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***VILLAGE OF SPRING GROVE, ILLINOIS***

***ANNUAL FINANCIAL REPORT***

***APRIL 30, 2015***

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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, 2015, 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, 2015, 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, Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contribution, and budgetary comparison information on pages 3 through 9 and 42 through 51 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.

## **Change in Accounting Principle**

As discussed in Note 20 to the financial statements, the Village implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. Our opinion is not modified with respect to this matter.

*Eder, Casella & Co.*

EDER, CASELLA & CO.  
Certified Public Accountants

McHenry, Illinois  
August 20, 2015

REQUIRED SUPPLEMENTARY INFORMATION

# **VILLAGE OF SPRING GROVE, ILLINOIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

APRIL 30, 2015

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, 2015. 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 2015:

- The assets of the Village exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,966,486 (net position as of April 30, 2015). Of this amount, \$4,026,509 (\$3,389,194 for Governmental Activities and \$637,315 for Business-Type Activities) may be used to meet the Village's ongoing obligations to citizens and creditors.
- Total net position decreased by \$243,986.
- At April 30, 2015, the Village's governmental funds reported combined ending fund balances of \$4,617,667, a decrease of \$84,642 in comparison with the prior year. Of this amount, \$3,176,530 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 \$3,176,530, or 105.9 percent of total General Fund expenditures.
- The Village's total debt decreased by \$220,282.

### **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 41 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 42 through 51 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 exceeded liabilities and deferred inflows of resources by \$15,966,486 at April 30, 2015.

The largest portion of the Village's net position (66.7 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	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
<b>Assets</b>						
Current and Other Assets	\$ 5,890,779	\$ 5,724,814	\$ 782,203	\$ 694,986	\$ 6,672,982	\$ 6,419,800
Capital Assets	8,739,113	9,324,444	3,494,463	3,591,350	12,233,576	12,915,794
<b>Total Assets</b>	<b>\$ 14,629,892</b>	<b>\$ 15,049,258</b>	<b>\$ 4,276,666</b>	<b>\$ 4,286,336</b>	<b>\$ 18,906,558</b>	<b>\$ 19,335,594</b>
<b>Liabilities</b>						
Long-Term Liabilities Outstanding	\$ 365,149	\$ 434,847	\$ 1,232,187	\$ 1,382,771	\$ 1,597,336	\$ 1,817,618
Other Liabilities	396,562	393,036	15,112	18,435	411,674	411,471
<b>Total Liabilities</b>	<b>\$ 761,711</b>	<b>\$ 827,883</b>	<b>\$ 1,247,299</b>	<b>\$ 1,401,206</b>	<b>\$ 2,009,010</b>	<b>\$ 2,229,089</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue - Property Taxes	\$ 801,286	\$ 766,257	\$ 129,776	\$ 129,776	\$ 931,062	\$ 896,033
<b>Total Deferred Inflows of Resources</b>	<b>\$ 801,286</b>	<b>\$ 766,257</b>	<b>\$ 129,776</b>	<b>\$ 129,776</b>	<b>\$ 931,062</b>	<b>\$ 896,033</b>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 8,380,334	\$ 8,895,967	\$ 2,262,276	\$ 2,208,579	\$ 10,642,610	\$ 11,104,546
Restricted	1,297,367	1,228,615	-	-	1,297,367	1,228,615
Unrestricted	3,389,194	3,330,536	637,315	546,775	4,026,509	3,877,311
<b>Total Net Position</b>	<b>\$ 13,066,895</b>	<b>\$ 13,455,118</b>	<b>\$ 2,899,591</b>	<b>\$ 2,755,354</b>	<b>\$ 15,966,486</b>	<b>\$ 16,210,472</b>

An additional portion of the Village's net position (8.1 percent) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position, \$4,026,509, may be used to meet the Village's ongoing obligations to citizens and creditors.

The Village's net position decreased by \$243,986 during the current fiscal year.

**Governmental Activities** - Governmental activities decreased the Village's net position by \$388,223. Key elements of this decrease are as follows:

	Village of Spring Grove, Illinois' Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 475,649	\$ 555,609	\$ 256,759	\$ 403,243	\$ 732,408	\$ 958,852
Operating Grants and Contributions	206,500	32,405	-	-	206,500	32,405
Capital Grants and Contributions	-	1,487,864	-	-	-	1,487,864
General Revenues						
Property Taxes	760,567	740,160	129,465	129,484	890,032	869,644
Sales Taxes	593,744	556,080	-	-	593,744	556,080
Other Taxes	1,535,704	1,517,283	-	-	1,535,704	1,517,283
Other	13,281	136,331	21,472	19,067	34,753	155,398
<b>Total Revenues</b>	<b>\$ 3,585,445</b>	<b>\$ 5,025,732</b>	<b>\$ 407,696</b>	<b>\$ 551,794</b>	<b>\$ 3,993,141</b>	<b>\$ 5,577,526</b>
<b>Expenses</b>						
Administration	\$ 542,775	\$ 461,635	\$ -	\$ -	\$ 542,775	\$ 461,635
Public Works	1,279,479	1,151,546	-	-	1,279,479	1,151,546
Public Safety	1,728,749	1,496,873	-	-	1,728,749	1,496,873
Parks and Recreation	228,182	472,409	-	-	228,182	472,409
Development	130,849	134,209	-	-	130,849	134,209
Interest and Fees on Long-Term Debt	12,634	13,599	-	-	12,634	13,599
Water and Sewer	-	-	314,459	532,666	314,459	532,666
<b>Total Expenses</b>	<b>\$ 3,922,668</b>	<b>\$ 3,730,271</b>	<b>\$ 314,459</b>	<b>\$ 532,666</b>	<b>\$ 4,237,127</b>	<b>\$ 4,262,937</b>
Increase/(Decrease) in Net Position Before Transfers	\$ (337,223)	\$ 1,295,461	\$ 93,237	\$ 19,128	\$ (243,986)	\$ 1,314,589
Transfers	(51,000)	(71,000)	51,000	71,000	-	-
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (388,223)</b>	<b>\$ 1,224,461</b>	<b>\$ 144,237</b>	<b>\$ 90,128</b>	<b>\$ (243,986)</b>	<b>\$ 1,314,589</b>
Net Position - Beginning of Year	13,455,118	12,230,657	2,755,354	2,665,226	16,210,472	14,895,883
<b>Net Position - End of Year</b>	<b>\$ 13,066,895</b>	<b>\$ 13,455,118</b>	<b>\$ 2,899,591</b>	<b>\$ 2,755,354</b>	<b>\$ 15,966,486</b>	<b>\$ 16,210,472</b>

- Operating Grants and Contributions increased by \$174,095 primarily due to state grants received this year that were not in the previous year.
- Capital Grants and Contributions decreased by \$1,487,864 primarily due to the Village receiving a large quantity of capital assets from donors in the previous year. The Village did not receive any donated assets this fiscal year.
- Public Safety expenses increased by \$231,876 primarily due to an increase in the net pension obligation and depreciation related expenses.

**Business-Type Activities** - Business-type activities increased the Village's net position by \$144,237. Key elements of this increase are as follows:

- Charges for Services decreased by \$146,484 due to a decrease in connection fees.
- Expenses decreased by \$218,207 due mainly to a decrease 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 \$4,617,667, an increase of \$84,642 in comparison with the prior year. 68.8 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 restricted or assigned for 1) maintenance of highways and streets (\$309,692); 2) future capital projects (\$745,540); 3) public safety (\$93,990); and 4) special service areas (\$291,915).

The General Fund is the chief operating fund of the Village. At April 30, 2015, unassigned fund balance of the General Fund was \$3,176,530. 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 105.9 percent of total General Fund expenditures.

The fund balance of the Village's General Fund decreased by \$5,214 during the year ended April 30, 2015.

**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, 2015 is \$637,315. The total increase in net position for the Water and Sewer Fund was \$144,237. 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 \$2,059,239 as of April 30, 2014 to \$2,245,991 as of April 30, 2015. 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, 2015, 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 \$115,714 (favorable). This was primarily due to more than expected revenues for property taxes, state income taxes, and state use tax.
- The difference between appropriated expenditures and actual expenditures was \$1,049,565 (favorable) and was mostly due to less than expected expenditures for personnel expenses, professional fees, and revenue sharing in the administration function; personnel expenses, road maintenance, snow plowing, and retirement and benefits in the public works function; and personnel expenses, retirement and benefits, pension contribution, and fuel 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, 2015 amounts to \$12,233,576 (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	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Land	\$ 2,246,557	\$ 2,246,557	\$ 9,273	\$ 9,273	\$ 2,255,830	\$ 2,255,830
Construction in Progress	24,103	22,813	-	114,886	24,103	137,699
Buildings	1,822,614	1,894,645	-	-	1,822,614	1,894,645
Vehicles	1,178,054	1,340,615	-	-	1,178,054	1,340,615
Equipment	352,299	565,026	13,184	3,765	365,483	568,791
Land Improvements	295,152	310,659	-	-	295,152	310,659
Water and Sewer Treatment System	-	-	3,337,600	3,463,426	3,337,600	3,463,426
Infrastructure	2,820,334	2,944,129	134,406	-	2,954,740	2,944,129
<b>Total</b>	<b>\$ 8,739,113</b>	<b>\$ 9,324,444</b>	<b>\$ 3,494,463</b>	<b>\$ 3,591,350</b>	<b>\$ 12,233,576</b>	<b>\$ 12,915,794</b>

Major capital asset events during the year ended April 30, 2015 included the following:

- A 2015 Ford Explorer squad car was purchased for \$35,278.
- Construction of Winn Road Bridge at a cost of \$1,290.
- An International snow plow was purchased for \$131,601.
- Main Street Water Line Expansion construction was finished during the year and placed in service.

Additional information on the Village's capital assets can be found in note 3 on pages 28 and 29 of this report.

**Long-Term Debt** - At April 30, 2015, the Village had total debt outstanding of \$1,590,966. Of this amount, \$680,621 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	
	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Thelen Park Loan	\$ 263,333	\$ 296,450	\$ -	\$ -	\$ 263,333	\$ 296,450
Int'l Truck Loan	78,758	106,060	-	-	78,758	106,060
Panasonic ToughBooks	16,688	25,967	-	-	16,688	25,967
Revenue Bonds	-	-	893,657	999,911	893,657	999,911
Note Payable	-	-	338,530	382,860	338,530	382,860
<b>Total</b>	<b>\$ 358,779</b>	<b>\$ 428,477</b>	<b>\$ 1,232,187</b>	<b>\$ 1,382,771</b>	<b>\$ 1,590,966</b>	<b>\$ 1,811,248</b>

The Village's total debt decreased by \$220,282 (12.2 percent) during the year ended April 30, 2015. The key factors in this decrease were principal payments made on outstanding debt.

Additional information on the Village's long-term debt can be found in note 4 on pages 29 and 30 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The assessed valuation for 2014 is \$152,968,731, a decrease of \$5,205,998 from the 2013 assessed valuation.

This factor was considered in preparing the Village's budget for the 2016 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, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,419,812	\$ 608,417	\$ 3,028,229
Investments	1,995,360	-	1,995,360
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Accounts Receivable	84,113	44,010	128,123
Property Taxes	778,767	129,776	908,543
Utility Taxes	128,157	-	128,157
Due from Other Governmental Units	409,306	-	409,306
Net Pension Asset	75,264	-	75,264
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	2,270,660	9,273	2,279,933
Other Capital Assets, Net of Depreciation	6,468,453	3,485,190	9,953,643
<b>TOTAL ASSETS</b>	<b>\$ 14,629,892</b>	<b>\$ 4,276,666</b>	<b>\$ 18,906,558</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 19,492	\$ 4,478	\$ 23,970
Accrued Expenses	64,369	10,634	75,003
Bond Liability	6,500	-	6,500
Due to Developer	306,201	-	306,201
Net OPEB Liability	6,370	-	6,370
Non-Current Liabilities			
Due Within One Year	71,159	154,862	226,021
Due in More Than One Year	287,620	1,077,325	1,364,945
<b>TOTAL LIABILITIES</b>	<b>\$ 761,711</b>	<b>\$ 1,247,299</b>	<b>\$ 2,009,010</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	\$ 801,286	\$ 129,776	\$ 931,062
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 801,286</b>	<b>\$ 129,776</b>	<b>\$ 931,062</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 8,380,334	\$ 2,262,276	\$ 10,642,610
Restricted for:			
Highways and Streets	309,057	-	309,057
Capital Projects	606,169	-	606,169
Public Safety	92,296	-	92,296
Special Service Areas	289,845	-	289,845
Unrestricted/(Deficit)	3,389,194	637,315	4,026,509
<b>TOTAL NET POSITION</b>	<b>\$ 13,066,895</b>	<b>\$ 2,899,591</b>	<b>\$ 15,966,486</b>

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, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Administration	\$ 542,775	\$ 124,010	\$ -	\$ (418,765)	\$ -	\$ (418,765)
Public Works	1,279,479	-	201,415	(1,078,064)	-	(1,078,064)
Public Safety	1,728,749	252,178	5,085	(1,471,486)	-	(1,471,486)
Parks and Recreation	228,182	53,387	-	(174,795)	-	(174,795)
Development	130,849	46,074	-	(84,775)	-	(84,775)
Interest and Fees on Long-Term Debt	12,634	-	-	(12,634)	-	(12,634)
	<u>\$ 3,922,668</u>	<u>\$ 475,649</u>	<u>\$ 206,500</u>	<u>\$ (3,240,519)</u>	<u>\$ -</u>	<u>\$ (3,240,519)</u>
<b>Business-Type Activities</b>						
Water and Sewer	\$ 314,459	\$ 256,759	\$ -	\$ -	\$ (57,700)	\$ (57,700)
	<u>\$ 314,459</u>	<u>\$ 256,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,700)</u>	<u>\$ (57,700)</u>
<b>Total Primary Government</b>	<u>\$ 4,237,127</u>	<u>\$ 732,408</u>	<u>\$ 206,500</u>	<u>\$ (3,240,519)</u>	<u>\$ (57,700)</u>	<u>\$ (3,298,219)</u>
		<b>General Revenues</b>				
		<b>Taxes</b>				
		Property Tax, Levied for General Purposes	\$ 760,567	\$ 129,465	\$ 890,032	
		State Sales Tax	593,744	-	593,744	
		State Income Tax	591,628	-	591,628	
		State Use Tax	118,351	-	118,351	
		State Motor Fuel Tax	141,602	-	141,602	
		Utility Taxes	659,467	-	659,467	
		Other Taxes	24,656	-	24,656	
		Impact Fees	6,152	-	6,152	
		Unrestricted Investment Earnings	22,828	2,511	25,339	
		Gain/(Loss) on Sale of Capital Assets	(81,097)	-	(81,097)	
		Miscellaneous	65,398	18,961	84,359	
		Transfers	(51,000)	51,000	-	
		<b>Total General Revenues and Transfers</b>	<u>\$ 2,852,296</u>	<u>\$ 201,937</u>	<u>\$ 3,054,233</u>	
		Change in Net Position	\$ (388,223)	\$ 144,237	\$ (243,986)	
		Net Position - May 1, 2014	13,455,118	2,755,354	16,210,472	
		Net Position - April 30, 2015	<u>\$ 13,066,895</u>	<u>\$ 2,899,591</u>	<u>\$ 15,966,486</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, 2015

	General Fund	Capital Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 990,642	\$ 745,485	\$ 296,254	\$ 387,431	\$ 2,419,812
Investments	1,995,360	-	-	-	1,995,360
Receivables (Net of Allowance for Estimated Uncollectible Amounts)					
Accounts Receivable	84,113	-	-	-	84,113
Property Taxes	706,446	-	-	72,321	778,767
Utility Taxes	128,157	-	-	-	128,157
Due from Other Governmental Units	395,618	-	13,438	250	409,306
<b>TOTAL ASSETS</b>	<b>\$ 4,300,336</b>	<b>\$ 745,485</b>	<b>\$ 309,692</b>	<b>\$ 460,002</b>	<b>\$ 5,815,515</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 19,020	\$ -	\$ -	\$ 472	\$ 19,492
Accrued Payroll	64,369	-	-	-	64,369
Interfund Balances	251	(55)	-	(196)	-
Bond Liability	6,500	-	-	-	6,500
Due to Developer	306,201	-	-	-	306,201
<b>TOTAL LIABILITIES</b>	<b>\$ 396,341</b>	<b>\$ (55)</b>	<b>\$ -</b>	<b>\$ 276</b>	<b>\$ 396,562</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	\$ 727,465	\$ -	\$ -	\$ 73,821	\$ 801,286
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 727,465</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73,821</b>	<b>\$ 801,286</b>
<b>FUND BALANCES</b>					
Restricted for:					
Highways and Streets	\$ -	\$ -	\$ 309,057	\$ -	\$ 309,057
Capital Projects	-	606,169	-	-	606,169
Public Safety	-	-	-	92,296	92,296
Special Service Areas	-	-	-	289,845	289,845
Assigned for:					
Highways and Streets	-	-	635	-	635
Capital Projects	-	139,371	-	-	139,371
Public Safety	-	-	-	1,694	1,694
Special Service Areas	-	-	-	2,070	2,070
Unassigned (Deficit)	3,176,530	-	-	-	3,176,530
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,176,530</b>	<b>\$ 745,540</b>	<b>\$ 309,692</b>	<b>\$ 385,905</b>	<b>\$ 4,617,667</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 4,300,336</b>	<b>\$ 745,485</b>	<b>\$ 309,692</b>	<b>\$ 460,002</b>	<b>\$ 5,815,515</b>

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, 2015

Total Fund Balances - Governmental Funds	\$	4,617,667
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p style="padding-left: 40px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets, net of accumulated depreciation		8,739,113
Net Pension Asset is not included in the governmental funds.		75,264
Net OPEB Liability is not included in the governmental funds.		(6,370)
<p style="padding-left: 40px;">Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds and Notes Payable		<u>(358,779)</u>
Net Position of Governmental Activities	\$	<u><u>13,066,895</u></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, 2015

	General Fund	Capital Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local Taxes					
Property Tax	\$ 691,021	\$ -	\$ -	\$ 69,546	\$ 760,567
Intergovernmental					
State Sales Tax	593,744	-	-	-	593,744
State Income Tax	591,628	-	-	-	591,628
State Replacement Tax	4,112	-	-	-	4,112
State Use Tax	118,351	-	-	-	118,351
State Motor Fuel Tax	-	-	141,602	-	141,602
Grants	5,085	-	168,153	-	173,238
Other Local Sources					
Utility Tax	659,467	-	-	-	659,467
Amusement Tax	20,544	-	-	-	20,544
Licenses and Permits	151,415	-	-	-	151,415
Fines and Forfeitures	222,095	3,532	-	32,658	258,285
Charges for Services	65,949	-	-	-	65,949
Impact Fees	6,152	-	-	-	6,152
Interest	21,468	603	75	682	22,828
Rentals	7,195	-	-	-	7,195
Royalties	14,159	-	-	-	14,159
Miscellaneous					
Donations	-	32,237	-	1,025	33,262
Asset Sale	-	-	-	5,013	5,013
Other Miscellaneous	3,829	20,069	32,493	2,709	59,100
	<u>\$ 3,176,214</u>	<u>\$ 56,441</u>	<u>\$ 342,323</u>	<u>\$ 111,633</u>	<u>\$ 3,686,611</u>
<b>EXPENDITURES</b>					
Current					
Administration	\$ 533,407	\$ -	\$ -	\$ -	\$ 533,407
Public Works	833,205	-	239,927	4,448	1,077,580
Public Safety	1,310,034	-	-	114,604	1,424,638
Parks and Recreation	84,429	-	-	-	84,429
Development	83,406	-	-	-	83,406
Capital Outlay	72,014	193,163	-	-	265,177
Debt Service					
Principal	69,698	-	-	-	69,698
Interest and Fees	12,634	-	-	-	12,634
	<u>\$ 2,998,827</u>	<u>\$ 193,163</u>	<u>\$ 239,927</u>	<u>\$ 119,052</u>	<u>\$ 3,550,969</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 177,387	\$ (136,722)	\$ 102,396	\$ (7,419)	\$ 135,642
OTHER FINANCING SOURCES/(USES)					
Transfers	(182,601)	131,601	-	-	(51,000)
NET CHANGE IN FUND BALANCES	\$ (5,214)	\$ (5,121)	\$ 102,396	\$ (7,419)	\$ 84,642
FUND BALANCES - MAY 1, 2014	3,181,744	750,661	207,296	393,324	4,533,025
FUND BALANCES - APRIL 30, 2015	<u>\$ 3,176,530</u>	<u>\$ 745,540</u>	<u>\$ 309,692</u>	<u>\$ 385,905</u>	<u>\$ 4,617,667</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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	84,642
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Depreciation Expense	\$ (656,627)	
Capital Outlays	<u>172,463</u>	(484,164)
<p>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.</p>		
Proceeds from Sale of Capital Assets	\$ (20,069)	
Gain/(Loss) on Sale of Capital Assets	<u>(81,097)</u>	(101,166)
<p>The change in the Net Pension Asset/Obligation is not included in the governmental funds.</p>		
		42,767
<p>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.</p>		
Repayment of Long-Term Debt		<u>69,698</u>
Change in Net Position of Governmental Activities	\$	<u><u>(388,223)</u></u>

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, 2015

	<u>Enterprise Fund</u>
	<u>Water and Sewer</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 608,417
Receivables (Net of Allowance for Estimated Uncollectible Amounts)	
Property Taxes	129,776
Accounts Receivable	44,010
	\$ 782,203
Non-Current Assets	
Capital Assets	
Land	\$ 9,273
Water and Sewer Treatment System	3,164,487
Water Tower	1,085,452
Well House	761,016
Infrastructure	137,853
Equipment	35,033
Less: Accumulated Depreciation	(1,698,651)
	\$ 3,494,463
<b>TOTAL ASSETS</b>	<b>\$ 4,276,666</b>
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 4,478
Accrued Interest	10,634
Bonds Payable - Current	154,862
	\$ 169,974
Non-Current Liabilities	
Bonds Payable (Net of Current Portion Shown Above)	\$ 1,077,325
<b>TOTAL LIABILITIES</b>	<b>\$ 1,247,299</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	\$ 129,776
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 129,776</b>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 2,262,276
Unrestricted/(Deficit)	637,315
<b>TOTAL NET POSITION</b>	<b>\$ 2,899,591</b>

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, 2015

	<u>Enterprise Fund</u>
	<u>Water and Sewer</u>
OPERATING REVENUES	
Charges for Services	
Customer Fees	\$ 175,123
Water Meter Sales	2,351
	\$ 177,474
OPERATING EXPENSES	
Office Expenses	\$ 3,372
Operating Expenses	142,673
Depreciation	132,128
	\$ 278,173
OPERATING INCOME/(LOSS)	\$ (100,699)
NON-OPERATING REVENUE/(EXPENSE)	
Connection Fees	\$ 79,285
Interest Income	2,511
Rental Income	18,961
Property Taxes	129,465
Interest Expense	(36,286)
	\$ 193,936
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 93,237
TRANSFERS (TO)/FROM OTHER FUNDS	51,000
CHANGE IN NET POSITION	\$ 144,237
NET POSITION - MAY 1, 2014	2,755,354
NET POSITION - APRIL 30, 2015	\$ 2,899,591

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, 2015

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 134,459
Payments to Suppliers for Goods and Services	(134,426)
Net Cash Provided/(Used) by Operating Activities	\$ 33
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 51,000
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ 51,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection Fees	\$ 79,285
Change in Capital Assets	(35,241)
Interest Paid on Capital Debt	(37,583)
Principal Paid on Capital Debt	(150,586)
Other Receipts/(Payments)	148,750
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ 4,625
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 2,511
Net Cash Provided/(Used) by Investing Activities	\$ 2,511
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 58,169
CASH AND CASH EQUIVALENTS AND INVESTMENT BALANCE - MAY 1, 2014	550,248
CASH AND CASH EQUIVALENTS AND INVESTMENT BALANCE - APRIL 30, 2015	\$ 608,417
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ (100,699)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	132,128
Change in assets and liabilities:	
Receivables, net	(43,015)
Accounts Payable	(2,348)
Prepaid Expenses	13,967
Net Cash Provided by Operating Activities	\$ 33

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, 2015

	Police Pension Trust Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 252,304
Investments, at fair value	1,993,687
<b>TOTAL ASSETS</b>	<b>\$ 2,245,991</b>
 <b>TOTAL LIABILITIES</b>	 \$ -
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	 <b>\$ 2,245,991</b>

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, 2015

	<u>Police Pension Trust Fund</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 295,297
Plan Members	56,429
Total Contributions	<u>\$ 351,726</u>
Investment Income	
Interest Income	\$ 4,853
Unrealized Gain/(Loss)	(43,906)
Realized Gain/(Loss)	90,987
Net Investment Income	<u>\$ 51,934</u>
<b>TOTAL ADDITIONS</b>	<u>\$ 403,660</u>
 <b>DEDUCTIONS</b>	
Benefits	\$ 140,791
Refunds of Contributions	69,776
Administrative Expenses	6,341
<b>TOTAL DEDUCTIONS</b>	<u>\$ 216,908</u>
 <b>NET INCREASE/(DECREASE)</b>	 \$ 186,752
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2014</b>	 <u>2,059,239</u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2015</b>	 <u><u>\$ 2,245,991</u></u>

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

VILLAGE OF SPRING GROVE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015

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 is 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.

1. 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:

- a. 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.
- b. 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.
- c. 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)*

2. 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.

3. 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 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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Basis of Accounting* (Continued)

2. Modified Accrual (Continued)

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, 2015.

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 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:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *Capital Assets (Continued)*

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.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. *Government-Wide and Proprietary Fund Net Position (Continued)*

- 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 use 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 \$801,286 and \$129,776 in its governmental funds and its proprietary funds, respectively, are from the 2014 tax levy. The unavailable revenue is 100% of the 2014 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 2015. The Village has determined that 100% of the amount collected for the 2013 levy is allocable for use in fiscal year 2015. Therefore, 100% of the amounts collected for the 2013 levy (\$890,032) 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.

*Investments*

As of April 30, 2015, 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	\$ 1,076,614	\$ 1,076,614	\$ -	\$ -	\$ -

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, 2015, the Village's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's

*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 (100%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

	Balance May 1, 2014	Increases	Decreases	Balance April 30, 2015
<b>Governmental Activities</b>				
Capital Assets not being depreciated				
Land	\$ 2,246,557	\$ -	\$ -	\$ 2,246,557
Construction in Progress	22,813	1,290	-	24,103
Total Capital Assets not being depreciated	\$ 2,269,370	\$ 1,290	\$ -	\$ 2,270,660
Other Capital Assets				
Buildings	\$ 2,886,236	\$ -	\$ 5,000	\$ 2,881,236
Vehicles	2,282,202	166,879	148,047	2,301,034
Equipment	1,322,206	4,294	117,067	1,209,433
Land Improvements	358,307	-	-	358,307
Infrastructure	3,654,903	-	-	3,654,903
Total Other Capital Assets at Historical Cost	\$ 10,503,854	\$ 171,173	\$ 270,114	\$ 10,404,913
Less Accumulated Depreciation for				
Buildings	\$ 991,591	\$ 72,031	\$ 5,000	\$ 1,058,622
Vehicles	941,587	318,107	136,714	1,122,980
Equipment	757,180	127,187	27,233	857,134
Land Improvements	47,648	15,507	-	63,155
Infrastructure	710,774	123,795	-	834,569
Total Accumulated Depreciation	\$ 3,448,780	\$ 656,627	\$ 168,947	\$ 3,936,460
Other Capital Assets, Net	\$ 7,055,074	\$ (485,454)	\$ 101,167	\$ 6,468,453
Governmental Activities Capital Assets, Net	\$ 9,324,444	\$ (484,164)	\$ 101,167	\$ 8,739,113

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2014	Increases	Decreases	Balance April 30, 2015
<b>Business-Type Activities</b>				
Capital Assets not being depreciated				
Land	\$ 9,273	\$ -	\$ -	\$ 9,273
Construction in Progress	114,886	-	114,886	-
Total Capital Assets not being depreciated	<u>\$ 124,159</u>	<u>\$ -</u>	<u>\$ 114,886</u>	<u>\$ 9,273</u>
Other Capital Assets				
Water and Sewer Treatment System	\$ 5,010,955	\$ -	\$ -	\$ 5,010,955
Equipment	22,759	12,274	-	35,033
Infrastructure	-	137,853	-	137,853
Total Other Capital Assets at Historical Cost	<u>\$ 5,033,714</u>	<u>\$ 150,127</u>	<u>\$ -</u>	<u>\$ 5,183,841</u>
Less Accumulated Depreciation for				
Water and Sewer Treatment System	\$ 1,547,529	\$ 125,826	\$ -	\$ 1,673,355
Equipment	18,994	2,855	-	21,849
Infrastructure	-	3,447	-	3,447
Total Accumulated Depreciation	<u>\$ 1,566,523</u>	<u>\$ 132,128</u>	<u>\$ -</u>	<u>\$ 1,698,651</u>
Other Capital Assets, Net	<u>\$ 3,467,191</u>	<u>\$ 17,999</u>	<u>\$ -</u>	<u>\$ 3,485,190</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,591,350</u>	<u>\$ 17,999</u>	<u>\$ 114,886</u>	<u>\$ 3,494,463</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities:</b>		
Administration		\$ 9,368
Public Works		201,899
Public Safety		346,878
Parks and Recreation		65,511
Development		32,971
Total Governmental Activities Depreciation Expense		<u>\$ 656,627</u>
<b>Business-Type Activities:</b>		
Water and Sewer		\$ 132,128
Total Business-Type Activities Depreciation Expense		<u>\$ 132,128</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2015 was as follows:

	Balance May 1, 2014	Additions	Retirements	Balance April 30, 2015	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
Thelen Park Loan	\$ 296,450	\$ -	\$ 33,117	\$ 263,333	\$ 34,172
International Truck Loan	106,060	-	27,302	78,758	28,005
Panasonic ToughBooks	25,967	-	9,279	16,688	8,982
Total Bonds and Notes Payable	<u>\$ 428,477</u>	<u>\$ -</u>	<u>\$ 69,698</u>	<u>\$ 358,779</u>	<u>\$ 71,159</u>
Governmental Activities Long-Term Liabilities	<u>\$ 428,477</u>	<u>\$ -</u>	<u>\$ 69,698</u>	<u>\$ 358,779</u>	<u>\$ 71,159</u>
<b>Business-Type Activities</b>					
Bonds Payable:					
Revenue Bonds	\$ 999,911	\$ -	\$ 106,254	\$ 893,657	\$ 109,118
Note Payable	382,860	-	44,330	338,530	45,744
Total Bonds Payable	<u>\$ 1,382,771</u>	<u>\$ -</u>	<u>\$ 150,584</u>	<u>\$ 1,232,187</u>	<u>\$ 154,862</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 1,382,771</u>	<u>\$ -</u>	<u>\$ 150,584</u>	<u>\$ 1,232,187</u>	<u>\$ 154,862</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

Bonds and notes payable consisted of the following at April 30, 2015:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
<b>Governmental Activities:</b>				
Thelen Park Loan	2/1/2022	3.150%	\$ 362,034	\$ 263,333
International Truck Loan	11/1/2017	2.550%	139,560	78,758
Panasonic ToughBooks	1/7/2017	5.698%	28,912	16,688
<b>Business-Type Activities:</b>				
Revenue Bonds	7/1/2022	2.675%	\$ 2,000,000	\$ 893,657
Note Payable	11/1/2021	3.150%	470,559	338,530

At April 30, 2015 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2016	\$ 71,159	\$ 10,296	\$ 81,455
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>\$ 358,779</u>	<u>\$ 35,019</u>	<u>\$ 393,798</u>

At April 30, 2015 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
2016	\$ 154,862	\$ 33,307	\$ 188,169
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	65,281	873	66,154
	<u>\$ 1,232,187</u>	<u>\$ 137,174</u>	<u>\$ 1,369,362</u>

NOTE 5 - INTERFUND BALANCES

Interfund balances at April 30, 2015 consisted of the following:

Due from General Fund to:	
Police Special Fund	\$ 196
Capital Fund	55
	<u>\$ 251</u>

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

NOTE 6 - DEFICIT FUND BALANCES

There were no funds which reflected a deficit fund balance as of April 30, 2015.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PROPERTY TAXES

The 2014 levy was passed by the Board on November 18, 2014. A summary of the assessed valuations, rates, and extensions for the years 2014, 2013, and 2012 follows:

Tax Year	2014		2013		2012	
Assessed Valuation	\$152,968,731		\$158,174,729		\$172,276,528	
	Rate	Extension	Rate	Extension	Rate	Extension
Corporate	0.2722	\$ 416,431	0.2258	\$ 357,234	0.2072	\$ 357,031
Police Pension	0.1634	250,001	0.1871	296,000	0.1643	283,000
	<u>0.4357</u>	<u>\$ 666,432</u>	<u>0.4130</u>	<u>\$ 653,234</u>	<u>0.3715</u>	<u>\$ 640,031</u>
Road and Bridge (from Townships)	-	\$ 40,014	-	\$ 39,477	-	\$ 43,780
Special Service Area #1	0.6587	\$ 129,776	0.5920	\$ 129,776	0.5920	\$ 129,776
Special Service Area #8	-	25,500	-	25,500	-	13,566
Special Service Area #9	-	22,988	-	21,754	-	21,754
Special Service Area #11	-	4,272	-	4,272	-	3,920
Special Service Area #13	-	7,872	-	7,360	-	7,296
Special Service Area #15	-	7,801	-	7,511	-	7,395
Special Service Area #24	-	3,888	-	3,648	-	3,584
	<u>0.6587</u>	<u>\$ 202,097</u>	<u>0.5920</u>	<u>\$ 199,821</u>	<u>0.5920</u>	<u>\$ 187,291</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, 2015.

NOTE 9 - OPERATING LEASES

The Village leases copier and laptop equipment under operating leases. Total lease expense for fiscal year 2015 was \$3,503.

Annual requirements to cover outstanding lease agreements at April 30, 2015 are:

Year Ending April 30	Total Payments
2016	\$ 3,337
2017	1,512
2018	1,512
2019	1,512
	<u>\$ 7,873</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](http://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 2014 was 10.89%. 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, 2014 was \$60,483.

Three Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	\$ 60,483	100%	\$ -
12/31/2013	55,238	100%	-
12/31/2012	51,694	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

D. *Funded Status and Funding Progress*

As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 80.47% funded. The actuarial accrued liability for benefits was \$1,138,398 and the actuarial value of assets was \$916,112, resulting in an underfunded actuarial accrued liability (UAAL) of \$222,286. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$555,404 and the ratio of the UAAL to the covered payroll was 40%.

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 Administration*

Full-time police sworn personnel of the Village are covered by The Spring Grove Police Pension Fund of the Village of Spring Grove (Plan). Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a pension trust fund.

The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency. The Board consists of four appointed members.

B. *Plan Membership*

Membership in the Plan consisted of the following at May 1, 2014, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	9
Total	<u>12</u>

C. *Benefits Provided*

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.

D. *Contributions*

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Plan. For the year ended April 30, 2015 the Village's contribution was 72% of covered payroll.

E. *Investment Policy*

ILCS limit the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans,

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

E. *Investment Policy* (Continued)

obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities.

The Plan's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	90%	2.1%
Large Capital Domestic Equity	7%	6.9%
Small Capital Domestic Equity	2%	9.0%
International Equity	1%	7.1%

ILCS limits the Plan's investments in equities and mutual funds to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of April 30, 2015 are listed in the table above.

F. *Investment Valuations*

All Investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30, 2015 for debt securities, equity securities and mutual funds.

G. *Investment Concentrations*

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Plan's investments.

H. *Investment Rate of Return*

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

I. *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan's investment policy requires all bank balances to be covered by federal depository insurance.

J. *Interest Rate Risk*

The following table presents the investments and maturities of the Plan's debt securities as of April 30, 2015.

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 14,848	\$ 14,848	\$ -	\$ -	\$ -
Mutual Funds	224,689	224,689	-	-	-
Fannie Mae	10,113	-	10,113	-	-
Federal Home Ln Bks	189,846	-	-	189,846	-
Federal Home Ln	5,003	-	5,003	-	-
Federal Home Ln Mtg	10,028	-	10,028	-	-
FFCB	428,610	-	152,588	276,022	-
FHLB	249,904	-	97,803	152,101	-
Freddie Mac	60,696	35,201	25,495	-	-
AT&T Inc.	25,128	-	25,128	-	-
Costco Wholesale Corp	16,312	-	16,312	-	-
John Deere Capital Corp	40,444	-	40,444	-	-
Ebay Inc.	24,969	-	24,969	-	-
General Electric Corp	15,996	-	-	-	15,996
Oracle Corp	25,062	-	25,062	-	-
The Walt Disney Company	25,065	-	25,065	-	-
Proctor & Gamble Co	5,583	-	5,583	-	-
EMC Corp	15,414	-	15,414	-	-
Target Corp	25,645	-	-	25,645	-
Simon Property Group Inc.	10,351	-	-	10,351	-
Texas Instruments	15,300	-	15,300	-	-
Wal-Mart Stores	15,102	15,102	-	-	-
US Treasury Notes	272,999	-	114,666	132,286	26,047
Municipal Bonds	238,432	-	16,766	110,050	111,616
	<u>\$ 1,965,539</u>	<u>\$ 289,840</u>	<u>\$ 625,739</u>	<u>\$ 896,301</u>	<u>\$ 153,659</u>

In accordance with its investment policy, the Plan limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Plan.

K. *Credit Risk*

The Plan limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated by at least one of the two largest rating services at the time of purchase. If subsequently downgraded below investment grade, the bonds must be liquidated by the manager from the portfolio within 90 days after being downgraded.



NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

K. *Credit Risk* (Continued)

However, certain fixed income securities are not rated. As of April 30, 2015, the Plan's investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor's
Mutual Funds	NR	Standard and Poor's
Fannie Mae	Aaa	Moody's Investors Service
Federal Home Ln Bks	Aaa	Moody's Investors Service
Federal Home Ln	Aaa	Moody's Investors Service
Federal Home Ln Mtg	Aaa	Moody's Investors Service
FFCB	AA+	Standard and Poor's
FHLB	Aaa	Moody's Investors Service
Freddie Mac	Aaa	Moody's Investors Service
AT&T Inc.	Baa1	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
Proctor & Gamble Co	Aa3	Moody's Investors Service
EMC Corp	A1	Moody's Investors Service
Target Corp	A2	Moody's Investors Service
Simon Property Group Inc.	A2	Moody's Investors Service
Texas Instruments	A1	Moody's Investors Service
Wal-Mart Stores	Aa2	Moody's Investors Service
US Treasury Notes	NR	Moody's Investors Service
Municipal Bonds	AAA - AA / Aaa - Aa2	Standard and Poor's / Moody's Investors Service

L. *Net Pension Liability*

The components of the net pension liability of the Plan as of April 30, 2015 calculated in accordance with GASB Statement No. 67 were as follows:

Total Pension Liability	\$ 6,652,800
Plan Fiduciary Net Position	2,245,992
Village's Net Pension Liability	4,406,808
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

M. *Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry Age Normal (Level %)
Assumptions	
Inflation	3%
Salary Increases (Includes COLA)	4.5% - 8.28%
Interest Rate	5%
Asset Valuation Method	Market Value

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

M. *Actuarial Assumptions (Continued)*

Mortality rates were based on the L&A 2012 Illinois Police Mortality Table. The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by L&A in 2012 for Illinois Police.

N. *Discount Rate*

The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent to which the Plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the Plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the Plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

The Plan's projected net position is expected to cover future benefit payments for the current employees until 2065.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the Plan. The funding policy is discussed in the next section in more detail.

O. *Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 4.85% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.85%) or 1 percentage point higher (5.85%) than the current rate.

	1% Decrease -3.85%	Current Discount Rate (4.85%)	1% Increase -5.85%
Employer Net Pension Liability	\$ 5,561,505	\$ 4,406,808	\$ 3,478,643

P. *Annual Pension Cost and Net Pension Obligation*

The Village's annual pension cost and net pension obligation to the Plan as of April 30, 2014 (the date the most current actuarial information is available) is as follows:

Annual required contribution	\$ 171,972
Adjustment to annual required contribution	124,727
Annual pension cost	\$ 296,699
Contributions made	339,466
Increase/(decrease) in net pension obligation	\$ (42,767)
Net pension obligation beginning of year	(32,497)
Net pension obligation end of year	\$ (75,264)

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - POLICE PENSION PLAN (Continued)

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

The annual required contribution for the current year was determined as part of the April 30, 2014 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 is 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, 2014 was 27 years.

Fiscal Year Ending	Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
4/30/2014	\$ 296,699	114.4%	\$ 75,264
4/30/2013	244,700	115.5%	32,497
4/30/2012	162,596	96.7%	(5,340)

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued 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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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

C. *Annual OPEB Cost and Net OPEB Obligation (Continued)*

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	<u>(105)</u>
Annual OPEB cost (expense)	\$ 4,178
Contributions made	<u>4,178</u>
Increase in net OPEB obligation	\$ -
Net OPEB obligation - beginning of year	6,370
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
4/30/2015	\$ 4,178	\$ 4,178	100%	\$ 6,370
4/30/2014	4,178	972	23%	6,370
4/30/2013	-	-	0%	3,164

D. *Funded Status and Funding Progress*

The Schedule of Funding Progress, presented as Required Supplementary Information 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 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - INTERFUND TRANSFERS

Interfund transfers for the year ended April 30, 2015 consisted of the following:

Transfers from General Fund to:	
Water and Sewer Fund	\$ 51,000
Capital Fund	131,601

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 the purchase of 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, 2015, 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, 2015, there were no significant adjustments in premiums based on actual experience.

NOTE 16 - CONSTRUCTION COMMITMENTS

The Village has incurred \$24,103 of expenses relating to the Winn Road bike path as of April 30, 2015. The Village incurred \$1,290 of these expenses during fiscal year 2015. 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 effect on the Village's financial position.

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

2014 EAV	\$	152,968,731
	X	<u>8.625%</u>
Debt Margin	\$	13,193,553
Current Governmental Activities Debt		<u>(358,779)</u>
Remaining Debt Margin	\$	<u><u>12,834,774</u></u>

NOTE 19 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through August 20, 2015, 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, 2015, the Village has implemented GASB Statement No. 67, *Financial Reporting for Pension Plans* which amends or supersedes the accounting and financial reporting guidance for certain pension plans. The objective is to improve financial reporting by state and local governmental pension plans by providing useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SPRING GROVE, ILLINOIS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
APRIL 30, 2015

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)
12/31/2014	\$ 916,112	\$ 1,138,398	\$ 222,286	80.47%	\$ 555,404	40.02%
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%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$1,025,323. On a market basis, the funded ratio would be 90.07%.

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.



VILLAGE OF SPRING GROVE, ILLINOIS  
POLICE PENSION PLAN  
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION  
LIABILITY AND RELATED RATIOS  
APRIL 30, 2015

TOTAL PENSION LIABILITY	
Service Cost	\$ 244,858
Interest	307,104
Benefit Payments, Including Refunds of Member Contributions	(154,138)
Net Change in Total Pension Liability	<u>\$ 397,824</u>
Total Pension Liability - Beginning	<u>6,254,976</u>
Total Pension Liability - Ending	<u>\$ 6,652,800</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 295,297
Contributions - Member	56,429
Net Investment Income	51,935
Benefit Payments, Including Refunds of Member Contributions	(210,567)
Administrative Expenses	(6,341)
Net Change in Plan Fiduciary Net Position	<u>\$ 186,753</u>
Plan Net Position - Beginning	<u>2,059,239</u>
Plan Net Position - Ending	<u>\$ 2,245,992</u>
District's Net Pension Liability	<u><u>\$ 4,406,808</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.76%
Covered-Employee Payroll	\$ 411,705
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	1070.38%
	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	2.00%

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS  
 POLICE PENSION PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTION  
 LAST TEN FISCAL YEARS

	4/30/2015
Actuarial Determined Contribution	\$ 296,699
Contributions in Relation to Actuarially Determined Contribution	295,297
Contribution Deficiency/(Excess)	\$ 1,402
Covered-Employee Payroll	\$ 411,705
Contributions as a Percentage of Covered-Employee Payroll	71.73%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67. Additional information as of the latest actuarial valuation is as follows: The actuarial cost method was projected unit credit, the amortization method was normal cost (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040 and the amortization period was 26 years.

VILLAGE OF SPRING GROVE, ILLINOIS  
POLICE PENSION PLAN  
SCHEDULE OF FUNDING PROGRESS  
APRIL 30, 2015

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)
4/30/2014	\$ 2,169,123	\$ 5,726,957	\$ 3,557,834	37.9%	\$ 573,540	620.3%
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%

\*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.

VILLAGE OF SPRING GROVE, ILLINOIS  
 POST EMPLOYMENT BENEFIT COMMITMENTS  
 SCHEDULE OF FUNDING PROGRESS  
 APRIL 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2014	\$ -	\$ 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, 2015

	Appropriated Amounts Original and Final	Actual Amounts
<b>REVENUES</b>		
Local Taxes		
Property Tax	\$ 652,000	\$ 691,021
Intergovernmental		
State Sales Tax	525,000	593,744
State Income Tax	535,000	591,628
State Replacement Tax	4,000	4,112
State Use Tax	93,000	118,351
Grants	10,000	5,085
Other Local Sources		
Utility Tax	695,000	659,467
Amusement Tax	22,000	20,544
Licenses and Permits	176,000	151,415
Fines and Forfeitures	220,500	222,095
Charges for Services	70,000	65,949
Impact Fees	11,000	6,152
Interest	22,000	21,468
Rentals	5,000	7,195
Royalties	12,000	14,159
Miscellaneous		
Other Miscellaneous	8,000	3,829
<b>Total Revenues</b>	<b>\$ 3,060,500</b>	<b>\$ 3,176,214</b>
<b>EXPENDITURES</b>		
Current		
Administration		
Personnel Salaries	\$ 239,200	\$ 182,460
Payroll Taxes	18,200	13,525
Retirement and Benefits	26,260	19,360
Contract Services	28,600	27,091
Professional Fees	117,975	76,557
Insurance	78,000	55,224
Dues and Subscriptions	8,450	6,556
Supplies	1,560	1,200
Printing	2,600	1,693
Office Expense	10,400	7,135
Communications	13,650	10,441
Special Events	12,350	8,512
Revenue Sharing	169,000	122,987
Miscellaneous Expenses	1,950	666
	<b>\$ 728,195</b>	<b>\$ 533,407</b>
Public Works		
Personnel Salaries	\$ 337,350	\$ 272,844
Payroll Taxes	26,650	20,750
Retirement and Benefits	80,730	58,586

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, 2015

	<u>Appropriated Amounts Original and Final</u>	<u>Actual Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Public Works (Continued)		
Contract Services	\$ 650	\$ 578
Engineering Fees	26,000	33,410
Fuel	36,400	27,015
Small Tools	2,600	2,185
Seminars and Dues	2,600	3,174
Supplies	14,950	14,186
Rentals	1,300	-
Utilities	3,900	4,157
Maintenance and Repairs	214,400	160,800
Road Maintenance	293,800	196,708
Snowplowing	84,500	36,188
Communications	3,900	2,172
Miscellaneous Expenses	1,560	452
	<u>\$ 1,131,290</u>	<u>\$ 833,205</u>
Public Safety		
Personnel Salaries	\$ 936,650	\$ 717,882
Payroll Taxes	24,050	17,666
Retirement and Benefits	106,600	74,164
Pension Contribution	384,150	295,297
Contract Services	65,130	52,430
Professional Fees	66,300	51,388
Communications	33,800	11,603
Supplies	18,200	10,368
Conferences and Dues	7,800	7,261
Training and Education	10,400	4,423
Maintenance and Repairs	23,400	17,354
Printing	6,370	5,176
Office Expense	14,820	6,335
Fuel	52,000	31,423
Miscellaneous Expenses	29,860	7,264
	<u>\$ 1,779,530</u>	<u>\$ 1,310,034</u>
Parks and Recreation		
Personnel Salaries	\$ 24,050	\$ 22,315
Payroll Taxes	1,950	1,693
Instructional Fees	35,750	23,329
Supplies	14,300	10,232
Park Maintenance	22,620	14,713
Contract Services	9,360	7,236
Special Events	6,110	4,070
Utilities	1,300	816
Miscellaneous	260	25
	<u>\$ 115,700</u>	<u>\$ 84,429</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, 2015

	<u>Appropriated Amounts Original and Final</u>	<u>Actual Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Development		
Personnel Salaries	\$ 58,500	\$ 45,901
Payroll Taxes	5,200	4,319
Retirement and Benefits	6,500	5,100
Contract Services	24,050	15,877
Communications	1,950	1,170
Maintenance and Repairs	3,257	3,587
Printing	195	-
Seminars and Dues	1,950	997
Supplies	2,600	1,337
Utilities	4,550	4,393
Miscellaneous Expenses	2,925	725
	<u>\$ 111,677</u>	<u>\$ 83,406</u>
Capital Outlay		
Public Safety	\$ 44,200	\$ 35,278
Parks and Recreation	25,350	22,264
Development	18,200	14,472
	<u>\$ 87,750</u>	<u>\$ 72,014</u>
Debt Service		
Principal	\$ 94,250	\$ 69,698
Interest and Fees	-	12,634
	<u>\$ 94,250</u>	<u>\$ 82,332</u>
Total Expenditures	<u>\$ 4,048,392</u>	<u>\$ 2,998,827</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (987,892)	\$ 177,387
OTHER FINANCING SOURCES/(USES)		
Transfers	<u>15,410</u>	<u>(182,601)</u>
NET CHANGE IN FUND BALANCE	\$ (972,482)	\$ (5,214)
FUND BALANCE - MAY 1, 2014	<u>3,181,744</u>	<u>3,181,744</u>
FUND BALANCE - APRIL 30, 2015	<u>\$ 2,209,262</u>	<u>\$ 3,176,530</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, 2015

	<u>Appropriated Amounts Original and Final</u>	<u>Actual Amounts</u>
<b>REVENUES</b>		
Intergovernmental		
State Motor Fuel Tax	\$ 140,000	\$ 141,602
Grants	310,000	168,153
Other Local Sources		
Interest	-	75
Miscellaneous	-	-
Other Miscellaneous	-	32,493
<b>Total Revenues</b>	<u>\$ 450,000</u>	<u>\$ 342,323</u>
<b>EXPENDITURES</b>		
Current		
Public Works		
Motor Fuel Expenses	\$ 687,000	\$ 239,927
<b>Total Expenditures</b>	<u>\$ 687,000</u>	<u>\$ 239,927</u>
<b>EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (237,000)</b>	<b>\$ 102,396</b>
<b>OTHER FINANCING SOURCES/(USES)</b>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (237,000)</b>	<b>\$ 102,396</b>
<b>FUND BALANCE - MAY 1, 2014</b>	<u>207,296</u>	<u>207,296</u>
<b>FUND BALANCE - APRIL 30, 2015</b>	<u><u>\$ (29,704)</u></u>	<u><u>\$ 309,692</u></u>

See Accompanying Independent Auditor's Report



VILLAGE OF SPRING GROVE, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
APRIL 30, 2015

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 3, 2014 and was not amended.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2015, no fund presented as Required Supplementary Information had expenditures that exceeded the appropriations ordinance.