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VILLAGE OF SPRING GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2014

VILLAGE OF SPRING GROVE, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Spring Grove
Spring Grove, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

VILLAGE OF SPRING GROVE

as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Spring Grove as of April 30, 2014,

and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison information on pages 3 through 9 and 39 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As discussed in Note 20 to the financial statements, the Village implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
August 5, 2014

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SPRING GROVE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2014

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

FINANCIAL HIGHLIGHTS

Please find below highlights of fiscal year 2014:

- The assets and deferred outflows of resources of the Village exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,210,472 (Net Position as of April 30, 2014). Of this amount, \$3,877,311 (\$3,330,536 for Governmental Activities and \$546,775 for Business-Type Activities) may be used to meet the Village's ongoing obligations to citizens and creditors.
- Total net position increased by \$1,314,589.
- At April 30, 2014, the Village's governmental funds reported combined ending fund balances of \$4,533,024, a decrease of \$220,146 in comparison with the prior year. Of this amount, \$3,161,548 is available for spending at the Village's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$3,161,548, or 102.7 percent of total General Fund expenditures.
- The Village's total debt decreased by \$179,171.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Both perspectives (government-wide and fund level financial statements) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating when comparing year to year results.

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include administration, public works, public safety, parks and recreation, and development. The business-type activities of the Village include Water and Sewer services.

The government-wide financial statements include only the Village itself (known as the primary government) and not the Village's Police Pension Fund which is a component unit of the Village.

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

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

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

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

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Capital Fund, and the Motor Fuel Tax Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. The other three funds include Police Special, Siren, and Special Service Area.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Proprietary Funds - The Village maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for the water and sewer services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer services.

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 38 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's appropriation to actual for the General and Motor Fuel Tax Funds. Required supplementary information can be found on pages 39 through 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,210,472 at April 30, 2014.

The largest portion of the Village's net position (68.5 percent) reflects its investment in capital assets (e.g., land, construction in progress, buildings, vehicles, equipment, land improvements, water and sewer treatment system, infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Spring Grove, Illinois' Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Assets						
Current and Other Assets	\$ 5,724,814	\$ 6,182,150	\$ 694,986	\$ 686,727	\$ 6,419,800	\$ 6,868,877
Capital Assets	9,324,444	7,944,047	3,591,350	3,658,220	12,915,794	11,602,267
Total Assets	\$ 15,049,258	\$ 14,126,197	\$ 4,286,336	\$ 4,344,947	\$ 19,335,594	\$ 18,471,144
Liabilities						
Long-Term Liabilities Outstanding	\$ 434,847	\$ 466,560	\$ 1,382,771	\$ 1,529,199	\$ 1,817,618	\$ 1,995,759
Other Liabilities	393,036	687,653	18,435	20,746	411,471	708,399
Total Liabilities	\$ 827,883	\$ 1,154,213	\$ 1,401,206	\$ 1,549,945	\$ 2,229,089	\$ 2,704,158
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	\$ 766,257	\$ 741,327	\$ 129,776	\$ 129,776	\$ 896,033	\$ 871,103
Total Deferred Inflows of Resources	\$ 766,257	\$ 741,327	\$ 129,776	\$ 129,776	\$ 896,033	\$ 871,103
Net Position						
Net Investment in Capital Assets	\$ 8,895,967	\$ 7,482,827	\$ 2,208,579	\$ 2,129,021	\$ 11,104,546	\$ 9,611,848
Restricted	1,228,615	1,333,086	-	-	1,228,615	1,333,086
Unrestricted	3,330,536	3,414,744	546,775	536,205	3,877,311	3,950,949
Total Net Position	\$ 13,455,118	\$ 12,230,657	\$ 2,755,354	\$ 2,665,226	\$ 16,210,472	\$ 14,895,883

An additional portion of the Village's net position (7.6 percent) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position, \$3,877,311, may be used to meet the Village's ongoing obligations to citizens and creditors.

The Village's net position increased by \$1,314,589 during the current fiscal year.

Governmental Activities - Governmental activities increased the Village's net position by \$1,224,461. Key elements of this increase are as follows:

Village of Spring Grove, Illinois' Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Revenues						
Program Revenues						
Charges for Services	\$ 555,609	\$ 467,394	\$ 403,243	\$ 204,774	\$ 958,852	\$ 672,168
Operating Grants and Contributions	32,405	154,203	-	-	32,405	154,203
Capital Grants and Contributions	1,487,864	99,000	-	-	1,487,864	99,000
General Revenues						
Property Taxes	740,160	715,335	129,484	128,227	869,644	843,562
Sales Taxes	556,080	486,482	-	-	556,080	486,482
Other Taxes	1,517,283	1,542,341	-	-	1,517,283	1,542,341
Other	136,331	112,862	19,067	14,877	155,398	127,739
Total Revenues	\$ 5,025,732	\$ 3,577,617	\$ 551,794	\$ 347,878	\$ 5,577,526	\$ 3,925,495
Expenses						
Administration	\$ 461,635	\$ 502,647	\$ -	\$ -	\$ 461,635	\$ 502,647
Public Works	1,151,546	1,108,333	-	-	1,151,546	1,108,333
Public Safety	1,496,873	1,250,205	-	-	1,496,873	1,250,205
Parks and Recreation	472,409	188,189	-	-	472,409	188,189
Development	134,209	126,679	-	-	134,209	126,679
Interest and Fees on Long-Term Debt	13,599	9,142	-	-	13,599	9,142
Water and Sewer	-	-	532,666	334,366	532,666	334,366
Total Expenses	\$ 3,730,271	\$ 3,185,195	\$ 532,666	\$ 334,366	\$ 4,262,937	\$ 3,519,561
Increase/(Decrease) in Net Position Before Transfers	\$ 1,295,461	\$ 392,422	\$ 19,128	\$ 13,512	\$ 1,314,589	\$ 405,934
Transfers	(71,000)	(72,750)	71,000	72,750	-	-
Increase/(Decrease) in Net Position	\$ 1,224,461	\$ 319,672	\$ 90,128	\$ 86,262	\$ 1,314,589	\$ 405,934
Net Position - Beginning of Year	12,230,657	11,910,985	2,665,226	2,578,964	14,895,883	14,489,949
Net Position - End of Year	\$ 13,455,118	\$ 12,230,657	\$ 2,755,354	\$ 2,665,226	\$ 16,210,472	\$ 14,895,883

- Operating grants and contributions decreased by \$121,798 primarily due to state grants received in the prior year.
- Capital grants and contributions increased by \$1,388,864 primarily due to the Village receiving a large quantity of capital assets from donors.
- Public safety expenses increased by \$246,668 primarily due to an increase in the net pension obligation.

Business-Type Activities - Business-type activities increased the Village's net position by \$90,128. Key elements of this increase are as follows:

- Charges for services increased by \$198,469 due to an increase in connection fees.
- Expenses increased by \$198,300 due mainly to an increase in professional fees for maintenance.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,533,024, a decrease of \$220,146 in comparison with the prior year. 69.7 percent of this total amount constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of the fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been committed 1) for maintenance of highways and streets (\$207,296); 2) for future capital projects (\$750,661); 3) for public safety (\$96,122); or 4) for special service areas (\$297,202).

The General Fund is the chief operating fund of the Village. At April 30, 2014, unassigned fund balance of the General Fund was \$3,161,548. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 102.7 percent of total General Fund expenditures.

The fund balance of the Village's General Fund increased by \$17,700 during the year ended April 30, 2014.

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

Unrestricted net position of the Water and Sewer Fund at April 30, 2014 is \$546,775. The total increase in net position for the Water and Sewer Fund was \$90,128. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

Fiduciary Funds (Police Pension Fund) – The Police Pension Fund net position increased from \$1,823,352 as of April 30, 2013 to \$2,059,239 as of April 30, 2014. This increase was due to an excess of investment earnings and contributions over pension benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend the budget and appropriations ordinance during the year ended April 30, 2014, therefore, there are no differences between the original and final appropriations.

Significant differences between appropriations and actual revenues and expenditures are summarized as follows:

- The difference between appropriated revenues and actual revenues was \$259,906 (favorable). This was primarily due to more than expected revenues for property taxes, state income taxes, state use tax, utility tax, licenses and permits, and fines and forfeitures.
- The difference between appropriated expenditures and actual expenditures was \$683,829 (favorable) and was mostly due to less than expected expenditures for personnel expenses, professional fees, and insurance in the administration function; personnel expenses, road maintenance, and snow plowing in the public works function; and personnel expenses, retirement and benefits, pension contribution, and miscellaneous expenses in the public safety function.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2014 amounts to \$12,915,794 (net of accumulated depreciation). This investment in capital assets include land, construction in progress, buildings, vehicles, equipment, land improvements, water and sewer treatment system, and infrastructure.

Village of Spring Grove, Illinois' Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Land	\$ 2,246,557	\$ 2,245,057	\$ 9,273	\$ 9,273	\$ 2,255,830	\$ 2,254,330
Construction in Progress	22,813	13,006	114,886	133,001	137,699	146,007
Buildings	1,894,645	1,966,676	-	-	1,894,645	1,966,676
Vehicles	1,340,615	274,733	-	-	1,340,615	274,733
Equipment	565,026	222,597	-	-	565,026	222,597
Land Improvements	310,659	327,453	-	-	310,659	327,453
Water and Sewer Treatment System	-	-	3,467,191	3,515,946	3,467,191	3,515,946
Infrastructure	2,944,129	2,894,525	-	-	2,944,129	2,894,525
Total	\$ 9,324,444	\$ 7,944,047	\$ 3,591,350	\$ 3,658,220	\$ 12,915,794	\$ 11,602,267

Major capital asset events during the year ended April 30, 2014 included the following:

- \$1,473,948 of donated capital assets were received this year by the Village. This includes valuation of \$1,500 for land, \$1,108,388 of vehicles, and \$364,060 of equipment. The donated items were classified as follows: \$20,810 allocated to public works, \$1,451,638 to public safety, and \$1,500 to parks.
- A telephone system was purchased for \$31,225.
- Construction of Winn Road Bridge at a cost of \$167,806.
- The Village purchased six new Panasonic Tough Books for squad cars for a total of \$28,912.
- A Ford Explorer squad car was purchased for \$34,310.
- A 2014 Ford F250 public works truck was purchased for \$44,021.

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

Long-Term Debt - At April 30, 2014, the Village had total debt outstanding of \$1,811,248. Of this amount, \$785,370 comprises debt backed by the full faith and credit of the Village. The remainder of the Village's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Village of Spring Grove, Illinois' Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Thelen Park Loan	\$ 296,450	\$ 328,543	\$ -	\$ -	\$ 296,450	\$ 328,543
Int'l Truck Loan	106,060	132,677	-	-	106,060	132,677
Panasonic ToughBooks	25,967	-	-	-	25,967	-
Revenue Bonds	-	-	999,911	1,103,381	999,911	1,103,381
Note Payable	-	-	382,860	425,818	382,860	425,818
Total	\$ 428,477	\$ 461,220	\$ 1,382,771	\$ 1,529,199	\$ 1,811,248	\$ 1,990,419

The Village's total debt decreased by \$179,171 (9.0 percent) during the year ended April 30, 2014. The key factors in this decrease were principal payments made on outstanding debt, offset by a new loan.

Additional information on the Village's long-term debt can be found in note 4 on pages 30 and 31 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The assessed valuation for 2013 is \$158,174,729, a decrease of \$14,101,799 from the 2012 assessed valuation.

This factor was considered in preparing the Village's budget for the 2015 fiscal year.

REQUESTS FOR INFORMATION

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

Finance Committee Chairperson
Village of Spring Grove
7401 Meyer Road
Spring Grove, Illinois, 60081

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,175,108	\$ 550,248	\$ 2,725,356
Investments	2,130,439	-	2,130,439
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Accounts Receivable	57,536	995	58,531
Grants Receivable	1,014	-	1,014
Property Taxes	762,757	129,776	892,533
Utility Taxes	149,363	-	149,363
Due from Other Governmental Units	395,848	-	395,848
Due from Pension Fund	57	-	57
Prepaid Expenses	20,195	13,967	34,162
Net Pension Asset	32,497	-	32,497
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	2,269,370	124,159	2,393,529
Other Capital Assets, Net of Depreciation	7,055,074	3,467,191	10,522,265
TOTAL ASSETS	\$ 15,049,258	\$ 4,286,336	\$ 19,335,594
LIABILITIES			
Accounts Payable	\$ 16,379	\$ 6,826	\$ 23,205
Accrued Expenses	57,228	11,931	69,159
Interfund Balances	322	(322)	-
Bond Liability	2,000	-	2,000
Due to Developer	317,107	-	317,107
Net OPEB Liability	6,370	-	6,370
Non-Current Liabilities			
Due Within One Year	68,905	150,587	219,492
Due in More Than One Year	359,572	1,232,184	1,591,756
TOTAL LIABILITIES	\$ 827,883	\$ 1,401,206	\$ 2,229,089
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 766,257	\$ 129,776	\$ 896,033
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 766,257	\$ 129,776	\$ 896,033
NET POSITION			
Net Investment in Capital Assets	\$ 8,895,967	\$ 2,208,579	\$ 11,104,546
Restricted for:			
Highways and Streets	206,737	-	206,737
Capital Projects	631,635	-	631,635
Public Safety	94,493	-	94,493
Special Service Areas	295,750	-	295,750
Unrestricted/(Deficit)	3,330,536	546,775	3,877,311
TOTAL NET POSITION	\$ 13,455,118	\$ 2,755,354	\$ 16,210,472

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

VILLAGE OF SPRING GROVE, ILLINOIS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Administration	\$ 461,635	\$ 123,933	\$ -	\$ -	\$ (337,702)	\$ -	\$ (337,702)
Public Works	1,151,546	-	23,561	20,810	(1,107,175)	-	(1,107,175)
Public Safety	1,496,873	304,698	8,844	1,451,638	268,307	-	268,307
Parks and Recreation	472,409	53,742	-	15,416	(403,251)	-	(403,251)
Development	134,209	73,236	-	-	(60,973)	-	(60,973)
Interest and Fees on Long-Term Debt	13,599	-	-	-	(13,599)	-	(13,599)
	<u>\$ 3,730,271</u>	<u>\$ 555,609</u>	<u>\$ 32,405</u>	<u>\$ 1,487,864</u>	<u>\$ (1,654,393)</u>	<u>\$ -</u>	<u>\$ (1,654,393)</u>
Business-Type Activities							
Water and Sewer	\$ 532,666	\$ 403,243	\$ -	\$ -	\$ -	\$ (129,423)	\$ (129,423)
	<u>\$ 532,666</u>	<u>\$ 403,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (129,423)</u>	<u>\$ (129,423)</u>
Total Primary Government	<u>\$ 4,262,937</u>	<u>\$ 958,852</u>	<u>\$ 32,405</u>	<u>\$ 1,487,864</u>	<u>\$ (1,654,393)</u>	<u>\$ (129,423)</u>	<u>\$ (1,783,816)</u>
General Revenues							
Taxes							
					\$ 740,160	\$ 129,484	\$ 869,644
					556,080	-	556,080
					551,789	-	551,789
					99,567	-	99,567
					142,646	-	142,646
					704,547	-	704,547
					18,734	-	18,734
					11,500	-	11,500
					27,524	1,593	29,117
					2,070	-	2,070
					95,237	17,474	112,711
					(71,000)	71,000	-
					<u>\$ 2,878,854</u>	<u>\$ 219,551</u>	<u>\$ 3,098,405</u>
					\$ 1,224,461	\$ 90,128	\$ 1,314,589
					12,230,657	2,665,226	14,895,883
					<u>\$ 13,455,118</u>	<u>\$ 2,755,354</u>	<u>\$ 16,210,472</u>

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

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

	General Fund	Capital Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 877,622	\$ 732,644	\$ 170,532	\$ 394,310	\$ 2,175,108
Investments	2,130,439	-	-	-	2,130,439
Receivables (Net of Allowance for Estimated Uncollectible Amounts)					
Accounts Receivable	57,536	-	-	-	57,536
Grant Receivable	-	1,014	-	-	1,014
Property Taxes	692,712	-	-	70,045	762,757
Utility Taxes	149,363	-	-	-	149,363
Due from Other Governmental Units	357,012	-	38,836	-	395,848
Due from Pension Fund	57	-	-	-	57
Prepaid Expenses	20,195	-	-	-	20,195
TOTAL ASSETS	<u>\$ 4,284,936</u>	<u>\$ 733,658</u>	<u>\$ 209,368</u>	<u>\$ 464,355</u>	<u>\$ 5,692,317</u>
LIABILITIES					
Accounts Payable	\$ 16,379	\$ -	\$ -	\$ -	\$ 16,379
Accrued Payroll	57,228	-	-	-	57,228
Interfund Balances	14,267	(17,003)	2,072	986	322
Bond Liability	2,000	-	-	-	2,000
Due to Developer	317,107	-	-	-	317,107
TOTAL LIABILITIES	<u>\$ 406,981</u>	<u>\$ (17,003)</u>	<u>\$ 2,072</u>	<u>\$ 986</u>	<u>\$ 393,036</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	\$ 696,212	\$ -	\$ -	\$ 70,045	\$ 766,257
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 696,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,045</u>	<u>\$ 766,257</u>
FUND BALANCES					
Nonspendable					
Prepaid Expenses	\$ 20,195	\$ -	\$ -	\$ -	\$ 20,195
Restricted for:					
Highways and Streets	-	-	206,737	-	206,737
Capital Projects	-	631,635	-	-	631,635
Public Safety	-	-	-	94,493	94,493
Special Service Areas	-	-	-	295,750	295,750
Assigned for:					
Highways and Streets	-	-	559	-	559
Capital Projects	-	119,026	-	-	119,026
Public Safety	-	-	-	1,629	1,629
Special Service Areas	-	-	-	1,452	1,452
Unassigned (Deficit)	3,161,548	-	-	-	3,161,548
TOTAL FUND BALANCES	<u>\$ 3,181,743</u>	<u>\$ 750,661</u>	<u>\$ 207,296</u>	<u>\$ 393,324</u>	<u>\$ 4,533,024</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,284,936</u>	<u>\$ 733,658</u>	<u>\$ 209,368</u>	<u>\$ 464,355</u>	<u>\$ 5,692,317</u>

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

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

Total Fund Balances - Governmental Funds	\$	4,533,024
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets, net of accumulated depreciation		9,324,444
Net Pension Asset is not included in the governmental funds.		32,497
Net OPEB Liability is not included in the governmental funds.		(6,370)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable		<u>(428,477)</u>
Net Position of Governmental Activities	\$	<u>13,455,118</u>

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

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2014

	General Fund	Capital Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local Taxes					
Property Tax	\$ 682,645	\$ -	\$ -	\$ 57,515	\$ 740,160
Intergovernmental					
State Sales Tax	556,080	-	-	-	556,080
State Income Tax	551,789	-	-	-	551,789
State Replacement Tax	4,306	-	-	-	4,306
State Use Tax	99,567	-	-	-	99,567
State Motor Fuel Tax	-	-	142,646	-	142,646
Grants	8,844	13,916	8,798	-	31,558
Other Local Sources					
Utility Tax	704,547	-	-	-	704,547
Amusement Tax	14,428	-	-	-	14,428
Licenses and Permits	178,978	-	-	-	178,978
Fines and Forfeitures	292,235	3,899	-	15,584	311,718
Charges for Services	64,912	-	-	-	64,912
Impact Fees	11,500	-	-	-	11,500
Interest	26,270	557	43	654	27,524
Rentals	6,053	-	-	-	6,053
Royalties	11,645	-	-	-	11,645
Miscellaneous					
Donations	-	12,865	-	1,898	14,763
Other Miscellaneous	19,322	1,871	55,924	2,492	79,609
	<u>\$ 3,233,121</u>	<u>\$ 33,108</u>	<u>\$ 207,411</u>	<u>\$ 78,143</u>	<u>\$ 3,551,783</u>
EXPENDITURES					
Current					
Administration	\$ 492,607	\$ -	\$ -	\$ -	\$ 492,607
Public Works	905,536	-	282,254	4,448	1,192,238
Public Safety	1,370,077	-	-	37,388	1,407,465
Parks and Recreation	74,820	-	-	-	74,820
Development	78,057	-	-	-	78,057
Capital Outlay	81,078	319,222	-	9,100	409,400
Debt Service					
Principal	61,655	-	-	-	61,655
Interest and Fees	13,599	-	-	-	13,599
	<u>\$ 3,077,429</u>	<u>\$ 319,222</u>	<u>\$ 282,254</u>	<u>\$ 50,936</u>	<u>\$ 3,729,841</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 155,692</u>	<u>\$ (286,114)</u>	<u>\$ (74,843)</u>	<u>\$ 27,207</u>	<u>\$ (178,058)</u>
OTHER FINANCING SOURCES/(USES)					
Proceeds from Long-Term Debt	\$ 28,912	\$ -	\$ -	\$ -	\$ 28,912
Transfers	(166,904)	95,904	-	-	(71,000)
	<u>\$ (137,992)</u>	<u>\$ 95,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,088)</u>
NET CHANGE IN FUND BALANCES	\$ 17,700	\$ (190,210)	\$ (74,843)	\$ 27,207	\$ (220,146)
FUND BALANCES - MAY 1, 2013	<u>3,164,043</u>	<u>940,871</u>	<u>282,139</u>	<u>366,117</u>	<u>4,753,170</u>
FUND BALANCES - APRIL 30, 2014	<u>\$ 3,181,743</u>	<u>\$ 750,661</u>	<u>\$ 207,296</u>	<u>\$ 393,324</u>	<u>\$ 4,533,024</u>

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

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

Net Change in Fund Balances - Total Governmental Funds \$ (220,146)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (464,661)	
Capital Outlays	<u>371,110</u>	(93,551)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Proceeds from Sale of Capital Assets	\$ (2,070)	
Gain/(Loss) on Sale of Capital Assets	<u>2,070</u>	-

The change in the Net OPEB Liability is not included in the governmental funds (6,370)

Donated capital assets used in governmental activities are not current financial resources and therefore are not reported as revenue in the governmental funds. 1,473,948

The change in the Net Pension Asset/Obligation is not included in the governmental funds. 37,837

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

Proceeds from Long-Term Debt		(28,912)
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Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>61,655</u>
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Change in Net Position of Governmental Activities		<u>\$ 1,224,461</u>
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The Notes to Financial Statements are an integral part of this statement.

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

	Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 550,248
Receivables (Net of Allowance for Estimated Uncollectible Amounts)	
Property Taxes	129,776
Accounts Receivable	995
Prepaid Expenses	13,967
	\$ 694,986
Non-Current Assets	
Capital Assets	
Land	\$ 9,273
Construction in Progress	114,886
Water and Sewer Treatment System	3,164,487
Water Tower	1,085,452
Well House	761,016
Equipment	22,759
Less: Accumulated Depreciation	(1,566,523)
	\$ 3,591,350
TOTAL ASSETS	\$ 4,286,336
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 6,826
Accrued Interest	11,931
Interfund Balances	(322)
Bonds Payable - Current	150,587
	\$ 169,022
Non-Current Liabilities	
Bonds Payable (Net of Current Portion Shown Above)	\$ 1,232,184
TOTAL LIABILITIES	\$ 1,401,206
 DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 129,776
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 129,776
 NET POSITION	
Net Investment in Capital Assets	\$ 2,208,579
Unrestricted/(Deficit)	546,775
TOTAL NET POSITION	\$ 2,755,354

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

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

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for Services	
Customer Fees	\$ 149,121
Water Meter Sales	876
Connection Fees	253,246
	\$ 403,243
OPERATING EXPENSES	
Office Expenses	\$ 3,158
Operating Expenses	364,701
Depreciation	124,328
	\$ 492,187
OPERATING INCOME/(LOSS)	\$ (88,944)
NON-OPERATING REVENUE/(EXPENSE)	
Interest Income	\$ 1,593
Rental Income	17,474
Property Taxes	129,484
Interest Expense	(40,479)
	\$ 108,072
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 19,128
TRANSFERS (TO)/FROM OTHER FUNDS	71,000
CHANGE IN NET POSITION	\$ 90,128
NET POSITION - MAY 1, 2013	2,665,226
NET POSITION - APRIL 30, 2014	\$ 2,755,354

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

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2014

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 403,854
Payments to Suppliers for Goods and Services	(382,876)
Net Cash Provided/(Used) by Operating Activities	\$ 20,978
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 71,000
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ 71,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Change in Capital Assets	\$ (57,459)
Interest Paid on Capital Debt	(41,739)
Principal Paid on Capital Debt	(146,428)
Other Receipts/(Payments)	146,958
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (98,668)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 1,593
Net Cash Provided/(Used) by Investing Activities	\$ 1,593
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (5,097)
CASH AND CASH EQUIVALENTS AND INVESTMENT BALANCE - MAY 1, 2013	555,345
CASH AND CASH EQUIVALENTS AND INVESTMENT BALANCE - APRIL 30, 2014	\$ 550,248
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ (88,944)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	124,328
Change in assets and liabilities:	
Receivables, net	611
Accounts Payable	(728)
Prepaid Expenses	(13,967)
Interfund Payables	(322)
Net Cash Provided by Operating Activities	\$ 20,978

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

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

	<u>Police Pension Trust Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 448,174
Investments, at fair value	<u>1,611,122</u>
TOTAL ASSETS	<u>\$ 2,059,296</u>
LIABILITIES	
Due to Municipality	<u>\$ 57</u>
TOTAL LIABILITIES	<u>\$ 57</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 2,059,239</u></u>

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

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

	Police Pension Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 282,537
Plan Members	56,930
Total Contributions	\$ 339,467
Investment Income	
Interest Income	\$ 7,355
Unrealized Gain/(Loss)	18,877
Realized Gain/(Loss)	11,187
Net Investment Income	\$ 37,419
 TOTAL ADDITIONS	 \$ 376,886
 DEDUCTIONS	
Benefits	\$ 136,691
Administrative Expenses	4,308
TOTAL DEDUCTIONS	\$ 140,999
 NET INCREASE/(DECREASE)	 \$ 235,887
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2013	 1,823,352
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2014	 \$ 2,059,239

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

VILLAGE OF SPRING GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Reporting Entity*

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

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

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's administration, public works, public safety, parks and recreation, and development services are classified as governmental activities. The Village's Water and Sewer services are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, unrestricted investment earnings, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works, public safety, parks and recreation, and

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

development) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The Village does not allocate indirect costs.

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

C. *Basic Financial Statements – Fund Financial Statements*

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

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

Governmental Funds

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

1. The General Fund is the Village's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Motor Fuel Tax Fund includes revenues from motor fuel tax and other state road grants along with the related expenditures.
3. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital projects.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Fund Types

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

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

Fiduciary Fund Types

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

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

D. *Basis of Accounting*

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

1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. An exception was made to the 60 day recognition period for Income Tax revenues due to delayed payments from the State of Illinois. The

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

2. Modified Accrual (Continued)

exception was made to preserve the consistency of revenue recognition between years. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt, which is recognized when due and payable.

E. *Cash and Cash Equivalents*

The Village has defined cash and cash equivalents to include cash on hand, demand deposits, checking accounts, savings accounts, money market accounts, and short-term investments with an original maturity of less than three months.

F. *Investments*

Investments, including those reported in the police pension trust fund, are stated at fair value (quoted market price or the best available estimate).

G. *Receivables*

Property taxes receivable are recognized at the time they are levied. The property tax receivable allowance is equal to 0% of outstanding property taxes at April 30, 2014.

H. *Inventories*

It is the Village's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the value of resale or supply items on hand.

I. *Interfund Activity*

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

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

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *Capital Assets* (Continued)

capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land	No Depreciation
Buildings and Improvements	7 - 40 years
Vehicles	5 - 10 years
Equipment	3 - 20 years
Land Improvements	5 - 50 years
Infrastructure	20 - 30 years
Wastewater Treatment System	40 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets effective as of May 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

K. *Deferred Outflows and Inflows of Resources*

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

L. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-wide and proprietary fund net position is divided into three components:

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

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

- Restricted – Restricted fund balances are restricted when constraints are placed on the used by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. The Village has not delegated this authority to an appointed body or official. All assigned fund balances are the residual amounts of the fund.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *Governmental Fund Balances (Continued)*

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash.

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

O. *Revenue Recognition*

Substantially all shared revenue is recorded during the period when received by the collecting authority, the State of Illinois.

Income from investments, bank accounts, and unbilled usage receivables are recognized when earned. Licenses and permits, fines and forfeits, fees and refunds, charges for services (other than enterprise funds), miscellaneous and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received.

P. *Property Tax Calendar and Revenues*

The Village is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on January 1 of each year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts within one month after these dates. Property taxes receivable and unavailable revenue recorded in these financial statements, in the amount of \$766,257 and \$129,776 in its governmental funds and its proprietary funds, respectively, are from the 2013 tax levy. The unavailable revenue is 100% of the 2013 levy, less allowance. These taxes are unavailable as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2014. The Village has determined that 100% of the amount collected for the 2012 levy is allocable for use in fiscal year 2014. Therefore, 100% of the amounts collected for the 2012 levy (\$869,644) are recorded in these financial statements as property taxes revenue.

Q. *Defining Operating Revenues and Expenses*

The Village's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's Water and Sewer Fund consist of charges for services (including permit fees) and the costs for providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

R. *Estimates*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Investments

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

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 1,321,370	\$ 1,321,370	\$ -	\$ -	\$ -
Mutual Funds	206,159	206,159	-	-	-
Bank of New York Mellon	15,312	15,312	-	-	-
Allstate Corp	15,450	15,450	-	-	-
Berkshire Hathaway Fin	5,229	5,229	-	-	-
Conocophillips	10,422	10,422	-	-	-
Ei Du Pont De Nemour	10,298	10,298	-	-	-
JP Morgan Chase & Co.	41,331	41,331	-	-	-
American Express Credit	35,728	-	35,728	-	-
Wal-Mart Stores Global	15,937	-	15,937	-	-
Texas Instruments Inc.	15,700	-	15,700	-	-
AT&T Inc.	25,374	-	25,374	-	-
Costco Wholesale Corp	16,973	-	16,973	-	-
John Deere Capital Corp	40,460	-	40,460	-	-
Ebay Inc.	25,150	-	25,150	-	-
General Electric Corp	45,664	-	45,664	-	-
Oracle Corp	24,909	-	24,909	-	-
The Walt Disney Company	24,885	-	24,885	-	-
Wells Fargo Co	46,534	-	46,534	-	-
Proctor & Gamble Co	5,685	-	5,685	-	-
EMC Corp	15,282	-	-	15,282	-
Caterpillar Inc.	27,218	-	-	27,218	-
Target Corp	24,874	-	-	24,874	-
Simon Property Group Inc.	10,229	-	-	10,229	-
Comcast Corp	25,258	-	-	25,258	-
US Treasury Notes	350,646	-	236,573	114,073	-
Federal Nat'l Mtg Assn	61,096	25,565	35,531	-	-
Federal Home Loan Mtg Corp	61,724	35,813	25,911	-	-
	<u>\$ 2,524,897</u>	<u>\$ 1,686,949</u>	<u>\$ 621,014</u>	<u>\$ 216,934</u>	<u>\$ -</u>

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

Interest Rate Risk – The Village's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments based on credit risk. The Village has no investment policy that would further limit its investment choices. As of April 30, 2014, the Village's investments were rated as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investment	Credit Rating	Rating Source
State Investment Pool	AAA _m	Standard and Poor's
Bank of New York Mellon	A1	Moody's Investors Service
Allstate Corp	A3	Moody's Investors Service
Berkshire Hathaway Fin	AA2	Moody's Investors Service
Conocophillips	A1	Moody's Investors Service
Ei Du Pont De Nemour	A2	Moody's Investors Service
JP Morgan Chase & Co.	A3	Moody's Investors Service
American Express Credit	A2	Moody's Investors Service
Wal-Mart Stores Global	AA2	Moody's Investors Service
Texas Instruments Inc.	A1	Moody's Investors Service
AT&T Inc.	A3	Moody's Investors Service
Costco Wholesale Corp	A1	Moody's Investors Service
John Deere Capital Corp	A2	Moody's Investors Service
Ebay Inc.	A2	Moody's Investors Service
General Electric Corp	A1	Moody's Investors Service
Oracle Corp	A1	Moody's Investors Service
The Walt Disney Company	A2	Moody's Investors Service
Wells Fargo Co	A2	Moody's Investors Service
Proctor & Gamble Co	AA3	Moody's Investors Service
EMC Corp	A1	Moody's Investors Service
Caterpillar Inc.	A2	Moody's Investors Service
Target Corp	A2	Moody's Investors Service
Simon Property Group Inc.	A2	Moody's Investors Service
Comcast Corp	A3	Moody's Investors Service
US Treasury Notes	AAA	Moody's Investors Service
Federal Nat'l Mtg Assn	AAA	Moody's Investors Service
Federal Home Loan Mtg Corp	AAA	Moody's Investors Service

Concentration of Credit Risk. The Village places no limit on the amount the Village may invest in any one issuer. More than 5 percent of the Village's investments are in State Investment Pool (52%), Mutual Funds (8%), and US Treasury Notes (14%).

NOTE 3 - CAPITAL ASSETS

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

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 2,245,057	\$ 1,500	\$ -	\$ 2,246,557
Construction in Progress	13,006	9,807	-	22,813
Total Capital Assets not being depreciated	\$ 2,258,063	\$ 11,307	\$ -	\$ 2,269,370
Other Capital Assets				
Buildings	\$ 2,886,236	\$ -	\$ -	\$ 2,886,236
Vehicles	1,099,449	1,205,015	22,262	2,282,202
Equipment	873,294	460,932	12,020	1,322,206
Land Improvements	358,307	-	-	358,307
Infrastructure	3,487,099	167,804	-	3,654,903
Total Other Capital Assets at Historical Cost	\$ 8,704,385	\$ 1,833,751	\$ 34,282	\$ 10,503,854
Less Accumulated Depreciation for				
Buildings	\$ 919,560	\$ 72,031	\$ -	\$ 991,591
Vehicles	824,716	139,133	22,262	941,587
Equipment	650,697	118,503	12,020	757,180
Land Improvements	30,854	16,794	-	47,648
Infrastructure	592,574	118,200	-	710,774
Total Accumulated Depreciation	\$ 3,018,401	\$ 464,661	\$ 34,282	\$ 3,448,780
Other Capital Assets, Net	\$ 5,685,984	\$ 1,369,090	\$ -	\$ 7,055,074
Governmental Activities Capital Assets, Net	\$ 7,944,047	\$ 1,380,397	\$ -	\$ 9,324,444

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2013	Increases	Decreases	Balance April 30, 2014
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 9,273	\$ -	\$ -	\$ 9,273
Construction in Progress	133,001	-	18,115	114,886
Total Capital Assets not being depreciated	\$ 142,274	\$ -	\$ 18,115	\$ 124,159
Other Capital Assets				
Water and Sewer Treatment System	\$ 4,939,437	\$ 71,518	\$ -	\$ 5,010,955
Equipment	18,704	4,055	-	22,759
Total Other Capital Assets at Historical Cost	\$ 4,958,141	\$ 75,573	\$ -	\$ 5,033,714
Less Accumulated Depreciation for				
Water and Sewer Treatment System	\$ 1,423,491	\$ 124,038	\$ -	\$ 1,547,529
Equipment	18,704	290	-	18,994
Total Accumulated Depreciation	\$ 1,442,195	\$ 124,328	\$ -	\$ 1,566,523
Other Capital Assets, Net	\$ 3,515,946	\$ (48,755)	\$ -	\$ 3,467,191
Business-Type Activities Capital Assets, Net	\$ 3,658,220	\$ (48,755)	\$ 18,115	\$ 3,591,350

Depreciation expense was charged to functions as follows:

Governmental Activities:		
Administration		\$ 6,851
Public Works		182,458
Public Safety		173,545
Parks and Recreation		68,836
Development		32,971
Total Governmental Activities Depreciation Expense		\$ 464,661
Business-Type Activities:		
Water and Sewer		\$ 124,328
Total Business-Type Activities Depreciation Expense		\$ 124,328

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

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

	Balance May 1, 2013	Additions	Retirements	Balance April 30, 2014	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
Thelen Park Loan	\$ 328,543	\$ -	\$ 32,093	\$ 296,450	\$ 33,117
Int'l Truck Loan	132,677	-	26,617	106,060	27,302
Panasonic ToughBooks	-	28,912	2,945	25,967	8,486
Total Bonds and Notes Payable	\$ 461,220	\$ 28,912	\$ 61,655	\$ 428,477	\$ 68,905
Governmental Activities Long-Term Liabilities	\$ 461,220	\$ 28,912	\$ 61,655	\$ 428,477	\$ 68,905
Business-Type Activities					
Bonds Payable:					
Revenue Bonds	\$ 1,103,381	\$ -	\$ 103,470	\$ 999,911	\$ 44,330
Note Payable	425,818	-	42,958	382,860	106,257
Total Bonds Payable	\$ 1,529,199	\$ -	\$ 146,428	\$ 1,382,771	\$ 150,587
Business-Type Activities Long-Term Liabilities	\$ 1,529,199	\$ -	\$ 146,428	\$ 1,382,771	\$ 150,587

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Maturity Dates	Interest Rates	Face Amount	Carrying Amount
Governmental Activities:				
Thelen Park Loan	2/1/2022	3.150%	\$ 362,034	\$ 296,450
Int'l Truck Loan	11/1/2017	2.550%	139,560	106,060
Panasonic ToughBooks	1/7/2017	5.698%	28,912	25,967
Business-Type Activities:				
Revenue Bonds	7/1/2022	2.675%	\$ 2,000,000	\$ 999,911
Note Payable	11/1/2021	3.150%	470,559	382,860

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

Year Ending April 30	Principal	Interest	Total
2015	\$ 68,905	\$ 12,551	\$ 81,456
2016	71,952	10,379	82,331
2017	71,692	8,010	79,702
2018	58,414	5,962	64,376
2019	37,545	4,521	42,066
2020	38,742	3,324	42,066
2021	39,977	2,090	42,066
2022	41,251	815	42,066
	<u>\$ 428,477</u>	<u>\$ 47,653</u>	<u>\$ 476,129</u>

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

Year Ending April 30	Principal	Interest	Total
2015	\$ 150,587	\$ 37,582	\$ 188,168
2016	154,861	33,307	188,168
2017	159,257	28,911	188,168
2018	163,779	24,389	188,168
2019	168,431	19,738	188,168
2020	173,215	14,953	188,168
2021	178,136	10,032	188,168
2022	169,227	4,971	174,198
2023	65,279	873	66,152
	<u>\$ 1,382,771</u>	<u>\$ 174,756</u>	<u>\$ 1,557,527</u>

NOTE 5 - INTERFUND BALANCES

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

Due to Capital Fund from:	
General Fund	\$ 14,267
Police Special	546
Motor Fuel Tax Fund	2,072
SSA Fund	440
	<u>\$ 17,325</u>
Due to General Fund from:	
Police Pension Fund	<u>57</u>
Due to Waste Water Fund from:	
Capital Fund	<u>\$ 322</u>

All interfund balances resulted from a time lag between the dates that expenditures were incurred and reimbursed between funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - DEFICIT FUND BALANCES

There were no funds which reflected a deficit fund balance as of April 30, 2014.

NOTE 7 - PROPERTY TAXES

The 2013 levy was passed by the Board on November 5, 2013. A summary of the assessed valuations, rates, and extensions for the years 2013, 2012, and 2011 follows:

Tax Year Assessed Valuation	2013 \$158,174,729		2012 \$172,276,528		2011 \$193,362,455	
	Rate	Extension	Rate	Extension	Rate	Extension
Corporate	0.2258	\$ 357,234	0.2072	\$ 357,031	0.2356	\$ 455,514
Police Pension	0.1871	296,000	0.1643	283,000	0.0837	161,854
	<u>0.4130</u>	<u>\$ 653,234</u>	<u>0.3715</u>	<u>\$ 640,031</u>	<u>0.3193</u>	<u>\$ 617,368</u>
Road and Bridge (from Townships)	-	\$ 39,477	-	\$ 43,780	-	\$ 42,585
Special Service Area #1	0.5920	\$ 129,776	0.5920	\$ 129,776	0.5220	\$ 129,776
Special Service Area #8	-	25,500	-	13,566	-	13,566
Special Service Area #9	-	21,754	-	21,754	-	22,052
Special Service Area #11	-	4,272	-	3,920	-	3,616
Special Service Area #13	-	7,360	-	7,296	-	7,200
Special Service Area #15	-	7,511	-	7,395	-	7,308
Special Service Area #24	-	3,648	-	3,584	-	3,520
	<u>0.5920</u>	<u>\$ 199,821</u>	<u>0.5920</u>	<u>\$ 187,291</u>	<u>0.5220</u>	<u>\$ 187,038</u>

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no funds in which the expenditures exceeded the appropriations for the year ended April 30, 2014.

NOTE 9 - OPERATING LEASES

The Village leases copier and laptop equipment under operating leases. Total lease expense for fiscal year 2014 was \$10,204.

Annual requirements to cover outstanding lease agreements at April 30, 2014 are:

<u>Year Ending April 30</u>	<u>Total Payments</u>
2015	\$ 3,503
2016	3,337
2017	1,512
2018	1,512
2019	1,512
	<u>\$ 11,376</u>

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *Plan Description*

The Village's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

B. *Funding Policy*

As set by statute, the Village's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 10.75%. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

C. *Annual Pension Cost*

The required contribution for calendar year ending December 31, 2013 was \$55,238.

Three Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 55,238	100%	\$ -
12/31/2012	51,694	100%	-
12/31/2011	51,714	100%	-

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

D. *Funded Status and Funding Progress*

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 80.84% funded. The actuarial accrued liability for benefits was \$963,830 and the actuarial value of assets was \$779,196, resulting in an underfunded actuarial accrued liability (UAAL) of \$184,634. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$513,838 and the ratio of the UAAL to the covered payroll was 36%.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN

A. *Plan Description and Contribution Information*

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

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

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

Retirees and Beneficiaries Receiving Benefits	3
Active Plan Members	9
Total	<u>12</u>

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

B. *Summary of Significant Accounting Policies*

Basis of Accounting

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

Method Used to Value Investments

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

C. *Concentrations*

No concentrations existed as of the year ended April 30, 2014.

D. *Annual Pension Cost and Net Pension Obligation*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

D. *Annual Pension Cost and Net Pension Obligation* (Continued)

Annual required contribution	\$ 170,263
Adjustment to annual required contribution	<u>74,437</u>
Annual pension cost	\$ 244,700
Contributions made	<u>282,537</u>
Increase/(decrease) in net pension obligation	\$ (37,837)
Net pension obligation beginning of year	<u>5,340</u>
Net pension obligation end of year	<u><u>\$ (32,497)</u></u>

The annual required contribution for the current year was determined as part of the April 30, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases are based on service-related tables with rates grading from 11% to 4% at 30 years of service. Both (a) and (b) include an inflation component. The assumptions include postretirement benefit increases of 1.25%. The unfunded actuarial accrued liability is being amortized as a normal cost, plus an additional amount to bring the plan's funded ratio to 90% by the end of fiscal year 2040. The remaining amortization period at April 30, 2013 was 27 years.

Fiscal Year Ending	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
4/30/2013	\$ 244,700	115.5%	\$ 32,497
4/30/2012	162,596	96.7%	(5,340)
4/30/2011	155,009	100.0%	-

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

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS – RETIREE PAID INSURANCE

A. *Plan Overview*

The Village provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides medical benefits to retirees and their covered eligible dependents. All active employees who retire directly from the Village and meet the eligibility criteria may participate, but at their own cost.

The Village is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Village or the retiree. Consequently, participating retirees are considered to receive a benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Village’s younger and statistically healthier active employees.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS – RETIREE PAID INSURANCE
(Continued)

B. *Funding Policy*

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

C. *Annual OPEB Cost and Net OPEB Obligation*

The Village’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the Village, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following shows the components of the Village’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Village’s net OPEB obligation to the plan:

Annual required contribution	\$ 4,156
Interest on net OPEB obligation	127
Adjustment to annual required contribution	(105)
Annual OPEB cost (expense)	<u>\$ 4,178</u>
Contributions made	<u>972</u>
Increase in net OPEB obligation	\$ 3,206
Net OPEB obligation - beginning of year	<u>3,164</u>
Net OPEB obligation - end of year	<u><u>\$ 6,370</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2014	\$ 4,178	\$ 972	23%	\$ 6,370
4/30/2013	-	-	0%	3,164
4/30/2012	-	-	0%	-

D. *Funded Status and Funding Progress*

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

E. *Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The Actuarial Accrued Liability was determined using a 4% discount rate. At the valuation date, healthcare benefits were expected to increase 7.5% in 2014, trending

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS – RETIREE PAID INSURANCE
(Continued)

E. *Actuarial Assumptions and Methods* (Continued)

down to 5.5% increases in 2018 and later years. Mortality assumptions were based on similar rates utilized for IMRF and Police Pension Funds. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized on an open, level percentage of pay. The remaining amortization period at April 30, 2014 was 30 years.

NOTE 13 - SOCIAL SECURITY

All employees, except full-time police officers, are covered under Social Security. The Village paid the total required contribution for the current fiscal year.

NOTE 14 - INTERFUND TRANSFERS

Interfund transfers for the year ended April 30, 2014 consisted of the following:

Transfers from General Fund to:		
Water and Sewer Fund	\$	71,000
Capital Fund		95,904

The transfer from the General Fund to the Water and Sewer Fund was made to cover operating expenses. The transfer from the General Fund to the Capital Fund was made to pay for a road project and capital equipment.

NOTE 15 - RISK MANAGEMENT

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Village is a member of the McHenry County Municipal Risk Management Agency (MCMRMA), a public entity risk pool through which property, general liability, automobile, liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The relationship between the Village and MCMRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for MCMRMA, to report claims on a timely basis, cooperate with MCMRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by MCMRMA. Members have a contractual obligation to fund any deficit of MCMRMA attributable to a membership year during which they were a member.

MCMRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. MCMRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

During the year ended April 30, 2014, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in any of the past three years. The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2014, there were no significant adjustments in premiums based on actual experience.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 16 - CONSTRUCTION COMMITMENTS

The Village has incurred \$114,886 of expenses relating to water line expansions as of April 30, 2014. There were no expenses incurred in the current fiscal year for this project. The estimated cost and completion date of the commitment is unknown.

The Village has incurred \$22,813 of expenses relating to the Winn Road bike path as of April 30, 2014. The Village incurred \$9,807 of these expenses this fiscal year. The estimated cost and completion date of the commitment is unknown.

NOTE 17 - CONTINGENCIES

The Village is not aware of any litigation which might have a material adverse affect on the Village's financial position.

NOTE 18 - LEGAL DEBT LIMITATION

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

2013 EAV	\$	158,174,729
	X	<u>8.625%</u>
Debt Margin	\$	13,642,570
Current Governmental Activities Debt		<u>(428,477)</u>
Remaining Debt Margin	\$	<u><u>13,214,093</u></u>

NOTE 19 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through August 5, 2014, the date on which the financial statements were available to be issued.

NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended April 30, 2014, the Village has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ 779,196	\$ 963,830	\$ 184,634	80.84%	\$ 513,838	35.93%
12/31/2012	646,854	857,395	210,541	75.44%	499,460	42.15%
12/31/2011	538,412	735,286	196,874	73.22%	488,790	40.28%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$882,117. On a market basis, the funded ratio would be 91.52%.

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

See Accompanying Independent Auditor's Report

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2013	\$ 1,907,539	\$ 5,239,963	\$ 3,332,424	36.4%	\$ 544,794	611.7%
4/30/2012	1,702,517	3,616,859	1,914,342	47.1%	521,767	366.9%
4/30/2011	1,617,356	3,354,750	1,737,394	48.2%	469,997	369.7%

*This amount is based on the Entry-Age-Normal Cost Method. The Entry-Age-Normal is used to determine the required contribution.

This information presented was determined as part of the actuarial valuations at the dates indicated.

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS
 POST EMPLOYMENT BENEFIT COMMITMENTS
 SCHEDULE OF FUNDING PROGRESS
 APRIL 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Unit Credit (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
4/30/2014	\$ -	\$ 61,243	\$ 61,243	0.00%	N/A	N/A
4/30/2013	-	-	-	0.00%	N/A	N/A
4/30/2012	-	-	-	0.00%	N/A	N/A

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2014

	<u>Appropriated Amounts Original and Final</u>	<u>Actual Amounts</u>
REVENUES		
Local Taxes		
Property Tax	\$ 640,000	\$ 682,645
Intergovernmental		
State Sales Tax	510,000	556,080
State Income Tax	520,000	551,789
State Replacement Tax	3,700	4,306
State Use Tax	86,000	99,567
Grants	25,000	8,844
Other Local Sources		
Utility Tax	695,000	704,547
Amusement Tax	7,000	14,428
Licenses and Permits	156,000	178,978
Fines and Forfeitures	200,500	292,235
Charges for Services	73,015	64,912
Impact Fees	11,000	11,500
Interest	22,000	26,270
Rentals	4,000	6,053
Royalties	12,000	11,645
Miscellaneous		
Other Miscellaneous	8,000	19,322
Total Revenues	<u>\$ 2,973,215</u>	<u>\$ 3,233,121</u>
EXPENDITURES		
CURRENT		
ADMINISTRATION		
Personnel Salaries	\$ 234,000	\$ 179,564
Payroll Taxes	18,200	13,428
Retirement and Benefits	19,370	16,216
Contract Services	28,015	22,966
Professional Fees	115,700	66,160
Insurance	84,500	45,802
Dues and Subscriptions	9,425	5,911
Supplies	1,950	1,125
Printing	2,600	1,059
Office Expense	13,000	15,318
Communications	5,460	7,907
Special Events	12,350	9,481
Revenue Sharing	-	106,859
Miscellaneous Expenses	2,080	811
	<u>\$ 546,650</u>	<u>\$ 492,607</u>
PUBLIC WORKS		
Personnel Salaries	\$ 329,160	\$ 254,306
Payroll Taxes	24,960	21,119
Retirement and Benefits	75,205	57,383
Contract Services	650	547

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2014

	Appropriated Amounts <u>Original and Final</u>	Actual Amounts <u></u>
EXPENDITURES (Continued)		
CURRENT (Continued)		
PUBLIC WORKS (Continued)		
Engineering Fees	\$ 26,000	\$ 20,610
Fuel	33,800	40,211
Small Tools	2,600	3,153
Seminars and Dues	1,300	1,720
Supplies	14,950	12,410
Rentals	3,900	671
Utilities	3,900	5,606
Maintenance and Repairs	179,400	188,926
Road Maintenance	292,500	228,523
Snowplowing	104,000	66,558
Communications	3,900	2,556
Miscellaneous Expenses	1,560	1,237
	<u>\$ 1,097,785</u>	<u>\$ 905,536</u>
PUBLIC SAFETY		
Personnel Salaries	\$ 909,773	\$ 716,155
Payroll Taxes	23,400	17,449
Retirement and Benefits	90,870	69,208
Pension Contribution	367,900	282,537
Contract Services	63,180	50,476
Professional Fees	66,300	52,005
Communications	36,400	51,376
Supplies	18,200	18,580
Conferences and Dues	7,800	5,896
Training and Education	9,750	12,418
Maintenance and Repairs	22,750	20,435
Printing	6,370	4,953
Office Expense	14,300	8,636
Fuel	45,500	45,445
Miscellaneous Expenses	40,560	14,508
	<u>\$ 1,723,053</u>	<u>\$ 1,370,077</u>
PARKS AND RECREATION		
Personnel Salaries	\$ 23,400	\$ 17,399
Payroll Taxes	1,950	1,309
Instructional Fees	35,750	22,889
Supplies	14,300	9,966
Park Maintenance	26,000	10,296
Contract Services	10,400	8,312
Special Events	5,460	3,851
Utilities	1,300	798
Miscellaneous	260	-
	<u>\$ 118,820</u>	<u>\$ 74,820</u>

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2014

	Appropriated Amounts <u>Original and Final</u>	Actual Amounts
EXPENDITURES (Continued)		
CURRENT (Continued)		
DEVELOPMENT		
Personnel Salaries	\$ 57,200	\$ 44,490
Payroll Taxes	4,940	4,570
Retirement and Benefits	6,240	5,421
Contract Services	24,050	13,897
Communications	1,950	1,010
Maintenance and Repairs	1,950	1,316
Printing	195	-
Seminars and Dues	1,950	270
Supplies	2,600	1,121
Utilities	4,550	5,154
Miscellaneous Expenses	1,950	808
	<u>\$ 107,575</u>	<u>\$ 78,057</u>
CAPITAL OUTLAY		
Public Works	\$ 39,000	\$ -
Public Safety	39,000	38,559
Parks and Recreation	18,850	19,338
Development	15,275	23,181
	<u>\$ 112,125</u>	<u>\$ 81,078</u>
DEBT SERVICE		
Principal	\$ 55,250	\$ 61,655
Interest and Fees	-	13,599
	<u>\$ 55,250</u>	<u>\$ 75,254</u>
Total Expenditures	<u>\$ 3,761,258</u>	<u>\$ 3,077,429</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (788,043)</u>	<u>\$ 155,692</u>
OTHER FINANCING SOURCES/(USES)		
Proceeds from Long-Term Debt	\$ -	\$ 28,912
Transfers	(24,170)	(166,904)
	<u>\$ (24,170)</u>	<u>\$ (137,992)</u>
NET CHANGE IN FUND BALANCE	\$ (812,213)	\$ 17,700
FUND BALANCE - MAY 1, 2013	<u>3,164,043</u>	<u>3,164,043</u>
FUND BALANCE - APRIL 30, 2014	<u>\$ 2,351,830</u>	<u>\$ 3,181,743</u>

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
MOTOR FUEL TAX FUND
YEAR ENDED APRIL 30, 2014

	Appropriated Amounts Original and Final	Actual Amounts
REVENUES		
Intergovernmental		
State Motor Fuel Tax	\$ 140,000	\$ 142,646
Grants	-	8,798
Other Local Sources		
Interest	-	43
Miscellaneous		
Other Miscellaneous	-	55,924
Total Revenues	\$ 140,000	\$ 207,411
EXPENDITURES		
CURRENT		
PUBLIC WORKS		
Motor Fuel Expenses	\$ 512,000	\$ 282,254
Total Expenditures	\$ 512,000	\$ 282,254
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (372,000)	\$ (74,843)
OTHER FINANCING SOURCES/(USES)	-	-
NET CHANGE IN FUND BALANCE	\$ (372,000)	\$ (74,843)
FUND BALANCE - MAY 1, 2013	282,139	282,139
FUND BALANCE - APRIL 30, 2014	\$ (89,861)	\$ 207,296

See Accompanying Independent Auditor's Report

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

NOTE 1 - APPROPRIATIONS

Appropriations are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds except agency funds. All annual appropriations lapse at fiscal year end.

Appropriated expenditures are controlled at the departmental level with the Finance Committee Chairperson's oversight. All transfers and any revisions that change the total expenditures not contemplated of any fund must be approved by the Board of Trustees. All appropriation amendments must be approved by the Board of Trustees.

The appropriation ordinance was approved on June 4, 2013 and was not amended.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No fund presented as Required Supplementary Information had expenditures that exceeded the appropriations ordinance.