



AUDIT REPORT
FOR THE YEAR ENDED APRIL 30, 2012

Selden Fox, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

**Village of La Grange Park
Annual Financial Report
For the Year Ended April 30, 2012**

Table of Contents

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7 - 8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9 - 10
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	11
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	12 - 13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	15
Special Revenue Funds:	
Motor Fuel Tax Fund	16
Emergency 911 Fund	17
Statement of Net Assets - Proprietary Funds	18
Combined Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund Types	19
Combined Statement of Cash Flows - Proprietary Funds	20 - 21

(cont'd)

**Village of La Grange Park
Annual Financial Report
For the Year Ended April 30, 2012**

Table of Contents (cont'd)

Basic Financial Statements: (cont'd)

Fund Financial Statements: (cont'd)

Statement of Net Assets - Fiduciary Funds 22

Statement of Changes in Net Assets - Fiduciary Funds -
Pension Trust Fund 23

Statement of Changes in Net Assets - Fiduciary Funds -
Restricted Fund 24

Notes to the Financial Statements 25 - 50

Required Supplementary Information:

Illinois Municipal Retirement Fund - Schedule of Funding Progress 51

Police Pension Fund - Schedule of Funding Progress 52

Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual:

Capital Projects Fund 53

Working Cash Fund 54

Debt Service Fund 55

Computation of Legal Debt Margin 56

INDEPENDENT AUDITOR'S REPORT

This page has intentionally been left blank.

Selden Fox, LTD.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
619 Enterprise Drive
Oak Brook, Illinois 60523-8835

630-954-1400
630-954-1327 FAX

email@seldenfox.com
www.seldenfox.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of La Grange Park
La Grange Park, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of LaGrange Park, Illinois** as of and for the year ended April 30, 2012, and the statements of revenues, expenditures and changes in fund balance – budget and actual – General and major Special Revenue Funds, as listed in the table of contents which collectively comprise the Village's basic financial statements. These financial statements and schedules are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit.

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

As discussed in Note IV. C. to the financial statements, management has not recorded a liability for certain other post-employment benefit costs and obligations, and accordingly has not recorded an adjustment to beginning net assets and an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require the cost of providing other post-employment benefits to be accrued as a liability and expense as employees earn the rights to the benefits, which would increase the liabilities, reduce the net assets, and change the expenses of the governmental activities and business-type activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities and business-type activities is not reasonably determinable.

In our opinion, except for the effects of not recording a liability for certain post-employment benefit costs and of not recording an adjustment to beginning net assets and the current period change in that liability in the governmental activities and business-type activities, as described in the previous paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, major funds, and remaining fund information of the Village of La Grange Park, Illinois, as of April 30, 2012, and the results of its operations of those activities and funds and the budgetary comparison for the major funds, and where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-5) and the schedules of funding progress (pages 51-52) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 other form of assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other form of assurance.

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

Selden Fox, Ltd.

September 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Village of La Grange Park
Management's Discussion and Analysis
April 30, 2012**

This narrative is offered as a means to allow the reader a better understanding of the accompanying financial statements. It highlights several important aspects of the Village of La Grange Park's financial condition, whether the financial condition is improving or worsening, and reviews the relationship between the different financial statements being presented.

Financial Statement Structure

The government-wide financial statements, found on pages 6 through 8, are designed to provide readers a broad perspective of the Village's finances. This is accomplished by consolidating all of the Village's financial activity into one set of financial statements. The *Statement of Net Assets* (page 6) presents information on all of the Village's assets and liabilities. The *Statement of Activities* (pages 7 and 8) presents information showing the sources and uses of Village monies that then changed the Village's net asset position during the most recent fiscal year. Both of these statements separate activities that are principally supported by taxes from those that are principally supported by user fees. The latter category for the Village of La Grange Park, described as "business-type activities", includes the provision of water and sewer services.

The fund financial statements begin on page 9 and continue through page 24. A *fund* is a group of accounts used to maintain control over resources that have been segregated for specific purposes. The Village of La Grange Park uses fund accounting because it represents generally accepted accounting principles for governmental organizations. In many cases, it is also necessary in order to comply with legal requirements. There are three types of funds: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds account for those activities primarily supported by taxes. Sometimes, as is the case for our Motor Fuel Tax Fund, the state requires us to account for revenue derived from one specific tax separate from all other Village revenues. This ensures the revenue is spent for specific purposes. Proprietary funds account for those activities primarily supported by user fees. The Village of La Grange Park's two proprietary funds are the Water Fund and the Sewer Fund. You may note these are the two funds included in "business-type activities" in the government-wide financial statements described earlier. Fiduciary funds account for financial resources held for the benefit of parties outside the government. Our Police Pension Fund is one example.

The notes to the financial statements provide information necessary for the understanding of the statements. These notes begin on page 25 of this audit report.

Condensed Financial Information from the Government-wide Financial Statements

**Village of La Grange Park
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 1,076,233	\$ 1,137,703	\$ 3,527,437	\$3,569,718	\$ 4,603,670	\$ 4,707,421
Grants and contributions:						
Operating	-	-	-	-	-	-
Capital	816,995	603,529	-	-	816,995	603,529
General revenues:						
Property taxes	3,083,858	2,986,052	-	-	3,083,858	2,986,052
Other taxes	3,014,382	2,944,556	-	-	3,014,382	2,944,556
Other	292,227	332,558	10,838	16,278	303,065	348,836
Total revenues	8,283,695	8,004,398	3,538,275	3,585,996	11,821,970	11,590,394
Expenses:						
General government	2,469,921	2,724,713	-	-	2,469,921	2,724,713
Public safety	5,152,475	4,886,173	-	-	5,152,475	4,886,173
Water	-	-	2,205,729	2,101,795	2,205,729	2,101,795
Sewer	-	-	754,915	907,812	754,915	907,812
Total expenses	7,622,396	7,610,886	2,960,644	3,009,607	10,583,040	10,620,493
Increase in net assets before transfers	661,299	393,512	577,631	576,389	1,238,930	969,901
Transfers	37,640	36,640	(37,640)	(36,640)	-	-
Change in net assets	\$ 698,939	\$ 430,152	\$ 539,991	\$ 539,749	\$ 1,238,930	\$ 969,901

**Village of La Grange Park
Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$5,879,213	\$5,602,397	\$3,650,311	\$3,285,309	\$ 9,529,524	\$ 8,887,706
Capital assets	5,238,689	4,922,137	2,557,134	12,667,181	17,795,823	17,589,318
Total assets	11,117,902	10,524,534	6,207,445	15,952,490	27,325,347	26,477,024
Liabilities:						
Current liabilities	464,677	353,971	647,785	641,598	1,112,462	995,569
Long-term liabilities	482,530	698,807	4,354,970	4,646,193	4,837,500	5,345,000
Total liabilities	947,207	1,052,778	5,002,755	5,287,791	5,949,962	6,340,569
Net assets:						
Invested in capital assets, net	4,539,882	4,015,370	7,910,941	7,741,448	12,450,823	11,756,818
Restricted	704,329	252,458	66,418	65,116	770,747	317,574
Unrestricted	4,926,484	5,203,928	3,227,331	2,858,135	8,153,815	8,062,063
Total net assets	\$10,170,695	\$9,471,756	\$11,204,690	\$10,664,699	\$21,375,385	\$20,136,455

Government-wide Financial Analysis

The Village of La Grange Park's assets exceeded its liabilities by \$21,375,385 as of April 30, 2012. This is an increase of \$1,238,930 over the prior year as both the Village's *governmental activities* and *business-type activities* resulted in an increase in net assets. Net assets as of April 30, 2011 (the prior year end) were \$20,136,455. The two largest components of the Village's assets are its cash and investments of \$6,008,221 and its investment in infrastructure which stands at \$14,474,433.

Fund Financial Statement Analysis

The Village of La Grange Park has six governmental funds. These funds are displayed on the balance sheet found on pages 9 and 10. Governmental funds use a modified accrual basis of accounting designed to measure current financial resources. Consequently, the reader will notice the balance sheet does not show fixed assets or long-term liabilities. The related income statements (combined statement of revenues, expenditures and changes in fund balance) are found on pages 12 and 13.

The General Fund (first column) is used to account for most of the Village's general operating activity. This includes activity for the administration department, police department, fire department, public works department, and the building department. Including the effect of operating transfers, the General Fund's revenues were more than its expenditures by \$527,279. This result is more favorable than last year's (when revenues were more than expenditures by \$255,208) and the General Fund's financial position has improved as a result. Revenues were up 3.7% (\$7,403,556 versus \$7,140,229), while expenditures decreased 0.2% (\$6,911,177 this year versus \$6,926,291 last year). With revenues up and expenditures slightly down, and like last year, no transfer of cash being made to the Capital Projects Fund, the General Fund's financial position improved during the course of the 2011-12 fiscal year. The General Fund budget was not amended during the fiscal year and therefore the original budget and final budget are the same. With respect to expenditures, the General Fund finished the year \$473,425 under budget.

The financial statements for the two proprietary funds begin on page 18. Proprietary funds use an accrual basis of accounting designed to measure total economic resources. Therefore, unlike governmental funds, the balance sheet does show *property and equipment* assets and long-term *bonds payable*. The combined increase in net assets for the Water and Sewer Funds is \$539,991. Both the Water Fund and Sewer Fund experienced increases in net assets resulting from large operating incomes. Both funds are in better financial condition than they were a year ago. The largest component of property and equipment is infrastructure, which includes reservoirs, water mains, and sewer lines.

The financial statements for the fiduciary funds begin on page 22.

Capital Assets and Long-term Debt

The Village of La Grange Park issued no bonds during the 2012 fiscal year and reduced its outstanding bonded debt by \$475,000 through scheduled payments. The bonds are rated Aa2 by Moody's Investors Service. The Village spent \$621,000 paving portions of Beach and Garfield Avenues, and \$184,000 paving portions of Blanchan and Morgan Avenues during the fiscal year. Readers interested in detailed information related to capital assets and long-term debt may refer to the notes on pages 39 through 42.

Responsibility

Any questions regarding this narrative specifically or the Village's *Audit Report* generally, may be addressed to the Finance Director, Village of La Grange Park, 447 N. Catherine Avenue, La Grange Park, IL 60526.

BASIC FINANCIAL STATEMENTS

This page has intentionally been left blank.

**Village of La Grange Park
Statement of Net Assets
April 30, 2012**

Assets	Primary Government		Total
	Governmental Activities	Business-type Activities	
Cash and investments	\$ 3,097,302	\$ 2,897,131	\$ 5,994,433
Receivables	2,529,443	632,782	3,162,225
Accrued interest income	481	2,831	3,312
Prepaid items	7,535	2,646	10,181
Deferred bond issuance costs	5,100	48,503	53,603
Restricted cash	13,788	-	13,788
Insurance deposits	225,564	66,418	291,982
Capital assets (net of accumulated depreciation):			
Buildings and building improvements	599,169	468,991	1,068,160
Infrastructure	3,026,789	11,447,644	14,474,433
Machinery and equipment	397,349	518,209	915,558
Vehicles	1,215,382	122,290	1,337,672
Total assets	11,117,902	16,207,445	27,325,347
Liabilities			
Accounts payable and other accrued expenses	309,279	208,508	517,787
Accrued interest expense	9,233	75,942	85,175
Internal balances	(70,112)	72,112	2,000
Noncurrent liabilities:			
Due within one year	216,277	291,223	507,500
Due in more than one year	482,530	4,354,970	4,837,500
Total liabilities	947,207	5,002,755	5,949,962
Net Assets			
Invested in capital assets, net of related debt	4,539,882	7,910,941	12,450,823
Restricted for:			
Nonspendable working cash	157,605	-	157,605
Risk management	225,564	66,418	291,982
Special revenue	315,984	-	315,984
Debt service	5,176	-	5,176
Unrestricted	4,926,484	3,227,331	8,153,815
Total net assets	\$ 10,170,695	\$ 11,204,690	\$ 21,375,385

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Statement of Activities
For the Year Ended April 30, 2012**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 1,236,114	\$ 947,183	\$ -	\$ (288,931)	\$ -	\$ (288,931)
Public safety	5,152,475	129,050	-	(5,023,425)	-	(5,023,425)
Public works	1,233,807	-	816,995	(416,812)	-	(416,812)
Total governmental activities	7,622,396	1,076,233	816,995	(5,729,168)	-	(5,729,168)
Business-type activities:						
Water	2,205,729	2,482,112	-	-	276,383	276,383
Sewer	754,915	1,045,325	-	-	290,410	290,410
Total business-type activities	2,960,644	3,527,437	-	-	566,793	566,793
Total primary government	\$ 10,583,040	\$ 4,603,670	\$ 816,995	(5,729,168)	566,793	(5,162,375)
General revenues:						
Property taxes				3,083,858	-	3,083,858
Sales taxes				479,368	-	479,368
Income taxes				1,150,495	-	1,150,495
Replacement taxes				47,680	-	47,680
Utility taxes				502,871	-	502,871
Telecommunication taxes				432,216	-	432,216
State use tax				200,988	-	200,988
Other taxes				200,764	-	200,764
Miscellaneous				285,558	-	285,558
Unrestricted investment earnings				6,669	10,838	17,507
Transfers				37,640	(37,640)	-
Total general revenues and transfers				6,428,107	(26,802)	6,401,305
Change in net assets				698,939	539,991	1,238,930
Net assets, beginning of the year				9,471,756	10,664,699	20,136,455
Net assets, end of the year				\$ 10,170,695	\$ 11,204,690	\$ 21,375,385

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Balance Sheet
Governmental Funds
April 30, 2012**

Assets	General	Motor Fuel Tax	Emergency 911	Capital Projects	Working Cash	Debt Service	Total Governmental Funds
Cash	\$ 1,074,498	\$ 53,027	\$ 16,159	\$ 161,934	\$ 10,861	\$ 5,426	\$ 1,321,905
Investments	1,328,180	-	200,352	100,251	146,614	-	1,775,397
Accounts receivable:							
Property taxes - net of allowance for loss on collection	1,483,538	-	-	-	-	-	1,483,538
Interest	298	-	34	19	130	-	481
Utility taxes and telephone surcharge	178,792	-	24,355	-	-	-	203,147
Other	65,163	-	-	-	-	-	65,163
Due from other funds	90,112	-	-	-	-	-	90,112
Due from other governments	751,232	26,363	-	-	-	-	777,595
Prepaid items	7,535	-	-	-	-	-	7,535
Restricted cash	13,788	-	-	-	-	-	13,788
Insurance deposits	225,564	-	-	-	-	-	225,564
Total assets	\$ 5,218,700	\$ 79,390	\$ 240,900	\$ 262,204	\$ 157,605	\$ 5,426	\$ 5,964,225
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 93,281	\$ -	\$ 4,306	\$ 18,591	\$ -	\$ 250	\$ 116,428
Security deposits	13,788	-	-	-	-	-	13,788
Accrued wages	117,084	-	-	-	-	-	117,084
Due to other funds	-	-	-	20,000	-	-	20,000
Deferred property tax revenue	1,483,538	-	-	-	-	-	1,483,538
Total liabilities	1,707,691	-	4,306	38,591	-	250	1,750,838
Fund balances:							
Nonspendable	7,535	-	-	-	157,605	-	165,140
Restricted, reported in:							
General Fund	225,564	-	-	-	-	-	225,564
Special Revenue Funds	-	79,390	172,794	-	-	-	252,184
Capital Projects Fund	-	-	-	48,613	-	-	48,613
Debt Service Fund	-	-	-	-	-	4,776	4,776
Assigned, reported in:							
General Fund	783,172	-	-	-	-	-	783,172
Special Revenue Funds	-	-	63,800	-	-	-	63,800
Capital Projects Fund	-	-	-	175,000	-	-	175,000
Debt Service Fund	-	-	-	-	-	400	400
Unassigned, reported in:							
General Fund	2,494,738	-	-	-	-	-	2,494,738
Total fund balances	3,511,009	79,390	236,594	223,613	157,605	5,176	4,213,387
Total liabilities and fund balances	\$ 5,218,700	\$ 79,390	\$ 240,900	\$ 262,204	\$ 157,605	\$ 5,426	\$ 5,964,225

See accompanying notes.

This page has intentionally been left blank.

**Village of La Grange Park
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
April 30, 2012**

Total fund balance - governmental funds (pages 9 and 10)	\$ 4,213,387
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,238,689
Liabilities for net pension obligations are not subject to accrual in the governmental funds.	(61,979)
Interest expense is not subject to accrual in the governmental funds.	(9,233)
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net assets.	1,483,538
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(693,707)</u>
Net assets of governmental activities (page 6)	<u>\$ 10,170,695</u>

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Combined Statement of Revenues, Expenditures
and Changes in Fund Balance -
Governmental Funds
For the Year Ended April 30, 2012**

	General	Motor Fuel Tax	Emergency 911	Capital Projects	Working Cash	Debt Service	Total Governmental Funds
Revenues:							
Property taxes	\$ 3,122,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,122,082
Other local taxes	1,615,219	-	129,050	-	-	-	1,744,269
Licenses and permits	430,861	-	-	-	-	-	430,861
Intergovernmental	1,436,581	561,145	-	218,432	-	-	2,216,158
Charges for services	372,449	-	-	-	-	-	372,449
Fines and forfeitures	143,873	-	-	-	-	-	143,873
Interest and investment income	5,600	161	182	397	313	16	6,669
Miscellaneous	276,891	-	7,767	-	-	-	284,658
Total revenues	7,403,556	561,306	136,999	218,829	313	16	8,321,019
Expenditures:							
Current:							
General government	1,004,261	-	-	4,813	-	500	1,009,574
Public safety	4,955,773	-	59,237	14,029	-	-	5,029,039
Highways and streets	938,643	413,725	-	501,769	-	-	1,854,137
Debt service:							
Principal	12,500	-	-	-	-	195,460	207,960
Interest	-	-	-	-	-	28,293	28,293
Total expenditures	6,911,177	413,725	59,237	520,611	-	224,253	8,129,003
Revenues over (under) expenditures before other financing sources (uses)	492,379	147,581	77,762	(301,782)	313	(224,237)	192,016
Other financing sources (uses):							
Operating transfers in	34,000	-	-	37,640	-	224,253	295,893
Operating transfers out	-	(224,253)	(34,000)	-	-	-	(258,253)
Sale of capital assets	900	-	-	-	-	-	900
Total other financing sources (uses)	34,900	(224,253)	(34,000)	37,640	-	224,253	38,540
Revenues and other financing sources over (under) expenditures and other financing uses	527,279	(76,672)	43,762	(264,142)	313	16	230,556
Fund balance, beginning of the year	2,983,730	156,062	192,832	487,755	157,292	5,160	3,982,831
Fund balance, end of the year	\$ 3,511,009	\$ 79,390	\$ 236,594	\$ 223,613	\$ 157,605	\$ 5,176	\$ 4,213,387

See accompanying notes.

**Village of La Grange Park
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2012**

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

Net changes in fund balance - total governmental funds (pages 12 and 13)	\$	230,556
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
		318,403
<p>In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the remaining cost of the capital assets sold.</p>		
		(1,851)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(38,224)
<p>Liabilities for net pension obligations are not subject to accrual in the governmental funds.</p>		
		(16,867)
<p>Interest expense is not subject to accrual in the governmental funds.</p>		
		2,606
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		204,316
Change in net assets of governmental activities (pages 7 and 8)	\$	698,939

See accompanying notes and independent auditor's report.

**Village of La Grange Park
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 3,100,000	\$ 3,122,082	\$ 22,082
Other local taxes	1,657,000	1,615,219	(41,781)
Licenses and permits	493,500	430,861	(62,639)
Intergovernmental	1,267,000	1,436,581	169,581
Charges for services	424,100	372,449	(51,651)
Fines and forfeitures	119,500	143,873	24,373
Interest and investment income	3,000	5,600	2,600
Miscellaneous	267,000	276,891	9,891
Total revenues	7,331,100	7,403,556	72,456
Expenditures:			
Current:			
General government	1,174,500	1,004,261	170,239
Public safety	5,091,522	4,955,773	135,749
Highways and streets	1,106,080	938,643	167,437
Debt service - principal	12,500	12,500	-
Total expenditures	7,384,602	6,911,177	473,425
Revenues over (under) expenditures before other financing sources	(53,502)	492,379	545,881
Other financing sources:			
Operating transfers in	34,000	34,000	-
Sale of capital assets	-	900	900
Total other financing sources	34,000	34,900	900
Revenues and other financing sources over (under) expenditures	\$ (19,502)	527,279	\$ 546,781
Fund balance, beginning of the year		2,983,730	
Fund balance, end of the year		\$ 3,511,009	

See accompanying notes.

**Village of La Grange Park
Motor Fuel Tax Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 532,000	\$ 561,145	\$ 29,145
Interest and investment income	500	161	(339)
Total revenues	<u>532,500</u>	<u>561,306</u>	<u>28,806</u>
Expenditures - current - highways and streets	<u>454,000</u>	<u>413,725</u>	<u>40,275</u>
Revenues over expenditures before other financing uses	78,500	147,581	69,081
Other financing uses - operating transfers out	<u>(225,000)</u>	<u>(224,253)</u>	<u>747</u>
Revenues over (under) expenditures and other financing uses	<u>\$ (146,500)</u>	<u>(76,672)</u>	<u>\$ 69,828</u>
Fund balance, beginning of the year		<u>156,062</u>	
Fund balance, end of the year		<u>\$ 79,390</u>	

See accompanying notes.

**Village of La Grange Park
Emergency 911 Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other local taxes	\$ 130,000	\$ 129,050	\$ (950)
Interest and investment income	500	182	(318)
Miscellaneous	6,000	7,767	1,767
Total revenues	136,500	136,999	499
Expenditures - current - public safety	114,500	59,237	55,263
Revenues over expenditures before other financing uses	22,000	77,762	55,762
Other financing uses - operating transfers out	(34,000)	(34,000)	-
Revenues over (under) expenditures and other financing uses	\$ (12,000)	43,762	\$ 55,762
Fund balance, beginning of the year		192,832	
Fund balance, end of the year		\$ 236,594	

See accompanying notes.

**Village of La Grange Park
Proprietary Funds
Statement of Net Assets
April 30, 2012**

Assets	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current assets:			
Cash	\$ 1,234,055	\$ 49,086	\$ 1,283,141
Investments	913,550	700,440	1,613,990
Accrued interest receivable	1,567	1,264	2,831
Water sales receivable	299,782	-	299,782
Prepaid items	2,135	511	2,646
Due from other funds	-	102,620	102,620
Unbilled usage	235,000	98,000	333,000
Total current assets	<u>2,686,089</u>	<u>951,921</u>	<u>3,638,010</u>
Long-term assets:			
Restricted insurance deposits	60,062	6,356	66,418
Deferred bond issuance costs	-	48,503	48,503
Property and equipment, net of accumulated depreciation of \$4,599,712	4,058,084	8,499,050	12,557,134
Total long-term assets	<u>4,118,146</u>	<u>8,553,909</u>	<u>12,672,055</u>
Total assets	<u>6,804,235</u>	<u>9,505,830</u>	<u>16,310,065</u>
Liabilities			
Current liabilities:			
Accounts payable	183,059	2,145	185,204
Security deposits	3,730	-	3,730
Accrued wages	13,878	5,696	19,574
Interest payable	526	75,416	75,942
Bond payable, current portion	11,358	279,865	291,223
Due to other funds	174,732	-	174,732
Total current liabilities	<u>387,283</u>	<u>363,122</u>	<u>750,405</u>
Long-term liabilities - bond payable, less current portion	23,412	4,331,558	4,354,970
Total liabilities	<u>410,695</u>	<u>4,694,680</u>	<u>5,105,375</u>
Net Assets			
Invested in capital assets, net of related debt	4,023,314	3,887,627	7,910,941
Restricted to risk management	60,062	6,356	66,418
Unrestricted	2,310,164	917,167	3,227,331
Total net assets	<u>\$ 6,393,540</u>	<u>\$ 4,811,150</u>	<u>\$ 11,204,690</u>

See accompanying notes and independent auditor's report.

**Village of La Grange Park
 Combined Statement of Revenues, Expenses
 and Changes in Net Assets -
 Proprietary Fund Types
 For the Year Ended April 30, 2012**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues - charges for sales and services - water and sewer	<u>\$ 2,482,112</u>	<u>\$ 1,045,325</u>	<u>\$ 3,527,437</u>
Operating expenses:			
Cost of sales and services	1,850,948	196,077	2,047,025
Administration	147,330	122,134	269,464
Depreciation	<u>205,982</u>	<u>243,538</u>	<u>449,520</u>
Total operating expenses	<u>2,204,260</u>	<u>561,749</u>	<u>2,766,009</u>
Income from operations	<u>277,852</u>	<u>483,576</u>	<u>761,428</u>
Nonoperating revenue (expense):			
Interest and investment income	8,949	1,889	10,838
Interest expense	<u>(1,469)</u>	<u>(193,166)</u>	<u>(194,635)</u>
Total nonoperating revenue (expense)	<u>7,480</u>	<u>(191,277)</u>	<u>(183,797)</u>
Income before transfer	285,332	292,299	577,631
Transfer to Capital Projects Fund	<u>-</u>	<u>(37,640)</u>	<u>(37,640)</u>
Changes in net assets	285,332	254,659	539,991
Net assets:			
Beginning of the year	<u>6,108,208</u>	<u>4,556,491</u>	<u>10,664,699</u>
End of the year	<u>\$ 6,393,540</u>	<u>\$ 4,811,150</u>	<u>\$ 11,204,690</u>

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Combined Statement of Cash Flows -
Proprietary Funds
For the Year Ended April 30, 2012**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 2,477,167	\$ 1,047,325	\$ 3,524,492
Payments to suppliers	(1,579,730)	(181,593)	(1,761,323)
Payments to employees	(344,480)	(140,454)	(484,934)
Deposits with joint venture	(3,685)	(1,108)	(4,793)
Advances from other funds	(208,586)	137,991	(70,595)
	<u>340,686</u>	<u>862,161</u>	<u>1,202,847</u>
Net cash provided by operating activities			
Cash flows from noncapital financing activities - transfers to other funds	-	(37,640)	(37,640)
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(10,895)	(268,645)	(279,540)
Interest paid on capital debt	(1,617)	(190,934)	(192,551)
Purchases of capital assets	(68,245)	(271,228)	(339,473)
	<u>(80,757)</u>	<u>(730,807)</u>	<u>(811,564)</u>
Net cash from capital and related financing activities			
Cash flows from investing activities:			
Purchase of investments	(803,170)	(1,000,572)	(1,803,742)
Proceeds from maturities of investments	602,036	911,291	1,513,327
Interest and dividends	7,685	743	8,428
	<u>(193,449)</u>	<u>(88,538)</u>	<u>(281,987)</u>
Net cash from investing activities			
Net change in cash	66,480	5,176	71,656
Cash, beginning of the year	<u>1,167,575</u>	<u>43,910</u>	<u>1,211,485</u>
Cash, end of the year	<u>\$ 1,234,055</u>	<u>\$ 49,086</u>	<u>\$ 1,283,141</u>

(cont'd)

**Village of La Grange Park
 Combined Statement of Cash Flows -
 Proprietary Funds (cont'd)
 For the Year Ended April 30, 2012**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	\$ 277,852	\$ 483,576	\$ 761,428
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	205,982	243,538	449,520
Changes in:			
Water sales receivable/unbilled usage	(4,945)	2,000	(2,945)
Prepaid items	848	(3)	845
Insurance deposits	(3,685)	(1,108)	(4,793)
Accounts payable/security deposits/ accrued wages	73,220	(3,833)	69,387
Due to/from other funds	(208,586)	137,991	(70,595)
Net cash provided by operating activities	\$ 340,686	\$ 862,161	\$ 1,202,847

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Fiduciary Funds
Statement of Net Assets
April 30, 2012**

Assets	Total	Police Pension Fund	Restricted Fund
Assets:			
Cash	\$ 914,789	\$ 880,120	\$ 34,669
Investments	10,645,126	10,583,701	61,425
Accounts receivable:			
Property taxes - net of allowance for loss on collection	300,231	300,231	-
Interest	39,224	39,219	5
Prepaid items	9,493	9,493	-
Due from other funds	2,000	-	2,000
Total assets	\$ 11,910,863	\$ 11,812,764	\$ 98,099
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 30,735	\$ 1,735	\$ 29,000
Due to participants	31,830	-	31,830
Total liabilities	62,565	1,735	60,830
Net assets - held in trust for pension benefits and other purposes	11,848,298	11,811,029	37,269
Total liabilities and net assets	\$ 11,910,863	\$ 11,812,764	\$ 98,099

See accompanying notes.

**Village of La Grange Park
Fiduciary Funds - Pension Trust Fund
Statement of Changes in Net Assets
April 30, 2012**

Additions:	
Contributions:	
Employer/property taxes	\$ 690,607
Plan members	158,854
	849,461
Investment earnings:	
Interest	306,510
Net decrease in fair value of investments	(151,565)
	154,945
Less investment expense	54,084
	100,861
	950,322
Deductions:	
Benefits	1,036,051
Refunds of contributions	82
Administrative expenses	31,758
Rollover distribution	64,379
	1,132,270
	(181,948)
Net assets:	
Beginning of the year	11,992,977
End of the year	\$ 11,811,029

See accompanying notes.

This page has intentionally been left blank.

**Village of La Grange Park
Fiduciary Funds - Restricted Fund
Statement of Changes in Net Assets
April 30, 2012**

Revenues:	
Intergovernmental	\$ 20,813
Miscellaneous other	<u>39,609</u>
Total revenues	60,422
Expenditures - current - general government	<u>61,908</u>
Revenues under expenditures	(1,486)
Net assets:	
Beginning of the year	<u>38,755</u>
End of the year	<u>\$ 37,269</u>

See accompanying notes.

Village of La Grange Park
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. The Reporting Entity

The Village of La Grange Park, Cook County, Illinois is duly organized and existing under the provisions of the laws of the State of Illinois. The Village operates under the manager-board form of government and provides public safety (police and fire), streets, water, public improvements, planning and zoning, and general administrative services. The Village is governed by an elected Board of six Trustees and a Village President. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds of the Village, as there are no other organizations for which it has financial accountability.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (cont'd)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, interest, utility taxes and telephone surcharges are susceptible to accrual and so have been recognized as revenues of the current fiscal period. Replacement taxes, state income taxes and sales taxes collected and held by the State are also susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received.

The Village reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for administrative, maintenance and all other financial resources, except those required to be accounted for in another fund. Tax levies and expenditures for Illinois Municipal Retirement, Police Pension, Social Security, and Ambulance Service are included in this fund.

Motor Fuel Tax Fund – A Special Revenue Fund used to account for the receipt and disbursement of State tax sharing derived from the sale of vehicle fuel in Illinois. The fund provides the funding for a majority of the Village's transportation construction projects.

Emergency 911 Fund – A Special Revenue Fund used to account for the receipt and disbursement of the Village's surcharges for the operation of its 911 emergency telephone system.

Capital Projects Fund – Accounts for the revenues and expenditures related to all major nonproprietary vehicles and equipment and certain construction projects.

Working Cash Fund – A fund to provide cash for contingencies in other governmental funds.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (cont'd)

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest of the Series 2004 general obligation bond issue.

Proprietary Funds are accounted for on the flow of economic resources measurement focus, and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The Village reports the following major proprietary funds:

Water Fund – Accounts for the provision of water services within the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, finance, billing and collection.

Sewer Fund – Accounts for the provision of sewer services within the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, finance, billing and collection.

Additionally, the Village reports the following fiduciary funds to account for assets held by the Village in a trustee capacity or as an agent on behalf of others:

Police Pension Fund – Accumulates resources for pension benefit payments to qualified police personnel.

Restricted Fund – Accumulates grant and other funds for the benefit of the government, but restricted for specific purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed, in both the government-wide and proprietary fund financial statements, to the extent those standards do not conflict or contradict guidance of the Governmental Accounting Standards Board, in which case the guidance of the Governmental Accounting Standards Board prevails.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between the Village's water and sewer functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (cont'd)

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including any special assessments. Internally dedicated resources are reported as general revenues, rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. Operating expenses for the proprietary funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates – The preparation of proprietary fund financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and reported amounts of revenue and expenses during the accounting period. The Village grants unsecured credit to its residents and various other customers for water usage. The Village monitors exposure for credit losses, and has established an allowance for uncollectible accounts of \$3,720 as of April 30, 2012.

Certain Significant Concentrations – Substantially all revenues in the Water and Sewer Funds are from water and wastewater service billings, respectively. The billings are charged to Village residents and various other customers.

Allocation of Expenses – All indirect salaries and other costs are recorded into the fund to which they apply.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and investments are held separately by each of the Village's funds. Investments with maturities of one year or more from the date of purchase and investments of the Police Pension Fund are stated at fair value based on quoted market prices. Investments with maturities of one year or less from the date of purchase are stated at amortized cost. All other investments which do not consider market rates are stated at cost. Investment income has been allocated to each fund based on investments held by the fund.

Statutes authorize the Village to make deposits or invest in commercial banks, savings and loan institutions, obligations of the United States Treasury and United States government agencies, certain insured credit union shares, money market mutual funds with portfolios issued or guaranteed by the United States government, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

The Illinois Funds Investment Pool is managed by the Office of the Treasurer of the State of Illinois, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the Securities and Exchange Commission as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940 and has received Standard & Poor's highest rating (AAAm). Investments in Illinois Funds are valued at the share price.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as "internal balances." Any advances between funds are offset by a fund balance reserve account, to indicate that they are not available for appropriation, and are not expendable available resources.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

2. Receivables and Payables (cont'd)

The Village's property taxes are required to be levied by ordinance. A certified copy of the levy ordinance must be filed with the county clerk not later than the last Tuesday in December of each year. Taxes are due and collectible one-half on March 1 and one-half on September 1 of the following year. Property taxes attach as an enforceable lien on property as of January 1.

Property taxes are based on the assessed valuation of the Village's real property as equalized by the State of Illinois. The equalized assessed valuation of real property totaled \$434,868,975 for calendar year 2010. Property tax receivables are shown net of allowances for doubtful amounts. The property tax receivable allowance is equal to 1.96 percent of the current year's tax levy.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid assets. Such amounts are offset by fund balance reserved for prepaid items.

4. Restricted Assets

The Village required a security deposit from its cable television provider to guarantee compliance of contract provisions. As of April 30, 2012, security deposits of the Village's cable company amounted to \$13,788.

The Village is a member of the Intergovernmental Risk Management Agency (IRMA). The Village is required to maintain a deposit with IRMA to fund future possible claims. As of April 30, 2012, insurance deposits amounted to \$291,982 (\$225,564 in the governmental funds and \$66,418 in the proprietary funds).

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the Village as assets with an initial cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available, or estimated historical cost where historical records do not exist. Donated capital assets are recorded at their estimated fair value at the date of donation.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

5. Capital Assets (cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of governmental activities is not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	45
Equipment	6 - 15

6. Compensated Absences

Employees are allowed to accumulate vacation days up to no more than ten days over their annual vacation accrual rate. Employees receive payment for all accumulated vacation days as of the date of separation of employment. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. It is the Village's policy to permit employees to accumulate earned but unused sick pay benefits. Employees may accumulate up to 120 days of sick time as of the end of any fiscal year. Upon separation, employees do not receive any payment for unused sick time. Upon retirement, employees receive payment for 25 percent of unused sick time.

7. Deferred Property Tax Revenue

Property tax revenues are recorded on the "deferred method." Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the county collector, property taxes are not "available" to finance the current year's expenditures. For those funds on the modified accrual basis of accounting, the uncollected portion of the current year's tax levy, less amounts expected to be collected within sixty (60) days after year end, are recorded as deferred tax revenue.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

8. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a straight-line method that approximates the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges, and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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, 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.

9. Equity Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net assets – consists of all other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Fund Statements - In the fund financial statements, governmental funds report fund balance as either nonspendable or spendable. Spendable fund balance is further classified as restricted, committed, assigned or unassigned, based on the relative strength of the constraints that control how specific amounts can be spent.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

9. Equity Classifications (cont'd)

Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's management. Any residual fund balance is reported as unassigned in the General Fund.

The Village's fund balances have the following restrictions, commitments, and assignments:

General Fund – A portion of the fund balance is considered nonspendable fund balance. The nonspendable portion of the fund balance is intended as an offset to prepaid items. The restricted portion represents insurance deposits. The budgeted deficit in the fund for 2013 of \$783,172 is considered to be assigned.

Special Revenue Funds – A portion of the fund balance is considered restricted fund balance. The restricted portion of the fund balance is restricted for the purposes of their respective funds totaling \$252,184 (\$79,390 in the Motor Fuel Tax fund and \$172,794 in the Emergency 911 fund). The budgeted deficit in the Emergency 911 fund for 2013 of \$63,800 is considered to be assigned.

Capital Projects Fund – A portion of the fund balance is considered to be assigned fund balance. The assigned portion of the fund balance is intended for future capital expenditures totaling \$175,000. The remaining \$48,613 is considered to be restricted for the purposes of the fund.

Working Cash Fund – The Village maintains a Working Cash Fund, the balance of which is considered nonspendable and available for short-term cash needs of the other funds, on a reimbursement basis.

Debt Service Fund – A portion of the fund balance is considered to be assigned fund balance. The assigned portion of the fund balance represents the budgeted deficit in the fund for 2013 of \$400. The remaining \$4,776 is considered to be restricted for the purposes of the fund.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

D. Assets, Liabilities and Net Assets or Equity (cont'd)

9. Equity Classifications (cont'd)

The Village assumes that funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If unrestricted funds are available for spending, committed funds are spent first followed by assigned and then unassigned funds.

II. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual budgeted amounts lapse at year end. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- The budget is prepared in tentative form by the Village Manager, reviewed and approved by the Village Board, and is made available for public inspection at least 10 days prior to final Board action. A public hearing is held on the tentative budget to obtain taxpayer comments.
- Prior to May 1, the budget is legally adopted by the Board of Trustees. All actual expenditures contained herein have been compared to the annual operating budget.
- The Village Manager may transfer within any department amounts budgeted for an object or purpose to another object or purpose. No object or purpose can be reduced below an amount sufficient to provide for all obligations incurred or to be incurred against the budget.
- The Board of Trustees may:
 - By two-thirds vote amend the budget, or transfer amounts between departments and funds. No amendment or transfer shall be made increasing the budget, in the event funds are not available to effectuate the purpose of the amendment or transfer.
 - Adopt a supplemental budget in an amount not to exceed any additional revenue available, including unbudgeted fund balances, or amounts estimated to be received after adoption of the annual budget.
- Expenditures may exceed budgeted amounts at the sub-object level.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

II. Budgetary Information (cont'd)

- The Village does not use the encumbrance method of accounting. Budgetary funds are controlled by an integrated budgetary accounting system in accordance with various legal requirements which govern the Village.

III. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between the total fund balance – governmental funds and the net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$693,707 are as follows:

Bonds payable	\$ 698,807
Deferred bond issuance costs	<u>(5,100)</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net assets of governmental activities	<u>\$ 693,707</u>

Village of La Grange Park
Notes to the Financial Statements (cont'd)

III. Reconciliation of Government-wide and Fund Financial Statements (cont'd)

B. Explanation of Certain Differences Between the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between the net change in fund balance – total governmental funds and the change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that: “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$318,403 are as follows:

Capital outlay	\$	858,411
Depreciation		<u>(540,008)</u>
 Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net assets of governmental activities		 \$ <u>318,403</u>

Another element of the reconciliation states: “In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets disposed.” The details of this \$1,851 difference are as follows:

Accumulated depreciation of capital assets	\$	21,532
Cost of capital assets		<u>(23,383)</u>
 Net adjustment to decrease net change in fund balance – total governmental funds to arrive at change in net assets of governmental activities		 \$ <u>(1,851)</u>

**Village of La Grange Park
Notes to the Financial Statements (cont'd)**

III. Reconciliation of Government-wide and Fund Financial Statements (cont'd)

B. Explanation of Certain Differences Between the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities (cont'd)

Another element of the reconciliation states: "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$204,316 are as follows:

Principal repayments – general obligation debt	\$	207,960
Amortization of deferred bond issuance costs		<u>(3,644)</u>
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net assets of governmental activities		
	\$	<u>204,316</u>

IV. Detailed Notes for All Funds

A. Deposits and Investments

At April 30, 2012, cash and investments as reported on the statement of net assets consisted of:

Cash on hand	\$	2,025
Carrying amount:		
Deposits		2,170,836
Illinois Funds Investment Pool		470,365
Certificates of deposit		<u>3,351,207</u>
	\$	<u>5,994,433</u>

Village of La Grange Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes for All Funds (cont'd)

A. Deposits and Investments (cont'd)

Interest Rate Risk – Interest rate risk is the risk that market interest rate changes will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does have a policy that limits investment maturities to two years from the date of purchase, unless matched to a specific cash flow, as a means of managing interest rate risk. Its practice is to structure investment portfolio maturity dates in order to meet cash requirements for operations, capital projects and debt repayment schedules. At April 30, 2012, the Village is invested in thirty-one certificates of deposit totaling \$3,351,207, with maturities ranging from June 14, 2012 to February 21, 2013.

Custodial Credit Risk – Deposits – This is the risk that in the event of a bank failure, the Village's deposits may not be returned. At April 30, 2012, the carrying amount of the Village's deposits was \$5,583,477 and the bank balance was \$5,758,770. Of the bank balance, \$4,494,872 was covered by federal depository insurance and \$1,263,898 was collateralized with securities held by the pledging institution's trust department or agent in the Village's name.

Other Information – The Illinois Funds Investment Pool (Pool) is not registered with the Securities and Exchange Commission. The Illinois State Treasury administers the Pool, and oversight is provided by the Auditor General's Office of the State of Illinois. The fair value of the positions in this Pool is the same as the value of the Pool shares.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes for All Funds (cont'd)

B. Capital Assets

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

	May 1, 2011	Additions	Deductions	April 30, 2012
Governmental activities:				
Capital assets being depreciated:				
Buildings and building improvements	\$ 2,075,104	\$ -	\$ -	\$ 2,075,104
Infrastructure	3,435,179	796,862	-	4,232,041
Machinery and equipment	1,078,223	13,500	(35,149)	1,056,574
Vehicles	2,715,336	48,049	(103,889)	2,659,496
Capital assets being Depreciated	9,303,842	858,411	(139,038)	10,023,215
Less accumulated depreciation for:				
Buildings and building improvements	1,432,167	43,768	-	1,475,935
Infrastructure	975,351	229,901	-	1,205,252
Machinery and equipment	580,802	111,721	(33,298)	659,225
Vehicles	1,393,385	154,618	(103,889)	1,444,114
Total accumulated Depreciation	4,381,705	540,008	(137,187)	4,784,526
Governmental activities, capital assets, net	\$ 4,922,137	\$ 318,403	\$ (1,851)	\$ 5,238,689

Village of La Grange Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes for All Funds (cont'd)

B. Capital Assets (cont'd)

	May 1, 2011	Additions	Deductions	April 30, 2012
Business-type activities:				
Capital assets being depreciated:				
Buildings	\$ 859,234	\$ -	\$ -	\$ 859,234
Infrastructure	14,118,543	271,228	-	14,389,771
Machinery and equipment	1,441,655	52,000	(6,900)	1,486,755
Vehicles	425,672	16,245	(20,831)	421,086
	16,845,104	339,473	(27,731)	17,156,846
Capital assets being Depreciated				
Less accumulated depreciation for:				
Buildings	371,148	19,095	-	390,243
Infrastructure	2,632,052	310,075	-	2,942,127
Machinery and equipment	880,615	94,831	(6,900)	968,546
Vehicles	294,108	25,519	(20,831)	298,796
	4,177,923	449,520	(27,731)	4,599,712
Total accumulated Depreciation				
Business-type activities, capital assets, net	\$ 12,667,181	\$ (110,047)	\$ -	\$ 12,557,134

Depreciation expense was charged to the various functions/programs as follows:

Governmental activities:	
General government	\$ 48,142
Public safety	196,702
Public works	295,164
Total depreciation expense – governmental activities	\$ 540,008
Business-type activities:	
Water	\$ 205,982
Sewer	243,538
Total depreciation expense – business-type activities	\$ 449,520

Village of La Grange Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes for All Funds (cont'd)

C. Interfund Receivables and Payables

The composition of interfund due to/from balances as of April 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 70,112
Sewer	Water	102,620
Agency	Water	2,000
General	Capital Projects	20,000
Total		\$ 194,732

The balances are expected to be liquidated in the subsequent year through the normal course of operations.

D. Long-term Debt

Issues	Balances May 1, 2011	Additions	Retirements	Balances April 30, 2012
General obligation bonds: Series 2004 (\$2,260,000), due in remaining annual installments of \$245,000 to \$255,000 with interest rates from 3.35% to 3.70%.	\$ 985,000	\$ -	\$ (235,000)	\$ 750,000
Series 2006 (\$5,645,000), due in annual installments of \$250,000 to \$410,000 with interest rates from 3.75% to 4.125%.	4,760,000	-	(240,000)	4,520,000
	5,745,000	-	(475,000)	5,270,000
Interest free note payable – Illinois Finance Authority (\$100,000) due in annual installments of \$12,500.	87,500	-	(12,500)	75,000
	\$ 5,832,500	\$ -	\$ (487,500)	\$ 5,345,000

Village of La Grange Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes for All Funds (cont'd)

D. Long-term Debt (cont'd)

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending April 30,	Total	Principal	Interest
Governmental activities due in 2013:			
Series 2004 bonds	\$ 225,937	\$ 203,777	\$ 22,160
Note payable	12,500	12,500	-
2013	238,437	216,277	22,160
2014	235,769	220,436	15,333
2015	232,441	224,594	7,847
2016	12,500	12,500	-
2017	12,500	12,500	-
2018	12,500	12,500	-
	744,147	698,807	45,340
Business-type activities, due in 2013:			
Series 2004 bonds	45,706	41,223	4,483
Series 2006 bonds	427,681	250,000	177,681
2013	473,387	291,223	182,164
2014	473,472	302,064	171,408
2015	473,050	312,906	160,144
2016	428,431	280,000	148,431
2017	427,931	290,000	137,931
2018 – 2022	2,133,681	1,620,000	513,681
2023 – 2026	1,711,532	1,550,000	161,532
	6,121,484	4,646,193	1,475,291
Totals	\$ 6,865,631	\$ 5,345,000	\$ 1,520,631

Village of La Grange Park
Notes to the Financial Statements (cont'd)

IV. Detailed Notes for All Funds (cont'd)

E. Transfers

Receiving Fund	Paying Fund	Amount
General	Emergency 911	\$ 34,000
Capital Projects	Sewer	37,640
Debt Service	Motor Fuel Tax	224,253
Total all funds		\$ 295,893

The transfer of \$224,253 from the Motor Fuel Tax Fund to the Debt Service Fund is to move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due. All other transfers were done in the ordinary course of business.

F. Fund Equity

The amounts reported on the statement of net assets for the fiduciary funds as reserved for restricted revenue are comprised of the following:

Agency Fund:		
Ambulance donations	\$	5,055
Foreign Fire Insurance Tax		5,393
SB 740 – DUI fines		3,104
Police department donations		1,255
Justice assistance grant		22,031
Christmas walk		431
		37,269
Pension Trust		11,811,029
	\$	11,848,298

Village of La Grange Park
Notes to the Financial Statements (cont'd)

V. Other Information

A. Risk Management

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in northeastern Illinois which have formed an association, under the Illinois Intergovernmental Cooperations Statute, to pool their risk management needs. The Agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue, as defined in the by-laws of IRMA, and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

At April 30, 2012, the Village has a deposit of \$291,982 representing the Village's members' reserve with IRMA.

A copy of these financial statements can be obtained at the Village of La Grange Park, 447 North Catherine, La Grange Park, Illinois.

B. Joint Ventures, Jointly Governed Organizations and Related Organizations

Joint Venture – The Village, along with other area municipalities, is a member of the West Central Municipal Conference of the Intergovernmental Personnel Benefit Cooperative (the Cooperative), a cooperative health insurance plan. The Cooperative receives, processes and pays claims of some personnel benefit programs offered by members to their employees. The Village contributed \$575,594 to the Cooperative during the current fiscal year. The Village does not have a direct financial interest in the Cooperative and, therefore, its investment therein is not reported within the financial statements.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

V. Other Information (cont'd)

B. Joint Ventures, Jointly Governed Organizations and Related Organizations (cont'd)

Joint Venture (cont'd) – The Village, along with other area municipalities, is a member of the West Central Cable Agency (Agency), an agency established to administer the franchise agreements between the cable television company and the member villages. The Agency promulgates rules for access to the cable television system by citizens and organizations, and promotes the use of the cable television system delegated to the Agency by the member villages. The Village did not contribute to the Agency during the current fiscal year. The Village does not have a direct financial interest in the Agency and, therefore, its investment therein is not reported within the financial statements.

Complete separate financial statements for the Cooperative and Agency can be obtained from the Village of La Grange Park at 447 North Catherine, La Grange Park, Illinois.

C. Other Post-employment Benefits

The Village provides a \$3,000 post-retirement death benefit for certain beneficiaries of retirees who were Village employees prior to August 1, 1983. As of April 30, 2012, there were 18 retired Village employees who met the eligibility requirements. The Village has established an Agency Fund to provide for the present value of these benefits. At April 30, 2012, the balance of the fund totaled \$31,830.

Under the health insurance plan, the Village's retirees and current employees are insured together as a group. The retirees' premiums are paid completely by the retirees. However, those premiums may be lower than they would be if the retirees were insured separately. The difference is a Village contribution toward the cost of providing coverage to the retirees which is referred to as an implicit rate subsidy. The implicit rate subsidy is to be included in the calculations for OPEB costs and obligations whether or not the employer also makes an explicit contribution. This implicit rate subsidy should be recognized as an expense and liability as it is earned. The Village has not recorded the liability and the corresponding expense because management feels that doing so would result in misleading financial statements.

D. Pension and Retirement Commitments

The Village participates in two contributory retirement plans. Law enforcement officers are covered under the Police Pension Fund of the Village of La Grange Park (a single employer plan administered by a separate Police Pension Board of Trustees). The Illinois Municipal Retirement Fund (a statewide plan) covers substantially all full-time employees except law enforcement officers.

**Village of La Grange Park
Notes to the Financial Statements (cont'd)**

V. **Other Information** (cont'd)

D. **Pension and Retirement Commitments** (cont'd)

1. **Police Pension Retirement Plan**

Plan Description – Police sworn personnel are covered by the La Grange Park Police Pension Plan (Plan), which is a defined benefit, single-employer pension plan. The Village's payroll for employees covered by the Plan for the year ended April 30, 2012 was \$1,602,967 out of a total Village payroll of \$3,892,395. At April 30, 2012, the Police Pension Plan's membership consisted of:

Retirees and beneficiaries	
currently receiving benefits	20
Participants currently receiving	
disability benefits	2
Active employees:	
Fully vested	6
Partially vested	7
Nonvested	7
Terminated employees	1
	43

The Police Pension Plan provides retirement benefits, as well as death and disability benefits. Employees attaining the age of 50 or more, with 20 or more years of creditable service, are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, and 1 percent of such salary for each additional year of service over 30 years, to a maximum of 75 percent of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retires with 20 or more years of service shall be increased annually, by 3 percent of the original pension, following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, and by an additional 3 percent of the original pension in January of each year thereafter.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

V. **Other Information** (cont'd)

D. **Pension and Retirement Commitments** (cont'd)

1. **Police Pension Retirement Plan** (cont'd)

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Valuation of Investments – The Police Pension Fund records investments at fair value. The composition of Plan investments at fair value on April 30, 2012 was as follows:

Common stock and options	\$ 3,519,711
Mutual funds	1,123,985
Closed-end funds	691,168
Mortgage-backed securities	1,969,717
Government bonds	1,736,713
Corporate bonds	<u>1,542,407</u>
	<u>\$ 10,583,701</u>

The amortized cost of Plan investments at April 30, 2012 was \$9,811,069.

Contributions – Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes, and may be amended only by the Illinois legislature.

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. All costs of administering the Plan are paid for by the Plan, except certain accounting functions, which are provided by the Village of La Grange Park at no cost.

Covered employees are required to contribute to the Police Pension Plan 9.91 percent of their base salary. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village of La Grange Park is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. By the year 2033, the Village's contributions must accumulate to the point where the unfunded accrued liability for the Police Pension Plan is fully funded.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

V. **Other Information** (cont'd)

D. **Pension and Retirement Commitments** (cont'd)

1. **Police Pension Retirement Plan** (cont'd)

Funding Status and Progress – The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and stop-rate benefits, estimated to be payable in the future as a result of employee service to date.

The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the Plan.

Actuarial valuation	May 1, 2011
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	26 years
Actuarial assumptions:	
Rate of return on investment of present and future assets	7.00% per annum, compounded annually (net of expenses)
Projected salary increases – attributable to inflation	4.50% compounded annually
Mortality rate assumption	RP-2000 mortality tables
Disability and separation	Demographic experience tables

The pension benefit obligation and net assets available for benefits at May 1, 2011 (date of most recent actuarial valuation), as reflected in a report prepared by Tepfer Consulting Group, Ltd., are presented below:

Pension benefit obligation:

Total pension benefit obligation	\$ 19,978,792
Net assets available for benefits	<u>10,291,801</u>
Unfunded pension benefit obligation	<u>\$ 9,686,991</u>

Village of La Grange Park
Notes to the Financial Statements (cont'd)

V. Other Information (cont'd)

D. Pension and Retirement Commitments (cont'd)

1. Police Pension Retirement Plan (cont'd)

Funding Status and Progress (cont'd) – Information regarding actuarial present value of vested and nonvested accumulated benefits is not available. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the three most recent plan years ended April 30 is as follows:

Plan/ Levy Year	Actuarial Valuation Date	Annual Pension Cost (APC)	Employer Contribution	Percentage of APC Contributed	Net Pension Obligation
2011	04/30/10	\$ 708,185	\$ 704,820	99.52 %	\$ -
2010	04/30/09	751,408	749,700	99.77	-
2009	04/30/08	613,102	609,960	99.49	-

2. Illinois Municipal Retirement Fund

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 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.

As set by statute, the Village's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village contribution rate for calendar year 2011 was 9.30 percent of annual covered payroll. The Village's annual required contribution rate for calendar year 2011 was 10.78 percent. 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.

Village of La Grange Park
Notes to the Financial Statements (cont'd)

V. Other Information (cont'd)

D. Pension and Retirement Commitments (cont'd)

2. Illinois Municipal Retirement Fund (cont'd)

For fiscal year ending 2012, the Village's actual contributions for pension cost for the regular plan were \$150,443. Its required contribution for fiscal year 2012 was \$166,561. Trend information for the three most recent plan years ended April 30 is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 166,561	90 %	\$ 75,322
2011	180,328	75	57,935
2010	125,200	100	-

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% 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 unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 86.36 percent funded. The actuarial accrued liability for benefits was \$5,158,158 and the actuarial value of assets was \$4,454,469, resulting in an underfunded actuarial accrued liability (UAAL) of \$703,689. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$1,572,278 and the ratio of the UAAL to the covered payroll was 45 percent.

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.

This page has intentionally been left blank.

REQUIRED SUPPLEMENTARY INFORMATION

**Village of La Grange Park
Illinois Municipal Retirement Fund
Required Supplementary Information
Schedule of Funding Progress
April 30, 2012**

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)
12/31/11	\$ 4,454,469	\$ 5,158,158	\$ 703,689	86.36%	\$ 1,572,278	44.76%
12/31/10	4,516,138	5,003,226	487,088	90.26%	1,668,173	29.20%
12/31/09	4,102,417	4,877,890	775,473	84.10%	1,752,020	44.26%
12/31/08	3,609,403	4,467,399	857,996	80.79%	1,653,852	51.88%
12/31/07	5,294,888	4,508,074	(786,814)	117.45%	1,607,684	0.00%
12/31/06	4,635,492	3,901,586	(733,906)	118.81%	1,462,907	0.00%
12/31/05	4,558,205	3,971,039	(587,166)	114.79%	1,405,551	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$4,208,943.
On a market basis, the funded ratio would be 81.60%.

See independent auditor's report.

**Village of La Grange Park
Police Pension Fund
Required Supplementary Information
Schedule of Funding Progress
April 30, 2012**

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)
04/30/11	\$ 10,291,801	\$ 19,978,792	\$ 9,686,991	51.51%	\$ 1,635,939	592.14%
04/30/10	10,411,235	19,904,650	9,493,415	52.31%	1,465,136	647.95%
04/30/09	9,008,649	19,157,908	10,149,259	47.02%	1,628,620	623.18%
04/30/08	10,637,549	18,414,470	7,776,921	57.77%	1,567,668	496.08%
04/30/07	10,775,734	17,374,346	6,598,612	62.02%	1,454,934	453.53%
04/30/06	10,061,561	16,940,943	6,879,382	59.39%	1,390,760	494.65%
04/30/05	9,509,329	16,996,253	7,486,924	55.95%	1,292,974	579.05%

Analysis of the dollar amounts of the actuarial value of assets, actuarially accrued liability, and unfunded actuarially accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarially accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in unfunded actuarially accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarially accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation, and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

See independent auditor's report.

This page has intentionally been left blank.

SUPPLEMENTARY INFORMATION

**Village of La Grange Park
Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 760,000	\$ 218,432	\$ (541,568)
Interest and investment income	1,500	397	(1,103)
Total revenues	<u>761,500</u>	<u>218,829</u>	<u>(542,671)</u>
Expenditures - current:			
General government	13,000	4,813	8,187
Public safety	43,497	14,029	29,468
Highways and streets	1,115,000	501,769	613,231
Total expenditures	<u>1,171,497</u>	<u>520,611</u>	<u>650,886</u>
Revenues over (under) expenditures before other financing sources	(409,997)	(301,782)	108,215
Other financing sources - transfers in	<u>37,640</u>	<u>37,640</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>\$ (372,357)</u>	<u>(264,142)</u>	<u>\$ 108,215</u>
Fund balance, beginning of the year		<u>487,755</u>	
Fund balance, end of the year		<u>\$ 223,613</u>	

See independent auditor's report.

**Village of La Grange Park
Working Cash Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenue - interest and investment income	\$ -	\$ 313	\$ 313
Fund balance, beginning of the year		<u>157,292</u>	
Fund balance, end of the year		<u>\$ 157,605</u>	

See independent auditor's report.

**Village of La Grange Park
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended April 30, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenue - interest and investment income	\$ 300	\$ 16	\$ (284)
Expenditures:			
Current - general government	500	500	-
Debt service:			-
Principal	196,000	195,460	540
Interest	29,000	28,293	707
Total expenditures	225,500	224,253	1,247
Revenues over (under) expenditures before other financing sources	(225,200)	(224,237)	963
Other financing sources - operating transfers in	225,000	224,253	(747)
Revenues and other financing sources over (under) expenditures	\$ (200)	16	\$ 216
Fund balance, beginning of the year		5,160	
Fund balance, end of the year		\$ 5,176	

See independent auditor's report.

**Village of La Grange Park
Computation of Legal Debt Margin
April 30, 2012**

	<u>2010 Tax Levy Year</u>
Assessed valuation	\$ 434,868,975
Statutory debt limitation - percent of assessed valuation	<u>8.625%</u>
Legal debt margin	<u>\$ 37,507,449</u>

See independent auditor's report.

This page has intentionally been left blank.