

**VILLAGE OF RIVER GROVE, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

Year Ended April 30, 2012

VILLAGE OF RIVER GROVE, ILLINOIS

Year Ended April 30, 2012

CONTENTS

FINANCIAL SECTION:

Independent Auditor's Report.....	1
Required Supplementary Information:	
Management's Discussion and Analysis (unaudited) .....	3
Financial Statements	
Government-Wide Financial Statements:	
STATEMENT 1 – Statement of Net Assets .....	10
STATEMENT 2 – Statement of Activities .....	11
Fund Financial Statements:	
STATEMENT 3 – Balance Sheet – Governmental Funds .....	12
STATEMENT 4 – Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets .....	13
STATEMENT 5 – Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	14
STATEMENT 6 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
STATEMENT 7 – Statement of Net Assets – Proprietary Funds .....	16
STATEMENT 8 – Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	17
STATEMENT 9 – Statement of Cash Flows – Proprietary Funds.....	18
STATEMENT 10 – Statement of Fiduciary Net Assets .....	19
STATEMENT 11 – Statement of Changes in Fiduciary Net Assets .....	20
Notes to Financial Statements .....	21

VILLAGE OF RIVER GROVE, ILLINOIS

Year Ended April 30, 2012

CONTENTS

FINANCIAL SECTION (Continued):

Required Supplementary Information (unaudited):

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures and Changes in Fund  
Balance – Budget (GAAP Basis) and Actual – General Fund..... 46

Budgetary Comparison Schedule:

Schedule of Revenues, Expenditures and Changes in Fund  
Balance – Budget (GAAP Basis) and Actual – Motor Fuel Tax Fund ..... 47

Schedules of Funding Progress ..... 48

Schedules of Employer Contributions ..... 49

Notes to Required Supplementary Information..... 50

Supplemental Information

General Fund – Balance Sheet by Account..... 51

General Fund – Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances – Nonmajor Governmental Funds..... 55

Combining Balance Sheet – Nonmajor Governmental Funds ..... 59

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances – Nonmajor Governmental Funds..... 60

Independent Accountants' Report on Compliance ..... 61

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of River Grove, Illinois, (Village), as of and for the year ended April 30, 2012 which collectively, comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of April 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In February 2009, the GASB released Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement is effective for fiscal periods beginning after June 15, 2010. The Village has implemented this statement retrospectively as of their fiscal year ended April 30, 2012. The statement addresses the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions as well as establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, schedules of employer contributions, and budgetary comparison schedule as listed on the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

---

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Villages financial statements. The accompanying supplemental information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Crowe Horwath LLP

Oak Brook, Illinois  
May 3, 2013

VILLAGE OF RIVER GROVE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012

---

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, 2012. 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 of the Village exceeded its liabilities at the close of the fiscal year by \$3,874,775 (net assets).

The Village's total net assets decreased by \$365,209 (or 8.7% from fiscal year 2011) during the fiscal year ended April 30, 2012 (FY12). The governmental net assets decreased by \$331,907 from FY11 and the business-type activities net assets decreased by \$33,302 from FY11.

As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$7,092,455, a decrease of \$700,171 in comparison with the prior year. Approximately -3.0% of this amount (\$210,677) is available for spending at the government's discretion (General Fund unassigned fund balance).

**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 assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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, 2012

---

**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 2006 capital projects 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.

VILLAGE OF RIVER GROVE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012

**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.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>						
Current assets	\$ 14,685	\$ 9,919	\$ 1,726	\$ 690	\$ 16,411	\$ 10,609
Capital assets	10,003	9,825	2,735	2,745	12,738	12,570
<b>Total assets</b>	<b>24,688</b>	<b>19,744</b>	<b>4,461</b>	<b>3,435</b>	<b>29,149</b>	<b>23,179</b>
<b>Liabilities:</b>						
Short-term liabilities	7,408	1,772	1,064	5	8,472	1,777
Long-term liabilities	16,851	17,212	-	-	16,851	17,212
<b>Total liabilities</b>	<b>24,259</b>	<b>18,984</b>	<b>1,064</b>	<b>5</b>	<b>25,323</b>	<b>18,989</b>
<b>Net Assets:</b>						
Invested in capital assets, net,	9,894	9,634	2,735	2,744	12,629	12,378
Restricted	5,464	2,717	-	-	5,464	2,717
Unrestricted	(14,930)	(11,591)	662	686	(14,268)	(10,905)
<b>Total Net Assets</b>	<b>\$ 428</b>	<b>\$ 760</b>	<b>\$ 3,397</b>	<b>\$ 3,430</b>	<b>\$ 3,825</b>	<b>\$ 4,190</b>

A portion of the Village's net assets 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 assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets 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 assets.



VILLAGE OF RIVER GROVE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 1,620	\$ 1,416	\$ 1,832	\$ 1,811	\$ 3,452	\$ 3,227
Oper. Grants/Contrib.	468	37	-	-	468	37
Cap. Grants/Contrib.	125	187	-	-	125	187
General Revenues:						
Property Taxes	3,944	3,656	-	-	3,944	3,656
Other Taxes	3,983	4,119	-	-	3,983	4,119
Other	455	223	(67)	2	388	225
<b>Total Revenues</b>	<b>10,595</b>	<b>9,638</b>	<b>1,765</b>	<b>1,813</b>	<b>12,360</b>	<b>11,451</b>
<b>EXPENSES</b>						
General Government	2,467	2,289	-	-	2,467	2,289
Public Safety	4,993	4,647	-	-	4,993	4,647
Public Works	2,677	2,347	-	-	2,677	2,347
Culture and Recreation	113	93	-	-	113	93
Interest Long-Term Debt	677	584	-	-	677	584
Water and Sewer	-	-	1,785	1,741	1,785	1,741
Commuter Parking Lot	-	-	13	14	13	14
<b>Total Expenses</b>	<b>10,927</b>	<b>9,960</b>	<b>1,798</b>	<b>1,755</b>	<b>12,725</b>	<b>11,715</b>
Change in Net Assets	(332)	(322)	(33)	58	(365)	(264)
<b>Ending Net Assets</b>	<b>\$ 428</b>	<b>\$ 760</b>	<b>\$ 3,397</b>	<b>\$ 3,430</b>	<b>\$ 3,825</b>	<b>\$ 4,190</b>

**Governmental Activities** Governmental activities decreased the Village's Net Assets by \$331 thousand, thereby accounting for the majority of the total decrease in the net assets of the Village. The decrease was due to increased revenues of \$957 thousand which was offset by increased expenses of \$967 thousand. Specifically, the increase in revenues was caused by an increase of \$204 thousand for charges for services, \$431 thousand for operating grants and \$152 thousand in property and other taxes. This was offset by a decrease of \$62 thousand in capital grants. The increase in expenses included costs for grant funded public safety improvements and additional costs for public works due to completion of prior year capital construction projects. The increases were tempered by overall Village efforts to reduce costs to meet reduced revenue streams. The increased expenses exceeded the increased revenues, leading to the overall decrease in Net Assets.

**Business-type Activities** Business-type activities decreased the Village's Net Assets by \$33 thousand. The decrease was due an increase in charges for services that was offset by increased operational costs. The expenses exceeded revenues, leading to the overall decrease in Net Assets.

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012

---

**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, unreserved 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 \$7,092,455, a decrease of \$700,171 in comparison with the prior year. Approximately -2.9% of this amount (\$210,677) is available for spending at the government's discretion (General Fund unassigned fund balance).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the General Fund was (\$210,677) while fund balance reserved for assets held for resale was \$1,990,508 for a total fund balance of \$1,730,061. 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 increased by \$1,331,396 during the current fiscal year. Total revenue for the fund increased by \$1,015,610 due to higher allocations of property tax revenues as the Village adjusted its tax levy for Tax Year 2011 by \$278,219. In addition, there were increases in sales tax revenues of \$41,820, income tax of \$40,933, grant revenue of \$331,994, fines and forfeitures of \$71,695 and permits of \$28,253. In addition, the Village transferred unrestricted funds into the General Fund totaling \$3,376,917 to reimburse for project costs paid in prior years by the General Fund and to move excess unrestricted funds per the requirements of GASB 54. Expenses increased in the current year by \$506,343, with an increase in the Police Department of \$485,103 offset by a decline in administration of \$60,868 and capital outlay of \$245,549. The Village continues to use funds as efficiently as possible while still delivering to our citizens the services they deserve.

The fund balance of the Village's Motor Fuel Tax Fund decreased by \$502,925 during the current fiscal year. This decrease is due to the Village repaying a prior interfund loan of \$695,917. However, the Village did not engage in any major projects in FY12 using MFT funds, so revenues exceeded expenditures by \$192,992. 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 \$96,796 during the current fiscal year. The increase in fund balance is intended to pay off future debt service payments on the Village's TIF bonds. Fund balance is shown as restricted.

The fund balance of the Village's 2006 Capital Projects Fund decreased by \$1,906,638 during the current fiscal year. This was due to the Village transferring bond proceeds 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 assets of the Water and Sewer Fund at the end of the year amounted to \$2,691,507. The Fund had a decrease in net assets of \$62,948 mainly due to an increase in collections of water and sewer billings of \$12,947 and increased rates charged to the residents which was offset by increased operating costs of \$44,348 due to increased water purchase costs.

Net assets of the Commuter Parking Lot Fund at the end of the year amounted to \$705,354. The Fund had an increase in net assets of \$29,646 mainly due to increased parking lot collections.

VILLAGE OF RIVER GROVE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012

---

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village remains committed to fiscal responsibility. However, property taxes, utility taxes, licenses, and grant revenues fell short of expectations by \$3,937,043 while sales taxes, income taxes, other revenue, fines and charges for services increased by \$922,791. Expenditures were less than expected by \$282,253 due to less than expected public works and capital outlay expenditures of \$1,115,473 offset by more than expected debt service and police of \$944,778. Net transfers of \$2,250,223 were not budgeted. The result was a change in fund balance of \$393,127 less than budget. The fund balance provides sufficient reserves to meet expenses and can be used in the future to provide services to the citizens of River Grove.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

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

	<u>Balance</u> <u>May 1, 2011</u>	<u>Net Additions/ Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
Non-Depreciable Assets:	\$ 1,290	\$ -	\$ 1,290
Depreciable Capital Assets:	<u>8,535</u>	<u>178</u>	<u>8,713</u>
Totals	<u>\$ 9,825</u>	<u>\$ 178</u>	<u>\$ 10,003</u>

The Village purchased various pieces of 911 equipment as well as upgraded portions of the Village infrastructure during the year accounting for the net additions.

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

	<u>Balance</u> <u>May 1, 2011</u>	<u>Net Additions/ Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
Non-Depreciable Assets	\$ 256	\$ -	\$ 256
Depreciable Assets:	<u>2,489</u>	<u>(10)</u>	<u>2,479</u>
Totals	<u>\$ 2,745</u>	<u>\$ (10)</u>	<u>\$ 2,735</u>

The Village completed construction on a new sewer main during the year accounting for the net additions.

For more detailed information related to capital assets, see notes to financial statements.

VILLAGE OF RIVER GROVE, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2012

---

**Debt Administration**

At April 30, 2012, the Village had outstanding debt as follows:

General Obligation Bonds Series 2006	\$ 3,785,000
General Obligation Bonds Series 2008	5,110,000
General Obligation Bonds Series 2009	4,870,000
Deferred Premiums/Discounts	52,321
Installment Notes Payable	109,435
Net Pension Obligation	2,889,222
Net OPEB Obligation	34,758
Total Long-Term Debt	<u>\$ 16,850,736</u>

During fiscal year 2012, \$92,361 of new installment contracts were issued while \$1,037,884 of debt was retired.

There were no changes in credit ratings and/or any 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**

There were two significant economic factors that Village management believes will have a significant impact on the Village's fiscal position in future years. The planned commercial redevelopment of specific areas of the Village in high-traffic locations will bring about continued growth in state and local sales tax revenue funding sources. In addition, the Village is looking into redeveloping former industrial properties for potential residential and commercial use. This will have the effect of increasing the tax base of the Village without having to increase current resident tax burdens. The Village will continue to strive to provide the best services possible at costs that are reasonable for the taxpayer in a fiscally responsible manner.

**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.

## VILLAGE OF RIVER GROVE, ILLINOIS

## STATEMENT OF NET ASSETS

April 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current			
Cash and investments	\$ 4,502,049	\$ 820,815	\$ 5,322,864
Cash - commingled	5,201,635	485,919	5,687,554
Property taxes receivable	1,131,145	-	1,131,145
Other governmental receivables	1,030,367	-	1,030,367
Accounts receivable	93,701	419,810	513,511
Assets held for resale	2,204,674	-	2,204,674
Non-current			
Deferred loss on refunding	137,487	-	137,487
Deferred charges	383,277	-	383,277
Capital assets not being depreciated	1,290,383	255,501	1,545,884
Capital assets being depreciated, net	8,712,840	2,479,339	11,192,179
<b>Total assets</b>	<b>24,687,558</b>	<b>4,461,384</b>	<b>29,148,942</b>
<b>Liabilities</b>			
Current			
Cash - commingled overdraft liability	4,580,619	999,448	5,580,067
Accounts payable	546,130	59,242	605,372
Accrued payroll	164,738	5,833	170,571
Accrued interest payable	207,063	-	207,063
Other payables	380,130	-	380,130
Deferred property tax revenue	1,119,827	-	1,119,827
Other deferred revenue	400,000	-	400,000
Due to police pension fund	10,171	-	10,171
Current portion - bonds payable	875,000	-	875,000
Current portion - notes payable	46,831	-	46,831
Non-current			
Bonds payable	12,942,321	-	12,942,321
Notes payable	62,604	-	62,604
Net pension obligation	2,889,222	-	2,889,222
Net OPEB obligation	34,758	-	34,758
<b>Total liabilities</b>	<b>24,259,414</b>	<b>1,064,523</b>	<b>25,323,937</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	9,893,788	2,734,840	12,628,628
Restricted assets			
Highways and streets	2,529,940	-	2,529,940
TIF development	2,026,988	-	2,026,988
Capital projects	881,096	-	881,096
Debt service	26,536	-	26,536
Unrestricted	(14,930,204)	662,021	(14,268,183)
<b>Total net assets</b>	<b>\$ 428,144</b>	<b>\$ 3,396,861</b>	<b>\$ 3,825,005</b>

STATEMENT OF ACTIVITIES  
Year Ended April 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government							
Governmental activities							
General government	\$ 2,467,192	\$ 456,169	\$ 33,673	\$ -	\$ (1,977,350)		\$ (1,977,350)
Public safety	4,993,187	756,323	397,541	-	(3,839,323)		(3,839,323)
Public works	2,676,679	306,959	37,000	125,000	(2,207,720)		(2,207,720)
Culture & recreation	113,337	100,276	-	-	(13,061)		(13,061)
Interest on long-term debt	676,547	-	-	-	(676,547)		(676,547)
Total government activities	<u>10,926,942</u>	<u>1,619,727</u>	<u>468,214</u>	<u>125,000</u>	<u>(8,714,001)</u>		<u>(8,714,001)</u>
Business-type activities							
Water and sewer	1,784,898	1,788,993	-	-		\$ 4,095	4,095
Commuter parking lot	13,375	43,021	-	-		29,646	29,646
Total business-type activities	<u>1,798,273</u>	<u>1,832,014</u>	<u>-</u>	<u>-</u>		<u>33,741</u>	<u>33,741</u>
Total primary government	<u>\$ 12,725,215</u>	<u>\$ 3,451,741</u>	<u>\$ 468,214</u>	<u>\$ 125,000</u>	<u>(8,714,001)</u>	<u>33,741</u>	<u>(8,680,260)</u>
		General revenues					
		Taxes					
			Property taxes, levied for general purposes		3,944,263	-	3,944,263
			Public service taxes		3,978,922	-	3,978,922
			Unrestricted investment earnings		4,478	1,323	5,801
			Miscellaneous revenues		386,065	-	386,065
			Transfers		68,366	(68,366)	-
			Total general revenues		<u>8,382,094</u>	<u>(67,043)</u>	<u>8,315,051</u>
			Change in net assets		(331,907)	(33,302)	(365,209)
			Net assets - beginning		<u>760,051</u>	<u>3,430,163</u>	<u>4,190,214</u>
			Net assets - ending		<u>\$ 428,144</u>	<u>\$ 3,396,861</u>	<u>\$ 3,825,005</u>

GOVERNMENTAL FUNDS  
BALANCE SHEET  
April 30, 2012

	Major Funds					Total
	General Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	2006 Capital Projects Fund	Nonmajor Governmental Funds	
<b>Assets</b>						
Cash and investments	\$ 953,116	\$ 522,127	\$ 1,520,477	\$ 934,422	\$ 571,907	\$ 4,502,049
Cash - commingled	2,703,897	1,991,227	506,511	-	-	5,201,635
Property taxes receivable	1,131,145	-	-	-	-	1,131,145
Accounts receivable	93,701	-	-	-	-	93,701
Other governmental receivables	852,902	41,972	-	135,493	-	1,030,367
Assets held for resale	1,990,508	-	-	-	214,166	2,204,674
Interfund receivables	379,835	-	-	-	-	379,835
<b>Total assets</b>	<b>\$ 8,105,104</b>	<b>\$ 2,555,326</b>	<b>\$ 2,026,988</b>	<b>\$ 1,069,915</b>	<b>\$ 786,073</b>	<b>\$ 14,543,406</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Cash - commingled overdraft liability	\$ 3,953,082	\$ -	\$ -	\$ -	\$ 627,537	\$ 4,580,619
Accounts payable	520,744	25,386	-	-	-	546,130
Accrued payroll	164,738	-	-	-	-	164,738
Other payables	103,017	-	-	-	-	103,017
Deferred property tax revenue	1,119,827	-	-	-	-	1,119,827
Other deferred revenue	503,464	-	-	43,150	-	546,614
Due to police pension fund	10,171	-	-	-	-	10,171
Interfund payables	-	-	-	145,669	234,166	379,835
<b>Total liabilities</b>	<b>6,375,043</b>	<b>25,386</b>	<b>-</b>	<b>188,819</b>	<b>861,703</b>	<b>7,450,951</b>
<b>Fund balances</b>						
<b>Nonspendable</b>						
Assets held for resale	1,990,508	-	-	-	214,166	2,204,674
<b>Restricted</b>						
Highway and streets	-	2,529,940	-	-	-	2,529,940
TIF development	-	-	2,026,988	-	-	2,026,988
Capital projects	-	-	-	881,096	-	881,096
Debt service	-	-	-	-	26,536	26,536
Unassigned	(260,447)	-	-	-	(316,332)	(576,779)
<b>Total fund balances</b>	<b>1,730,061</b>	<b>2,529,940</b>	<b>2,026,988</b>	<b>881,096</b>	<b>(75,630)</b>	<b>7,092,455</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,105,104</b>	<b>\$ 2,555,326</b>	<b>\$ 2,026,988</b>	<b>\$ 1,069,915</b>	<b>\$ 786,073</b>	<b>\$ 14,543,406</b>

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET ASSETS  
April 30, 2012

---

Total fund balances - governmental funds	\$	7,092,455
--	----	-----------

Amounts reported for governmental activities in the net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital assets	15,137,309	
Accumulated depreciation	<u>(5,134,086)</u>	
Net capital assets		10,003,223

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 liabilities in the governmental funds. However, these assets may increase net assets in the statement of net assets. They consist of:

State and local taxes		146,614
-----------------------	--	---------

Interest on long-term debt is not accrued in the governmental funds but rather recognized when due:		(207,063)
---	--	-----------

Costs related to the issuance of long-term debt are recorded as expenditures when incurred in governmental funds, but are capitalized and amortized over the life of the debt issue in the statement of net assets.		383,277
---	--	---------

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 assets.		137,487
---	--	---------

Some liabilities reported in the statement of net assets 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	(13,817,321)	
Notes payable	(109,435)	
Insurance deposit payable	(277,113)	
Net pension obligation	(2,889,222)	
Net OPEB obligation	<u>(34,758)</u>	
Total long-term liabilities		<u>(17,127,849)</u>

Net assets of governmental activities	\$	<u>428,144</u>
---------------------------------------	----	----------------

---



GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Year Ended April 30, 2012

	Major Funds					Total
	General Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	2006 Capital Project Fund	Nonmajor Governmental Funds	
<b>Revenues</b>						
Property taxes	\$ 3,214,049	\$ -	\$ 700,637	\$ -	\$ 29,577	\$ 3,944,263
Sales taxes	1,052,070	-	-	639,065	-	1,691,135
Income taxes	866,496	-	-	-	-	866,496
Utility taxes	963,175	-	-	-	-	963,175
Other taxes	289,270	245,112	-	-	-	534,382
Licenses, permits and fees	335,389	-	-	-	-	335,389
Grant revenue	556,214	-	-	37,000	-	593,214
Other revenue	644,945	-	-	-	41	644,986
Fines and forfeitures	521,544	-	-	-	-	521,544
Investment income	1,318	226	203	2,174	557	4,478
Charges for services	464,421	-	-	-	39,452	503,873
<b>Total revenues</b>	<b>8,908,891</b>	<b>245,338</b>	<b>700,840</b>	<b>678,239</b>	<b>69,627</b>	<b>10,602,935</b>
<b>Expenditures</b>						
Current						
Administration	1,096,546	-	-	-	10,333	1,106,879
Police department	3,487,616	-	-	-	-	3,487,616
Fire protection	541,119	-	-	-	-	541,119
Public works	1,872,430	25,386	-	-	-	1,897,816
Culture & recreation	73,309	-	-	-	-	73,309
Public health	622,163	-	-	-	-	622,163
All other departments	1,221,519	-	49,611	-	-	1,271,130
Debt service						
Principal	144,799	-	390,000	210,000	260,000	1,004,799
Interest and other charges	6,885	-	164,433	225,855	181,176	578,349
Capital outlay	853,693	26,960	-	-	-	880,653
<b>Total expenditures</b>	<b>9,920,079</b>	<b>52,346</b>	<b>604,044</b>	<b>435,855</b>	<b>451,509</b>	<b>11,463,833</b>
Excess (deficiency) of revenues over (under) expenditures	(1,011,188)	192,992	96,796	242,384	(381,882)	(860,898)
<b>Other financing sources (uses)</b>						
Transfers in	3,376,917	-	-	398,753	717,941	4,493,611
Transfers out	(1,126,694)	(695,917)	-	(2,547,775)	(54,859)	(4,425,245)
Proceeds from issuance of debt	92,361	-	-	-	-	92,361
<b>Total other financing sources (uses)</b>	<b>2,342,584</b>	<b>(695,917)</b>	<b>-</b>	<b>(2,149,022)</b>	<b>663,082</b>	<b>160,727</b>
Net changes in fund balances	1,331,396	(502,925)	96,796	(1,906,638)	281,200	(700,171)
Fund balances at beginning of year	398,665	3,032,865	1,930,192	2,787,734	(356,830)	7,792,626
Fund balances at end of year	\$ 1,730,061	\$ 2,529,940	\$ 2,026,988	\$ 881,096	\$ (75,630)	\$ 7,092,455

## 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, 2012

---

Net change in fund balances - total governmental funds	\$	(700,171)
--	----	-----------

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	757,428		
Depreciation	(579,915)		
Capital outlay in excess of depreciation			177,513

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 assets. 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 assets.

Principal retirement	1,028,996		
New issuances	(92,361)		
			936,635

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 in the funds statements but recognized in the government-wide statements. The change from prior year is:

(76,266)

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.

Change in insurance deposit	6,463		
Amortization of deferred bond issuance costs, premium and discount	(41,390)		
Change in net pension obligation	(567,253)		
Change in net OPEB obligation	(16,444)		
Change in accrued interest on debt	(50,994)		
Total expenses of non-current resources			(669,618)

Change in net assets of governmental activities	\$	<u>(331,907)</u>
---	----	------------------

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 April 30, 2012

	Major Funds		Total
	Water and Sewer Fund	Commuter Parking Lot Fund	
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 820,815	\$ -	\$ 820,815
Cash - commingled	-	485,919	485,919
Accounts receivable	419,810	-	419,810
Total current assets	<u>1,240,625</u>	<u>485,919</u>	<u>1,726,544</u>
Noncurrent assets:			
Capital assets, not being depreciated	92,671	162,830	255,501
Capital assets, net of accumulated depreciation	<u>2,422,734</u>	<u>56,605</u>	<u>2,479,339</u>
Total noncurrent assets	<u>2,515,405</u>	<u>219,435</u>	<u>2,734,840</u>
Total assets	<u>3,756,030</u>	<u>705,354</u>	<u>4,461,384</u>
<b>Liabilities</b>			
Current liabilities:			
Cash - commingled overdraft liability	999,448	-	999,448
Accounts payable	59,242	-	59,242
Accrued payroll	<u>5,833</u>	<u>-</u>	<u>5,833</u>
Total current liabilities	<u>1,064,523</u>	<u>-</u>	<u>1,064,523</u>
<b>Net assets</b>			
Invested in capital assets, Net of related debt	2,515,405	219,435	2,734,840
Unrestricted	<u>176,102</u>	<u>485,919</u>	<u>662,021</u>
Total net assets	<u>\$ 2,691,507</u>	<u>\$ 705,354</u>	<u>\$ 3,396,861</u>

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 Year Ended April 30, 2012

	Major Funds		
	Water and Sewer Fund	Commuter Parking Lot Fund	Total
Operating revenues			
Charges for services	\$ 1,788,993	\$ 43,021	\$ 1,832,014
Total operating revenues	<u>1,788,993</u>	<u>43,021</u>	<u>1,832,014</u>
Operating expenses			
Administration	537,696	4,050	541,746
Water purchases	902,402	-	902,402
Repairs & maintenance	204,862	-	204,862
Depreciation	139,938	9,325	149,263
Total operating expenses	<u>1,784,898</u>	<u>13,375</u>	<u>1,798,273</u>
Operating income	<u>4,095</u>	<u>29,646</u>	<u>33,741</u>
Non-operating revenues			
Investment income	1,323	-	1,323
Transfers out	(68,366)	-	(68,366)
Total non-operating revenues	<u>(67,043)</u>	<u>-</u>	<u>(67,043)</u>
Net income (loss)	(62,948)	29,646	(33,302)
Net assets at beginning of year	<u>2,754,455</u>	<u>675,708</u>	<u>3,430,163</u>
Net assets at end of year	<u>\$ 2,691,507</u>	<u>\$ 705,354</u>	<u>\$ 3,396,861</u>

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended April 30, 2012

	Water and Sewer Fund	Commuter Parking Lot Fund	Total Enterprise Funds
Cash flows from operating activities			
Receipts from customers	\$ 1,755,792	\$ 43,021	\$ 1,798,813
Payments to suppliers	(172,908)	(4,050)	(176,958)
Payments to employees	(412,735)	-	(412,735)
Net cash provided by operating activities	<u>1,170,149</u>	<u>38,971</u>	<u>1,209,120</u>
Cash flows from non-capital and related financing activities			
Interfunds	(210,765)	-	(210,765)
Net cash used in non-capital and related financing activities	<u>(210,765)</u>	<u>-</u>	<u>(210,765)</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(139,892)	-	(139,892)
Net cash used in capital and related financing activities	<u>(139,892)</u>	<u>-</u>	<u>(139,892)</u>
Cash flows from investing activities			
Interest	1,323	-	1,323
Net cash provided by investing activities	<u>1,323</u>	<u>-</u>	<u>1,323</u>
Net increase (decrease) in cash and cash equivalents	<u>820,815</u>	<u>38,971</u>	<u>859,786</u>
Balances - beginning of the year	-	446,948	446,948
Balances - end of year	<u>\$ 820,815</u>	<u>\$ 485,919</u>	<u>\$ 1,306,734</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 4,095	\$ 29,646	\$ 33,741
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	139,938	9,325	149,263
Change in assets and liabilities:			
Decrease in receivables, net	(33,201)	-	(33,201)
(Decrease) in accounts payable	1,058,116	-	1,058,116
(Decrease) in accrued payroll	1,201	-	1,201
Net cash provided by operating activities	<u>\$ 1,170,149</u>	<u>\$ 38,971</u>	<u>\$ 1,209,120</u>

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
April 30, 2012

---

	Pension Trust Fund
	Police Pension Fund
Assets	
Cash	\$ 639,873
Investments	5,543,953
Due from Village	10,171
Other receivables	22,865
Total assets	6,216,862
Liabilities	
Accounts payable	7,651
Total liabilities	7,651
Net assets	
Held in trust for pension benefits and other purposes	6,209,211
Total net assets	\$ 6,209,211

---

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Year Ended April 30, 2012

---

	<u>Pension Trust Fund</u>
	<u>Police Pension Fund</u>
Additions	
Contributions	
Employer	\$ 582,045
Plan members	173,803
Total contributions	<u>755,848</u>
Net investment earnings	<u>(17,554)</u>
Total additions	<u>738,294</u>
Deductions	
Benefits	887,411
Administrative expenses	<u>238,064</u>
Total deductions	<u>1,125,475</u>
Change in net assets	(387,181)
Net assets - beginning of year	<u>6,596,392</u>
Net assets - end of year	<u>\$ 6,209,211</u>

---

**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, *The Financial Reporting Entity* 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 assets 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 assets and the statement of activities display information about the Village as a whole. In the government-wide statement of net assets, 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, 2012

---

**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, liabilities, 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 assets and the operating statements present increases (revenues) and decreases (expenses) in total net assets. 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 assets 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 assets 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 2012, 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.

*2006 Capital Projects 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.

---

(Continued)

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

---

**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, 2012

---

**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 Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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.

In order to comply with the Governmental Accounting Standard Board's (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions, the fund balance section of the balance sheet of the governmental funds has been modified from prior years. Previously, the fund balance section focused on whether these resources were available for spending. It also distinguished the unreserved fund balance from the reserved fund balance. In order to show compliance with GASB Statement No. 54, however, the components of the new fund balance include 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 at the same level to remove. For the Village, the Board of Trustees is the highest level of decision making. As of April 30, 2012, 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.

The implementation of these new components is intended to decrease confusion and help serve the needs of the financial statement users.

---

(Continued)

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

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

The following funds had deficit fund balances at April 30, 2012:

<u>Fund</u>	<u>Amount</u>
General Fund – Auditing Account	\$ 181,354
General Fund – Public Liability Insurance Account	223,989
General Fund – Illinois Municipal Retirement Account	220,814
General Fund – Social Security Tax Account	180,611
General Fund – Workers’ Compensation Account	70,645
General Fund – Streets and Bridges Account	393,829
General Fund – Garbage Disposal Account	736,773
General Fund – Emergency Service & Disaster Account	23,834
General Fund – Police Protection Account	127,637
General Fund – Fire Protection Account	941,227
General Fund – School Crossing Guards Account	162,141
General Fund – Municipal Ambulance Service Account	634,080
Bond and Interest	120,006

The Village plans to recover these deficits through planned transfers of cash.

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 revenue in the fund financial statements. The Village deferred in the government-wide statements the second installment of the 2011 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.

---

(Continued)

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

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 Cash Equivalents: 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.

Accounting For Proprietary Fund Activities: The Village has chosen the option to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements, to the proprietary fund activities. Guidance after November 30, 1989 has been implemented.

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.

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 and the Grand Avenue TIF Fund valued at cost. The total carrying amount as of April 30, 2012 was \$2,204,674.

Deferred/Unearned Revenue: The Village reports deferred and unearned revenues on its financial statements. Deferred revenues arise when potential revenue does not meet both the measureable and available criteria for recognition in the current period. 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 deferred and unearned revenue is removed from the balance sheet or statement of net assets and revenue is recognized.

---

(Continued)

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

---

**NOTE 2 - CASH AND INVESTMENTS**

Cash: The carrying amount of cash, excluding the Pension Trust Fund, was \$3,518,052 at April 30, 2012, while the bank balances were \$3,960,152. 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, 2012. 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, 2012. All investments mature in less than one year:

<u>Investment Type</u>	<u>Fair Value</u>
Illinois Funds – State Treasurer	\$ 1,812,299

The value of the Illinois Funds equates to the number of shares owned as of April 30, 2012. 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 AAAM 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, 2012.

*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, 2012, the Pension Trust Fund's carrying amount and the bank balance of cash was \$639,873. The FDIC insures bank balances up to \$250,000. As of April 30, 2012, 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, 2012

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

Certificates of Deposit – Pension Trust Fund: Certificates of Deposit amounted to \$1,365,010 at April 30, 2012. 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, 2012.

<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	\$ 420,944	\$ -	\$ 131,286	\$ -	\$ 289,658
U.S. Treasuries	281,633	-	132,507	149,126	-
Corporate Bonds	529,785	15,358	425,146	89,281	-
Total	<u>1,232,362</u>	<u>\$ 15,358</u>	<u>\$ 688,939</u>	<u>\$ 238,407</u>	<u>\$ 289,658</u>
Investments Not Sensitive to Interest Rate Risk:					
Mutual Funds	313,757				
Life Insurance Annuities	<u>2,632,824</u>				
Total Investments	<u>\$ 4,178,943</u>				

*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, 2012, \$385,068 of U.S. Agencies securities are rated AAA while \$35,876 is not rated. All U.S. Treasuries are rated AAA. Investments in Corporate Bonds carried the following ratings:

(Continued)



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

---

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

AA+	\$	31,325
AA		11,632
A+		42,354
A		205,343
A-		65,053
BBB+		71,148
BBB		69,687
BBB-		22,529
Not Rated		10,714
	<u>\$</u>	<u>529,785</u>

*Concentration of Credit Risk.* The Pension Trust Fund places no limit on the amount it may invest in any one issuer. More than 5 percent of the Pension Trust Fund's investments are in ING USA Annuities, Transamerica Life Freedom Annuities, and Met Life Insurance Annuities. These investments are 21.37%, 7.75% and 13.90%, respectively, of the Pension Trust Fund's total investments.

Reconciliation to Financial Statements:

Cash and investments per financial statements:

Statement of net assets		
Cash and investments	\$	5,322,864
Cash – commingled		5,687,554
Cash – commingled overdraft liability		(5,580,067)
Statement of fiduciary net assets		
Pension trust fund		
Cash		639,873
Investments		5,543,953
Total	<u>\$</u>	<u>11,614,177</u>

Cash and investments per footnote:

Cash	\$	3,518,052
Certificate of deposits		100,000
Investments		
Illinois funds – state treasurer		1,812,299
Cash – pension trust fund		639,873
Certificate of deposits – pension trust fund		1,365,010
Investments – pension trust fund		
U.S. agencies		420,944
U.S. treasuries		281,633
Corporate bonds		529,785
Mutual funds		313,757
Life insurance annuities		2,632,824
Total	<u>\$</u>	<u>11,614,177</u>

---

(Continued)

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

---

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in the Village's Governmental Activities capital assets for the period May 1, 2011 through April 30, 2012 follows:

	<u>Balance at May 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,290,383	\$ -	\$ -	\$ 1,290,383
Capital assets being depreciated:				
Land improvements	185,632	-	-	185,632
Infrastructure	6,916,756	327,066	-	7,243,822
Buildings	3,236,583	-	-	3,236,583
Machinery and equipment	<u>2,750,527</u>	<u>430,362</u>	-	<u>3,180,889</u>
Subtotal	<u>13,089,498</u>	<u>757,428</u>	-	<u>13,846,926</u>
Less accumulated depreciation:				
Land improvements	(139,189)	(4,182)	-	(143,371)
Infrastructure	(1,128,645)	(348,001)	-	(1,476,646)
Buildings	(1,125,500)	(65,661)	-	(1,191,161)
Machinery and equipment	<u>(2,160,837)</u>	<u>(162,071)</u>	-	<u>(2,322,908)</u>
Total accumulated depreciation	<u>(4,554,171)</u>	<u>(579,915)</u>	-	<u>(5,134,086)</u>
Total capital assets being depreciated, net	<u>8,535,327</u>	<u>177,513</u>	-	<u>8,712,840</u>
Governmental activities capital assets, net	<u>\$ 9,825,710</u>	<u>\$ 177,513</u>	<u>\$ -</u>	<u>\$ 10,003,223</u>

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

General government	\$ 48,692
Public safety	123,376
Public works	394,338
Culture and recreation	<u>13,509</u>
Total	<u>\$ 579,915</u>

---

(Continued)

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

**NOTE 3 - CAPITAL ASSETS** (Continued)

A summary of changes in the Village's Business-Type Activities capital assets for the period May 1, 2011 through April 30, 2012 follows:

	<u>Balance at May 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at April 30, 2012</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	2,465,261	139,892	-	2,605,153
Buildings	353,110	-	-	353,110
Machinery and equipment	<u>243,225</u>	<u>-</u>	<u>-</u>	<u>243,225</u>
Subtotal	<u>3,250,645</u>	<u>139,892</u>	<u>-</u>	<u>3,390,537</u>
Less accumulated depreciation:				
Land improvements	(127,125)	(9,452)	-	(136,577)
Infrastructure	(201,695)	(126,761)	-	(328,456)
Buildings	(331,176)	(3,374)	-	(334,550)
Machinery and equipment	<u>(101,939)</u>	<u>(9,676)</u>	<u>-</u>	<u>(111,615)</u>
Total accumulated depreciation	<u>(761,935)</u>	<u>(149,263)</u>	<u>-</u>	<u>(911,198)</u>
Total capital assets being depreciated, net	<u>2,488,710</u>	<u>(9,371)</u>	<u>-</u>	<u>2,479,339</u>
Business-Type Activities capital assets, net	<u>\$ 2,744,211</u>	<u>\$ (9,371)</u>	<u>\$ -</u>	<u>\$ 2,734,840</u>

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

Water and sewer	\$ 139,938
Commuter parking lot	<u>9,325</u>
Total	<u>\$ 149,263</u>

(Continued)

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

---

**NOTE 4 – LONG-TERM DEBT**

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

Governmental Activities:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
G.O. Bonds 2006A	\$ 3,975,000	\$ -	\$ 190,000	\$ 3,785,000	\$ 195,000
G.O. Bonds 2006B	70,000	-	70,000	-	-
G.O. Bonds 2008	5,320,000	-	210,000	5,110,000	215,000
G.O. Bonds 2009 – TIF	5,260,000	-	390,000	4,870,000	465,000
Plus deferred premium	86,752	-	4,655	82,097	-
Less deferred discount	<u>(31,357)</u>	-	<u>(1,581)</u>	<u>(29,776)</u>	-
Total G.O. Bonds	14,680,395	-	863,074	13,817,321	875,000
Installment notes payable	191,884	92,361	174,810	109,435	46,831
Net pension obligation	2,321,969	567,253	-	2,889,222	-
Net OPEB obligation	<u>18,314</u>	<u>16,444</u>	-	<u>34,758</u>	-
Total	<u>\$ 17,212,562</u>	<u>\$ 676,058</u>	<u>\$ 1,037,884</u>	<u>\$ 16,850,736</u>	<u>\$ 921,831</u>

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

Fiscal Year	Principal	Interest	Total
2013	\$ 46,831	\$ 1,787	\$ 48,618
2014	34,477	450	34,927
2015	26,640	92	26,732
2016	1,487	13	1,500
Total	<u>\$ 109,435</u>	<u>\$ 2,342</u>	<u>\$ 111,777</u>

---

(Continued)

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

**NOTE 4 - LONG-TERM DEBT** (Continued)

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:

Fiscal Year	Principal	Interest	Total	Rate
2013	\$ 195,000	\$ 170,114	\$ 365,114	3.80%
2014	200,000	162,704	362,704	3.85%
2015	215,000	155,004	370,004	3.88%
2016	220,000	146,672	366,672	3.90%
2017	230,000	138,092	368,092	3.95%
2018	235,000	129,006	364,006	4.00%
2019	250,000	119,608	369,608	4.05%
2020	255,000	109,482	364,482	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>\$ 3,785,000</u>	<u>\$ 1,547,500</u>	<u>\$ 5,332,500</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 2006 Capital Projects Fund. The principal and interest payments to maturity at December 15, 2028 are as follows:

Fiscal Year	Principal	Interest	Total	Rate
2013	\$ 215,000	\$ 219,240	\$ 434,240	3.35%
2014	225,000	212,038	437,038	3.50%
2015	230,000	204,163	434,163	3.65%
2016	240,000	195,767	435,767	3.80%
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>\$ 5,110,000</u>	<u>\$ 2,291,287</u>	<u>\$ 7,401,287</u>	

(Continued)

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

**NOTE 4 - LONG-TERM DEBT** (Continued)

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, 2012 was 4,765,000. 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:

Fiscal Year	Principal	Interest	Total	Rate
2013	\$ 465,000	\$ 156,192	\$ 621,192	1.85%
2014	480,000	147,590	627,590	3.00%
2015	520,000	133,190	653,190	3.00%
2016	600,000	117,590	717,590	3.15%
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>\$ 4,870,000</u>	<u>\$ 817,262</u>	<u>\$ 5,687,262</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
2013	\$ 875,000	\$ 545,546	\$ 1,420,546
2014	905,000	522,332	1,427,332
2015	965,000	492,357	1,457,357
2016	1,060,000	460,029	1,520,029
2017	1,110,000	423,431	1,523,431
2018-2022	4,870,000	1,482,502	6,352,502
2023-2027	3,180,000	670,636	3,850,636
2028-2029	810,000	59,216	869,216
Total	<u>\$ 13,765,000</u>	<u>\$ 4,656,049</u>	<u>\$ 18,421,049</u>

(Continued)

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

**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 and borrowing from the General Fund for purchase of land held for resale.

	<u>Due from other funds</u>	<u>Due to other funds</u>
General		
2006 Capital Projects	\$ 145,669	\$ -
Nonmajor Governmental	<u>234,166</u>	<u>-</u>
Total General	<u>379,835</u>	<u>-</u>
 2006 Capital Projects		
General	<u>-</u>	<u>145,669</u>
Total 2006 Capital Projects	<u>-</u>	<u>145,669</u>
 Nonmajor Governmental		
General	<u>-</u>	<u>234,166</u>
Total Nonmajor Governmental	<u>-</u>	<u>234,166</u>
 Total	<u>\$ 379,835</u>	<u>\$ 379,835</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 3,376,917	\$ 1,126,694
Motor Fuel Tax	-	695,917
2006 Capital Project	398,753	2,547,775
Nonmajor Governmental	717,941	54,859
Water and Sewer	<u>-</u>	<u>68,366</u>
	<u>\$ 4,493,611</u>	<u>\$ 4,493,611</u>

The non-routine transfer represents transfer of funds used to pay the Village's bond obligations and capital project costs from the General Fund to the 2006 Capital Project Fund, 2004 Bond Fund and Bond and Interest Fund for \$398,753, \$393,856 and \$334,085, respectively. \$695,917 was transferred from the Motor Fuel Tax Fund to the General Fund to write off a prior year interfund balance. \$1,986,775 was transferred from the 2006 Capital Projects Fund to the General Fund for reimbursement of project costs incurred by the General Fund in prior years and to allocate unrestricted revenue to the General Fund per the requirements of GASB 54. \$68,366 was transferred from the Water and Sewer Fund to the General Fund as a reimbursement of operating costs. The remaining amount transferred to the General Fund was repayments of prior year interfund loans from various operating funds.

(Continued)

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

**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 affiliated with the Illinois Municipal Retirement (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

Funding Policy: As set by statute, the Village's Regular plan members are required to contribute 4.5% of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2011 was 11.47% of payroll. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For December 31, 2011, the Village's actual contributions for pension cost for the Regular plan were \$159,853. Its required contribution for calendar year 2011 was \$180,897. Trend Information is listed below:

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
December 31, 2011	\$ 180,897	88%	\$ 63,822
December 31, 2010	184,137	79%	46,208
December 31, 2009	141,912	100%	-

The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The Village's Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

Annual Required Contribution	\$ 178,774
Interest on NPO	989
Annual Pension Cost	179,763
Actual Contribution	(162,149)
Increase in net pension obligation	17,614
Net pension obligation at April 30, 2011	46,208
Net pension obligation at April 30, 2012	<u>\$ 63,822</u>

Funded Status and Funding Progress: As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 76.22 percent funded. The actuarial accrued liability for benefits was \$5,153,471 and the actuarial value of assets was \$3,927,847, resulting in an under funded actuarial accrued liability (UAAL) of \$1,225,624. The covered payroll (annual payroll of active employees covered by the plan) was \$1,393,659 and the ratio of the UAAL to the covered payroll was 88 percent.

(Continued)



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

---

**NOTE 6 - DEFINED BENEFIT PENSION PLAN** (Continued)

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

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, 2011 (the latest information available), the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to but not yet Receiving Benefits	17
Current Employees	
Vested and Nonvested	<u>23</u>
	<u>40</u>

---

(Continued)

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

---

**NOTE 6 - DEFINED BENEFIT PENSION PLAN** (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters:

*Basis of Accounting* – The financial statements are prepared using the accrual basis of accounting. Employees and employer contributions are recognized as revenue in the period in which employee services are performed.

*Method Used to Value Investments* – Fixed-income securities are reported at fair value. Short-term investments are reported at fair value. 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.

**Concentration of Investments:** The Police Pension Fund investment in insurance contracts represent 5% or more of the net plan assets.

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

**Annual Pension Cost and Net Pension Obligation (NPO):** The Village's annual pension cost for the current year and related information is as follows:

Contribution rates:

Village, Plan Members	23.88%, 9.91%
Annual Pension Cost	\$ 882,213
Contributions Made	\$ 337,922
Actuarial Valuation Date	April 30, 2011
Actuarial Cost Method	Entry Age
Amortization Period	Level Percentage of Pay, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Market
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	5.50%
Inflation	3.00%
Cost of Living Adjustments	3.00%

The amount of the pension liability is as follows:

Annual Required Contribution	\$ 882,213
Interest on Net Pension Obligation	156,743
Adjustment to Annual Required Contribution	<u>(151,395)</u>
Annual Pension Cost	887,561
Actual Contributions	<u>(337,922)</u>
Increase in Net Pension Obligation	549,639
Net Pension Obligation as of April 30, 2011	<u>2,275,761</u>
Net Pension Obligation as of April 30, 2012	<u>\$ 2,825,400</u>

---

(Continued)

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

**NOTE 6 - DEFINED BENEFIT PENSION PLAN (Continued)**

Trend Information: Employer annual required contributions (ARC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the ARC and the contributions actually made.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
April 30, 2012	\$ 887,561	38%	\$ 2,825,400
April 30, 2011	750,965	48%	2,275,761
April 30, 2010	750,965	52%	1,886,564

Funded Status and Funding Progress: As of April 30, 2011, the actuarial accrued liability for benefits was \$17,183,193. The covered payroll was approximately \$1,900,927 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 556.9%.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
4/30/2011	\$ 6,596,392	\$ 17,183,193	\$ 10,586,801	38.4%	\$ 1,900,927	556.9%
4/30/2009	5,717,755	16,097,581	10,379,826	35.5%	1,634,009	635.2%
4/30/2007	7,644,742	15,368,981	7,724,239	49.7%	1,670,723	462.3%

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.

**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 was established by certain units of local government in Illinois to administer insurance to some or all of the members and to their officers and employees of certain other governmental and quasi-governmental entities. MICA acts solely as an administrative agency to receive, process, and pay such claims as may come within the benefit program of each member. The balance of the reserve totaled \$277,113 as of April 30, 2012.

(Continued)

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

**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. 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 \$5,687,262, payable through December 2019. For the current year, principal and interest paid and total incremental property tax revenues were \$552,433 and \$700,637, respectively.

**NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

Plan Description: The Village provides full health care insurance for its eligible retired employees until age 65.

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 \$64,681 for 2012.

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 2012, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

Annual Required Contribution	\$	41,070
Amortization		36,192
Interest on OPEB		3,863
Annual OPEB Cost		81,125
Contributions		(64,681)
Increase in OPEB		16,444
OPEB at April 30, 2011		18,314
OPEB at April 31, 2012	\$	34,758

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the three preceding years were as follows:

Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
4/30/2012	\$ 81,125	79.7%	\$ 34,758
4/30/2011	81,126	96.9	18,314
4/30/2010	84,131	81.2	15,816

April 30, 2010 was the first year an actuarial valuation was performed.

Funded Status and Funding Progress: As of April 30, 2010 (the latest information available), the plan was unfunded. The actuarial accrued liability for benefits was \$1,085,760. 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

(Continued)

**NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS** (Continued)

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 April 30, 2010 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5% investment rate of return, 3% projected annual salary increases, a 3% inflation rate and an annual healthcare cost trend rate of 8% 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, 2010. The UAAL is being amortized as a level dollar percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2010, was 30 years.

In accordance with GASB Statement No. 45, the Village will have an actuarial valuation done once every three years. The next actuarial valuation will be conducted for the fiscal year ended April 30, 2013.

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS**

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The Statement improves financial reporting by addressing issues related to service concession arrangements, which are arrangements between a transferor (government) and an operator (governmental or non-governmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for the Village's fiscal year ended April 30, 2013. Management has determined that this statement will have no material impact on the financial position and results of operations of the Village.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues. This Statement is effective for the Village's fiscal year ended April 30, 2014, with earlier application encouraged. Management has not determined the impact this statement will have on the financial position and results of operations of the Village.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for the Village's fiscal year ended April 30, 2013 with earlier application encouraged. Management has determined that this statement will have no material impact on the financial position and results of operations of the Village.

---

(Continued)

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

---

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS** (Continued)

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. This Statement is effective for the Village's fiscal year ended April 30, 2013 with earlier application encouraged. Management has determined that this statement will have no material impact on the financial position and results of operations of the Village.

In June 2011, the GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53). This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. When all of the conditions specified by the Statement exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied. This Statement is effective for the Village's fiscal year ended April 30, 2013, with earlier application encouraged. Management has determined that this statement will have no material impact on the financial position and results of operations of the Village.

In March 2012, the GASB issued GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The provisions of this Statement are effective for the Village's fiscal year ended April 30, 2014, with earlier application being encouraged. Management has not determined the impact this statement will have on the financial position and results of operations of the Village.

In March 2012, the GASB issued GASB Statement 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straightline basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and*

---

(Continued)

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

---

**NOTE 10 - NEW ACCOUNTING PRONOUNCEMENTS** (Continued)

*Future Revenues*, respectively. The provisions of this Statement are effective for the Village's fiscal year ended April 30, 2014, with earlier application being encouraged. Management has not determined the impact this statement will have on the financial position and results of operations of the Village.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions of this Statement are effective for the Village's Pension Fund fiscal year ending April 30, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions of this Statement are effective for the Village's financial year ending April 30, 2016. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values as well as provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold as well as requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in fiscal year ending April 30, 2015, and should be applied on a prospective basis. Earlier application is encouraged. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

---

(Continued)

**NOTE 11 - SUBSEQUENT EVENT**

On November 1, 2012, the Village issued \$5,365,000 General Obligation Series 2012A Bonds and \$520,000 General Obligation Series 2012B Bonds. Interest is due semi-annually on June 15 and December 15 beginning on June 15, 2013 through December 15, 2027.

**NOTE 12 - 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 obtain additional general obligation financing should the need arise. In addition, the Village is expecting long term growth in its economic base which would be used to generate additional sales tax revenues through planned expansion of businesses within the Village. Overall, it is expected that the Village's financial health will continue to improve over the next several years despite some serious headwinds. Chief among these is the national economy and its impact on economically sensitive revenues, such as income and sales taxes as well as building permit revenues. It is not clear when the economy will fully recover, and the Village will continue to meet the challenges posed by depressed revenues in these and related areas.



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, 2012

	Original & Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>			
Property taxes	\$ 4,488,000	\$ 3,214,049	\$ (1,273,951)
Sales taxes	1,035,000	1,052,070	17,070
Income taxes	800,000	866,496	66,496
Utility taxes	1,200,000	963,175	(236,825)
Other taxes	288,000	289,270	1,270
Licenses, permits and fees	591,550	335,389	(256,161)
Grant revenue	2,726,320	556,214	(2,170,106)
Other revenue	355,685	644,945	289,260
Fines and forfeitures	255,500	521,544	266,044
Investment income	6,300	1,318	(4,982)
Charges for services	180,500	464,421	283,921
<b>Total revenues</b>	<u>11,926,855</u>	<u>8,908,891</u>	<u>(3,017,964)</u>
<b>Expenditures</b>			
<b>Current</b>			
Administration	1,155,450	1,096,546	58,904
Police department	2,689,522	3,487,616	(798,094)
Fire protection	546,420	541,119	5,301
Public works	2,863,026	1,872,430	990,596
Culture & recreation	72,364	73,309	(945)
Public health	721,046	622,163	98,883
All other departments	1,170,934	1,221,519	(50,585)
<b>Debt service</b>			
Principal	-	144,799	(144,799)
Interest and other charges	5,000	6,885	(1,885)
Capital outlay	928,800	853,693	75,107
<b>Total expenditures</b>	<u>10,152,562</u>	<u>9,920,079</u>	<u>232,483</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,774,293</u>	<u>(1,011,188)</u>	<u>(2,785,481)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	3,376,917	3,376,917
Transfers out	-	(1,126,694)	(1,126,694)
Proceeds from the issuance of debt	-	92,361	92,361
Proceeds from the sale of fixed assets	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>2,342,584</u>	<u>2,342,584</u>
<b>Net change in fund balance</b>	<u>\$ 1,774,293</u>	1,331,396	<u>\$ (442,897)</u>
Fund balance at beginning of year		<u>398,665</u>	
Fund balance at end of year		<u>\$ 1,730,061</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, 2012

---

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Other taxes	\$ 275,000	\$ 245,112	\$ (29,888)
Investment income	<u>1,000</u>	<u>226</u>	<u>(774)</u>
Total revenues	<u>276,000</u>	<u>245,338</u>	<u>(30,662)</u>
Expenditures			
Current:			
Public works	125,000	25,386	99,614
Capital outlay	<u>46,000</u>	<u>26,960</u>	<u>19,040</u>
Total expenditures	<u>171,000</u>	<u>52,346</u>	<u>118,654</u>
Excess (deficiency) of revenues over (under) expenditures	<u>105,000</u>	<u>192,992</u>	<u>87,992</u>
Other financing sources (uses)			
Transfers out	-	(695,917)	695,917
Total other financing sources (uses)	<u>-</u>	<u>(695,917)</u>	<u>695,917</u>
Net change in fund balance	<u>\$ 105,000</u>	(502,925)	<u>\$ (607,925)</u>
Fund balance at beginning of year		<u>3,032,865</u>	
Fund balance at end of year		<u>\$ 2,529,940</u>	

---

VILLAGE OF RIVER GROVE, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS  
 April 30, 2012

(1)	(2)	(3)	(4)	(5)	(6)	
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded (Overfunded) AAL (2) - (1)	Funded Ratio (1) / (2)	Annual Covered Payroll	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (4) / (5)
ILLINOIS MUNICIPAL RETIREMENT FUND						
12/31/2011	\$ 3,927,847	\$ 5,153,471	\$ 1,225,624	76.2%	\$ 1,393,659	87.9%
12/31/2010	3,592,528	4,828,108	1,235,580	74.4%	1,389,711	88.9%
12/31/2009	3,273,192	4,499,672	1,226,480	72.7%	1,496,962	81.9%
POLICE PENSION FUND						
4/30/2011	\$ 6,596,392	\$ 17,183,193	\$ 10,586,801	38.4%	\$ 1,900,927	556.9%
4/30/2009	5,717,755	16,097,581	10,379,826	35.5%	1,634,009	635.2%
4/30/2007	7,644,742	15,368,981	7,724,239	49.7%	1,670,723	462.3%
OTHER POST EMPLOYMENT BENEFITS						
4/30/2010	\$ -	\$ 1,085,760	\$ 1,085,760	0.0%	Not available	Not available

Note: April 30, 2011 valuation is latest actuarial valuation available

Note: April 30, 2010 valuation is latest actuarial valuation available

VILLAGE OF RIVER GROVE, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF EMPLOYER CONTRIBUTIONS  
 April 30, 2012

Actuarial Valuation Date	Employer Contributions	Annual Required Contribution	Percent Contributed	Net Pension Obligation
ILLINOIS MUNICIPAL RETIREMENT FUND				
12/31/2011	\$ 159,189	\$ 180,897	88%	\$ 63,822
12/31/2010	144,947	184,137	79%	46,208
12/31/2009	141,912	141,912	100%	-
POLICE PENSION FUND				
4/30/2012	\$ 337,922	\$ 887,561	38%	\$ 2,825,400
4/30/2011	361,768	750,965	48%	2,275,761
4/30/2010	390,156	750,965	52%	1,886,564
OTHER POST EMPLOYMENT BENEFITS				
Actuarial Valuation Date	Employer Contributions	Annual Required Contribution	Percent Contributed	Net OPEB Obligation
4/30/2012	\$ 64,681	\$ 81,125	80%	\$ 34,758
4/30/2011	78,628	81,126	97%	18,314
4/30/2010	68,315	84,131	81%	15,816

Note: April 30, 2010 was the implementation year of GASB Statement No. 45.

**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.

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND  
BALANCE SHEET - BY ACCOUNT  
April 30, 2012

	<u>General Account</u>	<u>Auditing Account</u>	<u>Public Liability Insurance Account</u>	<u>Illinois Municipal Retirement Account</u>
<b>Assets</b>				
Cash and investments	\$ 600,817	\$ -	\$ 29,551	\$ 5,481
Cash - commingled	2,023,569	-	-	-
Property taxes receivable	1,131,145	-	-	-
Accounts receivable	-	-	-	-
Other governmental receivables	852,902	-	-	-
Assets held for resale	1,990,508	-	-	-
Interfund receivables	379,835	-	-	-
<b>Total assets</b>	<u>\$ 6,978,776</u>	<u>\$ -</u>	<u>\$ 29,551</u>	<u>\$ 5,481</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Cash - commingled overdraft liability	\$ -	\$ 133,154	\$ 245,469	\$ 226,295
Accounts payable	347,763	48,200	8,071	-
Accrued payroll	87,416	-	-	-
Other payables	100,330	-	-	-
Deferred property tax revenue	1,119,827	-	-	-
Other deferred revenue	503,464	-	-	-
Due to police pension fund	10,171	-	-	-
<b>Total liabilities</b>	<u>2,168,971</u>	<u>181,354</u>	<u>253,540</u>	<u>226,295</u>
<b>Fund balances</b>				
<b>Nonspendable</b>				
Assets held for resale	1,990,508	-	-	-
Unassigned	2,819,297	(181,354)	(223,989)	(220,814)
<b>Total fund balances</b>	<u>4,809,805</u>	<u>(181,354)</u>	<u>(223,989)</u>	<u>(220,814)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 6,978,776</u>	<u>\$ -</u>	<u>\$ 29,551</u>	<u>\$ 5,481</u>

<u>Social Security Account</u>	<u>Unemployment Insurance Account</u>	<u>Workers' Compensation Account</u>	<u>Streets and Bridges Account</u>	<u>Garbage Disposal Account</u>	<u>Emergency Service &amp; Disaster Account</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,419	-	-	-	-
-	-	-	-	-	-
-	-	-	-	90,854	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 4,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,854</u>	<u>\$ -</u>
\$ 180,611	\$ -	\$ 70,363	\$ 392,216	\$ 730,018	\$ 23,834
-	1,008	282	-	97,609	-
-	-	-	1,613	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>180,611</u>	<u>1,008</u>	<u>70,645</u>	<u>393,829</u>	<u>827,627</u>	<u>23,834</u>
-	-	-	-	-	-
<u>(180,611)</u>	<u>3,411</u>	<u>(70,645)</u>	<u>(393,829)</u>	<u>(736,773)</u>	<u>(23,834)</u>
<u>(180,611)</u>	<u>3,411</u>	<u>(70,645)</u>	<u>(393,829)</u>	<u>(736,773)</u>	<u>(23,834)</u>
<u>\$ -</u>	<u>\$ 4,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,854</u>	<u>\$ -</u>

(Continued)

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND  
BALANCE SHEET - BY ACCOUNT  
April 30, 2012

	Emergency Telephone System <u>Account</u>	Police Protection <u>Account</u>	Fire Protection <u>Account</u>
<b>Assets</b>			
Cash and investments	\$ 126,508	\$ 151,188	\$ 24,480
Cash - commingled	91,510	-	-
Property taxes receivable	-	-	-
Accounts receivable	-	-	-
Other governmental receivables	-	-	-
Assets held for resale	-	-	-
Interfund receivables	-	-	-
<b>Total assets</b>	<b><u>\$ 218,018</u></b>	<b><u>\$ 151,188</u></b>	<b><u>\$ 24,480</u></b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Cash - commingled overdraft liability	\$ -	\$ 265,632	\$ 932,679
Accounts payable	5,968	-	662
Accrued payroll	-	13,193	32,366
Other payables	-	-	-
Deferred property tax revenue	-	-	-
Other deferred revenue	-	-	-
Due to police pension fund	-	-	-
<b>Total liabilities</b>	<b><u>5,968</u></b>	<b><u>278,825</u></b>	<b><u>965,707</u></b>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Assets held for resale	-	-	-
Unassigned	212,050	(127,637)	(941,227)
<b>Total fund balances</b>	<b><u>212,050</u></b>	<b><u>(127,637)</u></b>	<b><u>(941,227)</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 218,018</u></b>	<b><u>\$ 151,188</u></b>	<b><u>\$ 24,480</u></b>



School Crossing Guards Account	Municipal Ambulance Service Account	Cable Vision Development Account	Total
\$ -	\$ -	\$ 15,091	\$ 953,116
-	-	584,399	2,703,897
-	-	-	1,131,145
-	-	2,847	93,701
-	-	-	852,902
-	-	-	1,990,508
-	-	-	379,835
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,337</u>	<u>\$ 8,105,104</u>
\$ 159,541	\$ 593,270	\$ -	\$ 3,953,082
-	11,181	-	520,744
2,600	26,942	608	164,738
-	2,687	-	103,017
-	-	-	1,119,827
-	-	-	503,464
-	-	-	10,171
<u>162,141</u>	<u>634,080</u>	<u>608</u>	<u>6,375,043</u>
-	-	-	1,990,508
(162,141)	(634,080)	601,729	(260,447)
<u>(162,141)</u>	<u>(634,080)</u>	<u>601,729</u>	<u>1,730,061</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,337</u>	<u>\$ 8,105,104</u>

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BY ACCOUNT  
 Year Ended April 30, 2012

	General Account	Auditing Account	Public Liability Insurance Account	Illinois Municipal Retirement Account
<b>Revenues</b>				
Property taxes	\$ 2,704,497	\$ 4,925	\$ 7,848	\$ 39,240
Sales taxes	1,052,070	-	-	-
Income taxes	866,496	-	-	-
Utility taxes	963,175	-	-	-
Other taxes	171,907	-	-	-
Licenses, permits and fees	335,389	-	-	-
Grant revenue	236,914	-	-	-
Other revenue	633,713	-	-	-
Fines and forfeitures	358,659	-	-	-
Investment income	1,083	-	124	9
Charges for services	-	-	-	-
<b>Total revenues</b>	<u>7,323,903</u>	<u>4,925</u>	<u>7,972</u>	<u>39,249</u>
<b>Expenditures</b>				
<b>Current</b>				
Administration	531,363	58,200	117,407	139,737
Police department	3,251,192	-	-	-
Fire protection	-	-	-	-
Public works	1,224,611	-	-	-
Culture & recreation	58,079	-	-	-
Public health	17,034	-	-	-
All other departments	1,221,519	-	-	-
<b>Debt service</b>				
Principal payments	46,508	-	-	-
Interest and other charges	1,962	-	-	-
Capital outlay	664,707	-	-	-
<b>Total expenditures</b>	<u>7,016,975</u>	<u>58,200</u>	<u>117,407</u>	<u>139,737</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>306,928</u>	<u>(53,275)</u>	<u>(109,435)</u>	<u>(100,488)</u>
<b>Other financing sources (uses)</b>				
Transfers in	3,376,917	-	-	-
Proceeds from long term debt	92,361	-	-	-
Transfers out	(1,116,694)	-	-	(10,000)
<b>Total other financing sources (uses)</b>	<u>2,352,584</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
<b>Net changes in fund balances</b>	2,659,512	(53,275)	(109,435)	(110,488)
<b>Fund balances at beginning of year</b>	<u>2,150,293</u>	<u>(128,079)</u>	<u>(114,554)</u>	<u>(110,326)</u>
<b>Fund balances at end of year</b>	<u>\$ 4,809,805</u>	<u>\$ (181,354)</u>	<u>\$ (223,989)</u>	<u>\$ (220,814)</u>

<u>Social Security Account</u>	<u>Unemployment Insurance Account</u>	<u>Workers' Compensation Account</u>	<u>Streets and Bridges Account</u>	<u>Garbage Disposal Account</u>	<u>Emergency Service &amp; Disaster Account</u>
\$ 65,923	\$ 7,063	\$ 7,848	\$ -	\$ 76,518	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	206,156	-
<u>65,923</u>	<u>7,063</u>	<u>7,848</u>	<u>-</u>	<u>282,674</u>	<u>-</u>
107,145	13,154	36,564	-	-	-
-	-	-	-	-	5,950
-	-	-	75,314	572,505	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,485	-	-
<u>107,145</u>	<u>13,154</u>	<u>36,564</u>	<u>77,799</u>	<u>572,505</u>	<u>5,950</u>
<u>(41,222)</u>	<u>(6,091)</u>	<u>(28,716)</u>	<u>(77,799)</u>	<u>(289,831)</u>	<u>(5,950)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(41,222)	(6,091)	(28,716)	(77,799)	(289,831)	(5,950)
<u>(139,389)</u>	<u>9,502</u>	<u>(41,929)</u>	<u>(316,030)</u>	<u>(446,942)</u>	<u>(17,884)</u>
\$ <u>(180,611)</u>	\$ <u>3,411</u>	\$ <u>(70,645)</u>	\$ <u>(393,829)</u>	\$ <u>(736,773)</u>	\$ <u>(23,834)</u>

VILLAGE OF RIVER GROVE, ILLINOIS

GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BY ACCOUNT  
 Year Ended April 30, 2012

	Emergency Telephone System <u>Account</u>	Police Protection <u>Account</u>	Fire Protection <u>Account</u>
<b>Revenues</b>			
Property taxes	\$ -	\$ 30,607	\$ 135,771
Sales taxes	-	-	-
Income taxes	-	-	-
Utility taxes	-	-	-
Other taxes	117,363	-	-
Licenses, permits and fees	-	-	-
Grant revenue	319,300	-	-
Other revenue	266	-	9,542
Fines and forfeitures	-	162,885	-
Investment income	79	-	-
Charges for services	-	-	-
<b>Total revenues</b>	<u>437,008</u>	<u>193,492</u>	<u>145,313</u>
<b>Expenditures</b>			
<b>Current</b>			
Administration	92,976	-	-
Police department	-	189,988	-
Fire protection	-	-	541,119
Public works	-	-	-
Culture & recreation	-	-	-
Public health	-	-	-
All other departments	-	-	-
<b>Debt service</b>			
Principal payments	-	-	33,945
Interest and other charges	-	-	1,711
Capital outlay	180,696	-	5,805
<b>Total expenditures</b>	<u>273,672</u>	<u>189,988</u>	<u>582,580</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>163,336</u>	<u>3,504</u>	<u>(437,267)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Proceeds from long term debt	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	163,336	3,504	(437,267)
<b>Fund balances at beginning of year</b>	<u>48,714</u>	<u>(131,141)</u>	<u>(503,960)</u>
<b>Fund balances at end of year</b>	<u>\$ 212,050</u>	<u>\$ (127,637)</u>	<u>\$ (941,227)</u>

School Crossing Guards <u>Account</u>	Municipal Ambulance Service <u>Account</u>	Cable Vision Development <u>Account</u>	<u>Total</u>
\$ -	\$ 133,809	\$ -	\$ 3,214,049
-	-	-	1,052,070
-	-	-	866,496
-	-	-	963,175
-	-	-	289,270
-	-	-	335,389
-	-	-	556,214
-	-	1,424	644,945
-	-	-	521,544
-	-	23	1,318
-	186,352	71,913	464,421
-	320,161	73,360	8,908,891
-	-	-	1,096,546
40,486	-	-	3,487,616
-	-	-	541,119
-	-	-	1,872,430
-	-	15,230	73,309
-	605,129	-	622,163
-	-	-	1,221,519
-	64,346	-	144,799
-	3,212	-	6,885
-	-	-	853,693
40,486	672,687	15,230	9,920,079
(40,486)	(352,526)	58,130	(1,011,188)
-	-	-	3,376,917
-	-	-	92,361
-	-	-	(1,126,694)
-	-	-	2,342,584
(40,486)	(352,526)	58,130	1,331,396
(121,655)	(281,554)	543,599	398,665
\$ (162,141)	\$ (634,080)	\$ 601,729	\$ 1,730,061

## VILLAGE OF RIVER GROVE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
April 30, 2012

	Special Revenue Fund		Debt Service Funds		Total
	Grand Avenue TIF Fund		2004 Bond Fund	Bond and Interest Fund	
<b>Assets</b>					
Cash and investments	\$ 52,883		\$ 63,224	\$ 455,800	\$ 571,907
Assets held for resale	<u>214,166</u>		<u>-</u>	<u>-</u>	<u>214,166</u>
Total assets	<u>\$ 267,049</u>		<u>\$ 63,224</u>	<u>\$ 455,800</u>	<u>\$ 786,073</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Cash - commingled overdraft liability	\$ 15,043		\$ 36,688	\$ 575,806	\$ 627,537
Interfund payables	<u>234,166</u>		<u>-</u>	<u>-</u>	<u>234,166</u>
Total liabilities	<u>249,209</u>		<u>36,688</u>	<u>575,806</u>	<u>861,703</u>
<b>Fund balances</b>					
<b>Nonspendable</b>					
Assets held for resale	214,166		-	-	214,166
<b>Restricted</b>					
Debt service	-		26,536	-	26,536
Unassigned	<u>(196,326)</u>		<u>-</u>	<u>(120,006)</u>	<u>(316,332)</u>
Total fund balances	<u>17,840</u>		<u>26,536</u>	<u>(120,006)</u>	<u>(75,630)</u>
Total liabilities and fund balances	<u>\$ 267,049</u>		<u>\$ 63,224</u>	<u>\$ 455,800</u>	<u>\$ 786,073</u>

## VILLAGE OF RIVER GROVE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended April 30, 2012

	Special Revenue Fund		Debt Service Funds		Total
	Grand Avenue TIF Fund	2004 Bond Fund	Bond and Interest Fund		
Revenues					
Property taxes	\$ -	\$ -	\$ 29,577	\$ 29,577	\$ 29,577
Other revenue	41	-	-	41	41
Investment income	55	502	-	557	557
Charges for services	-	39,452	-	39,452	39,452
Total revenues	<u>96</u>	<u>39,954</u>	<u>29,577</u>	<u>69,627</u>	<u>69,627</u>
Expenditures					
Current					
Administration	-	10,333	-	10,333	10,333
Debt service					
Principal payments	-	70,000	190,000	260,000	260,000
Interest and other charges	-	3,937	177,239	181,176	181,176
Total expenditures	<u>-</u>	<u>84,270</u>	<u>367,239</u>	<u>451,509</u>	<u>451,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>96</u>	<u>(44,316)</u>	<u>(337,662)</u>	<u>(381,882)</u>	<u>(381,882)</u>
Other financing sources (uses)					
Transfers in	-	383,856	334,085	717,941	717,941
Transfers out	(4,859)	(50,000)	-	(54,859)	(54,859)
Total other financing sources (uses)	<u>(4,859)</u>	<u>333,856</u>	<u>334,085</u>	<u>663,082</u>	<u>663,082</u>
Net changes in fund balances	(4,763)	289,540	(3,577)	281,200	281,200
Fund balances at beginning of year	<u>22,603</u>	<u>(263,004)</u>	<u>(116,429)</u>	<u>(356,830)</u>	<u>(356,830)</u>
Fund balances at end of year	<u>\$ 17,840</u>	<u>\$ 26,536</u>	<u>\$ (120,006)</u>	<u>\$ (75,630)</u>	<u>\$ (75,630)</u>

## INDEPENDENT ACCOUNTANTS' 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, 2012. 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, 2012.

  
Crowe Horwath LLP

Oak Brook, Illinois  
May 3, 2013