

VILLAGE OF LONG GROVE

Long Grove, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended April 30, 2014

VILLAGE OF LONG GROVE

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Long Grove
Long Grove, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Long Grove, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village of Long Grove's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Village Board
Village of Long Grove

Opinions

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

Emphasis of Matter

As discussed in Note I, the Village of Long Grove adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective May 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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, economic, 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

Supplementary Information

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 schedules 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the detailed schedules 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 fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
November 14, 2014

VILLAGE OF LONG GROVE

STATEMENT OF NET POSITION
As of April 30, 2014

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 5,814,338	\$ 185,519	\$ 5,999,857
Taxes receivable	1,259,196	-	1,259,196
Accounts receivable	675,888	9,345	685,233
Special assessments receivable	-	1,711,078	1,711,078
Due from other governments	10,441	-	10,441
Restricted cash and investments	445,004	38,757	483,761
Capital Assets			
Land	15,518,887	116,801	15,635,688
Other capital assets, net of accumulated depreciation	4,064,485	2,979,550	7,044,035
Total Assets	<u>27,788,239</u>	<u>5,041,050</u>	<u>32,829,289</u>
LIABILITIES			
Accounts payable and accrued expenses	230,862	4,474	235,336
Accrued interest	109,375	12,142	121,517
Current maturities of long-term debt	110,000	35,000	145,000
Noncurrent Liabilities			
Due in more than one year	4,265,000	905,000	5,170,000
Total Liabilities	<u>4,715,237</u>	<u>956,616</u>	<u>5,671,853</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	522,320	-	522,320
NET POSITION			
Net investment in capital assets	19,583,372	2,156,351	21,739,723
Restricted for:			
Road projects	53,085	-	53,085
Economic development	46,775	-	46,775
Pathways	56	-	56
Open space	3,453,796	-	3,453,796
Unrestricted (deficit)	<u>(586,402)</u>	<u>1,928,083</u>	<u>1,341,681</u>
TOTAL NET POSITION	<u>\$ 22,550,682</u>	<u>\$ 4,084,434</u>	<u>\$ 26,635,116</u>

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

STATEMENT OF ACTIVITIES For the Year Ended April 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
General government	\$ 1,096,500	\$ 900,387	\$ -	\$ -	\$ (196,113)	\$ -	\$ (196,113)
Public safety	536,577	50,892	-	-	(485,685)	-	(485,685)
Public works	1,110,792	-	-	275,484	(835,308)	-	(835,308)
Culture and recreation	18,477	26,887	-	-	8,410	-	8,410
Conservation and development	976,835	106,921	165,001	-	(704,913)	-	(704,913)
Interest and fiscal charges	331,875	-	-	-	(331,875)	-	(331,875)
Total Governmental Activities	4,071,056	1,085,087	165,001	275,484	(2,545,484)	-	(2,545,484)
Business-type Activities							
Special service area - water	189,085	-	-	177,712	-	(11,373)	(11,373)
Water management	46,565	85,008	-	-	-	38,443	38,443
Total Business-type Activities	235,650	85,008	-	177,712	-	27,070	27,070
Totals	\$ 4,306,706	\$ 1,170,095	\$ 165,001	\$ 453,196	(2,545,484)	27,070	(2,518,414)
General Revenues							
Taxes							
Income					767,023	-	767,023
Sales					1,747,069	-	1,747,069
TIF increment/property taxes					208,157	-	208,157
Telecommunications					473,670	-	473,670
Other taxes					44,538	-	44,538
Investment income					28,219	661	28,880
Miscellaneous					71,120	-	71,120
Transfers					(548,166)	548,166	-
Total General Revenues and Transfers					2,791,630	548,827	3,340,457
Change in Net Position					246,146	575,897	822,043
NET POSITION - Beginning of Year (as restated)					22,304,536	3,508,537	25,813,073
NET POSITION - END OF YEAR					\$ 22,550,682	\$ 4,084,434	\$ 26,635,116

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of April 30, 2014

	General Fund	Open Spaces	Downtown TIF	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 3,877,969	\$ 1,122,769	\$ 630,532	\$ 183,068	\$ 5,814,338
Receivables					
Taxes	953,197	-	300,802	5,197	1,259,196
Accounts	52,470	82,950	525,641	14,827	675,888
Due from other funds	-	-	10,201	-	10,201
Due from other governments	10,441	-	-	-	10,441
Advance to other funds	2,775,230	2,248,077	-	-	5,023,307
Restricted cash and investments	-	-	445,004	-	445,004
TOTAL ASSETS	<u>\$ 7,669,307</u>	<u>\$ 3,453,796</u>	<u>\$ 1,912,180</u>	<u>\$ 203,092</u>	<u>\$ 13,238,375</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 206,482	\$ -	\$ 155	\$ 24,225	230,862
Due to other funds	-	-	-	10,201	10,201
Advance from other funds	-	-	5,023,307	-	5,023,307
Total Liabilities	<u>206,482</u>	<u>-</u>	<u>5,023,462</u>	<u>34,426</u>	<u>5,264,370</u>
Deferred Inflows of Resources					
Unearned revenue	224,160	-	229,410	68,750	522,320
Unavailable revenue	361,499	-	21,112	1,833	384,444
Total Deferred Inflows of Resources	<u>585,659</u>	<u>-</u>	<u>250,522</u>	<u>70,583</u>	<u>906,764</u>
Fund Balances					
Nonspendable	2,775,230	-	-	-	2,775,230
Restricted	-	3,453,796	445,004	98,083	3,996,883
Committed	678,551	-	-	-	678,551
Unassigned (deficit)	3,423,385	-	(3,806,808)	-	(383,423)
Total Fund Balances	<u>6,877,166</u>	<u>3,453,796</u>	<u>(3,361,804)</u>	<u>98,083</u>	<u>7,067,241</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,669,307</u>	<u>\$ 3,453,796</u>	<u>\$ 1,912,180</u>	<u>\$ 203,092</u>	

Amounts reported for governmental activities in the statement of net position 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. 19,583,372

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. See Note IV. B. 384,444

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. (4,484,375)

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 22,550,682**

VILLAGE OF LONG GROVE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2014

	General Fund	Open Spaces	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,890,670	\$ -	\$ 492,004	\$ 19,314	\$ 3,401,988
Intergovernmental	28,604	-	-	236,440	265,044
Fees, licenses and permits	767,668	132,720	-	-	900,388
Fines, forfeitures and penalties	50,892	-	-	-	50,892
Public charges for services	122,540	-	-	-	122,540
Investment income	145,813	112,627	221	556	259,217
Miscellaneous	52,620	-	-	-	52,620
Total Revenues	4,058,807	245,347	492,225	256,310	5,052,689
EXPENDITURES					
Current					
General government	1,006,047	-	-	-	1,006,047
Public safety	526,152	-	-	-	526,152
Public works	817,633	-	-	-	817,633
Conservation and development	188,999	356	30,265	212	219,832
Capital Outlay	503,662	21,000	647,009	230,417	1,402,088
Debt Service					
Principal on bonds	-	-	75,000	-	75,000
Interest on bonds	-	-	333,750	-	333,750
Interest on advance	-	-	230,999	-	230,999
Total Expenditures	3,042,493	21,356	1,317,023	230,629	4,611,501
Excess (deficiency) of revenues over (under) expenditures	1,016,314	223,991	(824,798)	25,681	441,188
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	20,816	-	20,816
Transfer out	(20,816)	-	(548,166)	-	(568,982)
Sale of capital assets	18,500	-	-	-	18,500
Total Other Financing Sources (Uses)	(2,316)	-	(527,350)	-	(529,666)
Net Change in Fund Balance	1,013,998	223,991	(1,352,148)	25,681	(88,478)
FUND BALANCES (DEFICIT) - Beginning of Year	5,863,168	3,229,805	(2,009,656)	72,402	7,155,719
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 6,877,166	\$ 3,453,796	\$ (3,361,804)	\$ 98,083	\$ 7,067,241

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, 2014

Net change in fund balances - total governmental funds	\$ (88,478)
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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 position 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	1,402,088
Some items reported as capital outlay were not capitalized	(894,283)
Depreciation is reported in the government-wide statements	(194,427)
Net book value of assets retired	(80,805)

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	25,176
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Repayment of principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position	75,000
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund	
Accrued interest on debt	<u>1,875</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 246,146</u>
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VILLAGE OF LONG GROVE

STATEMENT OF NET POSITION - PROPRIETARY FUND As of April 30, 2014

	<u>Water Utility</u>
ASSETS	
Current Assets	
Cash and investments	\$ 185,519
Accounts receivable	9,345
Special assessments receivable	<u>177,712</u>
Total Current Assets	<u>372,576</u>
Noncurrent Assets	
Special assessments receivable	1,533,366
Restricted Assets	
Bond reserve account	38,757
Capital Assets	
Land	116,801
Plant in service	3,434,797
Accumulated depreciation	<u>(455,247)</u>
Total Noncurrent Assets	<u>4,668,474</u>
Total Assets	<u>5,041,050</u>
LIABILITIES	
Current Liabilities	
Accounts payable	4,474
Accrued interest	12,142
Current portion of special service area bonds	<u>35,000</u>
Total Current Liabilities	<u>51,616</u>
Noncurrent Liabilities	
Special service area bonds payable	<u>905,000</u>
Total Noncurrent Liabilities	<u>905,000</u>
Total Liabilities	<u>956,616</u>
NET POSITION	
Net investment in capital assets	2,156,351
Unrestricted	<u>1,928,083</u>
TOTAL NET POSITION	<u><u>\$ 4,084,434</u></u>

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND For the Year Ended April 30, 2014

	<u>Water Utility</u>
OPERATING REVENUES	
Charges for services	\$ <u>85,008</u>
OPERATING EXPENSES	
Utility operations	24,130
Administrative	21,767
Depreciation	<u>114,965</u>
Total Operating Expenses	<u>160,862</u>
Operating Income (Loss)	<u>(75,854)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	661
Interest expense	<u>(74,788)</u>
Total Nonoperating Revenues (Expenses)	<u>(74,127)</u>
Income (loss) Before Contributions and Transfers	<u>(149,981)</u>
CONTRIBUTIONS AND TRANSFERS	
Contributions from village	177,712
Transfers in - village contribution	<u>548,166</u>
Total Contributions and Transfers	<u>725,878</u>
Change in Net Position	575,897
TOTAL NET POSITION - Beginning of Year (as restated)	<u>3,508,537</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 4,084,434</u>

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended April 30, 2014

	Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 83,005
Paid to suppliers for good and services	<u>(57,916)</u>
Net Cash Flows From Operating Activities	<u>25,089</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Special assessments received	179,415
Interest paid	(75,175)
Debt retired	<u>(30,000)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>74,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>661</u>
Net Cash Flows From Investing Activities	<u>661</u>
Net Change in Cash and Cash Equivalents	99,990
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>124,286</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 224,276</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (75,854)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided From Operating Activities	
Depreciation expense	114,965
Changes in assets and liabilities	
Accounts receivable	(2,003)
Accounts payable	(919)
Due to other funds	<u>(11,100)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 25,089</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUND	
Cash and investments - statement of net position-proprietary fund	\$ 185,519
Restricted cash and investments - statement of net position - proprietary fund	<u>38,757</u>
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 224,276</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Advance from TIF written off	<u><u>\$ 548,166</u></u>

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
As of April 30, 2014

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 1,116,780
Accounts receivable	<u>3,774</u>
TOTAL ASSETS	<u>\$ 1,120,554</u>
LIABILITIES	
Accounts payable	\$ 901,257
Due to bond holders or homeowners	<u>219,297</u>
TOTAL LIABILITIES	<u>\$ 1,120,554</u>

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

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VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In March 2012, the GASB issued statement No. 65 - Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective May 1, 2013.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. 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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

Fund Financial Statements (cont.)

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/deferred outflows of resources, liabilities/deferred inflows of resources, 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.

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 – Accounts for resources legally restricted to supporting expenditures for the business district.
 - Pathway Grant – Accounts for specific revenue sources that are legally restricted to expenditures for a pedestrian/bike path.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

Fund Financial Statements (cont.)

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 position 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.

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 unearned revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

Fund Financial Statements (cont.)

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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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.

Proprietary fund financial statements 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.

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 POSITION OR EQUITY

1. Cash, Cash Equivalents and Investments

For purposes of reporting cash flows, the village considers all cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

1. Cash, Cash Equivalents and Investments (cont.)

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.

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 2013 attach as an enforceable lien on January 1, 2013, 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, 2014.

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 2013 property tax levy is recognized as a receivable and deferred inflow in fiscal 2014, net of amounts already collected. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2014, the property taxes receivable and deferred inflows consisted of the estimated amount collectible from the 2013 levy.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

2. Receivables (cont.)

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 position. 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 position.

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.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

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 position. 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. 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.

6. 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.

7. 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.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

8. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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.

Fund Statements

Governmental fund equity is classified as fund balance and displayed 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) 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.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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

8. Equity Classifications (cont.)

- 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.

Proprietary fund equity is classified the same as in the government-wide statements.

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.

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

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

The governmental funds balance sheet includes reconciliation between total fund balance and net position of governmental activities as reported in the government-wide statement of net position. 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	\$ 15,518,887
Land improvements	3,626,154
Buildings	105,630
Machinery and equipment	151,533
Infrastructure	1,253,028
Less: Accumulated depreciation	<u>(1,071,860)</u>
Adjustment for Capital Assets	<u>\$ 19,583,372</u>

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

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 position.

Bonds payable	\$	4,375,000
Accrued interest		<u>109,375</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>4,484,375</u></u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Open Spaces Fund	\$ -	\$ 21,356	\$ 21,356
Motor Fuel Tax	200,000	230,417	30,417

The village controls expenditures at the object 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.

B. DEFICIT BALANCES

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

As of April 30, 2014, the following individual fund held a deficit balance:

Fund	Amount	Reason
Downtown TIF fund	\$ 3,361,804	Expenditures in excess of revenues

The TIF district deficit is anticipated to be funded with future incremental taxes and other revenues collected over the life of the district.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

C. 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 2013-14: 5,242,471 gallons.
2. Total volume of water billed for fiscal year 2013-14: 4,788,000 gallons.
3. Debt service for fiscal year 2014-15: \$107,398.
4. Number of users connected to the system: 18.
5. Number of non-metered users: 0.

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	\$ 432,765	\$ 487,338	Custodial credit risk
Money market	2,604,462	2,604,462	Custodial credit risk
Illinois Metropolitan Investment Fund	3,267,786	3,267,786	Credit risk and interest rate risk
Open-ended money market mutual fund	1,295,145	1,295,145	Custodial credit risk
Petty cash	240	-	N/A
Total Cash and Investments	\$ 7,600,398	\$ 7,654,731	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,999,857		
Restricted cash and investments	483,761		
Per statement of net position –			
Fiduciary			
Agency	1,116,780		
Total Cash and Investments	\$ 7,600,398		

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share 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, 2014, the village’s deposits were exposed to custodial credit risk as follows:

Deposits	
Uninsured and uncollateralized	<u>\$ 19,298</u>

Credit Risk

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

As of April 30, 2014, the village’s investments were rated as follows:

Investment Type	Moody’s
Illinois Metropolitan Investment Fund (IMET)	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, 2014, 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	<u>\$ 3,267,786</u>	<u>\$ 3,267,786</u>	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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

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. Amounts reported as receivable are at present value using the same interest rate as the special service area bonds used to finance the related deep water well that was constructed.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Taxes levied or collectible for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Taxes receivable	\$ 362,735	\$ 453,570	\$ 816,305
Grants	10,441	68,750	79,191
Franchise Fee	<u>11,268</u>	<u>-</u>	<u>11,268</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 384,444</u>	<u>\$ 522,320</u>	<u>\$ 906,764</u>

C. RESTRICTED ASSETS

The Downtown TIF special revenue fund reports restricted assets in the amount of \$445,004. This balance is to account for resources set aside in a reserved bank account called the Reserve Fund.

The water utility proprietary fund reports \$38,757 of restricted assets being held in a separate bond reserve account as required by the 2011 Special Service Area Bonds.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 15,497,887	\$ 21,000	\$ -	\$ 15,518,887
Total Capital Assets Not Being Depreciated	15,497,887	21,000	-	15,518,887
Capital assets being depreciated				
Land improvements	3,604,485	21,669	-	3,626,154
Buildings	205,630	-	100,000	105,630
Machinery and equipment	172,505	-	20,972	151,533
Bridges	180,943	-	-	180,943
Roads	606,950	465,135	-	1,072,085
Total Capital Assets Being Depreciated	4,770,513	486,804	120,972	5,136,345
Less: Accumulated depreciation for				
Land improvements	(576,716)	(145,046)	-	(721,762)
Buildings	(71,766)	(2,944)	25,425	(49,285)
Machinery and equipment	(116,111)	(1,541)	14,742	(102,910)
Bridges	(131,158)	(18,094)	-	(149,252)
Roads	(21,849)	(26,802)	-	(48,651)
Total Accumulated Depreciation	(917,600)	(194,427)	40,167	(1,071,860)
Governmental Activities Capital Assets, Net of Depreciation	\$ 19,350,800	\$ 313,377	\$ 80,805	\$ 19,583,372

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 5,171
Public works	44,896
Culture and recreation	18,477
Conservation and development	125,883
Total Governmental Activities Depreciation Expense	\$ 194,427

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 116,801	\$ -	\$ -	\$ 116,801
Capital assets being depreciated				
Public water system infrastructure	3,422,116	-	-	3,422,116
Equipment	12,681	-	-	12,681
Total Capital Assets Being Depreciated	3,434,797	-	-	3,434,797
Less: Accumulated depreciation	(340,282)	(114,965)	-	(455,247)
Business-type Activities Capital Assets, Net of Depreciation	\$ 3,211,316	\$ (114,965)	\$ -	\$ 3,096,351

Depreciation expense was charged to functions as follows:

Water utility	\$ 114,965
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E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Downtown TIF	Business district	\$ 10,201
Total – Fund Financial Statements		10,201
Less: Fund eliminations		(10,201)
Total Internal Balances – Government-Wide Statement of Net Position		\$ -

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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 \$10,201 Downtown TIF fund receivable is to account for timing issues for sales taxes collected

All amounts are expected to be repaid within one year.

For the statement of net position, 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, 2014 was \$2,775,230. The advance is the combination of four amounts: 1) \$2,463,763 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; 2) \$197,769 of interest due on the advance; 3) \$37,282 of arrearage charges applied to the unpaid, scheduled principal and interest payments; and 4) \$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, commencing December 1, 2010 and continuing through December 1, 2019. The balance between open spaces and the downtown TIF fund consists of: 1) \$2,038,125 from funds advanced since the TIF's inception; 2) \$163,050 of interest due on the advance; and 3) \$46,902 of arrearage charges applied to the unpaid, scheduled principal and interest payments. All interest and arrearage charges are paid current as of April 30, 2014.

The following is a schedule of the interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Downtown TIF	\$ 2,775,230
Open spaces fund	Downtown TIF	2,248,077
Total – Fund Financial Statements		5,023,307
Less: Fund eliminations		(5,023,307)
Total Interfund Advances		<u>\$ -</u>

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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
Downtown TIF	General fund	\$ 20,816	To account for amounts owed to the TIF as required by Illinois State Statute 651LCS 5/11-74.4-8.
SSA-Water	Downtown TIF	548,166	To write-off advance from the TIF to the SSA – Water fund (which is located within the TIF).
Total – Fund Financial Statements		568,982	
Less: Fund eliminations		(20,816)	
Total Transfers – Government-wide Statement of Activities		<u>\$ 548,166</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, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds Payable					
Limited obligation tax increment revenue bonds	\$ 4,450,000	\$ -	\$ 75,000	\$ 4,375,000	\$ 110,000
Business-type Activities					
Bonds and Notes Payable					
Special service area bonds (tax-exempt obligations)	\$ 970,000	\$ -	\$ 30,000	\$ 940,000	\$ 35,000

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

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, 2014, the statutory debt limit for the village was \$46,072,699, providing a debt margin of \$45,132,699.

Revenue Debt

The village has pledged future tax increment and other tax revenues, net of specified operating expenses, to repay 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 37.92% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$7,895,125. Principal and interest paid for the current year and total gross revenues were \$408,750 and \$358,616, respectively.

Revenue debt payable at April 30, 2014, consists of the following:

Governmental Activities Revenue Debt

Revenue Debt	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance April 30, 2014
Limited obligation tax increment revenue bonds, Series 2010	9/29/2010	01/01/2030	7.50%	\$ 4,450,000	\$ <u>4,375,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 110,000	\$ 328,125
2016	150,000	319,875
2017	120,000	308,625
2018	130,000	299,625
2019	150,000	289,875
2020 – 2024	1,145,000	1,242,000
2025 – 2029	2,015,000	690,375
2030	<u>555,000</u>	<u>41,625</u>
Totals	<u>\$ 4,375,000</u>	<u>\$ 3,520,125</u>

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

F. LONG-TERM OBLIGATIONS (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, 2014, consists of the following:

Business-type Activities

Special Service Area Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2014
2011 Special service area bonds	2/01/2011	3/01/2029	7.75%	\$ 1,000,000	\$ <u>940,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Special Service Area Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 35,000	\$ 72,850
2016	40,000	70,138
2017	40,000	67,037
2018	45,000	63,938
2019	45,000	60,450
2020 – 2024	300,000	242,187
2025 – 2029	<u>435,000</u>	<u>106,176</u>
Totals	<u>\$ 940,000</u>	<u>\$ 682,776</u>

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.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

No Commitment Debt (cont.)

Heron's Landing Special Service Area (cont.)

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.

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at April 30, 2014 includes the following:

Governmental Activities

Invested in capital assets	
Land	\$ 15,518,887
Other capital assets, net of accumulated depreciation	4,064,485
Total Net Investment in Capital Assets	<u>19,583,372</u>
Restricted	
Road projects	53,085
Economic development	46,755
Pathways	56
Open spaces	3,453,796
Total Restricted	<u>3,553,712</u>
Unrestricted (deficit)	<u>(586,402)</u>
Total Governmental Activities Net Position	<u>\$ 22,550,682</u>

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at April 30, 2014 include the following:

	General Fund	Open Spaces	Downtown TIF	Non-major Governmental Funds	Totals
FUND BALANCES					
Nonspendable:					
Advances to other funds	\$ 2,775,230	\$ -	\$ -	\$ -	\$ 2,775,230
Restricted for:					
Land purchases	-	3,453,796	-	-	3,453,796
Economic development	-	-	-	44,942	44,942
Debt service – reserve fund	-	-	445,004	-	445,004
Road projects	-	-	-	53,085	53,085
Pathway	-	-	-	56	56
Committed for:					
Pathway funds	13,551	-	-	-	13,551
Covered bridge account	500,000	-	-	-	500,000
Office improvement funds	15,000	-	-	-	15,000
LM water connection	100,000	-	-	-	100,000
Street sign fund	50,000	-	-	-	50,000
Unassigned (deficit):	3,423,385	-	(3,806,808)	-	(383,423)
Totals	\$ 6,877,166	\$ 3,453,796	\$ (3,361,804)	\$ 98,083	\$ 7,067,241

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	\$ 116,801
Other capital assets, net of accumulated depreciation	2,979,550
Less: Related long-term debt outstanding	<u>(940,000)</u>
Total Net Investment in Capital Assets	2,156,351
Unrestricted	<u>1,928,083</u>
Total Business-type Activities Net Position	<u><u>\$ 4,084,434</u></u>

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	SSA - Water
Net Position – April 30, 2013 (as reported)	\$ 22,569,536	\$ 3,590,937	\$ 3,576,915
Less: Unamortized debt issuance costs	<u>(265,000)</u>	<u>(82,400)</u>	<u>(82,400)</u>
Net Position – April 30, 2013 (as restated)	<u><u>\$ 22,304,536</u></u>	<u><u>\$ 3,508,537</u></u>	<u><u>\$ 3,494,515</u></u>

NOTE V – OTHER INFORMATION

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.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 2013 was 15.20%. 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, 2013, the employer's annual pension cost of \$59,695 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2011 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.

TREND INFORMATION

The village began participating in the plan in January, 2003.

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 59,695	100%	\$ -
12/31/12	57,130	100%	-
12/31/11	38,938	100%	-

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$505,972. On a market basis, the funded ratio would be 59.29%. 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 68.20% 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
12/31/13	\$ 403,488	\$ 853,367	47.28%	\$ 449,879	\$ 392,729	114.55%

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2014

NOTE V – OTHER INFORMATION (cont.)

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.

C. COMMITMENTS AND CONTINGENCIES

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.

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 \$515,641 through April 30, 2014 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, 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.

SWALCO is funded from a surcharge imposed at sanitary landfills. The surcharge also funds the Lake County Health Department's enforcement program. SWALCO 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 \$6,457 to SWALCO during the year.

Complete financial statements for SWALCO can be obtained from SWALCO's website at www.swalco.org.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2014

NOTE V – OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENT

The Village was informed by representatives of the IMET of potential losses to their investment due to defaults on certain guaranteed loans as a result of fraudulent activities. The Village has subsequently moved all their funds, excluding \$90,754, from IMET to Baxter Credit Union. The \$90,754 resides in a restricted fund at IMET after these funds were segregated by IMET for all of its participants in the convenience fund investment option. This restricted account is a liquidating trust established by IMET. If any cash proceeds from the loans become available, IMET will transfer to each participant, their proportionate share after payment of expenses of the trust, and any liabilities, including contingent liabilities and unliquidated claims, if any. The potential loss for the village is the entire \$90,754.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,380,401	\$ 2,380,401	\$ 2,890,670	\$ 510,269
Intergovernmental	-	-	28,604	28,604
Fees, licenses and permits	510,000	710,000	767,668	57,668
Fines, forfeitures and penalties	81,000	81,000	50,892	(30,108)
Public charges for services	75,100	75,100	122,540	47,440
Investment income	7,000	7,000	145,813	138,813
Miscellaneous revenues	<u>9,500</u>	<u>9,500</u>	<u>52,620</u>	<u>43,120</u>
Total Revenues	<u>3,063,001</u>	<u>3,263,001</u>	<u>4,058,807</u>	<u>795,806</u>
EXPENDITURES				
Current				
General government	984,470	984,470	1,006,047	(21,577)
Public safety	525,780	525,780	526,152	(372)
Public works	620,300	670,300	817,633	(147,333)
Conservation and development	191,001	191,001	188,999	2,002
Capital Outlay	<u>605,050</u>	<u>755,050</u>	<u>503,662</u>	<u>251,388</u>
Total Expenditures	<u>2,926,601</u>	<u>3,126,601</u>	<u>3,042,493</u>	<u>84,108</u>
Excess of revenues over expenditures	<u>136,400</u>	<u>136,400</u>	<u>1,016,314</u>	<u>879,914</u>
OTHER FINANCING SOURCES				
Transfer out	-	-	(20,816)	(20,816)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>18,500</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(2,316)</u>	<u>(2,316)</u>
Net Change in Fund Balance	136,400	136,400	1,013,998	877,598
FUND BALANCE - Beginning of Year	<u>5,863,168</u>	<u>5,863,168</u>	<u>5,863,168</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,999,568</u>	<u>\$ 5,999,568</u>	<u>\$ 6,877,166</u>	<u>\$ 877,598</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Fees, licenses and permits	\$ 38,565	\$ 132,720	\$ 94,155
Investment income	-	4,151	4,151
Interest and arrearages on advance to TIF fund	-	108,476	108,476
Total Revenues	<u>38,565</u>	<u>245,347</u>	<u>206,782</u>
EXPENDITURES			
Current			
Conservation and development	-	356	(356)
Capital Outlay	-	21,000	(21,000)
Total Expenditures	<u>-</u>	<u>21,356</u>	<u>(21,356)</u>
Net Change in Fund Balance	38,565	223,991	185,426
FUND BALANCE - Beginning of Year	<u>3,229,805</u>	<u>3,229,805</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,268,370</u>	<u>\$ 3,453,796</u>	<u>\$ 185,426</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, 2014

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 427,552	\$ 492,004	\$ 64,452
Investment income	-	221	221
Miscellaneous	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>
Total Revenues	<u>1,177,552</u>	<u>492,225</u>	<u>(685,327)</u>
EXPENDITURES			
Conservation and development	8,500	30,265	(21,765)
Capital outlay	750,000	647,009	102,991
Debt service			
Principal on bonds	75,000	75,000	-
Interest on bonds	333,750	333,750	-
Principal on advances	91,608	-	91,608
Interest on advances	<u>100,000</u>	<u>230,999</u>	<u>(130,999)</u>
Total Expenditures	<u>1,358,858</u>	<u>1,317,023</u>	<u>41,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(181,306)</u>	<u>(824,798)</u>	<u>(643,492)</u>
OTHER FINANCING SOURCES (USES)			
Transfer out	(750,000)	(548,166)	201,834
Transfer in	<u>-</u>	<u>20,816</u>	<u>20,816</u>
Total Other Financing Sources (Uses)	<u>(750,000)</u>	<u>(527,350)</u>	<u>20,816</u>
Net Change in Fund Balance	(931,306)	(1,352,148)	(420,842)
FUND BALANCE (DEFICIT) - Beginning of Year	<u>(2,009,656)</u>	<u>(2,009,656)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (2,940,962)</u>	<u>\$ (3,361,804)</u>	<u>\$ (420,842)</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, 2014

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
12/31/13	\$ 403,488	\$ 853,367	\$ 449,879	47.28%	\$ 392,728	114.55%
12/31/12	282,075	721,139	439,064	39.12%	376,349	116.66%
12/31/11	193,753	653,950	460,197	29.63%	356,903	128.94%

See independent auditors' report.

VILLAGE OF LONG GROVE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended April 30, 2014

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 include any amendments made. 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.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the object level of expenditure.

SUPPLEMENTARY INFORMATION

VILLAGE OF LONG GROVE

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Sales tax	\$ 1,150,000	\$ 1,150,000	\$ 1,423,257	\$ 273,257
Income tax	560,000	560,000	783,759	223,759
Road and bridge tax	45,000	45,000	44,272	(728)
Telecommunications tax	460,000	460,000	473,670	13,670
Downtown SSA - Business and community partners	165,001	165,001	165,001	-
Other taxes	400	400	711	311
Total Taxes	<u>\$ 2,380,401</u>	<u>\$ 2,380,401</u>	<u>\$ 2,890,670</u>	<u>\$ 510,269</u>
INTERGOVERNMENTAL				
State of Illinois - Oakwood Bridge	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,604</u>	<u>\$ 28,604</u>
FEES, PERMITS AND LICENSES				
Franchise fees	\$ 125,000	\$ 125,000	\$ 134,517	\$ 9,517
Permits	340,000	540,000	595,978	55,978
Licenses	45,000	45,000	37,173	(7,827)
Total Fees, Permits and Licenses	<u>\$ 510,000</u>	<u>\$ 710,000</u>	<u>\$ 767,668</u>	<u>\$ 57,668</u>
FINES, FORFEITURES AND PENALTIES				
Citations	\$ 80,000	\$ 80,000	\$ 50,892	\$ (29,108)
Fines	1,000	1,000	-	(1,000)
Total Fines, Forfeitures and Penalties	<u>\$ 81,000</u>	<u>\$ 81,000</u>	<u>\$ 50,892</u>	<u>\$ (30,108)</u>
PUBLIC CHARGES FOR SERVICES				
Long Grove Commons	\$ 15,100	\$ 15,100	\$ 15,619	\$ 519
Stormwater review fees	60,000	60,000	106,921	46,921
Total Public Charges for Services	<u>\$ 75,100</u>	<u>\$ 75,100</u>	<u>\$ 122,540</u>	<u>\$ 47,440</u>
INVESTMENT INCOME				
Investment income	\$ 7,000	\$ 7,000	\$ 23,290	\$ 16,290
Interest and arrearages on advance to TIF fund	-	-	122,523	122,523
Total Investment Income	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 145,813</u>	<u>\$ 138,813</u>
MISCELLANEOUS REVENUES				
SWALCO capacity agreement	\$ 7,500	\$ 7,500	\$ 8,854	\$ 1,354
Forfeited escrow	2,000	2,000	-	(2,000)
Other	-	-	43,766	43,766
Total Miscellaneous Revenues	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 52,620</u>	<u>\$ 43,120</u>
TOTAL GENERAL FUND REVENUES	<u>\$ 3,063,001</u>	<u>\$ 3,263,001</u>	<u>\$ 4,058,807</u>	<u>\$ 795,806</u>

VILLAGE OF LONG GROVE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Employee Compensation				
Salaries and wages	\$ 421,000	\$ 421,000	\$ 403,328	\$ 17,672
Fringe benefits	173,900	173,900	164,807	9,093
Total Employee Compensation	<u>594,900</u>	<u>594,900</u>	<u>568,135</u>	<u>26,765</u>
Office				
Utilities	9,000	9,000	10,117	(1,117)
Supplies	15,400	15,400	17,868	(2,468)
Equipment leases and maintenance	9,200	9,200	10,548	(1,348)
Other maintenance	1,680	1,680	1,680	-
Total Office	<u>35,280</u>	<u>35,280</u>	<u>40,213</u>	<u>(4,933)</u>
Administrative and Professional				
Insurance	34,000	34,000	30,310	3,690
Dues, memberships and travel	3,190	3,190	5,357	(2,167)
Professional development and training	1,200	1,200	5,395	(4,195)
Legal	112,100	112,100	106,368	5,732
Building and zoning plan reviews	26,000	26,000	57,636	(31,636)
Bookkeeping	39,000	39,000	34,840	4,160
Audit	27,000	27,000	29,227	(2,227)
Inspections	75,000	75,000	85,229	(10,229)
Bridge supplement	7,100	7,100	420	6,680
Computer consultant	4,500	4,500	10,915	(6,415)
Internet home page	3,000	3,000	7,098	(4,098)
Administrative services	3,500	3,500	10,744	(7,244)
Legal notices and subscriptions	800	800	584	216
Total Administrative and Professional	<u>336,390</u>	<u>336,390</u>	<u>384,123</u>	<u>(47,733)</u>
Miscellaneous				
Donations	-	-	377	(377)
Mosquito abatement	16,000	16,000	10,666	5,334
Other	1,900	1,900	2,533	(633)
Total Miscellaneous	<u>17,900</u>	<u>17,900</u>	<u>13,576</u>	<u>4,324</u>
Total General Government	<u>\$ 984,470</u>	<u>\$ 984,470</u>	<u>\$ 1,006,047</u>	<u>\$ (21,577)</u>
PUBLIC SAFETY				
Village security	\$ 520,000	\$ 520,000	\$ 519,792	\$ 208
Emergency communication system	5,100	5,100	5,002	98
Other public safety	680	680	1,358	(678)
Total Public Safety	<u>\$ 525,780</u>	<u>\$ 525,780</u>	<u>\$ 526,152</u>	<u>\$ (372)</u>

VILLAGE OF LONG GROVE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC WORKS				
Snow removal and salting	\$ 299,200	\$ 299,200	\$ 473,299	\$ (174,099)
Emergency operations	50,000	50,000	-	50,000
Subtotal - snow removal and emergency operations	349,200	349,200	473,299	(124,099)
Mowing	35,000	35,000	35,004	(4)
Road signs and traffic calming	2,500	52,500	1,869	50,631
Utilities	19,000	19,000	18,188	812
Engineering	208,300	208,300	258,035	(49,735)
Bridge inspections	-	-	3,885	(3,885)
Road planning	-	-	1,139	(1,139)
Village infrastructure referendum	-	-	6,122	(6,122)
Grading and maintenance - municipal parking lots	-	-	1,341	(1,341)
Parking lot improvements	-	-	10,055	(10,055)
SWALCO	2,600	2,600	6,457	(3,857)
Planting/Trees	1,700	1,700	1,466	234
Vehicle maintenance - gas and oil	2,000	2,000	773	1,227
Total Public Works	<u>\$ 620,300</u>	<u>\$ 670,300</u>	<u>\$ 817,633</u>	<u>\$ (147,333)</u>
CONSERVATION AND DEVELOPMENT				
Community development grant	\$ 25,000	\$ 25,000	\$ 17,000	\$ 8,000
Downtown SSA - Business and community partners	165,001	165,001	165,001	-
CERT	1,000	1,000	-	1,000
Community development planning	-	-	6,498	(6,498)
Other	-	-	500	(500)
Total Conservation and Development	<u>\$ 191,001</u>	<u>\$ 191,001</u>	<u>\$ 188,999</u>	<u>\$ 2,002</u>
CAPITAL OUTLAY				
Office building improvements	\$ 19,050	\$ 19,050	\$ 6,919	12,131
Road paving, culvert and ditch	450,000	600,000	469,501	130,499
Office equipment	3,500	3,500	1,484	2,016
Bridge repair	100,000	100,000	4,089	95,911
Open space maintenance	1,000	1,000	-	1,000
Sewer matters	6,500	6,500	-	6,500
Sidewalk and pathway installation	25,000	25,000	21,669	3,331
Total Capital Outlay	<u>\$ 605,050</u>	<u>\$ 755,050</u>	<u>\$ 503,662</u>	<u>\$ 251,388</u>
 TOTAL GENERAL FUND EXPENDITURES	 <u>\$ 2,926,601</u>	 <u>\$ 3,126,601</u>	 <u>\$ 3,042,493</u>	 <u>\$ 84,108</u>

VILLAGE OF LONG GROVE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS As of April 30, 2014

	Motor Fuel Tax	Business District	Pathway Grant	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 62,483	\$ 51,779	\$ 68,806	\$ 183,068
Receivables				
Taxes	-	5,197	-	5,197
Accounts	14,827	-	-	14,827
TOTAL ASSETS	<u>\$ 77,310</u>	<u>\$ 56,976</u>	<u>\$ 68,806</u>	<u>\$ 203,092</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 24,225	\$ -	\$ -	\$ 24,225
Due to other funds	-	10,201	-	10,201
Total Liabilities	24,225	10,201	-	34,426
Deferred Inflows of Resources				
Unearned revenue	-	-	68,750	68,750
Unavailable revenue	-	1,833	-	1,833
Total Deferred Inflows of Resources	-	1,833	68,750	70,583
Fund Balances				
Restricted	53,085	44,942	56	98,083
Total Fund Balances	53,085	44,942	56	98,083
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 77,310</u>	<u>\$ 56,976</u>	<u>\$ 68,806</u>	<u>\$ 203,092</u>

VILLAGE OF LONG GROVE

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2014

	<u>Motor Fuel Tax</u>	<u>Business District</u>	<u>Pathway Grant</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ -	\$ 19,314	\$ -	\$ 19,314
Intergovernmental	236,440	-	-	236,440
Investment income	361	161	34	556
Total Revenues	<u>236,801</u>	<u>19,475</u>	<u>34</u>	<u>256,310</u>
EXPENDITURES				
Current				
Conservation and development	-	212	-	212
Capital Outlay	<u>230,417</u>	<u>-</u>	<u>-</u>	<u>230,417</u>
Total Expenditures	<u>230,417</u>	<u>212</u>	<u>-</u>	<u>230,629</u>
Net Change in Fund Balance	6,384	19,263	34	25,681
FUND BALANCES - Beginning of Year	<u>46,701</u>	<u>25,679</u>	<u>22</u>	<u>72,402</u>
FUND BALANCES - END OF YEAR	<u>\$ 53,085</u>	<u>\$ 44,942</u>	<u>\$ 56</u>	<u>\$ 98,083</u>

VILLAGE OF LONG GROVE

COMBINING SUBFUNDS BALANCE SHEET PROPRIETARY FUND As of April 30, 2014

	Special Service Area - Water	Water Management	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 148,526	\$ 36,993	\$ 185,519
Accounts receivable	-	9,345	9,345
Special assessments receivable	177,712	-	177,712
Total Current Assets	326,238	46,338	372,576
Noncurrent Assets			
Special assessments receivable	1,533,366	-	1,533,366
Restricted Assets			
Bond reserve account	38,757	-	38,757
Capital Assets			
Land	116,801	-	116,801
Plant in service	3,422,116	12,681	3,434,797
Accumulated depreciation	(453,223)	(2,024)	(455,247)
Total Noncurrent Assets	4,657,817	10,657	4,668,474
Total Assets	4,984,055	56,995	5,041,050
LIABILITIES			
Current Liabilities			
Accounts payable	-	4,474	4,474
Accrued interest	12,142	-	12,142
Current portion of special service area bonds	35,000	-	35,000
Total Current Liabilities	47,142	4,474	51,616
Noncurrent Liabilities			
Special service area bonds payable	905,000	-	905,000
Total noncurrent liabilities	905,000	-	905,000
Total Liabilities	952,142	4,474	956,616
NET POSITION			
Net investment in capital assets	2,145,694	10,657	2,156,351
Unrestricted	1,886,219	41,864	1,928,083
TOTAL NET POSITION	\$ 4,031,913	\$ 52,521	\$ 4,084,434

VILLAGE OF LONG GROVE

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

For the Year Ended April 30, 2014

	Special Service Area - Water	Water Management	Totals
OPERATING REVENUES			
Charges for services	\$ -	\$ 85,008	\$ 85,008
OPERATING EXPENSES			
Utility operations	-	24,130	24,130
Administrative	227	21,540	21,767
Depreciation	114,071	894	114,965
Total Operating Expenses	114,298	46,564	160,862
Operating Income (Loss)	(114,298)	38,444	(75,854)
NONOPERATING REVENUES (EXPENSES)			
Investment income	606	55	661
Interest expense	(74,788)	-	(74,788)
Total Nonoperating Revenues (Expenses)	(74,182)	55	(74,127)
Income (loss) Before Contributions and Transfers	(188,480)	38,499	(149,981)
CONTRIBUTIONS AND TRANSFERS			
Contributions	177,712	-	177,712
Transfers in - village contribution	548,166	-	548,166
Total Contributions and Transfers	725,878	-	725,878
Change in Net Position	537,398	38,499	575,897
TOTAL NET POSITION - Beginning of Year (as restated)	3,494,515	14,022	3,508,537
TOTAL NET POSITION - End of Year	\$ 4,031,913	\$ 52,521	\$ 4,084,434

VILLAGE OF LONG GROVE

COMBINING SUBFUNDS CASH FLOWS

PROPRIETARY FUND

For the Year Ended April 30, 2014

	Special Service Area - Water	Water Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ -	\$ 83,005	\$ 83,005
Paid to suppliers for good and services	(587)	(57,329)	(57,916)
Net Cash Flows From Operating Activities	<u>(587)</u>	<u>25,676</u>	<u>25,089</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Special assessments received	179,415	-	179,415
Interest paid	(75,175)	-	(75,175)
Debt retired	(30,000)	-	(30,000)
Net Cash Flows From Capital and Related Financing Activities	<u>74,240</u>	<u>-</u>	<u>74,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	605	56	661
Net Cash Flows From Investing Activities	<u>605</u>	<u>56</u>	<u>661</u>
Net Change in Cash and Cash Equivalents	74,258	25,732	99,990
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>113,025</u>	<u>11,261</u>	<u>124,286</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 187,283</u>	<u>\$ 36,993</u>	<u>\$ 224,276</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (114,298)	\$ 38,444	\$ (75,854)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided From Operating Activities			
Depreciation expense	114,071	894	114,965
Changes in assets and liabilities			
Accounts receivable	-	(2,003)	(2,003)
Accounts payable	(360)	(559)	(919)
Due to other funds	-	(11,100)	(11,100)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (587)</u>	<u>\$ 25,676</u>	<u>\$ 25,089</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING SUBFUNDS BALANCE SHEET- PROPRIETARY FUND			
Cash and investments - combining subfunds balance sheet-proprietary fund	\$ 148,526	\$ 36,993	\$ 185,519
Restricted cash and investments - combining subfunds balance sheet-proprietary fund	<u>38,757</u>	<u>-</u>	<u>38,757</u>
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 187,283</u>	<u>\$ 36,993</u>	<u>\$ 224,276</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Advance from TIF written off	<u>\$ 548,166</u>	<u>\$ -</u>	<u>\$ 548,166</u>

VILLAGE OF LONG GROVE

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 As of April 30, 2014

	Agency				Totals
	Interagency Control Fees	Builders' Refundable Bonds	Fees Refundable to Others	Heron's Landing SSA	
ASSETS					
Cash and investments	\$ 118,461	\$ 713,295	\$ 65,727	\$ 219,297	\$ 1,116,780
Accounts receivable	39	-	3,735	-	3,774
TOTAL ASSETS	<u>\$ 118,500</u>	<u>\$ 713,295</u>	<u>\$ 69,462</u>	<u>\$ 219,297</u>	<u>\$ 1,120,554</u>
LIABILITIES					
Accounts payable	\$ 118,500	\$ 713,295	\$ 69,462	\$ -	\$ 901,257
Due to bond holders or homeowners	-	-	-	219,297	219,297
TOTAL LIABILITIES	<u>\$ 118,500</u>	<u>\$ 713,295</u>	<u>\$ 69,462</u>	<u>\$ 219,297</u>	<u>\$ 1,120,554</u>