

**VILLAGE OF LONG GROVE**

Long Grove, Illinois

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended April 30, 2012

# VILLAGE OF LONG GROVE

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# VILLAGE OF LONG GROVE

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Long Grove  
Long 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 Long Grove, Illinois, as of and for the year ended April 30, 2012, which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Long Grove'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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Long Grove, Illinois, as of April 30, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B., the village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective May 1, 2011.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The Village of Long Grove, Illinois, has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

To the Village Board  
Village of Long Grove

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Long Grove's basic financial statements. The detailed schedule of revenues and expenditures – budget and actual for the general fund and the combining fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Baker Silly Virchow Krause, LLP*

Madison, Wisconsin  
January 25, 2013

# VILLAGE OF LONG GROVE

## STATEMENT OF NET ASSETS As of April 30, 2012

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 3,841,566	\$ 15,815	\$ 3,857,381
Taxes receivable	942,820	-	942,820
Accounts receivable	690,912	7,988	698,900
Special assessments receivable	-	1,345,864	1,345,864
Internal balances	578,266	(578,266)	-
Restricted cash and investments	611,903	38,752	650,655
Other assets	280,000	87,550	367,550
Capital Assets			
Land	15,497,887	116,801	15,614,688
Other capital assets, net of accumulated depreciation	3,700,364	3,206,180	6,906,544
Total Assets	26,143,718	4,240,684	30,384,402
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	211,429	3,999	215,428
Accrued interest	111,250	12,952	124,202
Unearned revenue	175,318	-	175,318
Current maturities of long-term debt	-	30,000	30,000
Noncurrent Liabilities			
Due in more than one year	4,450,000	970,000	5,420,000
Total Liabilities	4,947,997	1,016,951	5,964,948
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	19,198,251	2,361,733	21,559,984
Restricted for:			
Road projects	35,472	-	35,472
Economic development	13,217	-	13,217
Open space	3,037,611	-	3,037,611
Unrestricted (deficit)	(1,088,830)	862,000	(226,830)
<b>TOTAL NET ASSETS</b>	<b>\$ 21,195,721</b>	<b>\$ 3,223,733</b>	<b>\$ 24,419,454</b>

See accompanying notes to financial statements.

**VILLAGE OF LONG GROVE**

STATEMENT OF ACTIVITIES  
For the Year Ended April 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
<b>Governmental Activities</b>							
General government	\$ 912,738	\$ 429,956	\$ -	\$ -	\$ (482,782)	\$ -	\$ (482,782)
Public safety	537,926	120,194	-	-	(417,732)	-	(417,732)
Public works	567,481	-	48,796	243,587	(275,098)	-	(275,098)
Culture, recreation and education	125,883	14,723	-	-	(111,160)	-	(111,160)
Conservation and development	910,170	-	165,056	-	(745,114)	-	(745,114)
Interest and fiscal charges	286,683	-	-	-	(286,683)	-	(286,683)
<b>Total Governmental Activities</b>	<b>3,340,881</b>	<b>564,873</b>	<b>213,852</b>	<b>243,587</b>	<b>(2,318,569)</b>	<b>-</b>	<b>(2,318,569)</b>
<b>Business-type Activities</b>							
Special service area - water	260,258	-	-	-	-	(260,258)	(260,258)
Water management	43,561	57,644	-	-	-	14,083	14,083
<b>Total Business-type Activities</b>	<b>303,819</b>	<b>57,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(246,175)</b>	<b>(246,175)</b>
<b>Totals</b>	<b>\$ 3,644,700</b>	<b>\$ 622,517</b>	<b>\$ 213,852</b>	<b>\$ 243,587</b>	<b>(2,318,569)</b>	<b>(246,175)</b>	<b>(2,564,744)</b>
<b>General Revenues</b>							
Taxes							
Income					686,526	-	686,526
Sales					1,569,239	-	1,569,239
TIF increment/property taxes					60,419	-	60,419
Telecommunications					59,827	-	59,827
Other taxes					51,584	-	51,584
Investment income					5,974	1,158	7,132
Miscellaneous					104,463	-	104,463
Transfers					(415,604)	415,604	-
<b>Total General Revenues</b>					<b>2,122,428</b>	<b>416,762</b>	<b>2,539,190</b>
<b>Change in Net Assets</b>					<b>(196,141)</b>	<b>170,587</b>	<b>(25,554)</b>
<b>NET ASSETS - Beginning of Year</b>					<b>21,391,862</b>	<b>3,053,146</b>	<b>24,445,008</b>
<b>NET ASSETS - END OF YEAR</b>					<b>\$ 21,195,721</b>	<b>\$ 3,223,733</b>	<b>\$ 24,419,454</b>

See accompanying notes to financial statements.

**VILLAGE OF LONG GROVE**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of April 30, 2012

	General Fund	Open Spaces	Downtown TIF	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 2,067,292	\$ 793,864	\$ 952,575	\$ 27,835	\$ 3,841,566
Receivables					
Taxes	708,582	-	225,628	8,610	942,820
Accounts	26,880	27,650	585,767	15,615	655,912
Due from other funds	30,100	177,972	18,141	-	226,213
Long-term receivable	35,000	-	-	-	35,000
Advance to other funds	2,468,946	2,038,125	548,166	-	5,055,237
Restricted cash and investments	-	-	611,903	-	611,903
<b>TOTAL ASSETS</b>	<b><u>\$ 5,336,800</u></b>	<b><u>\$ 3,037,611</u></b>	<b><u>\$ 2,942,180</u></b>	<b><u>\$ 52,060</u></b>	<b><u>\$ 11,368,651</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 211,429	\$ -	\$ -	\$ -	211,429
Due to other funds	192,742	-	-	3,371	196,113
Deferred revenues	340,187	-	193,013	2,991	536,191
Advance from other funds	-	-	4,507,071	-	4,507,071
Total Liabilities	<u>744,358</u>	<u>-</u>	<u>4,700,084</u>	<u>6,362</u>	<u>5,450,804</u>
Fund Balances					
Nonspendable	2,503,946	-	-	-	2,503,946
Restricted	-	3,037,611	611,903	45,698	3,695,212
Unassigned (deficit)	2,088,496	-	(2,369,807)	-	(281,311)
Total Fund Balances	<u>4,592,442</u>	<u>3,037,611</u>	<u>(1,757,904)</u>	<u>45,698</u>	<u>5,917,847</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 5,336,800</u></b>	<b><u>\$ 3,037,611</u></b>	<b><u>\$ 2,942,180</u></b>	<b><u>\$ 52,060</u></b>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.					19,198,251
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.					360,873
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.					<u>(4,281,250)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>					<b><u>\$ 21,195,721</u></b>

## VILLAGE OF LONG GROVE

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

	General Fund	Open Spaces	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,266,718	\$ -	\$ 279,100	\$ 13,854	\$ 2,559,672
Intergovernmental	48,796	-	-	243,587	292,383
Fees, licenses and permits	429,956	27,650	-	-	457,606
Fines, forfeitures and penalties	92,544	-	-	-	92,544
Public charges for services	14,723	-	-	-	14,723
Investment income	114,598	103,491	66	315	218,470
Miscellaneous	104,461	-	-	-	104,461
Total Revenues	3,071,796	131,141	279,166	257,756	3,739,859
<b>EXPENDITURES</b>					
Current					
General government	897,514	-	-	-	897,514
Public safety	523,846	-	-	-	523,846
Public works	399,239	-	-	-	399,239
Conservation and development	194,567	191	32,364	74	227,196
Capital Outlay	147,445	529	686,564	289,150	1,123,688
Debt Service					
Interest expense	-	-	333,750	-	333,750
Interest on advance	-	-	150,429	-	150,429
Total Expenditures	2,162,611	720	1,203,107	289,224	3,655,662
Excess (deficiency) of revenues over (under) expenditures	909,185	130,421	(923,941)	(31,468)	84,197
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of village property	500,000	-	-	-	500,000
Transfer in	3,202	-	14,770	-	17,972
Transfer out	(14,770)	-	(62,067)	(3,202)	(80,039)
Total Other Financing Sources (Uses)	488,432	-	(47,297)	(3,202)	437,933
<b>Net Change in Fund Balance</b>	1,397,617	130,421	(971,238)	(34,670)	522,130
FUND BALANCES (DEFICIT) - Beginning of Year	3,194,825	2,907,190	(786,666)	80,368	5,395,717
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	\$ 4,592,442	\$ 3,037,611	\$ (1,757,904)	\$ 45,698	\$ 5,917,847

See accompanying notes to financial statements.

## VILLAGE OF LONG GROVE

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2012

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Net change in fund balances - total governmental funds	\$ 522,130
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	770,151
Some items reported as capital outlay were not capitalized	(494,930)
Depreciation is reported in the government-wide statements	(179,136)
In the statement of activities, only the loss (\$332,336) on the sale of the land is reported, while in the governmental funds, the proceeds from the sale (\$500,000) increased financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the land sold.	
	(832,336)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements	
	32,980
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
	<u>(15,000)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (196,141)</u></b>

See accompanying notes to financial statements.

# VILLAGE OF LONG GROVE

## STATEMENT OF NET ASSETS - PROPRIETARY FUND

As of April 30, 2012

	<u>Water Utility</u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 15,815
Accounts receivable	7,988
Total Current Assets	<u>23,803</u>
Noncurrent Assets	
Special assessments receivable	1,345,864
Restricted Assets	
Bond reserve account	38,752
Capital Assets	
Land	116,801
Plant in service	3,431,497
Accumulated depreciation	(225,317)
Other Assets	
Unamortized debt issuance costs	87,550
Total Noncurrent Assets	<u>4,795,147</u>
Total Assets	<u>4,818,950</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	3,999
Due to other funds	30,100
Accrued interest	12,952
Current portion of special service area bonds	30,000
Total Current Liabilities	<u>77,051</u>
Noncurrent Liabilities	
Advances from other funds	548,166
Special service area bonds payable	970,000
Total Noncurrent Liabilities	<u>1,518,166</u>
Total Liabilities	<u>1,595,217</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,361,733
Unrestricted (deficit)	862,000
<b>TOTAL NET ASSETS</b>	<u><u>\$ 3,223,733</u></u>

See accompanying notes to financial statements.

## VILLAGE OF LONG GROVE

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

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	<u>Water Utility</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ <u>57,644</u>
<b>OPERATING EXPENSES</b>	
Utility operations	23,791
Administrative	20,109
Depreciation	<u>114,305</u>
Total Operating Expenses	<u>158,205</u>
Operating Income (Loss)	<u>(100,561)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	1,158
Amortization of debt issuance costs	(5,150)
Interest expense	<u>(140,464)</u>
Total Nonoperating Revenues (Expenses)	<u>(144,456)</u>
Income (loss) before contributions and transfers	(245,017)
Capital contributions-village	353,537
Transfers in	<u>62,067</u>
Change in Net Assets	170,587
TOTAL NET ASSETS - Beginning of Year	<u>3,053,146</u>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<u>\$ 3,223,733</u>

See accompanying notes to financial statements.

# VILLAGE OF LONG GROVE

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended April 30, 2012

	Water Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 49,656
Paid to suppliers for good and services	<u>(32,677)</u>
Net Cash Flows From Operating Activities	<u>16,979</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Special assessments received	187,727
Interest paid	(127,512)
Advances	548,166
Transfers	62,067
Acquisition and construction of capital assets	<u>(1,542,511)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(872,063)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>1,158</u>
Net Cash Flows From Investing Activities	<u>1,158</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(853,926)</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>908,493</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 54,567</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (100,561)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided From Operating Activities	
Depreciation expense	114,305
Changes in assets and liabilities	
Accounts receivable	(7,988)
Accounts payable	(1,277)
Due to other funds	<u>12,500</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 16,979</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUND</b>	
Cash and investments - statement of net assets-proprietary fund	\$ 15,815
Restricted cash and investments - statement of net assets - proprietary fund	<u>38,752</u>
<b>TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 54,567</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
TIF financed capital assets	<u>\$ 353,537</u>

See accompanying notes to financial statements.

# VILLAGE OF LONG GROVE

## STATEMENT OF NET ASSETS FIDUCIARY FUNDS As of April 30, 2012

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and investments	\$ 480,455
Accounts receivable	<u>144</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 480,599</u></b>
<b>LIABILITIES</b>	
Liabilities	
Accounts payable	\$ 320,671
Due to bond holders or homeowners	<u>159,928</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 480,599</u></b>

See accompanying notes to financial statements.

# VILLAGE OF LONG GROVE

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the Village of Long Grove, Illinois conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the Village of Long Grove (the village). The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### ***Government-Wide Financial Statements***

In February 2009, the GASB issued Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The village made the decision to implement this standard effective May 1, 2011.

The statement of net assets and statement of activities display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Government-Wide Financial Statements (cont.)***

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

##### ***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

- General Fund – Accounts for the village’s primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue – Open Spaces – Accounts for resources legally restricted to supporting expenditures for the open space program.
- Special Revenue – Downtown Tax Incremental Financing (TIF) – Accounts for resources legally restricted to supporting expenditures for the Downtown TIF fund.

# VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

#### ***Fund Financial Statements (cont.)***

The village reports the following major enterprise fund:

Water Utility – Accounts for the operations of the water system.

The village reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor Fuel Tax – Accounts for specific revenue sources that are legally restricted to expenditures for local road and related improvements.

Business District (BD) Special Revenue Fund – Accounts for resources legally restricted to supporting expenditures for the business district.

In addition, the village reports the following fund types:

Agency funds are used to account for assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Interagency Control Fees  
Builders' Refundable Bonds  
Fees Refundable to Others  
Heron's Landing SSA

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

#### ***Government-Wide Financial Statements***

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments, if any, are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### **Government-Wide Financial Statements (cont.)**

The business-type activities follow all pronouncements of the *Governmental Accounting Standards Board*, and have elected not to follow *Financial Accounting Standards Board* pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### **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 recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include sales and income taxes, property tax increment, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes earned in the current year which are not collected until the subsequent year. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village 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 revenue is removed from the balance sheet and revenue is recognized. The village reported \$536,191 of taxes receivable that was deferred, as of April 30, 2012. Of this amount, \$360,873 was unavailable, but had been earned as of April 30, 2012, and therefore, has been recognized as revenue for the government-wide financial statements.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

##### *Fund Financial Statements* (cont.)

The enterprise funds follow all pronouncements of the *Governmental Accounting Standards Board*, and have elected not to follow *Financial Accounting Standards Board* pronouncements issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### *All Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

##### 1. *Deposits and Investments*

Illinois Statutes authorize the village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds Investment Pool, and the Illinois Metropolitan Investment Fund.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The village has deposits and investments subject to custodial credit risk. The village's investment policy requires all deposits and investments to be securitized by insurance or collateral.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

The Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment fund established under the Illinois Municipal Code. The pooled funds are invested exclusively in U.S. government-backed securities. This fund is not registered with the SEC as an investment company, but makes investments only in those investments specifically authorized in the Public Investment Act of the State of Illinois (30 ILCS 235/1). Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

See Note IV.A. for further information.

##### **2. Receivables**

Property taxes for levy year 2011 attaches as an enforceable lien on January 1, 2011, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The tax levy, which attached as an enforceable lien on the property as of January 1, has been recorded as a receivable as of April 30, 2012.

Tax bills for levy years are prepared by Lake County and issued on or about March 1, and September 1, and are payable in two installments, on or about April 1, and October 1, or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2011 property tax levy is recognized as a receivable and deferral in fiscal 2012, net of amounts already collected. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2012, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2011 levy.

Accounts receivable have been shown net of an allowance for uncollectible accounts. The amount recorded as accounts receivable has been reduced by an allowance for uncollectible accounts of \$35,550.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

##### **3. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **4. Capital Assets**

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Machinery and Equipment	5-10 Years
Infrastructure	10-50 Years

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### **5. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

##### **6. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. The benefits are not material to the financial statements; therefore, there are no amounts accrued in these financial statements.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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#### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **7. Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist entirely of bonds payable.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

##### **8. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

##### **9. Basis for Existing Rates – Proprietary Fund**

###### ***Water Management Fund***

The village approved Ordinance No. 2009-O-19 “Water Service Charge Ordinance” on April 14, 2009 and amended it on January 25, 2011 and April 26, 2011.

Current water service charge rates were approved by the village board and took effect on April 26, 2011.

##### **10. Equity Classifications**

###### ***Government-Wide Statements***

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the village’s policy to use restricted resources first, then unrestricted resources as they are needed.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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#### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **10. Equity Classifications (cont.)**

###### ***Fund Statements***

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the village classifies governmental fund balance as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance, resolution, motion) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The village has adopted a financial policy authorizing the Village Board to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The village adopted a minimum fund reserve policy effective April 26, 2011. The recommended minimum reserve balance shall be equal to 100% of the projected and actual total annual revenues. Until such reserve levels are established, the village annual budget should be balanced or revenue positive. Non-budgeted expenditures reducing the reserve below the minimum established level shall be limited to emergency or crisis situations and shall only be approved after a two-reading process, unless such process is waived pursuant to a 2/3 vote by the Board of Trustees.

See Note IV.H. for further information.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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#### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental funds balance sheet includes a reconciliation between total fund balance and net assets of governmental activities as reported in the government-wide statement of net assets. The reconciliation explains that “capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.” The details of this difference are as follows:

Land	\$ 15,497,887
Land improvements	3,604,485
Buildings	205,630
Machinery and equipment	172,505
Infrastructure	447,916
Less: Accumulated depreciation	<u>(730,172)</u>
Adjustment for Capital Assets	<u>\$ 19,198,251</u>

Long-term liabilities applicable to the village’s governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities – both current and long-term – are reported in the statement of net assets.

Bonds payable	\$ 4,450,000
Accrued interest	111,250
Unamortized bond issuance costs	<u>(280,000)</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 4,281,250</u>

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for all funds except for the Business District.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$-0-. Budgets are adopted at the departmental level of expenditure.

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

**NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Open Spaces Fund	\$ -	\$ 720	\$ 720
Downtown TIF	153,000	1,265,174	1,112,174
Motor Fuel Tax	200,000	289,150	89,150

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

**C. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of April 30, 2012, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Downtown TIF fund	\$ 1,757,904	Expenditures in excess of revenues

The TIF district deficit is anticipated to be funded with future incremental taxes levied over the life of the district.

**D. WATER SYSTEM DISCLOSURES**

The village approved ordinance establishing the water service charge requires the following annual disclosures:

1. Total volume of water received at the water plant for fiscal year 2011-12: 4,556,000 gallons.
2. Total volume of water billed for fiscal year 2011-12: 4,034,000 gallons.
3. Debt service for fiscal year 2012-13: \$107,500.
4. Number of users connected to the system: 9.
5. Number of non-metered users: 1.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

#### NOTE IV – DETAILED NOTES ON ALL FUNDS

##### A. DEPOSITS AND INVESTMENTS

The village's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 420,546	\$ 444,382	Custodial credit risk
Money market	988,162	988,877	Custodial credit risk
Illinois Metropolitan Investment Fund	1,816,452	1,816,452	Credit risk and interest rate risk
Open-ended money market mutual fund	1,763,081	1,752,763	Custodial credit risk
Petty cash	250	-	N/A
Total Cash and Investments	\$ 4,988,491	\$ 5,002,474	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 3,857,381		
Restricted cash and investments	650,655		
Per statement of net assets –			
Fiduciary			
Agency	480,455		
Total Cash and Investments	\$ 4,988,491		

Deposits in each credit union or bank are insured by the NCUA or FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

#### ***Custodial Credit Risk***

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

As of April 30, 2012, the village's deposits were exposed to custodial credit risk as follows:

Deposits	
Uninsured and uncollateralized	\$ 84,328

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

***Credit Risk***

Credit risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of April 30, 2012, the village’s investments were rated as follows:

Investment Type	Moody’s
Illinois Metropolitan Investment Fund	Not Rated

***Interest Rate Risk***

Interest rate risk – The risk that changes in interest rates will adversely affect the fair value of an investment.

As of April 30, 2012, the village’s investments were as follows:

Investment Type	Fair Value	Maturity (In Months)		
		Less than 6 months	6 – 18 Months	18 – 30 Months
IMET	\$ 1,816,452	\$ 1,816,452	\$ -	\$ -

**B. RECEIVABLES**

Accounts receivable are reported net of uncollectible amounts. Uncollectible amounts related to tree replacement revenues totaled \$35,500. The village continues to pursue collection of this amount.

All receivables are expected to be collected within one year, with the exception of the special assessments reported in the water utility fund. These amounts are anticipated to be collected over the remaining life of the assessments levied upon benefitting property owners within the SSA.

**C. RESTRICTED ASSETS**

The Downtown TIF special revenue fund reports restricted assets in the amount of \$611,903. \$445,000 of this balance is to account for resources set aside in a reserved bank account called the Reserve Fund. The remaining \$166,903 has been deposited in a capitalized interest account of the bond fund to pay interest first coming due on the bonds as required by the Limited Obligation Tax Increment Revenue Bonds, Series 2010.

The water utility proprietary fund reports \$38,752 of restricted assets being held in a separate bond reserve account as required by the 2012 Special Service Area Bonds.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 16,330,223	\$ -	\$ 832,336	\$ 15,497,887
Construction work in progress	32,090	-	32,090	-
Total Capital Assets Not Being Depreciated	16,362,313	-	864,426	15,497,887
Capital assets being depreciated				
Land improvements	3,604,485	-	-	3,604,485
Buildings	205,630	-	-	205,630
Machinery and equipment	164,257	8,248	-	172,505
Bridges	148,853	32,090	-	180,943
Roads	-	266,973	-	266,973
Total Capital Assets Being Depreciated	4,123,225	307,311	-	4,430,536
Less: Accumulated depreciation for				
Land improvements	(288,358)	(144,179)	-	(432,537)
Buildings	(60,878)	(5,444)	-	(66,322)
Machinery and equipment	(106,830)	(4,744)	-	(111,574)
Bridges	(94,970)	(18,094)	-	(113,064)
Roads	-	(6,675)	-	(6,675)
Total Accumulated Depreciation	(551,036)	(179,136)	-	(730,172)
Governmental Activities Capital Assets, Net of Depreciation	\$ 19,934,502	\$ 128,175	\$ 864,426	\$ 19,198,251

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 10,055
Public works	25,588
Culture and recreation	17,610
Conservation and development	125,883
Total Governmental Activities Depreciation Expense	\$ 179,136

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 116,801	\$ -	\$ -	\$ 116,801
Capital assets being depreciated				
Public water system infrastructure	3,330,359	91,757	-	3,422,116
Equipment	-	9,381	-	9,381
Total Capital Assets Being Depreciated	3,330,359	101,138	-	3,431,497
Less: Accumulated depreciation	(111,012)	(114,305)	-	(225,317)
Business-type Activities Capital Assets, Net of Depreciation	\$ 3,336,148	\$ (13,167)	\$ -	\$ 3,322,981

Depreciation expense was charged to functions as follows:

Water utility	\$ 114,305
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#### E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

##### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
Downtown TIF	General fund	\$ 14,770
Downtown TIF	Business district	3,371
General fund	Water management	30,100
Open spaces	General fund	177,972
Total – Fund Financial Statements		226,213
Less: Fund eliminations		(196,113)
Add: Advances		548,166
Total Internal Balances – Government-Wide Statement of Net Assets		\$ 578,266
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 578,266
Total		\$ 578,266

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)**

***Interfund Receivables/Payables (cont.)***

The principal purpose of the \$30,100 general fund receivable is to record amounts owed from the water management fund's start up costs. The principal purpose of the \$14,770 Downtown TIF receivable is to account for amounts owed to the Downtown TIF fund as required by Illinois State Statute 651LCS 5/11-74.4-8.

All amounts are expected to be repaid within one year.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

***Advances***

The general fund is advancing funds to the Downtown TIF special revenue fund. The amount advanced at April 30, 2012 was \$2,468,946. The advance is the combination of two amounts: 1) \$2,392,530 from funds advanced since the TIF's inception as authorized on December 8, 2009, the date upon which Ordinance No. 2009-O-44 was approved by the village board. This ordinance provided for the borrowing of up to \$3,000,000 between the general fund and TIF at a rate of 4% with scheduled principal payments of \$250,000 every December 1, commencing on December 1, 2010 and continuing through December 1, 2021. Interest and arrearage charges are paid current on the portion of the advance from December 8, 2009 through April 30, 2012; and 2) \$76,416 of interest being charged on the portion of the advance prior to December 8, 2009. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception.

The open spaces fund is advancing funds to the downtown TIF fund. The advance has been authorized by two Ordinances. Ordinance No. 2009-O-43 provides for the borrowing of up to \$1,500,000 between open spaces and the TIF fund, and 2011-O-07 provides for the borrowing of up to \$950,000 between Open Spaces and the TIF fund. The rate being charged according to these ordinances is 4%. Scheduled principal payments are required every December 1. The balance between open spaces and the downtown TIF fund consists of only principal. All interest and arrearage charges are paid current as of April 30, 2012.

The Downtown TIF fund has advanced \$548,166 to the Special Service Area Water fund to record amounts that have been paid by the TIF fund for costs incurred within the Special Service Area Water fund, which lies within and is a part of the TIF district, for the deep water well construction costs. No interest is being charged.

The following is a schedule of the interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Downtown TIF	\$ 2,468,946
Open spaces fund	Downtown TIF	2,038,125
Downtown TIF	SSA Water	<u>548,166</u>
Total – Fund Financial Statements		5,055,237
Less: Fund eliminations		<u>(4,507,071)</u>
Total Interfund Advances		<u>\$ 548,166</u>

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)**

**Transfers**

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Business district	\$ 3,202	Reimbursement of prior year costs.
Downtown TIF	General fund	14,770	To account for amounts owed to the TIF as required by Illinois State Statute 651LCS 5/11-74.4-8.
SSA water	Downtown TIF	<u>62,067</u>	To apply TIF funds for expenses incurred within the SSA water fund for the completed construction of a deep water well. The well is located within, and is part of the TIF.
Total – Fund Financial Statements		80,039	
Less: Fund eliminations		(17,972)	
Add: SSA water capital assets financed by the TIF		<u>353,537</u>	
Total Transfers – Government-wide Statement of Activities		<u>\$ 415,604</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**F. LONG-TERM OBLIGATIONS**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
Limited obligation tax increment revenue bonds	\$ 4,450,000	\$ -	\$ -	\$ 4,450,000	\$ -
Total Governmental Activities Long-Term Liabilities	<u>\$ 4,450,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,450,000</u>	<u>\$ -</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
Special service area bonds (tax-exempt obligations)	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

The village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the village. As of April 30, 2012, the statutory debt limit for the village was \$52,218,968, providing a debt margin of \$51,218,968.

**Revenue Debt**

The village has pledged future tax increment and other tax revenues, net of specified operating expenses, to repay \$4,500,000 in limited obligation tax increment revenue bonds issued in September of 2010. Proceeds from the bonds provided financing for the Sunset Grove project. The bonds are payable solely from incremental taxes, business district taxes, and certain sales tax revenues from property described as the Sunset Grove Property pursuant to the Indenture and by other pledged revenues and are payable through January 1, 2030. Annual principal and interest payments on the bonds are expected to require 40.0% of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,637,625. Principal and interest paid for the current year and total net revenues were \$333,750 and \$279,100, respectively.

Revenue debt payable at April 30, 2012, consists of the following:

**Governmental Activities Revenue Debt**

Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2012
Limited obligation tax increment revenue bonds, Series 2010	9/29/2010	01/01/2030	7.50%	\$ 4,450,000	\$ 4,450,000
Total Governmental Activities – Revenue Debt					<u>\$ 4,450,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Revenue Debt	
	Principal	Interest
2013	\$ -	\$ 333,750
2014	75,000	333,750
2015	110,000	328,125
2016	150,000	319,875
2017	120,000	308,625
2018 – 2022	885,000	1,384,125
2023 – 2027	1,635,000	949,125
2028 – 2030	1,475,000	230,250
Totals	<u>\$ 4,450,000</u>	<u>\$ 4,187,625</u>

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### Revenue Debt (cont.)

##### Special Service Area Bonds

The special service area bonds are payable from special taxes levied by the county, on behalf of the village, upon benefitting properties.

Special service area bonds payable at April 30, 2012, consists of the following:

##### Business-type Activities

Special Service Area Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance April 30, 2012
2011 Special service area bonds	2/01/2011	3/01/2030	7.75%	\$ 1,000,000	\$ <u>1,000,000</u>
Total Business-type Activities – Special Service Area Bonds					\$ <u>1,000,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Special Service Area Bonds	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 30,000	\$ 77,500
2014	30,000	75,175
2015	35,000	72,850
2016	40,000	70,138
2017	40,000	67,037
2018 – 2022	255,000	283,263
2023 – 2027	375,000	166,625
2028 – 2030	195,000	22,863
Totals	<u>\$ 1,000,000</u>	<u>\$ 835,451</u>

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **F. LONG-TERM OBLIGATIONS** (cont.)

##### **No Commitment Debt**

##### ***Heron's Landing Special Service Area***

The village has issued \$1,365,000 of tax-exempt special tax bonds and \$435,000 of taxable special tax bonds. Series 2011A was issued in the amount of \$1,365,000 and Series 2011B was issued in the amount of \$435,000. The bonds are dated December 8, 2011 with interest rates ranging from 4.5% to 6.0%. Amounts are payable on June 15 and December 15 each year with a maturity date of December 15, 2041 for Series A and December 15, 2024 for Series B. These bonds are payable from specific user fees or a tax levy from the Heron's Landing Special Service Area (SSA) only and are obligations of the SSA only, and are not village obligations. Proceeds from the bonds are being used to finance water mains and associated water distribution and storage facilities and equipment, and connections to single family homes in the Heron's Landing subdivision. The village has entered into an Intergovernmental Agreement with Lake County. The county is responsible for overseeing and bidding the construction of the project and will accept conveyance of the water project from the village, as well as operate and maintain the water system. Lake County is reporting the construction activity in its financial statements.

These SSA bonds are treated as special assessment debt without village obligation. The village acts only as an agent for the property owners in collecting the assessments and forwarding them to the bond paying agent. Transactions for this activity are being recorded in the Heron's Landing agency fund.

#### **G. LEASE DISCLOSURES**

The village has no material leases as lessee or lessor.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at April 30, 2012 includes the following:

##### **Governmental Activities**

Invested in capital assets	
Land	\$ 15,497,887
Other capital assets, net of accumulated depreciation	3,700,364
Total Invested in Capital Assets	<u>19,198,251</u>
Restricted	
Road projects	35,472
Economic development	13,217
Open spaces	3,037,611
Total Restricted	<u>3,086,300</u>
Unrestricted (deficit)	<u>(1,088,830)</u>
Total Governmental Activities Net Assets	<u>\$ 21,195,721</u>

Governmental fund balances reported on the fund financial statements at April 30, 2012 include the following:

	General Fund	Open Spaces	Downtown TIF	Non-major Governmental Funds	Totals
<b>FUND BALANCES</b>					
<b>Nonspendable:</b>					
Long-term receivable	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
Advances to other funds	2,468,946	-	-	-	2,468,946
<b>Restricted for:</b>					
Land purchases	-	3,037,611	-	-	3,037,611
Economic development	-	-	-	10,226	10,226
Debt service – capitalized interest	-	-	166,875	-	166,875
Debt service – reserve fund	-	-	445,028	-	445,028
Road projects	-	-	-	35,472	35,472
<b>Unassigned (deficit):</b>	<u>2,088,496</u>	<u>-</u>	<u>(2,369,807)</u>	<u>-</u>	<u>(281,311)</u>
Totals	<u>\$ 4,592,442</u>	<u>\$ 3,037,611</u>	<u>\$ (1,757,904)</u>	<u>\$ 45,698</u>	<u>\$ 5,917,847</u>

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **H. NET ASSETS/FUND BALANCES (cont.)**

##### ***Business-type Activities***

Invested in capital assets, net of related debt	
Land	\$ 116,801
Other capital assets, net of accumulated depreciation	3,206,180
Less: Related long-term debt outstanding	<u>(961,248)</u>
Total Invested in Capital Assets, Net of Related Debt	2,361,733
Unrestricted	<u>862,000</u>
Total Business-type Activities Net Assets	<u><u>\$ 3,223,733</u></u>

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### NOTE V – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

The village's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by state statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2011 was 10.91%. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

For December 31, 2011, the employer's annual pension cost of \$38,938 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.0% per year attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year 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 20% corridor.

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2012

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### TREND INFORMATION

The village began participating in the plan in January, 2003. Therefore, trend information prior to January, 2003 is not applicable.

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$ 38,938	100%	\$ -
12/31/10	45,257	100%	-
12/31/09	42,223	100%	-

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$172,153. On a market basis, the funded ratio would be 26.33%. This funded ratio only represents the funded status for village employees not yet retired. Retirees are always 100% funded, and if retirees and active employees were combined, the funded status would be 62.01% in the aggregate.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) --Entry Age	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 193,753	\$ 653,950	29.63%	\$ 460,197	\$ 356,903	128.94%

#### B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2012

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#### NOTE V – OTHER INFORMATION (cont.)

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##### **C. COMMITMENTS AND CONTINGENCIES**

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is of the opinion of management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

The Downtown TIF fund has incurred cumulative costs of \$448,067 through April 30, 2012 for the initial development costs of a project within the TIF district. The village has entered into a Redevelopment Agreement with the developer that requires the developer to reimburse the village for these costs if certain conditions within the agreement are not met. If conditions are met, the village is required to waive specified maximum amounts as stipulated in the agreement.

##### **D. JOINT VENTURE**

###### ***Description of Joint Venture***

The village is a member of the Solid Waste Agency of Lake County ("SWALCO"). SWALCO is a municipal corporation formed by Lake County and 41 municipalities within Lake County for the purpose of implementing the Lake County Solid Waste Management Plan. SWALCO has a Board of Directors made up from these members, an Executive Committee (three at large and six elected members), a Legislative Committee and five staff members. SWALCO is established pursuant to the Intergovernmental Cooperation Act of the State of Illinois, the Illinois Local Solid Waste Disposal Act, the Illinois Planning and Recycling Act and Lake County Board Resolution #38 of September 12, 1989. Operations began on February 21, 1991.

The Agency is funded from a surcharge imposed at sanitary landfills. The surcharge also funds the Lake County Health Department's enforcement program. The Agency also receives a yearly operations and maintenance fee from its members based on the number of households in each member community.

SWALCO generates revenue from user charges. The village paid \$2,333 to SWALCO during the year.

Complete financial statements for SWALCO can be obtained from SWALCO's website at [www.swalco.org](http://www.swalco.org).

##### **E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; and Statement No. 66, *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

## VILLAGE OF LONG GROVE

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 1,934,456	\$ 2,266,718	\$ 332,262
Intergovernmental	-	48,796	48,796
Fees, licenses and permits	380,000	429,956	49,956
Fines, forfeitures and penalties	60,600	92,544	31,944
Public charges for services	14,300	14,723	423
Investment income	1,800	114,598	112,798
Miscellaneous revenues	53,000	104,461	51,461
Total Revenues	<u>2,444,156</u>	<u>3,071,796</u>	<u>627,640</u>
<b>EXPENDITURES</b>			
Current			
General government	806,174	897,514	(91,340)
Public safety	543,069	523,846	19,223
Public works	535,600	399,239	136,361
Conservation and development	185,056	194,567	(9,511)
Capital Outlay	265,900	147,445	118,455
Total Expenditures	<u>2,335,799</u>	<u>2,162,611</u>	<u>173,188</u>
Excess of revenues over expenditures	108,357	909,185	800,828
<b>OTHER FINANCING SOURCES</b>			
Sale of village property	-	500,000	500,000
Transfer in	-	3,202	3,202
Transfer out	-	(14,770)	(14,770)
Total Other Financing Sources	<u>-</u>	<u>488,432</u>	<u>488,432</u>
Net Change in Fund Balance	108,357	1,397,617	1,289,260
FUND BALANCE - Beginning of Year	<u>3,194,825</u>	<u>3,194,825</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,303,182</u>	<u>\$ 4,592,442</u>	<u>\$ 1,289,260</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF LONG GROVE

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OPEN SPACES For the Year Ended April 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Fees, licenses and permits	\$ 8,570	\$ 27,650	\$ 19,080
Investment income	-	1,424	1,424
Interest on advance to TIF fund	-	102,067	102,067
Total Revenues	<u>8,570</u>	<u>131,141</u>	<u>122,571</u>
<b>EXPENDITURES</b>			
Current			
Conservation and development	-	191	(191)
Capital Outlay	-	529	(529)
Total Expenditures	<u>-</u>	<u>720</u>	<u>(720)</u>
Net Change in Fund Balance	8,570	130,421	121,851
FUND BALANCE - Beginning of Year	<u>2,907,190</u>	<u>2,907,190</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,915,760</u>	<u>\$ 3,037,611</u>	<u>\$ 121,851</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF LONG GROVE

SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DOWNTOWN TIF  
For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 110,000	\$ 279,100	\$ 169,100
Investment income	-	66	66
Total Revenues	<u>110,000</u>	<u>279,166</u>	<u>169,166</u>
<b>EXPENDITURES</b>			
Conservation and development	-	32,364	(32,364)
Capital outlay	153,000	686,564	(533,564)
Debt service			
Interest expense	-	333,750	(333,750)
Interest on advances	-	150,429	(150,429)
Total Expenditures	<u>153,000</u>	<u>1,203,107</u>	<u>(1,050,107)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,000)</u>	<u>(923,941)</u>	<u>(880,941)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	-	14,770	14,770
Transfer out	-	(62,067)	(62,067)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(47,297)</u>	<u>(47,297)</u>
Net Change in Fund Balance	(43,000)	(971,238)	(928,238)
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(786,666)</u>	<u>(786,666)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (829,666)</u>	<u>\$ (1,757,904)</u>	<u>\$ (928,238)</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF LONG GROVE

### SCHEDULE OF FUNDING PROGRESS ILLINOIS MUNICIPAL RETIREMENT PLAN For the Year Ended April 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) --Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 193,753	\$ 653,950	\$ 460,197	29.63%	\$ 356,903	128.94%
12/31/10	106,875	536,195	429,320	19.93%	420,217	102.17%
12/31/09	361,100	554,835	193,735	65.08%	402,889	48.09%

See independent auditors' report.

## VILLAGE OF LONG GROVE

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended April 30, 2012

***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	Original and Final Budget	Expenditures	Excess
<u>General Fund</u>			
General government	\$ 806,174	\$ 897,514	\$ 91,340
Conservation and development	185,056	194,567	9,511
<u>Open Spaces</u>			
General government	-	720	720
<u>Downtown TIF</u>			
Conservation and development	-	32,364	32,364
Capital outlay	153,000	686,564	533,564
Debt service – interest expense	-	333,750	333,750
Debt service – interest on advance	-	150,429	150,429
Transfer out	-	62,067	62,067

**SUPPLEMENTARY INFORMATION**

## VILLAGE OF LONG GROVE

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>TAXES</b>			
Sales tax	\$ 1,145,000	\$ 1,338,760	\$ 193,760
Income tax	520,000	650,989	130,989
Road and bridge tax	48,000	45,311	(2,689)
Telecommunications tax	50,000	59,827	9,827
Downtown SSA - Business and community partners	165,056	165,056	-
Other taxes	6,400	6,775	375
<b>TOTAL TAXES</b>	<b><u>\$ 1,934,456</u></b>	<b><u>\$ 2,266,718</u></b>	<b><u>\$ 332,262</u></b>
<b>INTERGOVERNMENTAL</b>			
State of Illinois - Emergency management grant	\$ -	\$ 48,796	\$ 48,796
<b>FEES, PERMITS AND LICENSES</b>			
Franchise fees	\$ 120,000	\$ 146,668	\$ 26,668
Permits	220,000	237,798	17,798
Licenses	40,000	45,490	5,490
<b>TOTAL FEES, PERMITS AND LICENSES</b>	<b><u>\$ 380,000</u></b>	<b><u>\$ 429,956</u></b>	<b><u>\$ 49,956</u></b>
<b>FINES, FORFEITURES AND PENALTIES</b>			
Citations	\$ 60,000	\$ 92,544	\$ 32,544
Fines	600	-	(600)
<b>TOTAL FINES, FORFEITURES AND PENALTIES</b>	<b><u>\$ 60,600</u></b>	<b><u>\$ 92,544</u></b>	<b><u>\$ 31,944</u></b>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Long Grove Commons	\$ 14,300	\$ 14,723	\$ 423
<b>INVESTMENT INCOME</b>			
Investment income	\$ 1,800	\$ 4,169	\$ 2,369
Interest on advance to TIF fund	-	110,429	110,429
<b>TOTAL INVESTMENT INCOME</b>	<b><u>\$ 1,800</u></b>	<b><u>\$ 114,598</u></b>	<b><u>\$ 112,798</u></b>
<b>MISCELLANEOUS REVENUES</b>			
Reimbursement of expenditures	\$ 20,000	\$ 45,688	\$ 25,688
SWALCO capacity agreement	7,500	31,087	23,587
CERT	5,500	9,484	3,984
Forfeited escrow	-	7,800	7,800
Other	20,000	10,402	(9,598)
<b>TOTAL MISCELLANEOUS REVENUES</b>	<b><u>\$ 53,000</u></b>	<b><u>\$ 104,461</u></b>	<b><u>\$ 51,461</u></b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b><u>\$ 2,444,156</u></b>	<b><u>\$ 3,071,796</u></b>	<b><u>\$ 627,640</u></b>

## VILLAGE OF LONG GROVE

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT</b>			
Employee Compensation			
Salaries and wages	\$ 374,000	\$ 397,375	\$ (23,375)
Fringe benefits	123,600	131,864	(8,264)
Total Employee Compensation	<u>497,600</u>	<u>529,239</u>	<u>(31,639)</u>
Office			
Utilities	13,020	10,407	2,613
Supplies	18,500	14,502	3,998
Equipment leases and maintenance	7,500	7,930	(430)
Other maintenance	1,681	1,933	(252)
Total Office	<u>40,701</u>	<u>34,772</u>	<u>5,929</u>
Administrative and Professional			
Insurance	32,000	33,672	(1,672)
Dues, memberships and travel	2,850	1,993	857
Professional development and training	1,300	337	963
Legal	67,100	149,133	(82,033)
Building and zoning plan reviews	5,000	21,214	(16,214)
Bookkeeping	25,000	20,599	4,401
Audit	26,000	17,397	8,603
Inspections	70,000	54,451	15,549
Bridge supplement	6,600	3,040	3,560
Computer consultant	5,300	4,958	342
Internet home page	1,900	1,610	290
Administrative services	3,000	3,747	(747)
Legal notices and subscriptions	800	751	49
Total Administrative and Professional	<u>246,850</u>	<u>312,902</u>	<u>(66,052)</u>
Miscellaneous			
Donations	3,600	3,600	-
Mosquito abatement	16,223	15,750	473
Other	1,200	1,251	(51)
Total Miscellaneous	<u>21,023</u>	<u>20,601</u>	<u>422</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 806,174</u>	<u>\$ 897,514</u>	<u>\$ (91,340)</u>
<b>PUBLIC SAFETY</b>			
Village security	\$ 542,500	\$ 517,932	\$ 24,568
Emergency communication system	-	5,289	(5,289)
Other public safety	569	625	(56)
TOTAL PUBLIC SAFETY	<u>\$ 543,069</u>	<u>\$ 523,846</u>	<u>\$ 19,223</u>

## VILLAGE OF LONG GROVE

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC WORKS</b>			
Snow removal and salting	\$ 290,000	\$ 191,642	\$ 98,358
Emergency operations	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Subtotal - snow removal and emergency operations	410,000	191,642	218,358
Mowing	30,000	20,904	9,096
Road signs and traffic calming	2,500	3,819	(1,319)
Utilities	15,000	16,622	(1,622)
Engineering	73,000	155,949	(82,949)
Bridge inspections	-	640	(640)
SWALCO	2,600	2,333	267
Planting/Trees	1,500	1,646	(146)
Vehicle maintenance - gas and oil	<u>1,000</u>	<u>5,684</u>	<u>(4,684)</u>
 TOTAL PUBLIC WORKS	 <u>\$ 535,600</u>	 <u>\$ 399,239</u>	 <u>\$ 136,361</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Community development grant	\$ 20,000	\$ 20,000	\$ -
Downtown SSA - Business and community partners	165,056	165,056	-
CERT	-	9,484	(9,484)
Other	<u>-</u>	<u>27</u>	<u>(27)</u>
 TOTAL CONSERVATION AND DEVELOPMENT	 <u>\$ 185,056</u>	 <u>\$ 194,567</u>	 <u>\$ (9,511)</u>
<b>CAPITAL OUTLAY</b>			
Village owned property - 3853 Old McHenry Road	\$ 1,000	\$ 2,541	\$ (1,541)
Barb Turner house improvements	-	3,000	(3,000)
Office equipment	2,500	12,747	(10,247)
Office building improvements	3,900	9,208	(5,308)
Road paving, culvert and ditch	250,000	115,224	134,776
Bridge repair	1,000	4,725	(3,725)
Open space maintenance	1,000	-	1,000
Sewer matters	<u>6,500</u>	<u>-</u>	<u>6,500</u>
 TOTAL CAPITAL OUTLAY	 <u>\$ 265,900</u>	 <u>\$ 147,445</u>	 <u>\$ 118,455</u>
 TOTAL GENERAL FUND EXPENDITURES	 <u>\$ 2,335,799</u>	 <u>\$ 2,162,611</u>	 <u>\$ 173,188</u>

## VILLAGE OF LONG GROVE

### COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

As of April 30, 2012

	Motor Fuel Tax	Business District	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 19,857	\$ 7,978	\$ 27,835
Receivables			
Taxes	-	8,610	8,610
Accounts	15,615	-	15,615
TOTAL ASSETS	\$ 35,472	\$ 16,588	\$ 52,060
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Deferred revenues	\$ -	\$ 2,991	\$ 2,991
Due to other funds	-	3,371	3,371
Total Liabilities	-	6,362	6,362
Fund Balances			
Restricted	35,472	10,226	45,698
Total Fund Balances	35,472	10,226	45,698
TOTAL LIABILITIES AND FUND BALANCES	\$ 35,472	\$ 16,588	\$ 52,060

## VILLAGE OF LONG GROVE

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

	<u>Motor Fuel Tax</u>	<u>Business District</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ 13,854	\$ 13,854
Intergovernmental	243,587	-	243,587
Investment income	<u>292</u>	<u>23</u>	<u>315</u>
Total Revenues	<u>243,879</u>	<u>13,877</u>	<u>257,756</u>
<b>EXPENDITURES</b>			
Current			
Conservation and development	-	74	74
Capital Outlay	<u>289,150</u>	<u>-</u>	<u>289,150</u>
Total Expenditures	<u>289,150</u>	<u>74</u>	<u>289,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,271)</u>	<u>13,803</u>	<u>(31,468)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer out	<u>-</u>	<u>(3,202)</u>	<u>(3,202)</u>
Net Change in Fund Balance	(45,271)	10,601	(34,670)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>80,743</u>	<u>(375)</u>	<u>80,368</u>
FUND BALANCES - END OF YEAR	<u>\$ 35,472</u>	<u>\$ 10,226</u>	<u>\$ 45,698</u>

## VILLAGE OF LONG GROVE

### COMBINING SUBFUNDS BALANCE SHEET PROPRIETARY FUND As of April 30, 2012

	Special Service Area - Water	Water Management	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 7,677	\$ 8,138	\$ 15,815
Accounts receivable	-	7,988	7,988
Total Current Assets	7,677	16,126	23,803
Noncurrent Assets			
Special assessments receivable	1,345,864	-	1,345,864
Restricted Assets			
Bond reserve account	38,752	-	38,752
Capital Assets			
Land	116,801	-	116,801
Plant in service	3,422,116	9,381	3,431,497
Accumulated depreciation	(225,082)	(235)	(225,317)
Other Assets			
Unamortized debt issuance costs	87,550	-	87,550
Total Noncurrent Assets	4,786,001	9,146	4,795,147
Total Assets	4,793,678	25,272	4,818,950
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	340	3,659	3,999
Due to other funds	-	30,100	30,100
Accrued interest	12,952	-	12,952
Current portion of special service area bonds	30,000	-	30,000
Total Current Liabilities	43,292	33,759	77,051
Noncurrent Liabilities			
Advances from other funds	548,166	-	548,166
Special service area bonds payable	970,000	-	970,000
Total noncurrent liabilities	1,518,166	-	1,518,166
Total Liabilities	1,561,458	33,759	1,595,217
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,352,587	9,146	2,361,733
Unrestricted (deficit)	879,633	(17,633)	862,000
TOTAL NET ASSETS	\$ 3,232,220	\$ (8,487)	\$ 3,223,733

## VILLAGE OF LONG GROVE

### COMBINING SUBFUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUND

For the Year Ended April 30, 2012

	<u>Special Service Area - Water</u>	<u>Water Management</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ 57,644	\$ 57,644
<b>OPERATING EXPENSES</b>			
Utility operations	-	23,791	23,791
Administrative	574	19,535	20,109
Depreciation	114,070	235	114,305
Total Operating Expenses	<u>114,644</u>	<u>43,561</u>	<u>158,205</u>
Operating Income (Loss)	<u>(114,644)</u>	<u>14,083</u>	<u>(100,561)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,146	12	1,158
Amortization of debt issuance costs	(5,150)	-	(5,150)
Interest expense	(140,464)	-	(140,464)
Total Nonoperating Revenues (Expenses)	<u>(144,468)</u>	<u>12</u>	<u>(144,456)</u>
Income (loss) before contributions and transfer	(259,112)	14,095	(245,017)
Capital contributions-village	353,537	-	353,537
Transfers in	62,067	-	62,067
Change in Net Assets	156,492	14,095	170,587
TOTAL NET ASSETS - Beginning of Year	<u>3,075,728</u>	<u>(22,582)</u>	<u>3,053,146</u>
<b>TOTAL NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ 3,232,220</u>	<u>\$ (8,487)</u>	<u>\$ 3,223,733</u>

## VILLAGE OF LONG GROVE

### COMBINING SUBFUNDS CASH FLOWS PROPRIETARY FUND For the Year Ended April 30, 2012

	Special Service Area - Water	Water Management	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ -	\$ 49,656	\$ 49,656
Paid to suppliers for good and services	(234)	(32,443)	(32,677)
Net Cash Flows From Operating Activities	<u>(234)</u>	<u>17,213</u>	<u>16,979</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Special assessments received	187,727	-	187,727
Interest paid	(127,512)	-	(127,512)
Advances	548,166	-	548,166
Transfers	62,067	-	62,067
Acquisition and construction of capital assets	(1,533,130)	(9,381)	(1,542,511)
Net Cash Flows From Capital and Related Financing Activities	<u>(862,682)</u>	<u>(9,381)</u>	<u>(872,063)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	1,146	12	1,158
Net Cash Flows From Investing Activities	<u>1,146</u>	<u>12</u>	<u>1,158</u>
<b>Net Change in Cash and Cash Equivalents</b>	(861,770)	7,844	(853,926)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>908,199</u>	<u>294</u>	<u>908,493</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 46,429</u>	<u>\$ 8,138</u>	<u>\$ 54,567</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (114,644)	\$ 14,083	\$ (100,561)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided From Operating Activities			
Depreciation expense	114,070	235	114,305
Changes in assets and liabilities			
Accounts receivable	-	(7,988)	(7,988)
Accounts payable	340	(1,617)	(1,277)
Due to other funds	-	12,500	12,500
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (234)</u>	<u>\$ 17,213</u>	<u>\$ 16,979</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING SUBFUNDS BALANCE SHEET- PROPRIETARY FUND</b>			
Cash and investments - combining subfunds balance sheet-proprietary fund	\$ 7,677	\$ 8,138	\$ 15,815
Restricted cash and investments - combining subfunds balance sheet-proprietary fund	<u>38,752</u>	<u>-</u>	<u>38,752</u>
<b>TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 46,429</u>	<u>\$ 8,138</u>	<u>\$ 54,567</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
TIF financed capital assets	<u>\$ 353,537</u>		

**VILLAGE OF LONG GROVE**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 As of April 30, 2012

	Agency				Totals
	Interagency Control Fees	Builders' Refundable Bonds	Fees Refundable to Others	Heron's Landing SSA	
<b>ASSETS</b>					
Cash and investments	\$ 39,449	\$ 240,611	\$ 40,467	\$ 159,928	\$ 480,455
Accounts receivable	51	-	93	-	144
<b>TOTAL ASSETS</b>	<b><u>\$ 39,500</u></b>	<b><u>\$ 240,611</u></b>	<b><u>\$ 40,560</u></b>	<b><u>\$ 159,928</u></b>	<b><u>\$ 480,599</u></b>
<b>LIABILITIES</b>					
Liabilities					
Accounts payable	\$ 39,500	\$ 240,611	\$ 40,560	\$ -	\$ 320,671
Due to bond holders or homeowners	-	-	-	159,928	159,928
<b>TOTAL LIABILITIES</b>	<b><u>\$ 39,500</u></b>	<b><u>\$ 240,611</u></b>	<b><u>\$ 40,560</u></b>	<b><u>\$ 159,928</u></b>	<b><u>\$ 480,599</u></b>