

VILLAGE OF RIVER GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

Year Ended April 30, 2016

VILLAGE OF RIVER GROVE, ILLINOIS

Year Ended April 30, 2016

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Year Ended April 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of River Grove, Illinois, (Village), as of and for the year then ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of April 30, 2016, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in June 2012 the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." Statements 68 and 71 are effective for the Village's fiscal year ending April 30, 2016. These Statements replace the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures." Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. As a result, the governmental activities, the business-type activities, and the Water and Sewer Fund's net position was restated as of May 1, 2015, for the cumulative effect of the application of this pronouncement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules and Pension and Other Post-Employment Benefits Historical Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Oak Brook, Illinois
January 10, 2017

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

As management of the Village of River Grove ("Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2016. Since the Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

Financial Highlights

The assets and deferred outflows of resources of the Village was less than its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,168,413 (net position).

The Village restated its beginning net position (as of May 1, 2015) for both governmental activities and business-type activities for the implementation of GASB Statement No. 68 and GASB Statement No. 71, which change the reporting requirements for the Village's defined benefit pension plans. The net position as of April 30, 2015 was not restated.

After taking into consideration the restatement per above, the Village's total net position increased by \$853,674 (or 17.0% from fiscal year 2015) during the fiscal year ended April 30, 2016 (FY16). The governmental net position increased by \$454,272 from FY15 and the business-type activities net position increased by \$399,402 from FY15.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$6,551,646, a decrease of \$2,576,485 in comparison with the prior year. Unassigned fund balance in the General Fund is (\$1,445,285) and accounts for approximately -22.1% of total fund balance for all governmental funds, while restricted fund balance in the General Fund totaled \$1,668,173 (25.5%) and nonspendable fund balance in the General Fund totaled \$718,250 (11.0%).

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

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

The Governmental Activities reflect the Village's basic services, including general government, public safety, public works, and culture and recreation. Property taxes, shared state taxes and local utility taxes finance the majority of these services. The Business-Type Activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operations, including depreciation.

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains four individual major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, motor fuel tax fund, tax increment financing fund, and capital improvements fund, all of which are considered to be major funds. Information from the Village's three other governmental funds are combined into a single column presentation. Individual fund information for these non-major governmental funds is provided elsewhere in the report.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is similar to that used by proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements this report also includes certain required supplementary information related to budgetary information and the Village's progress in funding its obligation to provide pension benefits to its employees. Non-major fund information can be found following the required supplementary information.

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets/deferred outflows:						
Current assets	\$ 10,438	\$ 13,269	\$ 707	\$ 1,140	\$ 11,145	\$ 14,409
Capital assets/deferred outflows	16,855	14,002	3,362	2,359	20,217	16,361
Total assets/deferred outflows	27,293	27,271	4,069	3,499	31,362	30,770
Liabilities/deferred inflows:						
Short-term liabilities/deferred inflows	5,201	4,013	475	431	5,676	4,444
Long-term liabilities	29,632	20,531	222	-	29,854	20,531
Total liabilities/deferred inflows	34,833	24,544	697	431	35,530	24,975
Net Position:						
Net investment in capital assets	4,931	5,177	3,248	2,359	8,179	7,536
Restricted	5,611	10,067	-	-	5,611	10,067
Unrestricted	(18,082)	(12,517)	124	709	(17,958)	(11,808)
Total Net Position	\$ (7,540)	\$ 2,727	\$ 3,372	\$ 3,068	\$ (4,168)	\$ 5,795

A portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Village uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Village is able to report positive balance in total net position for the business-type activities while the governmental activities are reporting a negative total net position due to the liabilities associated the Village's defined benefit pension plans.

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

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,196	\$ 2,257	\$ 2,356	\$ 2,251	\$ 4,552	\$4,508
Oper. Grants/Contrib.	57	43	-	-	57	43
Cap. Grants/Contrib.	20	483	400	-	420	483
General Revenues:					-	-
Property Taxes	5,092	4,704	-	-	5,092	4,704
Other Taxes	4,824	4,558	-	-	4,824	4,558
Other	188	347	1	20	189	367
Total Revenues	12,377	12,392	2,757	2,271	15,134	14,663
EXPENSES						
General Government	2,544	2,063	-	-	2,544	2,063
Public Safety	5,709	5,277	-	-	5,709	5,277
Public Works	2,917	3,638	-	-	2,917	3,638
Culture and Recreation	109	144	-	-	109	144
Interest Long-Term Debt	644	683	-	-	644	683
Water and Sewer	-	-	2,344	2,503	2,344	2,503
Commuter Parking Lot	-	-	13	16	13	16
Total Expenses	11,923	11,805	2,357	2,519	14,280	14,324
Change in Net Position	454	587	400	(248)	854	339
Beginning Net Position - Previous	2,727	2,140	3,068	3,316	5,795	5,456
Restatement - GASB 68/71	(10,721)	-	(96)	-	(10,817)	-
Beginning Net Position - Restated	(7,994)	2,140	2,972	3,316	(5,022)	5,456
Ending Net Position	<u>\$(7,540)</u>	<u>\$ 2,727</u>	<u>\$ 3,372</u>	<u>\$ 3,068</u>	<u>\$(4,168)</u>	<u>\$5,795</u>

Governmental Activities Governmental activities increased the Village's net position by \$455 thousand, thereby accounting for 53.3% of the total increase in the net position of the Village. The increase was due to decreased revenues of \$15 thousand which was offset by increased expenses of \$70 thousand. Specifically, the decrease in revenues was caused by decreased charges for services of \$61 thousand for fees and services provided, increased property tax collections from Cook County, \$266 thousand in other taxes and decreases in other revenues of \$159 thousand. Although management has continued the initiative to reduce spending so that costs do not exceed available revenue streams, pension expenses were required to be recognized to account for costs related to benefits earned and payments to retirees. Despite this increase in general government and public safety, this was offset by overall decreases in other functions as well as decreases in interest expenses as the Village pays down its long term debt.

Business-type Activities Business-type activities increased the Village's net position by \$399 thousand. The increase was due improved revenues from charges for services as well as recognition of \$400 thousand in grant revenues that was used to fund infrastructure improvements that was offset by decreased operational costs.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$6,551,646, a decrease of \$2,576,485 in comparison with the prior year. Unassigned fund balance in the General Fund is (\$1,445,285) and accounts for approximately -22.1% of total fund balance for all governmental funds, while restricted fund balance in the General Fund totaled \$1,668,173 (25.5%) and nonspendable fund balance in the General Fund totaled \$718,250 (11.0%).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the total General Fund was (\$1,445,285) while fund balance reserved for assets held for resale was \$718,250 and restricted fund balance for capital projects was \$1,668,173 for a total fund balance of \$941,138. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. The fund balance of the Village's General Fund decreased by \$2,724,390 during the current fiscal year. Total revenue for the fund increased by \$510,052. This was due to an increase in property tax collections of \$179,731, increased sales taxes of \$393,018, increased income tax collections of \$15,761, increased license, permit and fee revenue of \$54,983, and increased charges for services of \$212,508 that offset lower collections of utility taxes, fines and grants of \$345,949.

Expenses increased in the current year by \$1,673,951, with the majority of the increase due to increases capital outlay expenditures of \$2,336,900 for the construction of the new Village Public Works facility that was offset by decreased in administration costs, as a one-time charge of assets held for resale from the General Fund into capital assets of \$1,272,522 was not repeated. Increases in police department costs of \$585,364 was due to increases contributions to the Police Pension Fund that was funded via increased property taxes. The Village continues to use funds as efficiently as possible while still delivering to the citizens the services they deserve.

The Village Board is aware that significant discussions regarding the future delivery of services and revenue enhancements will need to occur as discussions related to the upcoming fiscal 2018 budget will commence in early 2017.

The fund balance of the Village's Motor Fuel Tax Fund increased by \$187,206 during the current fiscal year. This increase is due to decreased motor fuel tax collections of \$35,374 that were offset by decreased expenditures of \$57,590. The Village continued projects in FY16 using MFT funds but revenues continued to exceed expenditures. Fund balance is expected to be used for future projects and is shown as restricted.

The fund balance of the Village's Tax Increment Financing Fund increased by \$117,159 during the current fiscal year as TIF fund balance was used as planned to pay debt service on the Village's TIF bonds. Fund balance is shown as restricted.

The fund balance of the Village's Capital Improvements Fund decreased by \$222,275 during the current fiscal year. This was due to the Village transferring revenues to the General Fund to fund capital improvement costs during the year. The residual fund balance is intended to fund future capital improvement projects throughout the Village through use of non-home rule sales taxes. The fund balance is shown as restricted.

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

Net position of the Water and Sewer Fund at the end of the year amounted to \$2,537,036. The Fund had an increase in net position of \$364,968 mainly due to an increase in collections of water and sewer billings as well as

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

revenues from the CDBG grant that was used to fund infrastructure improvements. Operating revenues increased by \$108,085 to \$2,308,068 while operating expenses decreased by \$158,336 to \$2,344,039. Combined with the non-operating revenues of \$400,939 of grant revenues and investment income, a total increase in net position was reported.

Net position of the Commuter Parking Lot Fund at the end of the year amounted to \$834,996. The Fund had an increase in net position of \$34,434 mainly due to increased parking lot collections.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village remains committed to fiscal responsibility. However, utility taxes, grant and other revenue and investment income fell short of expectations by \$777,760 while property taxes, income taxes, sales taxes, other taxes, licenses, fines and charges for services increased by \$2,095,740. Expenditures were more than expected by \$975,673 due to more than expected administration, police department, fire department, public works, and interest on debt expenditures of \$1,947,652 offset by less than expected culture and recreation, public health, other departments, debt service principal and capital outlay expenditures of \$971,979. Other financing sources and uses of \$130,134 were better than expectations. The result was a change in fund balance of \$212,173 better than budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets
Governmental Activities
Change in Capital Assets
(in thousands)**

	<u>Balance</u> <u>May 1, 2015</u>	<u>Net Additions/ Deletions</u>	<u>Balance</u> <u>April 30, 2016</u>
Non-Depreciable Assets:	\$ 3,267	\$ 2,587	\$ 5,854
Depreciable Capital Assets:	<u>10,735</u>	<u>(698)</u>	<u>10,037</u>
Totals	<u>\$ 14,002</u>	<u>\$ 1,889</u>	<u>\$ 15,891</u>

The Village used the proceeds from the Village's 2012 bonds to begin the construction of the new Village public works facility.

**Business-Type Activities
Change in Capital Assets
(in thousands)**

	<u>Balance</u> <u>May 1, 2015</u>	<u>Net Additions/ Deletions</u>	<u>Balance</u> <u>April 30, 2016</u>
Non-Depreciable Assets	\$ 256	\$ -	\$ 256
Depreciable Assets:	<u>2,102</u>	<u>891</u>	<u>2,993</u>
Totals	<u>\$ 2,358</u>	<u>\$ 891</u>	<u>\$ 3,249</u>

The Village constructed new water and sewer infrastructure in FY16 using previously received grant resources. For more detailed information related to capital assets, see notes to financial statements.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
April 30, 2016

Debt Administration

At April 30, 2016, the Village had outstanding debt as follows:

General Obligation Bonds Series 2006A	\$	2,955,000
General Obligation Bonds Series 2008		4,200,000
General Obligation Bonds Series 2009		2,805,000
General Obligation Bonds Series 2012A		5,205,000
Unamortized Premiums/Discounts		70,154
Installment Notes Payable		256,719
Net Pension Liabilities		<u>15,726,520</u>
Total Long-Term Debt	\$	<u>31,218,393</u>

There have been no debt limitations that may affect the financing of planned facilities or services. For more detailed information related to long term debt, see notes to financial statements.

ECONOMIC FACTORS

The Village has been continuing its efforts in the redevelopment of several vacant industrial properties and recent additional retail opening in the Village's largest retail area has resulted in a continuing improvement in retail sales and related taxes to the Village's general fund. Other than some minor items, the move to the recently constructed Public Works facility is complete and the Village will now begin to market the former site for potential redevelopment as well. Finally, as the Village moves forward in its planning for the preparation on the upcoming operating budget, concerted efforts will be made to review and/or enhance current revenue streams to ensure adequate funding for current and future services to its citizens.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. Questions concerning this report or requests for additional financial information should be directed to the Village Comptroller, 2601 Thatcher Avenue, River Grove Illinois, 60171 or call (708) 453-8000.

STATEMENT OF NET POSITION
April 30, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current			
Cash and investments	\$ 5,728,359	\$ 678,796	\$ 6,407,155
Cash - commingled	63,107	-	63,107
Property taxes receivable	2,183,212	-	2,183,212
Other governmental receivables	1,198,095	-	1,198,095
Accounts receivable	116,049	379,003	495,052
Grants receivable	-	80,000	80,000
Assets held for resale	718,250	-	718,250
Internal balances	431,103	(431,103)	-
Non-current			
Capital assets not being depreciated	5,853,321	255,501	6,108,822
Capital assets being depreciated, net	10,037,016	2,992,921	13,029,937
Total assets	26,328,512	3,955,118	30,283,630
Deferred outflows of resources			
Pensions	904,734	113,755	1,018,489
Unamortized loss on refunding	59,858	-	59,858
Total deferred outflows of resources	964,592	113,755	1,078,347
Liabilities			
Current			
Cash - commingled overdraft liability	-	235,136	235,136
Accounts payable	1,024,246	230,525	1,254,771
Accrued payroll	93,068	614	93,682
Accrued interest payable	225,320	-	225,320
Other payables	229,750	-	229,750
Unearned revenue	50,000	-	50,000
Due to fiduciary fund	7,094	-	7,094
Current portion - bonds payable	1,340,000	-	1,340,000
Current portion - notes payable	59,481	-	59,481
Non-current			
Bonds payable	13,895,154	-	13,895,154
Notes payable	197,238	-	197,238
Net pension liabilities	15,504,605	221,915	15,726,520
Net OPEB asset	35,303	-	35,303
Total liabilities	32,661,259	688,190	33,349,449
Deferred inflows of resources			
Pensions	37,667	8,651	46,318
Property tax revenue	2,134,623	-	2,134,623
Total deferred inflows of resources	2,172,290	8,651	2,180,941
Net position			
Net investment in capital assets	4,931,495	3,248,422	8,179,917
Restricted			
Highways and streets	3,207,466	-	3,207,466
TIF development	1,419,786	-	1,419,786
Capital projects	493,683	-	493,683
Debt service	489,573	-	489,573
Unrestricted	(18,082,448)	123,610	(17,958,838)
Total net position	\$ (7,540,445)	\$ 3,372,032	\$ (4,168,413)

GOVERNMENTAL FUNDS
BALANCE SHEET
April 30, 2016

	Major Funds					Total
	General Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	Capital Improvements Fund	Nonmajor Governmental Funds	
Assets						
Cash and investments	\$ 2,241,269	\$ 753,239	\$ 1,347,895	\$ 887,598	\$ 498,358	\$ 5,728,359
Cash - commingled	-	-	63,107	-	-	63,107
Property taxes receivable	2,183,212	-	-	-	-	2,183,212
Accounts receivable	116,049	-	-	-	-	116,049
Other governmental receivables	964,310	23,275	-	210,510	-	1,198,095
Assets held for resale	718,250	-	-	-	-	718,250
Interfund receivables	145,669	2,442,334	-	-	-	2,588,003
Total assets	\$ 6,368,759	\$ 3,218,848	\$ 1,411,002	\$ 1,098,108	\$ 498,358	\$ 12,595,075
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 946,398	\$ 11,382	\$ -	\$ 66,466	\$ -	\$ 1,024,246
Accrued payroll	93,068	-	-	-	-	93,068
Other payables	229,750	-	-	-	-	229,750
Unearned revenue	50,000	-	-	-	-	50,000
Due to police pension fund	7,094	-	-	-	-	7,094
Interfund payables	1,732,036	-	-	424,863	1	2,156,900
Total liabilities	3,058,346	11,382	-	491,329	1	3,561,058
Deferred inflows of resources						
Property tax revenue	2,134,623	-	-	-	-	2,134,623
Unavailable grant revenue	59,625	-	-	60,246	-	119,871
Unavailable state tax revenue	175,027	-	-	52,850	-	227,877
Total deferred inflows of resources	2,369,275	-	-	113,096	-	2,482,371
Fund balances						
Nonspendable						
Assets held for resale	718,250	-	-	-	-	718,250
Restricted						
Highway and streets	-	3,207,466	-	-	-	3,207,466
TIF development	-	-	1,411,002	-	8,784	1,419,786
Capital projects	1,668,173	-	-	493,683	-	2,161,856
Debt service	-	-	-	-	489,573	489,573
Unassigned	(1,445,285)	-	-	-	-	(1,445,285)
Total fund balances	941,138	3,207,466	1,411,002	493,683	498,357	6,551,646
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,368,759	\$ 3,218,848	\$ 1,411,002	\$ 1,098,108	\$ 498,358	\$ 12,595,075

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
April 30, 2016

Total fund balances - governmental funds	\$	6,551,646
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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	\$	23,439,333	
Accumulated depreciation		<u>(7,548,996)</u>	
Net capital assets			15,890,337

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

State taxes		227,877	
Grants		<u>119,871</u>	
			347,748

Interest on long-term debt is not accrued in the governmental funds but rather recognized when due: (225,320)

For refunding bond issues, the loss on the refunding is capitalized and amortized over the life of the debt issue in the statement of net position. 59,858

Deferred outflows of resources applicable to the Village's pension activities do not involve available financial resources and accordingly are not reported on the fund financial statements 904,734

Deferred inflows of resources applicable to the Village's pension activities do not involve available financial resources and accordingly are not reported on the fund financial statements (37,667)

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

Bonds payable		(15,235,154)	
Notes payable		(256,719)	
Net pension liabilities		(15,504,605)	
Net OPEB liability		<u>(35,303)</u>	
Total long-term liabilities			<u>(31,031,781)</u>

Net position of governmental activities	\$	<u>(7,540,445)</u>
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GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Year Ended April 30, 2016

	Major Funds					Total
	General Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	Capital Improvements Fund	Nonmajor Governmental Funds	
Revenues						
Property taxes	\$ 4,257,114	\$ -	\$ 834,669	\$ -	\$ -	\$ 5,091,783
Sales taxes	1,763,767	-	-	628,121	-	2,391,888
Income taxes	1,046,088	-	-	-	-	1,046,088
Utility taxes	792,355	-	-	-	-	792,355
Other taxes	320,615	261,596	-	-	-	582,211
Licenses, permits and fees	579,712	-	-	-	-	579,712
Grant revenue	-	-	-	19,723	-	19,723
Other revenue	202,037	-	-	2,465	-	204,502
Fines and forfeitures	530,319	-	-	-	-	530,319
Investment income	7,432	793	80	505	32	8,842
Charges for services	1,060,015	-	-	-	-	1,060,015
Total revenues	<u>10,559,454</u>	<u>262,389</u>	<u>834,749</u>	<u>650,814</u>	<u>32</u>	<u>12,307,438</u>
Expenditures						
Current						
Administration	1,007,067	-	-	-	45,000	1,052,067
Police department	4,237,016	-	-	-	-	4,237,016
Fire protection	1,047,343	-	-	-	-	1,047,343
Public works	2,121,949	75,183	-	-	-	2,197,132
Culture & recreation	96,227	-	-	-	-	96,227
Public health	17,810	-	-	-	-	17,810
All other departments	1,469,678	-	-	-	-	1,469,678
Debt service						
Principal	299,016	-	600,000	240,000	220,000	1,359,016
Interest and other charges	185,798	-	117,590	195,768	146,672	645,828
Capital outlay	2,761,806	-	-	-	-	2,761,806
Total expenditures	<u>13,243,710</u>	<u>75,183</u>	<u>717,590</u>	<u>435,768</u>	<u>411,672</u>	<u>14,883,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,684,256)</u>	<u>187,206</u>	<u>117,159</u>	<u>215,046</u>	<u>(411,640)</u>	<u>(2,576,485)</u>
Other financing sources (uses)						
Transfers in	874,000	-	-	436,679	486,239	1,796,918
Transfers out	(914,134)	-	-	(874,000)	(8,784)	(1,796,918)
Total other financing sources (uses)	<u>(40,134)</u>	<u>-</u>	<u>-</u>	<u>(437,321)</u>	<u>477,455</u>	<u>-</u>
Net changes in fund balances	(2,724,390)	187,206	117,159	(222,275)	65,815	(2,576,485)
Fund balances at beginning of year	<u>3,665,528</u>	<u>3,020,260</u>	<u>1,293,843</u>	<u>715,958</u>	<u>432,542</u>	<u>9,128,131</u>
Fund balances at end of year	<u>\$ 941,138</u>	<u>\$ 3,207,466</u>	<u>\$ 1,411,002</u>	<u>\$ 493,683</u>	<u>\$ 498,357</u>	<u>\$ 6,551,646</u>

VILLAGE OF RIVER GROVE, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 Year Ended April 30, 2016

Net change in fund balances - total governmental funds	\$	(2,576,485)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$	2,613,955	
Depreciation		(725,141)	
Capital outlay in excess of depreciation			1,888,814

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

Principal retirement			1,359,016
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Some revenues were not collected within sixty days of year end and were not considered "available" to pay for current year expenditures. These amounts are therefore deferred and the in the funds statements but recognized in the government-wide statements. The change from prior year is:

	69,059
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds.

Amortization of debt-related items		(14,178)	
Change in net pension liabilities and deferred items		(241,393)	
Change in net OPEB obligation		(46,853)	
Change in accrued interest on debt		16,292	
Total expenses of non-current resources			(286,132)

Change in net position of governmental activities	\$	454,272
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STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 April 30, 2016

	Major Funds		Total
	Water and Sewer Fund	Commuter Parking Lot Fund	
Assets			
Current assets:			
Cash and investments	\$ 678,786	\$ 10	\$ 678,796
Accounts receivable	379,003	-	379,003
Grants receivable	80,000	-	80,000
Interfund receivables	-	653,085	653,085
Total current assets	<u>1,137,789</u>	<u>653,095</u>	<u>1,790,884</u>
Noncurrent assets:			
Capital assets, not being depreciated	92,671	162,830	255,501
Capital assets, net of accumulated depreciation	2,973,526	19,395	2,992,921
Total noncurrent assets	<u>3,066,197</u>	<u>182,225</u>	<u>3,248,422</u>
Total assets	<u>4,203,986</u>	<u>835,320</u>	<u>5,039,306</u>
Deferred outflows of resources			
Pensions	113,755	-	113,755
Total deferred outflows of resources	<u>113,755</u>	<u>-</u>	<u>113,755</u>
Liabilities			
Current liabilities:			
Cash - commingled overdraft liability	235,136	-	235,136
Accounts payable	230,201	324	230,525
Accrued payroll	614	-	614
Interfund payables	1,084,188	-	1,084,188
Total current liabilities	<u>1,550,139</u>	<u>324</u>	<u>1,550,463</u>
Non-current liabilities:			
Net pension liabilities	221,915	-	221,915
Total non-current liabilities	<u>221,915</u>	<u>-</u>	<u>221,915</u>
Total liabilities	<u>1,772,054</u>	<u>324</u>	<u>1,772,378</u>
Deferred inflows of resources			
Pensions	8,651	-	8,651
Total deferred inflows of resources	<u>8,651</u>	<u>-</u>	<u>8,651</u>
Net position			
Net investment in capital assets	3,066,197	182,225	3,248,422
Unrestricted	(529,161)	652,771	123,610
Total net position	<u>\$ 2,537,036</u>	<u>\$ 834,996</u>	<u>\$ 3,372,032</u>

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended April 30, 2016

	Major Funds		Total
	Water and Sewer Fund	Commuter Parking Lot Fund	
Operating revenues			
Charges for services	\$ 2,308,068	\$ 47,859	\$ 2,355,927
Total operating revenues	<u>2,308,068</u>	<u>47,859</u>	<u>2,355,927</u>
Operating expenses			
Administration	424,591	4,100	428,691
Water purchases	1,359,562	-	1,359,562
Repairs & maintenance	371,398	-	371,398
Depreciation	188,488	9,325	197,813
Total operating expenses	<u>2,344,039</u>	<u>13,425</u>	<u>2,357,464</u>
Operating income (loss)	<u>(35,971)</u>	<u>34,434</u>	<u>(1,537)</u>
Non-operating revenues and expenses			
Investment income	939	-	939
Total non-operating revenues and expenses	<u>939</u>	<u>-</u>	<u>939</u>
Income before capital contributions	<u>(35,032)</u>	<u>34,434</u>	<u>(598)</u>
Capital contributions	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Change in net position	364,968	34,434	399,402
Net position at beginning of year, as restated	<u>2,172,068</u>	<u>800,562</u>	<u>2,972,630</u>
Net position at end of year	<u>\$ 2,537,036</u>	<u>\$ 834,996</u>	<u>\$ 3,372,032</u>

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended April 30, 2016

	<u>Water and Sewer Fund</u>	<u>Commuter Parking Lot Fund</u>	<u>Total Enterprise Funds</u>
Cash flows from operating activities			
Receipts from customers	\$ 2,302,524	\$ 47,859	\$ 2,350,383
Payments to suppliers	(1,987,483)	(5,613)	(1,993,096)
Payments to employees	(345,090)	-	(345,090)
Net cash provided by (used in) operating activities	<u>(30,049)</u>	<u>42,246</u>	<u>12,197</u>
Cash flows from non-capital and related financing activities			
Interfunds	<u>498,147</u>	<u>(65,012)</u>	<u>433,135</u>
Net cash provided by (used in) non-capital and related financing activities	<u>498,147</u>	<u>(65,012)</u>	<u>433,135</u>
Cash flows from capital and related financing activities			
Capital grants	320,000	-	320,000
Purchases of capital assets	(1,087,146)	-	(1,087,146)
Net cash provided by (used in) capital and related financing activities	<u>(767,146)</u>	<u>-</u>	<u>(767,146)</u>
Cash flows from investing activities			
Interest received	<u>939</u>	<u>-</u>	<u>939</u>
Net cash provided by (used in) investing activities	<u>939</u>	<u>-</u>	<u>939</u>
Net increase (decrease) in cash and cash equivalents	<u>(298,109)</u>	<u>(22,766)</u>	<u>(320,875)</u>
Balances - beginning of the year	<u>741,759</u>	<u>22,776</u>	<u>764,535</u>
Balances - end of year	<u>\$ 443,650</u>	<u>\$ 10</u>	<u>\$ 443,660</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (35,971)	\$ 34,434	\$ (1,537)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	188,488	9,325	197,813
Pension expense	20,944	-	20,944
Change in assets and liabilities:			
(Increase) decrease in receivables, net	(5,544)	-	(5,544)
Increase (decrease) in accounts payable	(190,581)	(1,513)	(192,094)
Increase (decrease) in accrued payroll	(7,385)	-	(7,385)
Net cash provided by operating activities	<u>\$ (30,049)</u>	<u>\$ 42,246</u>	<u>\$ 12,197</u>

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 April 30, 2016

	Pension Trust Fund
	Police Pension Fund
Assets	
Cash	\$ 695,004
Investments	
U.S. agencies	39,268
U.S. treasuries	1,474,366
Certificates of deposit	105,015
Corporate bonds	1,838,064
Mutual funds	1,759,555
Asset backed securities	189,132
Life insurance annuities	1,625,477
Due from Village	7,094
Other receivables	30,967
Total assets	<u>7,763,942</u>
Liabilities	<u>-</u>
Net position restricted for pensions	<u>7,763,942</u>
Total net position	<u>\$ 7,763,942</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 Year Ended April 30, 2016

	Pension Trust Fund
	<u>Police Pension Fund</u>
Additions	
Contributions	
Employer	\$ 1,115,353
Plan members	<u>190,944</u>
Total contributions	<u>1,306,297</u>
Investment income	411,754
Net depreciation in fair value of investments	<u>(341,347)</u>
Net investment earnings	<u>70,407</u>
Total additions	<u>1,376,704</u>
Deductions	
Benefits	1,088,443
Administrative expenses	<u>35,019</u>
Total deductions	<u>1,123,462</u>
Net increase in net position	253,242
Net position - beginning of year	<u>7,510,700</u>
Net position - end of year	<u>\$ 7,763,942</u>

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity and Its Services: The Village is a municipal corporation governed by an elected board. The Village has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement 61, *The Financial Reporting: Entity Omnibus, an amendment of GASB Statement No. 14 and No.34*, under which these financial statements include all organizations, activities, functions and component units for which the Village is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Village's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Village.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Police Pension Plan have been included in the financial reporting entity as a fiduciary component unit.

Fiduciary Component Unit— The Village's police department employees participate in the Police Pension Plan ("Plan"). The Plan functions for the benefit of these employees. The Village is obligated to fund all Plan costs based on actuarial valuations. The nature of the Plan dictates the Village's financial accountability. The Village appoints a voting majority of the component unit's board and the pension fund has the possibility of imposing a financial burden on the Village. The State of Illinois is authorized to establish benefit levels and the government is authorized to approve the actuarial assumptions used in the determination of contribution levels. Separately issued financial statements for the Plan can be obtained from the Village by contacting the Village's Comptroller.

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

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

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Measurement Focus and Basis of Accounting:

Government-Wide Financial Statements – The government-wide financial statements and fund financial statements for proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statements of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

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

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

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the Village considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. In fiscal year 2016, the Village elected to recognize 12 months of revenue for state income taxes despite the collection of revenues past the 60 day availability period due to delayed payment from the Illinois Department of Revenue. Revenues accrued at the end of the year include charges for services, licenses and permits, fines and forfeitures, intergovernmental revenues, investment earnings, property taxes, sales taxes and income taxes. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

Proprietary Funds

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Village Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Village reports the following major proprietary funds:

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

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

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

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

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

Governmental Funds

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

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

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

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

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General infrastructure assets acquired prior to May 1, 2004, are not reported in the financial statements. Capital assets are defined as assets with a cost of \$5,000 or more and a useful life of more than one year. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation of all assets is provided on the straight-line basis over the following estimated useful lives:

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

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fund Equity/Net Position: Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund balance includes the following line items:

- a. Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact
- b. Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation
- c. Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action (ordinance) at the same level to remove. For the Village, the Board of Trustees is the highest level of decision making. As of April 30, 2016, the Village does not have any commitments of fund balance.
- d. Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Trustees designated for that purpose. The intended use is established by an official designated for that purpose. The Board of Trustees has not designated any members of management for this purpose.
- e. Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance. Any other funds with negative fund balance will present as unassigned.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the Village will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the Village will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

The Village does not have a minimum fund balance policy.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following funds or accounts within a fund had deficit fund balances at April 30, 2016:

<u>Fund</u>	<u>Amount</u>
General Fund – Illinois Municipal Retirement Account	\$ 681,460
General Fund – Social Security Account	180,611
General Fund – Unemployment Insurance Account	80,847
General Fund – Worker’s Compensation Account	99,563
General Fund – 2004 Bond Account	11,086

The Village plans to recover these deficits through planned transfers of cash when resources become available.

Property Tax Revenue Recognition: Property taxes attach as an enforceable lien on January 1. They are levied in December (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about February 1 and August 1 and are payable in two installments, on or about March 1 and September 1. The County collects such taxes and remits them periodically. Property tax revenues are recognized when they become both measurable and available, in accordance with the Government Accounting Standards Board. “Measurable” means that amounts can be reasonably determined within the current period. “Available” means that amounts are due and collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes levied in the current year which are not collected at year end and are not used to pay liabilities of the current period do not meet the “available” criterion and are reported as deferred inflows of resources in the fund financial statements. The Village deferred in the government-wide statements the second installment of the 2015 property tax levy due to the second installment being intended to fund the next fiscal year’s operations.

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

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

Accumulated Unpaid Compensated Absences: In the event of termination or retirement, employees are not reimbursed for accumulated sick or vacation time. Village employees are allotted sick and vacation time on a calendar year basis. Any unused vacation time as of December 31 is paid to the employees on the first payday in January. Police officers are paid out for both unused sick and vacation time on the first payday in January. As such, there is no liability as of the fiscal year end.

Cash and Investments: Cash and cash equivalents represent cash on hand, cash deposited in interest-bearing and non-interest bearing checking accounts, treasury obligations and investments in certificates of deposit with original maturities of three months or less. For the purposes of the Statement of Cash Flows, the Village considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

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

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Held for Resale: The Village has purchased several pieces of real property within the Village with the intent of reselling the property to developers for future redevelopment. These property sales are anticipated to occur within the next fiscal year. As such, they are classified as current assets in the General Fund valued at cost. The total carrying amount as of April 30, 2016 was \$718,250.

Unearned/Unavailable Revenue: The Village reports unearned revenues on its financial statements. Unearned revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet or statement of net position and revenue is recognized.

Deferred Inflows of Resources: In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. In addition to the deferred property tax revenue discussed earlier, the Village has two items which arise only under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, *unavailable grant revenue*, and *unavailable state tax revenue*, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis of accounting differences between expected and actual experience are deferred and amortized over the average of the expected remaining service lives of all employees who are provided with benefits through the pension plan.

Deferred Outflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Village has two items that qualifies for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is capitalized and amortized over the shorter of the life of the refunded or refunding debt. The Village also reports differences between expected and actual experience, changes in pension assumptions, loss on pension investments, and contributions made subsequent to the measurement date as well. Differences between expected and actual experience and changes in pension plan assumptions are deferred and amortized over the average of the expected remaining service lives of employees that are provided with benefits through the pension plan. Loss on pension investments are deferred and amortized over five years. See Note 6 for more information.

Allowance for Doubtful Accounts: The Village assesses collectability of its receivables on an annual basis. During the fiscal year, the Village determined that \$211,538 of its receivables are at an increased risk for non-collection and have been reserved on the financial statements in the Water and Sewer Fund.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and Police Pension Fund and additions to/deductions from both pensions' fiduciary net position have been determined on the same basis as they are reported by both pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 2 - CASH AND INVESTMENTS

Cash: The carrying amount of cash, excluding the Pension Trust Fund, was \$4,635,202 at April 30, 2016, while the bank balances were \$5,613,351. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000, or collateralized with securities of the U.S government or with letters of credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

Certificates of Deposit: Certificates of Deposit, excluding the Pension Trust Fund, amounted to \$100,000 at April 30, 2016. The deposit was collateralized with FDIC. The deposit matures less than ninety days after year end.

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

The following schedule reports the fair values for the Village's investments at April 30, 2016. All investments mature in less than one year:

<u>Investment Type</u>	<u>Fair Value</u>
Illinois Funds – State Treasurer	\$ 1,499,924

The value of the Illinois Funds equates to the number of shares owned as of April 30, 2016. The Illinois Funds do not mature.

Interest Rate Risk – The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investments are fully collateralized as of April 30, 2016.

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

Cash – Pension Trust Fund: At April 30, 2016, the Pension Trust Fund's carrying amount and the bank balance of cash was \$695,004. The FDIC insures bank balances up to \$250,000. As of April 30, 2016, all of the bank balance was collateralized with securities of the U.S. government held in the Pension Trust Fund's name by a financial institution acting as the Fund's agent.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

Certificates of Deposit – Pension Trust Fund: Certificates of Deposit amounted to \$105,015 at April 30, 2016. In accordance with Pension Trust Fund policy, certificates of deposit were collateralized with securities of the U.S. Government in an amount equal to 100% of the funds on deposit. All investment collateral is held in safekeeping in the Pension Trust’s name by financial institutions acting as the Pension Trust Fund’s agent. Collateral is priced to market semi-monthly and monitored regularly with additional collateral requested as necessary.

Pension Trust Fund’s Investments: The Pension Trust Fund is authorized to invest in bonds, notes and other obligations of the U.S. Government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; and other investment vehicles as set forth in the Illinois Compiled Statutes.

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

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Pension Trust Fund’s investments at April 30, 2016.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>Greater than Ten Years</u>
U.S. Agencies	\$ 39,268	\$ -	\$ -	\$ 18,838	\$ 20,430
U.S. Treasuries	1,474,366	-	374,472	1,099,894	-
Corporate Bonds	1,838,064	235,991	1,602,073	-	-
CMO & Asset Backed	189,132	-	160,475	-	28,657
Total	3,540,830	\$ 235,991	\$ 2,137,020	\$ 1,118,732	\$ 49,087
Investments Not Sensitive to Interest Rate Risk:					
Mutual Funds	1,759,555				
Life Insurance Annuities	1,625,477				
Total Investments	\$ 6,925,862				

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

Credit Risk. The Pension Trust Fund’s policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. Government or any agency or instrumentality thereof, or to corporate and municipal issues. All securities shall be of “investment grade” quality; that is, at the time of purchases, rated no lower than “Baa” by Moody’s and no lower than “BBB” by Standard and Poor’s. The Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate. As of April 30, 2016, all of Fund’s investments in U.S. Agencies securities are rated AAA. Investments in Corporate Bonds carried the following ratings:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

AA+	\$	63,122
A		235,830
A-		193,135
BBB+		854,555
BBB		403,945
BBB-		87,477
		\$ 1,838,064

Concentration of Credit Risk. The Fund places no limit on the amount it may invest in any one issuer. More than 5 percent of the Fund's investments are in Voya Annuities and Vanguard Total Stock Market Index Admiral Class Fund. These investments are 19.21% and 20.89%, respectively, of the Fund's total investments.

Reconciliation to Financial Statements:

Cash and investments per financial statements:

Statement of net position		
Cash and investments	\$	6,407,155
Cash – commingled		63,107
Cash – commingled overdraft liability		(235,136)
Statement of fiduciary net position		
Pension trust fund		
Cash		695,004
U.S. agencies		39,268
U.S. treasuries		1,474,366
Certificates of deposit		105,015
Corporate bonds		1,838,064
Mutual funds		1,759,555
Asset backed securities		189,132
Life insurance annuities		1,625,477
Total	\$	13,961,007

Cash and investments per footnote:

Cash	\$	4,635,202
Certificate of deposits		100,000
Investments		
Illinois funds – state treasurer		1,499,924
Cash – pension trust fund		695,004
Certificate of deposits – pension trust fund		105,015
Investments – pension trust		
U.S. agencies		39,268
U.S. treasuries		1,474,366
Corporate bonds		1,838,064
Mutual funds		1,759,555
Asset backed securities		189,132
Life insurance annuities		1,625,477
Total	\$	13,961,007

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 3 - CAPITAL ASSETS

A summary of changes in the Village's Governmental Activities capital assets for the period May 1, 2015 through April 30, 2016 follows:

	<u>Balance at May 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,144,755	\$ -	\$ -	\$ 3,144,755
Construction in Process	<u>121,745</u>	<u>2,586,821</u>	<u>-</u>	<u>2,708,566</u>
Subtotal	<u>3,266,500</u>	<u>2,586,821</u>	<u>-</u>	<u>5,853,321</u>
Capital assets being depreciated:				
Land improvements	416,701	-	-	416,704
Infrastructure	9,191,606	-	-	9,191,606
Buildings	4,594,233	-	-	4,594,233
Machinery and equipment	<u>3,356,338</u>	<u>27,134</u>	<u>-</u>	<u>3,383,472</u>
Subtotal	<u>17,558,878</u>	<u>27,134</u>	<u>-</u>	<u>17,586,012</u>
Less accumulated depreciation:				
Land improvements	(160,703)	(9,959)	-	(170,662)
Infrastructure	(2,226,869)	(459,581)	-	(2,686,450)
Buildings	(1,869,004)	(91,323)	-	(1,960,327)
Machinery and equipment	<u>(2,567,279)</u>	<u>(164,278)</u>	<u>-</u>	<u>(2,731,557)</u>
Total accumulated depreciation	<u>(6,823,855)</u>	<u>(725,141)</u>	<u>-</u>	<u>(7,548,996)</u>
Total capital assets being depreciated, net	<u>10,735,023</u>	<u>(698,007)</u>	<u>-</u>	<u>10,037,016</u>
Governmental activities capital assets, net	<u>\$14,001,523</u>	<u>\$ 1,888,814</u>	<u>\$ -</u>	<u>\$ 15,890,337</u>

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

General government	\$ 42,317
Public safety	160,192
Public works	510,338
Culture and recreation	<u>12,294</u>
Total	<u>\$ 725,141</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 3 - CAPITAL ASSETS (Continued)

A summary of changes in the Village's Business-Type Activities capital assets for the period May 1, 2015 through April 30, 2016 follows:

	<u>Balance at May 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2016</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 255,501	\$ -	\$ -	\$ 255,501
Capital assets being depreciated:				
Land improvements	189,049	-	-	189,049
Infrastructure	2,640,376	1,087,146	-	3,727,522
Buildings	353,110	-	-	353,110
Machinery and equipment	<u>318,312</u>	-	-	<u>318,312</u>
Subtotal	<u>3,500,847</u>	<u>1,087,146</u>	-	<u>4,587,993</u>
Less accumulated depreciation				
Land improvements	(164,937)	(9,452)	-	(174,389)
Infrastructure	(720,274)	(159,527)	-	(879,801)
Buildings	(344,674)	(3,374)	-	(348,048)
Machinery and equipment	<u>(167,374)</u>	<u>(25,460)</u>	-	<u>(192,834)</u>
Total accumulated depreciation	<u>(1,397,259)</u>	<u>(197,813)</u>	-	<u>(1,595,072)</u>
Total capital assets being depreciated, net	<u>2,103,588</u>	<u>889,333</u>	-	<u>2,992,921</u>
Business-Type Activities capital assets, net	<u>\$ 2,359,089</u>	<u>\$ 889,333</u>	<u>\$ -</u>	<u>\$ 3,248,422</u>

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

Water and Sewer	\$ 188,488
Commuter Parking Lot	<u>9,325</u>
Total	<u>\$ 197,813</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 4 – LONG-TERM DEBT

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

Governmental Activities:

	(Restated)				
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
G.O. Bonds 2006A	\$ 3,175,000	\$ -	\$ 220,000	\$ 2,955,000	\$ 230,000
G.O. Bonds 2008	4,440,000	-	240,000	4,200,000	250,000
G.O. Bonds 2009 – TIF	3,405,000	-	600,000	2,805,000	620,000
G.O. Bonds 2012A	5,365,000	-	160,000	5,205,000	240,000
G.O. Bonds 2012B	80,000	-	80,000	-	-
Plus unamortized premium	169,210	-	11,819	157,391	-
Less unamortized discount	(93,834)	-	(6,597)	(87,237)	-
Total G.O. Bonds	16,540,376	-	1,305,222	15,235,154	1,340,000
Installment notes payable	315,735		59,016	256,719	59,481
Net pension liabilities	14,458,035	1,046,570	-	15,504,605	-
Net OPEB obligation/(asset)	(11,550)	46,853	-	35,303	-
Total	<u>\$ 31,302,596</u>	<u>\$ 1,093,423</u>	<u>\$ 1,364,238</u>	<u>\$ 31,031,781</u>	<u>\$ 1,399,481</u>

Business-Type Activities:

	(Restated)				
	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Net pension liabilities	\$ 110,082	\$ 111,833	\$ -	\$ 221,915	\$ -
Total	<u>\$ 110,082</u>	<u>\$ 111,833</u>	<u>\$ -</u>	<u>\$ 221,915</u>	<u>\$ -</u>

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

Fiscal Year	Principal	Interest	Total
2017	\$ 59,481	\$ 8,532	\$ 68,013
2018	59,983	6,527	66,510
2019	58,933	4,536	63,469
2020	51,040	2,673	53,713
2021	27,282	895	28,177
Total	<u>\$ 256,719</u>	<u>\$ 23,163</u>	<u>\$ 279,882</u>

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

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 4 – LONG-TERM DEBT (Continued)

Fiscal Year	Principal	Interest	Total	Rate
2017	\$ 230,000	\$ 138,093	\$ 368,093	3.95%
2018	235,000	129,008	364,008	4.00%
2019	250,000	119,608	369,608	4.05%
2020	255,000	109,483	364,483	4.10%
2021	265,000	99,028	364,028	4.10%
2022	275,000	88,162	363,162	4.88%
2023	295,000	74,756	369,756	4.88%
2024	265,000	60,374	325,374	5.25%
2025	280,000	46,462	326,462	5.25%
2026	295,000	31,762	326,762	5.25%
2027	310,000	16,274	326,274	5.25%
Total	<u>\$ 2,955,000</u>	<u>\$ 913,010</u>	<u>\$ 3,868,010</u>	

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

Fiscal Year	Principal	Interest	Total	Rate
2017	\$ 250,000	\$ 186,648	\$ 436,648	3.95%
2018	260,000	176,773	436,773	4.00%
2019	270,000	166,373	436,373	4.10%
2020	280,000	155,303	435,303	4.20%
2021	290,000	143,543	433,543	4.25%
2022	305,000	131,218	436,218	4.40%
2023	320,000	117,798	437,798	4.40%
2024	330,000	103,718	433,718	4.45%
2025	345,000	89,033	434,033	4.50%
2026	360,000	73,508	433,508	4.60%
2027	380,000	56,948	436,948	4.70%
2028	395,000	39,088	434,088	4.80%
2029	415,000	20,128	435,128	4.85%
Total	<u>\$ 4,200,000</u>	<u>\$ 1,460,079</u>	<u>\$ 5,660,079</u>	

The General Obligation Bonds Series 2009 were issued during fiscal year 2010. The Village refunded the 1999 Series bonds using the proceeds from the 2009 Series bonds to reduce its total debt service payments over the next 10 years by \$758,365 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$255,552. As a result, the 1999 Bonds are considered defeased and are not a liability of the Village. The balance of the defeased debt as of April 30, 2016 was \$2,865,000. Interest payments are paid in equal semi-annually installments on the fifteenth of June and December. The bonds will be repaid using resources accumulated in the Tax Increment Financing Fund. The principal and interest payments to maturity at December 15, 2019 are as follows:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 4 - LONG-TERM DEBT (Continued)

Fiscal Year	Principal	Interest	Total	Rate
2017	\$ 620,000	\$ 98,690	\$ 718,690	3.20%
2018	675,000	78,850	753,850	3.40%
2019	740,000	55,900	795,900	3.60%
2020	770,000	29,260	799,260	3.80%
Total	<u>\$ 2,805,000</u>	<u>\$ 262,700</u>	<u>\$ 3,067,700</u>	

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

Fiscal Year	Principal	Interest	Total	Rate
2017	\$ 240,000	\$ 170,705	\$ 410,705	2.00%
2018	245,000	165,905	410,905	2.00%
2019	250,000	161,005	411,005	2.50%
2020	255,000	154,755	409,755	2.50%
2021	265,000	148,380	413,380	2.50%
2022	270,000	141,755	411,755	3.00%
2023	275,000	133,655	408,655	3.00%
2024	285,000	125,405	410,405	5.00%
2025	300,000	111,155	411,155	3.00%
2026	310,000	102,155	412,155	5.00%
2027	325,000	86,655	411,655	3.20%
2028	335,000	76,255	411,255	3.30%
2029	345,000	65,200	410,200	3.40%
2030	355,000	53,470	408,470	3.40%
2031	370,000	41,400	411,400	3.60%
2032	385,000	28,080	413,080	3.60%
2033	395,000	14,220	409,220	3.60%
Total	<u>\$ 5,205,000</u>	<u>\$ 1,780,155</u>	<u>\$ 6,985,155</u>	

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

Fiscal Year	Principal	Interest	Total
2017	\$ 1,340,000	\$ 594,136	\$ 1,934,136
2018	1,415,000	550,536	1,965,536
2019	1,510,000	502,886	2,012,886
2020	1,560,000	448,801	2,008,801
2021	820,000	390,951	1,210,951
2022-2026	4,510,000	1,430,916	5,940,916
2027-2031	3,230,000	455,418	3,685,418
2032-2033	780,000	42,300	822,300
Total	<u>\$ 15,165,000</u>	<u>\$ 4,415,944</u>	<u>\$ 19,580,944</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 – INTERFUNDS AND TRANSFERS

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

	<u>Due from other funds</u>	<u>Due to other funds</u>
General		
Capital Improvements	\$ 145,669	\$ -
Motor Fuel Tax	-	1,732,036
Total General	<u>145,669</u>	<u>1,732,036</u>
Motor Fuel Tax		
General	1,732,036	-
Capital Improvements	279,194	-
Nonmajor Governmental	1	-
Water and Sewer	431,103	-
Total Motor Fuel Tax	<u>2,442,334</u>	<u>-</u>
Capital Improvements		
General	-	145,669
Motor Fuel Tax	-	279,194
Total Capital Improvements	<u>-</u>	<u>424,863</u>
Nonmajor Governmental		
Motor Fuel Tax	-	1
Total Nonmajor Governmental	<u>-</u>	<u>1</u>
Water and Sewer		
Motor Fuel Tax	-	431,103
Commuter Parking Lot	-	653,085
Total Water and Sewer	<u>-</u>	<u>1,084,188</u>
Commuter Parking Lot		
Water and Sewer	653,085	-
Total Commuter Parking Lot	<u>653,085</u>	<u>-</u>
Total	<u>\$ 3,241,088</u>	<u>\$ 3,241,088</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 – INTERFUNDS AND TRANSFERS (Continued)

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 874,000	\$ 914,134
Capital Improvements	436,679	874,000
Nonmajor Governmental	486,239	8,784
	<u>\$ 1,796,918</u>	<u>\$ 1,796,918</u>

The non-routine transfers represents \$110,724 being transferred from the General Fund to the Grand Ave TIF Fund to close the Grant Ave TIF Fund per Village ordinance, \$8,784 being transferred from the Grand Ave TIF Fund to the Grant Thatcher TIF Fund per Village ordinance, \$50,000 being transferred from the General Fund 2004 Bond Account to the General Fund General Account to transfer excess unrestricted resources for General Fund use (which was netted in the basic financial statements but shown gross in the schedule of revenues, expenditures and changes in fund balances by account), \$874,000 being transferred from Capital Improvements Fund to the General Fund for capital project funding in accordance with the non-home rule sales tax ordinance, and \$366,731 and \$436,679 being transferred from the General Fund to the Bond and Interest Fund and the Capital Improvement Fund, respectively, for debt service payments.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

Plan Description: The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multi-employer public pension fund. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided: IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms: As of December 31, 2015 the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	44
Active Plan Members	<u>69</u>
Total	<u>113</u>

Contributions: 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 Village's annual contribution rate for calendar year 2015 was 11.32%. For the fiscal year ended April 30, 2016, the Village contributed \$206,842 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability: The Village's net pension liability for IMRF was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 Illinois Municipal Retirement Fund annual actuarial valuation. There were no benefit changes during the year.

Expected return on pension plan investments: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38.00%	7.39%
International Equity	17.00%	7.59%
Fixed Income	27.00%	3.00%
Real Estate	8.00%	6.00%
Alternative Investments	9.00%	2.75%-8.15%
Cash Equivalents	1.00%	2.25%
	<u>100.00%</u>	

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate: A single discount rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rates reflects:

- (1) The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits and
- (2) The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%, as the fund is projected to be depleted after December 31, 2084 (69 years).

Changes in the Net Pension Liability for the IMRF plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 10,031,666	\$ 9,442,258	\$ 589,408
Changes for the year:			
Service Cost	246,163	-	246,163
Interest	741,310	-	741,310
Actuarial Experience	(55,453)	-	(55,453)
Assumption Changes	11,970	-	11,970
Contributions - Employer	-	238,585	(238,585)
Contributions - Employee	-	111,555	(111,555)
Net Investment Income	-	46,800	(46,800)
Benefit payments, including refunds	(514,828)	(514,828)	-
Other (net Transfer)	-	(51,740)	51,740
Net Changes	429,162	(169,628)	598,790
Balances at 12/31/15	\$ 10,460,828	\$ 9,272,630	\$ 1,188,198

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Village, calculated using the discount rate of 7.48%, as well as what the Village's net pension liability for IMRF plan would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48%) or 1-percentage-point higher (8.48%) than the current rate:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

	1% Decrease 6.48%	Current Discount Rate 7.48%	1% Increase 8.48%
Village's Net Pension Liability for IMRF plan	\$ 2,483,259	\$ 1,188,198	\$ 122,226

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to pensions: For the year ended April 30, 2016 the Village recognized pension expense of \$351,093. At April 30, 2016, the Village reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Deferred Amounts Related to Pensions</u>		
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 46,318
Changes in assumptions	9,998	-
Net difference between projected and actual earnings on pension plan investments	<u>522,602</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>532,600</u>	<u>46,318</u>
Pension Contributions made subsequent to the Measurement Date	<u>76,474</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 609,074</u>	<u>\$ 46,318</u>

\$76,474 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ 123,488
2018	123,488
2019	123,488
2020	123,488
2021	(7,163)
2022	(507)
Total	<u>\$ 486,282</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Police Pension Plan

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.0% of the original pension and 3.0% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes shall not exceed \$106,800 however, that amount shall increase annually by the lesser of ½ of the annual change in the Consumer Price Index or 3.0% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.0% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under 55).

The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

At April 30, 2016, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to but not yet Receiving Benefits	20
Current Employees Vested and Nonvested	<u>23</u>
	<u>43</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Basis of Accounting: The accrual basis of accounting is utilized by pension trust funds. Under this method, additions to net plan assets are recorded when earned and deductions from net plan assets are recorded when the time related liabilities are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Contributions: Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service costs for the Police Pension Plan. For the year ended April 30, 2016, the Village's contribution was 55.88% of covered payroll. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Concentration of Investments: More than 5 percent of the Fund's net position are in VOYA Annuities (\$1,330,020) and Vanguard Total Stock Market Index Admiral Class Fund (\$1,446,804). These investments are 17.13% and 18.64%, respectively, of the Fund's total net position.

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

Net Pension Liability: The Village's net pension liability for the Police Pension plan was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2015 rolled forward to April 30, 2016.

Actuarial assumptions: The total pension liability in the April 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.50%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including Inflation

Mortality rates were based on the RP-2000 Combined Mortality set forward three years with Blue collar adjustment and projected to 2017 per Scale BB. The plan has not had a formal actuarial experience study performed.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Expected return on pension plan investments: The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return shown below have been provided by the investment professionals that work with the Police Pension Fund. The best estimate of future real rates of return are developed for each of the major asset classes. Expected inflation is added back in. Adjustment is made to reflect geometric returns. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income and Cash	55.00%	2.61%
Domestic Equities	34.00%	5.37%
International Equities	7.00%	5.99%
Real Estate	4.00%	5.48%
	<u>100.00%</u>	

Rate of Return: For the year ended April 30, 2016, the annual money-weighted rate of return on Police Pension Plan investments, net of Police Pension Plan investment expense, was 0.93%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested. The long-term expected rate of return was determined by adding expected inflation (2.5%) to the expected long-term real returns (3.9%) and reflecting expected volatility and correlation. Capital market assumptions are derived from the actuary as of December 31, 2014.

Discount rate: The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Liability for the Police Pension plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balances at 4/30/15	\$ 21,489,409	\$ 7,510,700	\$ 13,978,709
Changes for the year:			
Service Cost	456,111	-	456,111
Interest	1,374,078	-	1,374,078
Actuarial Experience	71,109	-	71,109
Assumption Changes	-	-	-
Contributions - Employer	-	1,115,353	(1,115,353)
Contributions - Employee	-	190,944	(190,944)
Net Investment Income	-	70,407	(70,407)
Benefit payments, including refunds	(1,088,443)	(1,088,443)	-
Administrative expense	-	(35,019)	35,019
Net Changes	812,855	253,242	559,613
Balances at 4/30/16	\$ 22,302,264	\$ 7,763,942	\$ 14,538,322

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Village, calculated using the discount rate of 6.75 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1% Decrease	Current	1% Increase
	5.75%	Discount Rate	7.75%
		6.75%	
Village's Net Pension Liability for Police Pension plan	\$17,736,852	\$ 14,538,322	\$ 11,982,350

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended April 30, 2016 the Village recognized pension expense of \$1,265,551 for the Police Pension plan. At April 30, 2016, the Village reported deferred inflows or resources and deferred outflows or resources related to pensions from the following sources:

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 55,307	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	354,108	-
Total Deferred Amounts to be recognized in pension expense in future periods	409,415	-
Pension Contributions made subsequent to the Measurement Date	-	-
Total Deferred Amounts Related to Pensions	\$ 409,415	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$	104,329
2018		104,329
2019		104,329
2020		96,428
Total	\$	409,415

Summary:

	IMRF	Police Pension	Total
Net Pension Liability	\$ 1,188,198	\$ 14,538,322	\$ 15,726,520
Deferred Outflows of Resources	609,074	409,415	1,018,489
Deferred Inflows of Resources	46,318	-	46,318
Pension Expense	351,093	1,265,551	1,616,644

(Continued)

NOTE 7 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village's exposure has not exceeded insurance coverage for the past three years. To mitigate these risks, the Village participates in the Municipal Insurance Cooperative Agency ("MICA"). MICA is a public entity risk pool whose members are Illinois municipalities. MICA manages and funds first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims of its members. MICA also has a third party administrator that works on behalf of the MICA members to administer claims. MICA provides \$2,000,000 of coverage after a \$1,000 deductible. The Village pays an annual contribution to MICA based upon the Village's share of liability exposure and prior experience within the pool to cover potential claims to the total loss aggregate. Amounts paid into the pool in excess of claims for any coverage year can be returned to the members in the form of a dividend in subsequent periods.

NOTE 8 - TAX INCREMENT REVENUES PLEDGED

The Village has pledged a portion of future property tax revenues to repay \$6,415,000 in property tax increment bonds issued in June 1999 to finance the refurbishing of the Belmont and Thatcher Avenue Thatcher Woods Shopping Center. These bonds were refunded in May 2009. The bonds are payable solely from the incremental property taxes generated by increased development in the refurbished district. Incremental property taxes were projected to produce 100 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,067,700, payable through December 2019. For the current year, principal and interest paid and total incremental property tax revenues were \$717,590 and \$834,669, respectively.

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

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

Funding Policy: Funding is provided by the Village on a pay-as-you-go basis. The Village is reimbursed by retirees for the Village's contribution on their behalf. The Village's contribution on behalf of the employees to the insurance provider was \$56,235 for 2016.

Annual OPEB Cost and Net OPEB Obligation: The Village's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *actuarial cost method*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The following table shows the components of the Village's annual OPEB cost for 2016, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 9 – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Annual Required Contribution	\$ 103,233
ARC Adjustment	(520)
Interest on OPEB	385
Annual OPEB Cost	103,088
Contributions	(56,235)
Increase in OPEB	(46,853)
OPEB at April 30, 2015	(11,550)
OPEB at April 30, 2016	\$ 35,303

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
4/30/2016	\$ 103,088	54.6%	\$ 35,303
4/30/2015	190,282	112.6%	(11,550)
4/30/2014	186,226	108.1%	12,426

Funded Status and Funding Progress: As of April 30, 2016, the plan was unfunded. The actuarial accrued liability for benefits was \$1,214,754 as of May 1, 2015, the latest information available. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return, 4.5% projected annual salary increases, a 3% inflation rate and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 6%. There was no actuarial value of assets of the retiree healthcare account as of April 30, 2016. The UAAL is being amortized as a level dollar percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2016, was 30 years.

(Continued)

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS

In February 2015, the GASB issued Statement 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for the Village's fiscal year ended April 30, 2017. This statement will require a change to the deposits and investments footnote.

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for those pensions and pension plans that are not administered through a trust not covered by Statements 67 and 68. This Statement is effective for the Village's fiscal year ended April 30, 2017. This statement will have no effect on the Village.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement is effective for the Village's fiscal year ended April 30, 2018. This statement will have no effect on the Village.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for the Village's fiscal year ended April 30, 2019. This statement will have an effect on the Village and the OPEB liability will be added to the Statement of Net Position.

In June 2015, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is intended to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for the Village's fiscal year ended April 30, 2017. Management has determined that this statement will have no impact on its financial statements.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement is effective for the Village's fiscal year ended April 30, 2017. Management has not determined what impact, if any, this statement will have on its financial statements.

In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The Statement addresses financial accounting and reporting associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions in which the plan is not a state or local governmental pension plan but provides benefits to state or local government employees and non-state or local government employees at the same time. This Statement is effective for the Village's fiscal year ended April 30, 2017. Management has determined that this statement will have no impact on its financial statements.

In December 2015, the GASB issued Statement 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and their participants, specifically for pools electing to report investments at amortized cost. This Statement is effective for the Village's fiscal year ended April 30, 2017. Management has not determined what impact, if any, this statement will have on its financial statements.

In January 2016, the GASB issued Statement 80, *Blending Requirements for Certain Component Units*. This Statement addresses additional requirements for blending component units with the primary government's financial statements. This Statement is effective for the Village's fiscal year ended April 30, 2018. Management has determined that this statement will have no impact on its financial statements.

In March 2016, the GASB issued Statement 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for the Village's fiscal year ended April 30, 2018. This Statement will not impact the Village's financial statements.

In March 2016, the GASB issued Statement 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the Village's fiscal year ended April 30, 2018. This Statement will not impact the Village's financial statements.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. This Statement is effective for the Village's fiscal year ended April 30, 2020. This Statement will not impact the Village's financial statements.

NOTE 11 - MANAGEMENT'S PLAN TO REDUCE DEFICIT

The Village experienced several recent revenue shortfalls that have impacted its operating position. Despite these difficulties, management has plans to reduce the deficit position and has other options available should the need arise. Due to the Village's non-reliance on general obligation debt in prior years to fund operations, the Village has the ability to pursue additional general obligation financing should the need arise. In addition, the Village is pursuing additional options to generate long term growth in its economic base which would be used to generate additional sales tax revenues through expansion of businesses within the Village. Overall, management has taken cost-measurement and financial planning steps that is expected to improve the Village's financial health over the next several years.

NOTE 12 – RESTATEMENT OF BEGINNING NET POSITION

During the year ended April 30, 2016, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The effect of the change in accounting principle resulted in a decrease in net position, which included adjustments for net pension liabilities and deferred outflows of resources.

	Governmental Activities
Net Position, May 1, 2015	\$ 2,726,064
Change in Accounting Principle, GASB Statement No. 68 - IMRF	(344,301)
Change in Accounting Principle, GASB Statement No. 68 - Police Pension	(10,376,480)
Net Position, May 1, 2015, as restated	<u>\$ (7,994,717)</u>
	Business-Type Activities
Net Position, May 1, 2015	\$ 3,068,497
Change in Accounting Principle, GASB Statement No. 68 - IMRF	(95,867)
Net Position, May 1, 2015, as restated	<u>\$ 2,972,630</u>
	Water and Sewer Fund
Net Position, May 1, 2015	\$ 2,267,935
Change in Accounting Principle, GASB Statement No. 68 - IMRF	(95,867)
Net Position, May 1, 2015, as restated	<u>\$ 2,172,068</u>

VILLAGE OF RIVER GROVE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND
 Year Ended April 30, 2016

	Original & Final Budget	Actual	Variance Over (Under)
Revenues			
Property taxes	\$ 3,599,000	\$ 4,257,114	\$ 658,114
Sales taxes	1,490,000	1,763,767	273,767
Income taxes	1,000,000	1,046,088	46,088
Utility taxes	1,000,000	792,355	(207,645)
Other taxes	312,000	320,615	8,615
Licenses, permits and fees	551,530	579,712	28,182
Grant revenue	493,430	-	(493,430)
Other revenue	277,150	202,037	(75,113)
Fines and forfeitures	402,000	530,319	128,319
Investment income	9,004	7,432	(1,572)
Charges for services	107,360	1,060,015	952,655
Total revenues	<u>9,241,474</u>	<u>10,559,454</u>	<u>1,317,980</u>
Expenditures			
Current			
Administration	802,166	1,007,067	204,901
Police department	3,971,018	4,237,016	265,998
Fire protection	122,998	1,047,343	924,345
Public works	1,755,339	2,121,949	366,610
Culture & recreation	116,594	96,227	(20,367)
Public health	17,828	17,810	(18)
All other departments	1,606,994	1,469,678	(137,316)
Debt service			
Principal	810,000	299,016	(510,984)
Interest and other charges	-	185,798	185,798
Capital outlay	3,065,100	2,761,806	(303,294)
Total expenditures	<u>12,268,037</u>	<u>13,243,710</u>	<u>975,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,026,563)</u>	<u>(2,684,256)</u>	<u>342,307</u>
Other financing sources (uses)			
Transfers in	-	874,000	874,000
Transfers out	-	(914,134)	(914,134)
Proceeds from the sale of capital assets	90,000	-	(90,000)
Total other financing sources (uses)	<u>90,000</u>	<u>(40,134)</u>	<u>(130,134)</u>
Net change in fund balance	<u>\$ (2,936,563)</u>	<u>(2,724,390)</u>	<u>\$ 212,173</u>
Fund balance at beginning of year		<u>3,665,528</u>	
Fund balance at end of year		<u>\$ 941,138</u>	

VILLAGE OF RIVER GROVE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 MOTOR FUEL TAX FUND
 Year Ended April 30, 2016

	Original & <u>Final Budget</u>	<u>Actual</u>	Variance Over <u>(Under)</u>
Revenues			
Other taxes	\$ 250,000	\$ 261,596	\$ 11,596
Investment income	<u>75</u>	<u>793</u>	<u>718</u>
Total revenues	<u>250,075</u>	<u>262,389</u>	<u>12,314</u>
Expenditures			
Current:			
Public works	<u>130,000</u>	<u>75,183</u>	<u>(54,817)</u>
Total expenditures	<u>130,000</u>	<u>75,183</u>	<u>(54,817)</u>
Net change in fund balance	<u>\$ 120,075</u>	187,206	<u>\$ 67,131</u>
Fund balance at beginning of year		<u>3,020,260</u>	
Fund balance at end of year		<u>\$ 3,207,466</u>	

VILLAGE OF RIVER GROVE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2016

NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING

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

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

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

The General Fund's expenditures exceeded budget by \$975,673.

VILLAGE OF RIVER GROVE, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS
 April 30, 2016

SCHEDULE OF EMPLOYER CONTRIBUTIONS:

Fiscal Year End	Employer Contributions	Annual Required Contribution	Percent Contributed	Net OPEB Obligation (Asset)
4/30/2016	\$ 56,235	\$ 103,223	54%	\$ 35,303
4/30/2015	214,258	190,075	113%	(11,550)
4/30/2014	201,493	199,574	101%	12,426
				0

SCHEDULE OF FUNDING PROGRESS:

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Unfunded (Overfunded) AAL (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (4) / (5)
5/1/2015	\$ -	\$ 1,214,754	\$ 1,214,754	0.0%	Not available	Not available
4/30/2012	-	1,134,031	1,134,031	0.0%	Not available	Not available
4/30/2010	-	1,085,760	1,085,760	0.0%	Not available	Not available

Note: May 1, 2015 valuation is latest actuarial valuation available

VILLAGE OF RIVER GROVE, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 ILLINOIS MUNICIPAL RETIREMENT FUND
 April 30, 2016

	<u>2016</u>
Total pension liability	
Service cost	\$ 246,163
Interest	741,310
Changes of benefit terms	-
Differences between expected and actual experience	(55,453)
Changes of assumptions	11,970
Benefit payments, including refunds of member contributions	<u>(514,828)</u>
Net change in total pension liability	429,162
Total pension liability - beginning	<u>10,031,666</u>
Total pension liability - ending	<u>\$ 10,460,828</u>
Plan fiduciary net position	
Contributions - employer	\$ 238,585
Contributions - member	111,555
Net investment income	46,800
Benefit payments, including refunds of member contributions	(514,828)
Administrative expense	-
Other	<u>(51,740)</u>
Net change in plan fiduciary net position	(169,628)
Plan fiduciary net position - beginning	<u>9,442,258</u>
Plan fiduciary net position - ending	<u>\$ 9,272,630</u>
Net pension liability - ending	<u>\$ 1,188,198</u>
Plan fiduciary net position as a percentage of the total pension liability	88.64%
Covered-employee payroll	\$ 2,020,477
Net pension liability as a percentage of covered employee payroll	58.81%

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. The amounts presented for each fiscal year were determined as of December 31 year end that occurred within the fiscal year.

The 2014 valuation had a change in the assumed payroll growth, with a drop in the assumed growth rate from 4.00% to 3.00%. In addition, mortality assumptions changes from a change in the use of the RP-2000 table to the IMRF-specific MP-2014 table. Also changes were decreased in assumed pay increases in the 2014

VILLAGE OF RIVER GROVE, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - ILLINOIS MUNICIPAL RETIREMENT FUND
 April 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 206,842	\$ 256,889	\$ 203,419	\$ 175,759	\$ 178,774	\$ 184,981	\$ 141,912	\$ 134,608	\$ 142,733	\$ 148,540
Contributions in relation to the actuarially determined contribution	<u>206,842</u>	<u>256,889</u>	<u>203,419</u>	<u>175,759</u>	<u>162,149</u>	<u>151,215</u>	<u>141,912</u>	<u>134,608</u>	<u>142,733</u>	<u>148,540</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,625</u>	<u>\$ 33,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,029,750	\$ 2,005,927	\$ 1,402,328	\$ 1,360,074	\$ 1,393,659	\$ 1,389,711	\$ 1,496,962	\$ 1,422,916	\$ 1,392,514	\$ 1,392,514
Contributions as a percentage of covered-employee payroll	10.19%	12.81%	14.51%	12.92%	11.63%	10.88%	9.48%	9.46%	10.25%	10.67%

Notes to Schedule

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine 2015 contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Non-Taxing bodies: 10-year rolling period Taxing bodies: 28-year closed period until remaining period reaches 15 years (then 15-year rolling period).
Asset valuation method	5-year smoothed market, 20% corridor
Wage growth	4.00%
Price inflation	3.00% - approximate; No explicit price inflation assumption is used in this valuation
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 combined health mortality table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other information:

Changes There were no benefit changes during the year

The calculation of the 2015 contribution rate is based on valuation assumptions used in the December 31, 2013 actuarial valuation.

N/A - Information not available

VILLAGE OF RIVER GROVE, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 POLICE PENSION FUND
 April 30, 2016

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 456,111	\$ 427,935
Interest	1,374,078	1,325,272
Changes of benefit terms	-	-
Differences between expected and actual experience	71,109	565,183
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	<u>(1,088,443)</u>	<u>(1,010,371)</u>
Net change in total pension liability	812,855	1,308,019
Total pension liability - beginning	<u>21,489,409</u>	<u>20,181,390</u>
Total pension liability - ending	<u>\$ 22,302,264</u>	<u>\$ 21,489,409</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,115,353	\$ 688,567
Contributions - member	190,944	186,676
Net investment income	70,407	415,535
Benefit payments, including refunds of member contributions	(1,088,443)	(1,010,371)
Administrative expense	(35,019)	(26,575)
Other	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	253,242	253,832
Plan fiduciary net position - beginning	<u>7,510,700</u>	<u>7,256,868</u>
Plan fiduciary net position - ending	<u>\$ 7,763,942</u>	<u>\$ 7,510,700</u>
Net pension liability - ending	<u>\$ 14,538,322</u>	<u>\$ 13,978,709</u>
Plan fiduciary net position as a percentage of the total pension liability	34.81%	34.95%
Covered-employee payroll	\$ 1,995,949	\$ 1,872,614
Net pension liability as a percentage of covered employee payroll	728.39%	746.48%

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF RIVER GROVE, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - POLICE PENSION FUND
April 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 850,497	\$ 865,761	\$ 855,937	\$ 766,067	\$ 882,213	\$ 750,965	\$ 750,965	\$ 655,441	\$ 655,441	N/A
Contributions in relation to the actuarially determined contribution	<u>1,115,353</u>	<u>688,527</u>	<u>825,636</u>	<u>582,045</u>	<u>337,922</u>	<u>361,768</u>	<u>390,156</u>	<u>306,091</u>	<u>306,317</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ (264,856)</u>	<u>\$ 177,234</u>	<u>\$ 30,301</u>	<u>\$ 184,022</u>	<u>\$ 544,291</u>	<u>\$ 389,197</u>	<u>\$ 360,809</u>	<u>\$ 349,350</u>	<u>\$ 349,124</u>	<u>N/A</u>
Covered-employee payroll	\$ 1,995,949	\$ 1,872,614	\$ 1,798,749	\$ 1,798,749	\$ 1,900,927	\$ 1,900,927	\$ 1,634,927	\$ 1,634,927	\$ 1,670,723	N/A
Contributions as a percentage of covered-employee payroll	55.88%	36.77%	45.90%	32.36%	17.78%	19.03%	23.86%	18.72%	18.33%	N/A

Notes to Schedule

Valuation Date Actuarially determined contribution rates are calculated as of the May 1 prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine 2016 contribution rates:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 26 years
Asset Valuation Method: Market value of assets
Wage Growth: 3.00%
Price Inflation: 3.00%
Salary Increases: 5.50%
Investment Rate of Return: 6.75%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition.
Mortality: RP-2000 Combined Mortality set forward three years with Blue collar adjustment and projected to 2017 per Scale BB

Other information:

Changes There were no benefit changes during the year

N/A - Information not available

VILLAGE OF RIVER GROVE, ILLINOIS

EXHIBIT 1

GENERAL FUND
BALANCE SHEET - BY ACCOUNT
April 30, 2016

	General Account	Illinois Municipal Retirement Account	Social Security Account	Unemployment Insurance Account	Workers' Compensation Account	Emergency Telephone System Account	2004 Bond Account	Total
Assets								
Cash and investments	\$ 2,187,828	\$ 5,493	\$ -	\$ -	\$ -	\$ 16,646	\$ 31,302	\$ 2,241,269
Property taxes receivable	2,059,207	124,005	-	-	-	-	-	2,183,212
Accounts receivable	115,225	-	-	-	-	-	824	116,049
Other governmental receivables	964,310	-	-	-	-	-	-	964,310
Assets held for resale	718,250	-	-	-	-	-	-	718,250
Interfund receivables	145,669	-	-	-	-	253,855	-	399,524
Total assets	\$ 6,190,489	\$ 129,498	\$ -	\$ -	\$ -	\$ 270,501	\$ 32,126	\$ 6,622,614
Liabilities, deferred inflows of resources and fund balances								
Liabilities								
Accounts payable	\$ 935,027	\$ -	\$ -	\$ -	\$ -	\$ 11,371	\$ -	\$ 946,398
Accrued payroll	92,915	153	-	-	-	-	-	93,068
Other payables	229,750	-	-	-	-	-	-	229,750
Unearned revenue	50,000	-	-	-	-	-	-	50,000
Due to police pension fund	7,094	-	-	-	-	-	-	7,094
Interfund payable	892,518	689,140	180,611	80,847	99,563	-	43,212	1,985,891
Total liabilities	2,207,304	689,293	180,611	80,847	99,563	11,371	43,212	3,312,201
Deferred inflows of resources								
Property tax revenue	2,012,958	121,665	-	-	-	-	-	2,134,623
Unavailable grant revenue	59,625	-	-	-	-	-	-	59,625
Unavailable state tax revenue	175,027	-	-	-	-	-	-	175,027
Total deferred inflows of resources	2,247,610	121,665	-	-	-	-	-	2,369,275
Fund balances								
Nonspendable								
Assets held for resale	718,250	-	-	-	-	-	-	718,250
Restricted								
Capital projects	1,668,173	-	-	-	-	-	-	1,668,173
Unassigned	(650,848)	(681,460)	(180,611)	(80,847)	(99,563)	259,130	(11,086)	(1,445,285)
Total fund balances	1,735,575	(681,460)	(180,611)	(80,847)	(99,563)	259,130	(11,086)	941,138
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,190,489	\$ 129,498	\$ -	\$ -	\$ -	\$ 270,501	\$ 32,126	\$ 6,622,614

VILLAGE OF RIVER GROVE, ILLINOIS

EXHIBIT 2

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BY ACCOUNT
 Year Ended April 30, 2016

	General Account	Illinois Municipal Retirement Account	Social Security Account	Unemployment Insurance Account	Workers' Compensation Account	Emergency Telephone System Account	2004 Bond Account	Total
Revenues								
Property taxes	\$ 4,059,891	\$ 197,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,257,114
Sales taxes	1,763,767	-	-	-	-	-	-	1,763,767
Income taxes	1,046,088	-	-	-	-	-	-	1,046,088
Utility taxes	792,355	-	-	-	-	-	-	792,355
Other taxes	226,851	-	-	-	-	93,764	-	320,615
Licenses, permits and fees	579,712	-	-	-	-	-	-	579,712
Other revenue	202,037	-	-	-	-	-	-	202,037
Fines and forfeitures	530,319	-	-	-	-	-	-	530,319
Investment income	7,389	7	-	-	-	20	16	7,432
Charges for services	1,024,859	-	-	-	-	-	35,156	1,060,015
Total revenues	10,233,268	197,230	-	-	-	93,784	35,172	10,559,454
Expenditures								
Current								
Administration	668,665	206,842	-	25,259	-	106,210	91	1,007,067
Police department	4,237,016	-	-	-	-	-	-	4,237,016
Fire protection	1,047,343	-	-	-	-	-	-	1,047,343
Public works	2,121,949	-	-	-	-	-	-	2,121,949
Culture & recreation	96,227	-	-	-	-	-	-	96,227
Public health	17,810	-	-	-	-	-	-	17,810
All other departments	1,469,678	-	-	-	-	-	-	1,469,678
Debt service								
Principal	299,016	-	-	-	-	-	-	299,016
Interest and other charges	185,798	-	-	-	-	-	-	185,798
Capital outlay	2,761,806	-	-	-	-	-	-	2,761,806
Total expenditures	12,905,308	206,842	-	25,259	-	106,210	91	13,243,710
Excess (deficiency) of revenues over (under) expenditures	(2,672,040)	(9,612)	-	(25,259)	-	(12,426)	35,081	(2,684,256)
Other financing sources (uses)								
Transfers in	924,000	-	-	-	-	-	-	924,000
Transfers out	(914,134)	-	-	-	-	-	(50,000)	(964,134)
Total other financing sources (uses)	9,866	-	-	-	-	-	(50,000)	(40,134)
Net changes in fund balances	(2,662,174)	(9,612)	-	(25,259)	-	(12,426)	(14,919)	(2,724,390)
Fund balances at beginning of year	4,397,749	(671,848)	(180,611)	(55,588)	(99,563)	271,556	3,833	3,665,528
Fund balances at end of year	\$ 1,735,575	\$ (681,460)	\$ (180,611)	\$ (80,847)	\$ (99,563)	\$ 259,130	\$ (11,086)	\$ 941,138

VILLAGE OF RIVER GROVE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2016

	Special Revenue Funds		Debt Service Fund	Total
	Grand Avenue TIF Fund	Grand Thatcher TIF Fund	Bond and Interest Fund	
Assets				
Cash and investments	\$ -	\$ 8,784	\$ 489,574	\$ 498,358
Total assets	<u>\$ -</u>	<u>\$ 8,784</u>	<u>\$ 489,574</u>	<u>\$ 498,358</u>
Liabilities and fund balances				
Liabilities				
Interfund payables	\$ -	\$ -	\$ 1	\$ 1
Total liabilities	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund balances				
Restricted				
TIF development	-	8,784	-	8,784
Debt service	-	-	489,573	489,573
Total fund balances	<u>-</u>	<u>8,784</u>	<u>489,573</u>	<u>498,357</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 8,784</u>	<u>\$ 489,574</u>	<u>\$ 498,358</u>

VILLAGE OF RIVER GROVE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2016

	Special Revenue Funds		Debt Service Fund	Total
	Grand Avenue TIF Fund	Grand Thatcher TIF Fund	Bond and Interest Fund	
Revenues				
Investment income	\$ 3	\$ -	\$ 29	\$ 32
Total revenues	<u>3</u>	<u>-</u>	<u>29</u>	<u>32</u>
Expenditures				
Current				
Administration	45,000	-	-	45,000
Debt service				
Principal	-	-	220,000	220,000
Interest and other charges	-	-	146,672	146,672
Total expenditures	<u>45,000</u>	<u>-</u>	<u>366,672</u>	<u>411,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,997)</u>	<u>-</u>	<u>(366,643)</u>	<u>(411,640)</u>
Other financing sources (uses)				
Transfers in	110,724	8,784	366,731	486,239
Transfers out	<u>(8,784)</u>	<u>-</u>	<u>-</u>	<u>(8,784)</u>
Total other financing sources (uses)	<u>101,940</u>	<u>8,784</u>	<u>366,731</u>	<u>477,455</u>
Net changes in fund balances	56,943	8,784	88	65,815
Fund balances at beginning of year	<u>(56,943)</u>	<u>-</u>	<u>489,485</u>	<u>432,542</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 8,784</u>	<u>\$ 489,573</u>	<u>\$ 498,357</u>

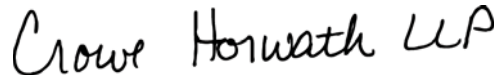
INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE

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

We have examined the Village of River Grove, Illinois', (Village's) compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act during the year ended April 30, 2016. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the Village's compliance with specified requirements.

In our opinion, the Village complied in all material respects, with the aforementioned requirements for the year ended April 30, 2016.



Crowe Horwath LLP

Oak Brook, Illinois
January 10, 2017