense	217,872	-	-	217,872
Amortization Expense	20,698	-	-	20,698
Change in assets and liabilities:				
Receivables, net	7,407	-	-	7,407
Due from/to Other Funds	59,911	-	-	59,911
Accounts and Other Payables	(220,498)	-	(146)	(220,644)
Net Cash Provided/(Used) by Operating Activities	\$ 60,319	\$ 315,919	\$ (97)	\$ 376,141

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 APRIL 30, 2014

	Police Pension Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 60,772	\$ 26,269
Investments	1,220,214	-
Due from Other Funds	-	981
Receivables (Net of Allowance of \$0)		
Accrued Interest	7,458	-
TOTAL ASSETS	\$ 1,288,444	\$ 27,250
 LIABILITIES		
Due to Other Funds	\$ 7,679	\$ -
Due to Developers	-	27,250
TOTAL LIABILITIES	\$ 7,679	\$ 27,250
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 \$ 1,280,765	

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

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED APRIL 30, 2014

	<u>Police Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 294,220
Plan Members	55,452
Total Contributions	<u>\$ 349,672</u>
Investment Income	
Interest and Dividends	\$ 36,792
Net Increase/(Decrease) in Fair Value of Investments	(19,995)
	<u>\$ 16,797</u>
Less: Investment Management Fees	(6,509)
Net Investment Income	<u>\$ 10,288</u>
 TOTAL ADDITIONS	 <u>\$ 359,960</u>
 DEDUCTIONS	
Benefits	\$ 279,844
Disability Payments	64,627
Administrative Expenses	14,189
Transfer of Creditable Service	182,038
TOTAL DEDUCTIONS	<u>\$ 540,698</u>
 NET INCREASE/(DECREASE)	 \$ (180,738)
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2013	 <u>1,461,503</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2014	 <u><u>\$ 1,280,765</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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Reporting Entity*

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The Village does not allocate indirect costs.

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

C. *Basic Financial Statements – Fund Financial Statements*

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

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

The following fund types are used by the Village:

Governmental Funds

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Funds (Continued)

Capital Projects Funds (Continued)

Fund consists of expenditures related to the construction of the new public works facility. The General Capital Fund consists of capital expenditures for the various departments of the Village.

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

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

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

D. *Basis of Accounting*

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

1. Accrual

The governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

1. Accrual (Continued)

period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

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

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.

The General Fund had a cash overdraft at April 30, 2014.

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

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

F. *Receivables*

All receivables are reported net of estimated uncollectible amounts.

G. *Inventories*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Interfund Activity*

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

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

I. *Capital Assets*

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

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

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

J. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resource until that time.

K. *Compensated Absences*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Long-Term Obligations*

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

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.

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

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

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

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of action (e.g. legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *Governmental Fund Balances (Continued)*

3. Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. The Village has not delegated this authority to an appointed body or official.

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

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

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

O. *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 2013 levy was passed by the Board on December 5, 2013. 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.

P. *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.

Q. *Estimates*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Investments

As of April 30, 2014, the Village had the following investments and maturities:

Investments	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pools	\$ 1,694,864	\$ 1,694,864	\$ -	\$ -	\$ -
*Federal National Mtg Assn	269,390	55,767	161,274	52,349	-
*US Treasury Bond	59,503	-	-	59,503	-
*US Treasury Note	417,330	70,536	180,145	166,649	-
*US Treasury Strip	84,387	-	84,387	-	-
**Government National Mtg Assn	885,903	-	-	-	885,903
*Mutual Funds	155,205	155,205	-	-	-
**Federal Home Loan Mtg Corp	644,652	-	644,652	-	-
**Federal Home Loan Bank	809,820	-	-	809,820	-
*JPMorgan Chase Corporate Bond	30,090	30,090	-	-	-
*AT&T Inc. Corporate Bond	10,116	-	10,116	-	-
*GE Capital Corporate Bond	10,135	-	10,135	-	-
*Bank of America Corporate Bond	10,556	-	10,556	-	-
*Goldman Sachs Corporate Bond	15,176	-	15,176	-	-
*John Deere Corporate Bond	5,001	-	5,001	-	-
*Pepsi Inc Corporate Bond	10,367	-	10,367	-	-
*Target Corporation Bond	11,138	-	11,138	-	-
*Teva Pharmaceuticals Corp Bond	5,171	-	5,171	-	-
*Verizon Communications Corp Bond	15,026	-	15,026	-	-
*Wal-Mart Stores Corporate Bond	9,844	-	9,844	-	-
*Walt Disney Corporate Bond	15,236	-	15,236	-	-
*Wells Fargo Corporate Bond	10,246	-	10,246	-	-
Total	<u>\$ 5,179,156</u>	<u>\$ 2,006,462</u>	<u>\$ 1,198,470</u>	<u>\$ 1,088,321</u>	<u>\$ 885,903</u>
*Police Pension Investments					
**Portion Held by Both Pension Fund and Governmental Funds					

The fair value of investments in the State Investment Pools is the same as the value of pool shares. The State Investment Pools are not SEC-registered, but do 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, 2014, the Village's investments were rated as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investments	Credit Rating	Rating Source
State Investment Pools	AAAm	Standard and Poor's
*Federal National Mtg Assn	AA+	Standard and Poor's
**Government National Mtg Assn	AA+	Standard and Poor's
**Federal Home Loan Mtg Corp	AA+	Standard and Poor's
**Federal Home Loan Bank	AA+	Standard and Poor's
*JPMorgan Chase Corporate Bond	A	Standard and Poor's
*AT&T Inc. Corporate Bond	A-	Standard and Poor's
*GE Capital Corporate Bond	AA+	Standard and Poor's
*Bank of America Corporate Bond	A-	Standard and Poor's
*Goldman Sachs Corporate Bond	A-	Standard and Poor's
*John Deere Corporate Bond	A	Standard and Poor's
*Pepsi Inc Corporate Bond	A-	Standard and Poor's
*Target Corporation Bond	A	Standard and Poor's
*Teva Pharmaceuticals Corp Bond	A-	Standard and Poor's
*Verizon Communications Corp Bond	BBB+	Standard and Poor's
*Wal-Mart Stores Corporate Bond	AA	Standard and Poor's
*Walt Disney Corporate Bond	A	Standard and Poor's
*Wells Fargo Corporate Bond	A+	Standard and Poor's
Mutual Funds	Not Rated	N/A
*Police Pension Investments		
**Portion Held by Both Pension Fund and Governmental Funds		

Concentration of Credit Risk. The Village places a limit of 50% on the amount the Village may invest in any one issuer. More than 5% of the Village's investments are in Government National Mortgage Association (17%), Federal Home Loan Bank (16%), Federal Home Loan Mortgage Corporation (12%), and Federal National Mortgage Association (5%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014 was as follows:

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 12,212,515	\$ 319,465	\$ -	\$ 12,531,980
Construction in Progress	184,741	5,590	-	190,331
Total Capital Assets not being depreciated	<u>\$ 12,397,256</u>	<u>\$ 325,055</u>	<u>\$ -</u>	<u>\$ 12,722,311</u>
Other Capital Assets				
Land Improvements	\$ 622,498	\$ 34,065	\$ -	\$ 656,563
Buildings	2,462,270	-	-	2,462,270
Equipment	533,056	22,531	-	555,587
Vehicles	492,336	62,574	23,539	531,371
Infrastructure	969,229	-	-	969,229
Total Other Capital Assets at Historical Cost	<u>\$ 5,079,389</u>	<u>\$ 119,170</u>	<u>\$ 23,539</u>	<u>\$ 5,175,020</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 462,422	\$ 18,316	\$ -	\$ 480,738
Buildings	702,976	48,600	-	751,576
Equipment	362,132	31,042	-	393,174
Vehicles	432,109	35,172	23,539	443,742
Infrastructure	318,252	37,663	-	355,915
Total Accumulated Depreciation	<u>\$ 2,277,891</u>	<u>\$ 170,793</u>	<u>\$ 23,539</u>	<u>\$ 2,425,145</u>
Other Capital Assets, Net	<u>\$ 2,801,498</u>	<u>\$ (51,623)</u>	<u>\$ -</u>	<u>\$ 2,749,875</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,198,754</u>	<u>\$ 273,432</u>	<u>\$ -</u>	<u>\$ 15,472,186</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 75,716	\$ 119,466	\$ -	\$ 195,182
Construction in Progress	205,057	8,155	-	213,212
Total Capital Assets not being depreciated	<u>\$ 280,773</u>	<u>\$ 127,621</u>	<u>\$ -</u>	<u>\$ 408,394</u>
Other Capital Assets				
Land Improvements	\$ 41,420	\$ 204,093	\$ -	\$ 245,513
Buildings	3,493,784	-	-	3,493,784
Systems and Equipment	4,585,858	5,940	-	4,591,798
Vehicles	287,622	-	-	287,622
Total Other Capital Assets at Historical Cost	<u>\$ 8,408,684</u>	<u>\$ 210,033</u>	<u>\$ -</u>	<u>\$ 8,618,717</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ 36,242	\$ 4,112	\$ -	\$ 40,354
Buildings	1,664,258	68,294	-	1,732,552
Systems and Equipment	3,222,349	116,912	-	3,339,261
Vehicles	210,806	28,554	-	239,360
Total Accumulated Depreciation	<u>\$ 5,133,655</u>	<u>\$ 217,872</u>	<u>\$ -</u>	<u>\$ 5,351,527</u>
Other Capital Assets, Net	<u>\$ 3,275,029</u>	<u>\$ (7,839)</u>	<u>\$ -</u>	<u>\$ 3,267,190</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 3,555,802</u></u>	<u><u>\$ 119,782</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,675,584</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 8,503
Public Safety	23,503
Streets and Parks	95,087
Unallocated	43,700
Total Governmental Activities Depreciation Expense	<u>\$ 170,793</u>
Business-Type Activities	
Water	\$ 34,954
Sewer	182,918
Total Business-Type Activities Depreciation Expense	<u>\$ 217,872</u>

NOTE 4 - TAX INCREMENT FINANCING

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

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

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

On November 18, 2004 the Village signed another note for 18 years with Buchanan Property Group, LLC in the amount of \$1,500,000 funded via incremental real estate taxes only.

The interest rate for all of the above notes is 7.5% per annum. These notes are not a general obligation of the Village and will only be paid if there are incremental real estate taxes (paid from the Tax Increment Financing Fund) and sales taxes (paid from the General Fund) from which to pay it. Therefore, these do not show as a long-term liability of the Village. A calculation is performed each year to determine if the Village has any liability under these agreements for that year.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - TAX INCREMENT FINANCING (Continued)

At April 30, 2014, the Village is obligated to pay the following for fiscal year 2014:

	Principal	Interest	Total
<u>TAX INCREMENT FINANCING FUND PAYABLE</u>			
Dominick's Finer Foods, Inc	\$ 156,927	\$ 13,872	\$ 170,799
Fox River Grove Limited Partnership	2,022	6,982	9,004
Coniston Consulting LLC	56,333	11,428	67,761
Phase II Partnership LLC	56,334	11,428	67,762
Buchanan Property Group, LLC	-	95,829	95,829
	<u>\$ 271,616</u>	<u>\$ 139,539</u>	<u>\$ 411,155</u>
<u>GENERAL FUND PAYABLE</u>			
Dominick's Finer Foods, Inc.	<u>\$ 13,584</u>	<u>\$ 1,201</u>	<u>\$ 14,785</u>

The above amounts have been included in accounts payable at April 30, 2014.

NOTE 5 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2014 was as follows:

	Balance May 1, 2013	Additions	Retirements	Balance April 30, 2014	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$ 1,770,000	\$ -	\$ 170,000	\$ 1,600,000	\$ 180,000
Unamortized Bond Premium	12,166	-	2,028	10,138	2,027
Debt Certificates	1,574,750	-	23,250	1,551,500	23,250
Total Bonds and Notes Payable	<u>\$ 3,356,916</u>	<u>\$ -</u>	<u>\$ 195,278</u>	<u>\$ 3,161,638</u>	<u>\$ 205,277</u>
Governmental Activities					
Long-Term Debt	<u>\$ 3,356,916</u>	<u>\$ -</u>	<u>\$ 195,278</u>	<u>\$ 3,161,638</u>	<u>\$ 205,277</u>
Business-Type Activities					
Bonds and Notes Payable					
Debt Certificates	\$ 1,714,250	\$ -	\$ 69,750	\$ 1,644,500	\$ 69,750
Total Bonds and Notes Payable	<u>\$ 1,714,250</u>	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 1,644,500</u>	<u>\$ 69,750</u>
Business-Type Activities					
Long-Term Debt	<u>\$ 1,714,250</u>	<u>\$ -</u>	<u>\$ 69,750</u>	<u>\$ 1,644,500</u>	<u>\$ 69,750</u>

Bonds and debt certificates payable consisted of the following at April 30, 2014:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount	Interest Rebate Percentage
Governmental Activities					
General Obligation Bond					
Dated 4/22/2010	12/15/2024	3.6% - 5.8%	\$ 1,238,000	\$ 1,030,000	45%
Refunding Bond					
Dated 4/1/2010	12/1/2018	2.0% - 3.375%	965,000	570,000	
Debt Certificates					
Dated 6/15/2006	12/15/2015	4.29%	116,250	46,500	
Dated 4/22/2010	12/15/2029	4.2% - 6.3%	1,505,000	1,505,000	35%
Business-Type Activities					
Debt Certificates					
Dated 6/15/2006	12/15/2015	4.29%	813,750	139,500	
Dated 4/22/2010	12/15/2029	4.2% - 6.3%	1,505,000	1,505,000	35%

At April 30, 2014 the annual debt service requirements to service long-term debt attributable to governmental activities are:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - LONG-TERM LIABILITY ACTIVITY (Continued)

Year Ending April 30	Principal	Interest	Total	Rebate
2015	\$ 203,250	\$ 157,944	\$ 361,194	\$ 54,154
2016	208,250	151,476	359,726	52,939
2017	270,000	144,877	414,877	51,724
2018	282,500	134,387	416,887	48,768
2019	287,500	122,844	410,344	45,550
2020	177,500	110,416	287,916	42,179
2021	185,000	101,362	286,362	38,547
2022	195,000	91,744	286,744	34,692
2023	210,000	80,814	290,814	30,287
2024	222,500	68,884	291,384	25,473
2025	232,500	56,029	288,529	20,306
2026	120,000	42,323	162,323	14,813
2027	127,500	35,123	162,623	12,293
2028	135,000	27,090	162,090	9,482
2029	142,500	18,585	161,085	6,505
2030	152,500	9,610	162,110	3,364
	<u>\$ 3,151,500</u>	<u>\$ 1,353,508</u>	<u>\$ 4,505,008</u>	<u>\$ 491,076</u>

At April 30, 2014 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total	Rebate
2015	\$ 69,750	\$ 91,862	\$ 161,612	\$ 30,028
2016	69,750	88,828	158,578	30,028
2017	75,000	85,794	160,794	30,028
2018	77,500	82,644	160,144	28,926
2019	82,500	79,079	161,579	27,678
2020	87,500	75,078	162,578	26,277
2021	90,000	70,659	160,659	24,731
2022	95,000	65,934	160,934	23,077
2023	100,000	60,804	160,804	21,282
2024	107,500	55,254	162,754	19,339
2025	112,500	49,073	161,573	17,176
2026	120,000	42,323	162,323	14,813
2027	127,500	35,123	162,623	12,293
2028	135,000	27,090	162,090	9,482
2029	142,500	18,585	161,085	6,505
2030	152,500	9,610	162,110	3,364
	<u>\$ 1,644,500</u>	<u>\$ 937,740</u>	<u>\$ 2,582,240</u>	<u>\$ 325,027</u>

The Village did not receive the full amount of the interest rebate due to federal government budget reductions. The Village does anticipate receiving the full amount in the future.

NOTE 6 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2014 consisted of the following:

Due To	Due From	Amount
Tax Increment Financing Fund	General Fund	\$ 49,596
Water and Sewer Fund	Public Works Facility Bond Fund	1,610,307
Other Governmental Funds	Water and Sewer Fund	64,114
Water and Sewer Fund	General Fund	37,874
Agency Fund	Water and Sewer Fund	981
General Fund	Police Pension Fund	7,679
Other Governmental Funds	Other Governmental Funds	13,748

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - INTERFUND BALANCES AND TRANSFERS (Continued)

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.

Transferred From	Transferred To	Amount
Tax Increment Financing Fund	Other Governmental Funds	\$ 300,000
General Fund	General Capital Fund	1,155,119
General Fund	Public Works Facility Fund	1,725,667
General Fund	Other Governmental Funds	50,000
General Fund	Capital Improvement Fund	9,641
Water and Sewer Fund	Water and Sewer Capital Fund	1,429,461
Water and Sewer Fund	Other Governmental Funds	31,936

The purposes of the various transfers are shown below:

Transferred From	Transferred To	Purpose
Tax Increment Financing Fund	Other Governmental Funds	Transfer to establish new Tax Increment Financing Fund
General Fund	General Capital Fund	Transfer to establish new fund
General Fund	Public Works Facility Fund	Transfer to establish new fund
General Fund	Other Governmental Funds	Transfer to establish new fund
General Fund	Capital Improvement Fund	Transfer to cover general costs in the fund
Water and Sewer Fund	Water and Sewer Capital Fund	Transfer to establish new fund
Water and Sewer Fund	Other Governmental Funds	Transfer to cover a portion of liability insurance

NOTE 7 - DEFICIT FUND BALANCES

No Village fund had a deficit fund balance at April 30, 2014.

NOTE 8 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements are from the 2013 tax levy. The unavailable revenue is 100% of the 2013 tax levy. These taxes are unavailable 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 2014. The Village has determined that 100% of the amounts collected for the 2012 levy are allocable for use in fiscal year 2014. Therefore, 100% of the amounts collected for the 2012 levy and any back taxes are recorded in these financial statements as property taxes revenue (\$1,547,606). A summary of the assessed valuation, rates, and extensions for the years 2013, 2012, and 2011 follows:

<u>McHenry County</u>						
Tax Year	2013		2012		2011	
Assessed Valuation	\$96,043,300		\$106,786,321		\$118,584,222	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1953	\$ 187,613	0.1117	\$ 119,329	0.1188	\$ 140,869
Police Protection	0.0382	36,643	0.0347	37,105	0.0333	39,516
Crossing Guard	0.0019	1,791	0.0017	1,814	0.0013	1,527
Illinois Municipal Retirement	0.0382	36,643	0.0430	45,868	0.0319	37,838
Audit	0.0187	17,915	0.0167	17,790	0.0162	19,259
Liability Insurance	0.0789	75,730	0.1313	140,173	0.1195	141,581
Social Security	0.0763	73,287	0.0782	83,488	0.0669	79,304
Debt Service	0.1019	97,827	0.0907	96,896	0.0839	99,535
Police Pension	0.2755	264,646	0.2279	243,396	0.1880	222,938
	<u>0.8247</u>	<u>\$ 792,095</u>	<u>0.7359</u>	<u>\$ 785,859</u>	<u>0.6598</u>	<u>\$ 782,367</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - PROPERTY TAXES (Continued)

McHenry County (Continued)

Tax Year	2013		2012		2011	
Tax Increment Financing	-	\$ 530,094	-	\$ 550,114	-	\$ 501,281
Tax Increment Financing #2	-	\$ 6,162	-	\$ -	-	\$ -
Road and Bridge (from Algonquin Township)	-	\$ 55,824	-	\$ 55,260	-	\$ 54,704
Gardner Terrace Special Service Area	-	\$ 2,470	-	\$ 2,528	-	\$ 2,538
Picnic Grove Special Service Area	-	\$ 1,000	-	\$ 1,000	-	\$ 1,000

Lake County

Tax Year	2013		2012		2011	
Assessed Valuation	\$21,902,910		\$22,722,988		\$23,802,213	
	Rates	Extensions	Rates	Extensions	Rates	Extensions
General	0.1920	\$ 42,054	0.1120	\$ 25,450	0.1570	\$ 37,369
Police Protection	0.0390	8,542	0.0350	7,953	0.0240	5,713
Crossing Guard	0.0020	438	0.0020	455	-	-
Illinois Municipal Retirement	0.0390	8,542	0.0430	9,771	0.0250	5,951
Audit	0.0190	4,162	0.0170	3,863	0.0160	3,808
Liability Insurance	0.0790	17,303	0.1320	29,994	0.1100	26,182
Social Security	0.0770	16,865	0.0790	17,951	0.0550	13,091
Debt Service	0.1030	22,560	0.0920	20,905	0.0850	20,232
Police Pension	0.2760	60,452	0.2280	51,808	0.1890	44,986
	0.8260	\$ 180,918	0.7400	\$ 168,150	0.6610	\$ 157,332
Gardner Terrace Special Service Area	-	\$ 2,005	-	\$ 2,473	-	\$ 2,492
Hunters Farm Special Service Area	-	\$ 5,087	-	\$ 5,117	-	\$ 5,068
Talon Special Service Area	-	\$ 2,534	-	\$ 2,001	-	\$ 2,020

NOTE 9 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2014 the following fund had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 2,189,972	\$ 2,505,852	\$ 315,880
Audit Fund	21,350	25,285	3,935
Tax Increment Financing #2 Fund	-	220,555	220,555
Lardner SSA Fund	4,000	4,268	268
Bond Highway Fund	-	126,133	126,133
Building Bond Fund	118,214	118,514	300

The over-expenditure was covered by available fund balance.

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *Plan Description*

The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

A. *Plan Description (Continued)*

statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

B. *Funding Policy*

As set by statute, the Village's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 used by the Village was 8.63%. 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 and Net Pension Obligation*

For the calendar year ending December 31, 2013, the employer's actual contributions for pension cost for the Regular Plan were \$77,234, which was its required contribution for calendar year 2013. The following table shows the components of the annual pension cost for the current year:

Annual required contribution	\$ 77,234
Interest on net pension obligation (optional)	386
Adjustment to annual required contribution	<u>(276)</u>
Annual pension cost	\$ 77,344
Contributions made	<u>77,234</u>
Increase/(decrease) in net pension obligation	\$ 110
Net pension asset/obligation beginning of year	<u>5,150</u>
Net pension asset/obligation end of year	<u><u>\$ 5,260</u></u>

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 77,234	100%	\$ 5,260
12/31/2012	63,806	100%	5,150
12/31/2011	72,646	100%	5,042

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

D. *Funded Status and Funding Progress*

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 104.85% funded. The actuarial accrued liability for benefits was \$3,551,032 and the actuarial value of assets was \$3,723,386, resulting in an overfunded actuarial accrued liability (UAAL) of \$172,354. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$894,948. Because the plan was overfunded, there is no ratio of the UAAL to the covered payroll.

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

NOTE 11 - POLICE PENSION PLAN

A. *Plan Description and Contribution Information*

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

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

Membership in the Plan consisted of the following at April 30, 2013, the date of the latest actuarial valuation:

Retirees and Beneficiaries Receiving Benefits	8
Terminated Plan Members Entitled to but not yet receiving benefits	1
Active Plan Members	<u>10</u>
Total	<u><u>19</u></u>

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

B. *Summary of Significant Accounting Policies*

Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

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

Method Used to Value Investments

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

C. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension asset/obligation to the Plan as of April 30, 2013 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 268,277
Interest on net pension obligation	(1,222)
Adjustment to annual required contribution	<u>739</u>
Annual pension cost	\$ 267,794
Contributions made	<u>267,929</u>
Increase/(decrease) in net pension obligation	\$ (135)
Net pension asset/obligation beginning of year	<u>(17,458)</u>
Net pension asset/obligation end of year	<u><u>\$ (17,593)</u></u>

The annual required contribution for the current year was determined as part of the April 30, 2013 actuarial valuation using the entry-age-normal actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.5%, which includes an inflation allowance of 3.00% per year. The assumptions include postretirement benefit increases of 3%. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed period. The remaining amortization period at April 30, 2013 was 30 years.

Fiscal Year Ending	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2013	\$ 267,794	100.10%	\$ (17,593)
4/30/2012	235,895	107.40%	(17,458)
4/30/2011	235,895	100.00%	-

D. *Required Supplementary Information*

The information presented in the supplemental schedules was determined as part of the actuarial valuations at the dates indicated.

NOTE 12 - SOCIAL SECURITY

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - POST EMPLOYMENT BENEFIT COMMITMENTS - RETIREE INSURANCE PLAN

A. *Plan Overview*

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

B. *Funding Policy*

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

C. *Annual OPEB Cost and Net OPEB Obligation*

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

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

Annual required contribution	\$	50,232
Interest on net OPEB obligation (optional)		4,779
Adjustment to annual required contribution		(5,198)
Annual OPEB cost	\$	49,813
Contributions made		35,433
Increase/(decrease) in net OPEB obligation	\$	14,380
Net OPEB asset/obligation beginning of year		95,576
Net OPEB asset/obligation end of year	\$	109,956

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

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2014	\$ 49,813	\$ 35,433	71.13%	\$ 109,956
4/30/2013	48,791	33,112	67.86%	95,576
4/30/2012	54,910	27,177	49.49%	79,897

D. *Funded Status and Funding Progress*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

E. *Actuarial Assumptions and Methods*

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

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

The following includes actuarial assumptions and methods:

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

NOTE 14 - RISK MANAGEMENT

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

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

The relationship between the Village and MCMRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for MCMRMA, to report claims on a timely basis, cooperate with MCMRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management 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 2014 there was no significant reduction in insurance coverage for any category.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - RISK MANAGEMENT (Continued)

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, 2014, there were no significant adjustments in premiums based on actual experience.

NOTE 15 - COMMITMENTS

While the Village has a construction project in progress, as of April 30, 2014 there are no outstanding construction commitments related to this project.

NOTE 16 - CONTINGENCIES

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

NOTE 17 - LEGAL DEBT LIMITATION

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

2013 EAV	\$	117,946,210
	X	<u>8.625%</u>
Debt Margin	\$	10,172,861
Current Debt		<u>3,151,500</u>
Remaining Debt Margin	\$	<u><u>7,021,361</u></u>

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended April 30, 2014, the Village has implemented GASB statement No. 65, *Items Previously Reported as Assets and Liabilities*. The new standard required a restatement for debt issuance costs that were amortized under prior standards but expensed in the period incurred under the new standards. As a result, the bond issuance costs have been fully amortized during the fiscal year ended April 30, 2014.

NOTE 19 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through September 8, 2014, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FOX RIVER GROVE, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 3,723,386	\$ 3,551,032	\$ (172,354)	104.85%	\$ 894,948	0.00%
12/31/2012	3,478,117	3,456,824	(21,293)	100.62%	856,459	0.00%
12/31/2011	3,612,205	3,598,592	(13,613)	100.38%	893,553	0.00%

On a market basis, the actuarial value of the assets as of December 31, 2013 is 4,302,053. On a market basis, the funded ratio would be 121.15%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

See Accompanying Independent Auditor's Report

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 POLICE PENSION PLAN
 SCHEDULE OF FUNDING PROGRESS
 APRIL 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2013	\$ 1,461,503	\$ 6,299,469	\$ 4,837,966	23.2%	\$ 535,713	903.1%
4/30/2012	1,473,740	5,682,824	4,209,084	25.9%	496,999	846.9%
4/30/2011	1,411,794	5,511,782	4,099,988	25.6%	492,883	831.8%

See Accompanying Independent Auditor's Report

VILLAGE OF FOX RIVER GROVE, ILLINOIS
 RETIREE INSURANCE PLAN
 SCHEDULE OF FUNDING PROGRESS
 APRIL 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2013	\$ -	\$ 527,142	\$ 527,142	0.00%	N/A	0.00%
4/30/2010	-	595,884	595,884	0.00%	N/A	0.00%

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, 2014

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 246,922	\$ 544,201
Utility Tax	130,000	136,498
Intergovernmental		
State Sales Tax	588,635	554,833
State Income Tax	463,071	463,548
State Replacement Tax	9,500	10,660
State Telecommunications Tax	170,000	155,230
State Grants	-	2,865
Interest Rebate	30,028	25,129
Other Local Sources		
Licenses, Permits, and Fees	74,750	107,956
Charges for Services	106,460	94,068
Fines and Forfeitures	144,000	143,251
Franchise Fees	75,000	78,856
Interest	30,000	46,554
Net Increase/(Decrease) in Fair Value of Investments	-	(64,515)
Gain/Loss on Sale of Investments	-	269
Miscellaneous		
Donations	-	4
Special Events	13,500	11,240
Other Miscellaneous	245,298	247,829
	\$ 2,327,164	\$ 2,558,476
EXPENDITURES		
CURRENT		
GENERAL GOVERNMENT		
Board of Trustees/Commissions		
Personal Services	\$ 28,245	\$ 23,888
Contractual Services	214,850	172,077
Miscellaneous	11,760	9,204
Administration		
Personal Services	155,466	177,951
Contractual Services	30,754	42,900
Commodities	30,695	33,157
Miscellaneous	1,500	5,104
	\$ 473,270	\$ 464,281
PUBLIC SAFETY		
Police Department		
Personal Services	\$ 790,195	\$ 789,850
Contractual Services	92,704	91,950
Commodities	44,950	27,499
Miscellaneous	-	2,706
Pension Contributions	-	294,220
	\$ 927,849	\$ 1,206,225

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, 2014

	Budgeted Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
CURRENT (Continued)		
STREETS AND PARKS		
Streets and Parks		
Personal Services	\$ 319,552	\$ 310,552
Contractual Services	196,345	238,329
Commodities	71,750	85,017
Miscellaneous	-	503
	\$ 587,647	\$ 634,401
BUILDING AND ZONING		
Building Department		
Personal Services	\$ 60,762	\$ 39,335
Contractual Services	6,855	7,917
Commodities	800	728
Miscellaneous	500	7,294
	\$ 68,917	\$ 55,274
CAPITAL OUTLAY		
General Government	\$ 19,200	\$ 13,310
Public Safety	6,700	5,128
	\$ 25,900	\$ 18,438
DEBT SERVICE		
Principal	\$ 20,595	\$ 36,834
Interest and Fees	85,794	90,399
	\$ 106,389	\$ 127,233
TOTAL EXPENDITURES	\$ 2,189,972	\$ 2,505,852
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 137,192	\$ 52,624
OTHER FINANCING SOURCES/(USES)		
Transfers	\$ -	\$ (2,940,427)
Proceeds from Sale of Capital Assets	-	2,729
	\$ -	\$ (2,937,698)
NET CHANGE IN FUND BALANCE	\$ 137,192	\$ (2,885,074)
FUND BALANCE - MAY 1, 2013	4,140,278	4,140,278
FUND BALANCE - APRIL 30, 2014	\$ 4,277,470	\$ 1,255,204

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, 2014

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 500,000	\$ 522,867
Sales Tax	32,000	-
Other Local Sources		
Interest	1,000	700
Miscellaneous		
Other Miscellaneous	-	7,699
	\$ 533,000	\$ 531,266
EXPENDITURES		
CURRENT		
BUILDING AND ZONING		
Contractual Services	\$ 20,000	\$ 22,339
CAPITAL OUTLAY		
Building and Zoning	\$ 450,000	\$ 4,891
DEBT SERVICE		
Principal	\$ 287,000	\$ 271,617
Interest and Fees	229,200	139,539
	\$ 516,200	\$ 411,156
TOTAL EXPENDITURES	\$ 986,200	\$ 438,386
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (453,200)	\$ 92,880
OTHER FINANCING SOURCES/(USES)		
Transfers	-	(300,000)
NET CHANGE IN FUND BALANCE	\$ (453,200)	\$ (207,120)
FUND BALANCE - MAY 1, 2013	767,257	767,257
FUND BALANCE - APRIL 30, 2014	\$ 314,057	\$ 560,137

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, 2014

	Budgeted Amounts	Actual Amounts
	Original and Final	
REVENUES		
Other Local Sources		
Fines and Forfeitures	\$ 498,000	\$ 673,021
Interest	750	697
Miscellaneous		
Donations	-	9,690
	\$ 498,750	\$ 683,408
EXPENDITURES		
CURRENT		
PUBLIC SAFETY		
Personal Services	\$ 15,000	\$ -
Contractual Services	10,000	250,815
	\$ 25,000	\$ 250,815
CAPITAL OUTLAY		
Public Safety	\$ 7,400	\$ 1,950
Streets and Parks	1,045,000	718,368
	\$ 1,052,400	\$ 720,318
TOTAL EXPENDITURES	\$ 1,077,400	\$ 971,133
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (578,650)	\$ (287,725)
OTHER FINANCING SOURCES/(USES)		
Transfers	-	9,641
NET CHANGE IN FUND BALANCE	\$ (578,650)	\$ (278,084)
FUND BALANCE - MAY 1, 2013	1,488,419	1,488,419
FUND BALANCE - APRIL 30, 2014	\$ 909,769	\$ 1,210,335

See Accompanying Independent Auditor's Report

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

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 18, 2013.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended April 30, 2014, the following fund presented as Required Supplementary Information had expenditures that exceeded the budget:

Fund	Budget	Actual	Excess of Actual Over Budget
General Fund	\$ 2,189,972	\$ 2,505,852	\$ 315,880

The over-expenditure was covered by available fund balance.