



AUDIT REPORT
FOR THE YEAR ENDED APRIL 30, 2013

Selden Fox LTD.
CERTIFIED PUBLIC ACCOUNTANTS

**Village of La Grange Park
Annual Financial Report
For the Year Ended April 30, 2013**

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For the Year Ended April 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

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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, the fiduciary activities, and each major fund of the **Village of La Grange Park, Illinois**, as of and for the year ended April 30, 2013, and the statements of revenues, expenditures and changes in fund balance – budget and actual for the General and major Special Revenue Funds and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinions on the Governmental Activities and Business-type Activities

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 position and an expense for the current period change in that liability, as discussed in Note V. C. to the financial statements. 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 position, and change the expenses of the governmental activities and business-type activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities and business-type activities is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on the Governmental Activities and Business-type Activities” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of La Grange Park, Illinois as of April 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the fiduciary funds of the Village of La Grange Park, Illinois as of April 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General and Major Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the schedules of funding progress on pages 4-6 and 52-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of La Grange Park, Illinois' basic financial statements. The accompanying financial information listed as supplementary information on pages 54-57 in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Selden Fox, Ltd.

September 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Village of La Grange Park
Management's Discussion and Analysis
April 30, 2013**

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 7 through 9, 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 Position* (page 7) presents information on all of the Village's assets and liabilities. The *Statement of Activities* (pages 8 and 9) presents information showing the sources and uses of Village monies that then changed the Village's net 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 10 and continue through page 25. 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 26 of this audit report.

Condensed Financial Information from the Government-wide Financial Statements

Village of La Grange Park Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 1,223,944	\$ 1,076,233	\$4,021,808	\$ 3,527,437	\$ 5,245,752	\$ 4,603,670
Grants and contributions:						
Operating	-	-	-	-	-	-
Capital	458,768	816,995	-	-	458,768	816,995
General revenues:						
Property taxes	3,245,655	3,083,858	-	-	3,245,655	3,083,858
Other taxes	3,227,846	3,014,382	-	-	3,227,846	3,014,382
Other	350,520	292,227	30,220	10,838	380,740	303,065
Total revenues	8,506,733	8,283,695	4,052,028	3,538,275	12,558,761	11,821,970
Expenses:						
General government	2,650,010	2,469,921	-	-	2,650,010	2,469,921
Public safety	5,189,773	5,152,475	-	-	5,189,773	5,152,475
Water	-	-	2,479,598	2,205,729	2,479,598	2,205,729
Sewer	-	-	683,411	754,915	683,411	754,915
Total expenses	7,839,783	7,622,396	3,163,009	2,960,644	11,002,792	10,583,040
Increase in net position before transfers	666,950	661,299	889,019	577,631	1,555,969	1,238,930
Transfers	38,200	37,640	(38,200)	(37,640)	-	-
Change in net position	\$ 705,150	\$ 698,939	\$ 850,819	\$ 539,991	\$ 1,555,969	\$ 1,238,930

Village of La Grange Park Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 6,884,144	\$ 5,879,213	\$ 4,305,152	\$ 3,650,311	\$ 11,189,296	\$ 9,529,524
Capital assets	4,871,437	5,238,689	12,487,619	12,557,134	17,359,056	17,795,823
Total assets	11,755,581	11,117,902	16,792,771	16,207,445	28,548,352	27,325,347
Liabilities:						
Current liabilities	552,083	464,677	684,356	647,785	1,236,439	1,112,462
Long-term liabilities	327,653	482,530	4,052,906	4,354,970	4,380,559	4,837,500
Total liabilities	879,736	947,207	4,737,262	5,002,755	5,616,998	5,949,962
Net position:						
Invested in capital assets, net	4,388,907	4,539,882	8,132,649	7,910,941	12,521,556	12,450,823
Restricted	1,518,683	704,329	68,955	66,418	1,587,638	770,747
Unrestricted	4,968,255	4,926,484	3,853,905	3,227,331	8,822,160	8,153,815
Total net position	\$10,875,845	\$10,170,695	\$12,055,509	\$11,204,690	\$22,931,354	\$21,375,385

Government-wide Financial Analysis

The Village of La Grange Park's assets exceeded its liabilities by \$22,931,354 as of April 30, 2013. This is an increase of \$1,555,969 over the prior year as both the Village's *governmental activities* and *business-type activities* resulted in an increase in net position. Net position as of April 30, 2012 (the prior year end) was \$21,375,385. The two largest components of the Village's assets are its cash and investments of \$7,713,692 and its investment in infrastructure which stands at \$12,521,556. Cash and investments are up \$1,719,259 from the previous year primarily because money is being set aside for renovations to the public works building.

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 10 and 11. 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 13 and 14.

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 \$146,527. This result is somewhat less favorable than last year's (when revenues were more than expenditures by \$527,279) but the General Fund's financial position has improved slightly nonetheless. Revenues were up 5.6% (\$7,816,029 versus \$7,403,556), while expenditures increased 3.2% (\$7,129,169 this year versus \$6,911,177 last year). With revenues and expenditures up, the General Fund's financial position improved only slightly due to the fact we made a significant transfer to the Capital Projects Fund in the 2012-13 fiscal year. The increase in revenues can be attributed to increases in all revenue sources. With respect to expenditures, the General Fund finished the year \$450,163 under budget. The General Fund budget was not amended during the fiscal year and therefore the original budget and final budget are the same.

The financial statements for the two proprietary funds begin on page 19. 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 position for the Water and Sewer Funds is \$850,819. Both the Water Fund and Sewer Fund experienced increases in net position resulting from large operating incomes. The Water Fund in particular is in better financial condition than it was 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 23.

Capital Assets and Long-term Debt

The Village of La Grange Park issued no bonds during the 2013 fiscal year and reduced its outstanding bonded debt by \$495,000 through scheduled payments. The bonds are rated Aa2 by Moody's Investors Service. 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

**Village of La Grange Park
Statement of Net Position
April 30, 2013**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and investments	\$ 4,168,811	\$ 3,544,881	\$ 7,713,692
Receivables	2,476,802	681,715	3,158,517
Internal balances	34,713	(36,213)	(1,500)
Accrued interest income	435	887	1,322
Prepaid items	6,751	2,478	9,229
Deferred bond issuance costs	2,374	42,449	44,823
Restricted cash	13,778	-	13,778
Insurance deposits	180,480	68,955	249,435
Capital assets (net of accumulated depreciation):			
Buildings and building improvements	555,402	449,896	1,005,298
Infrastructure	2,873,815	11,525,194	14,399,009
Machinery and equipment	321,300	416,839	738,139
Vehicles	1,120,920	95,690	1,216,610
Total assets	11,755,581	16,792,771	28,548,352
Liabilities			
Accounts payable and other accrued expenses	325,258	310,845	636,103
Accrued interest expense	6,389	71,447	77,836
Noncurrent liabilities:			
Due within one year	220,436	302,064	522,500
Due in more than one year	327,653	4,052,906	4,380,559
Total liabilities	879,736	4,737,262	5,616,998
Net Position			
Invested in capital assets, net of related debt	4,388,907	8,132,649	12,521,556
Restricted for:			
Nonspendable working cash	158,004	-	158,004
Risk management	180,480	68,955	249,435
Transportation construction projects	249,094	-	249,094
Operation of 911 emergency telephone system	267,464	-	267,464
Capital project expenditures	508,450	-	508,450
Public Works Department facility	150,000	-	150,000
Debt service	5,191	-	5,191
Unrestricted	4,968,255	3,853,905	8,822,160
Total net position	\$ 10,875,845	\$ 12,055,509	\$ 22,931,354

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Statement of Activities
For the Year Ended April 30, 2013**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions		Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,302,295	\$ 1,079,523	\$ -		\$ (222,772)	\$ -	\$ (222,772)
Public safety	5,189,773	144,421	-		(5,045,352)	-	(5,045,352)
Public works	1,347,715	-	458,768		(888,947)	-	(888,947)
Total governmental activities	7,839,783	1,223,944	458,768		(6,157,071)	-	(6,157,071)
Business-type activities:							
Water	2,479,598	2,926,943	-	13,800	-	461,145	461,145
Sewer	683,411	1,094,865	-	-	-	411,454	411,454
Total business-type activities	3,163,009	4,021,808	-	13,800	-	872,599	872,599
Total primary government	\$ 11,002,792	\$ 5,245,752	\$ 458,768	\$ 13,800	(6,157,071)	872,599	(5,284,472)
General revenues:							
Property taxes					3,245,655	-	3,245,655
Sales taxes					466,663	-	466,663
Income taxes					1,284,811	-	1,284,811
Replacement taxes					47,272	-	47,272
Utility taxes					516,640	-	516,640
Telecommunication taxes					478,382	-	478,382
State use tax					215,793	-	215,793
Other taxes					218,285	-	218,285
Miscellaneous					325,506	-	325,506
Unrestricted investment earnings					25,014	16,420	41,434
Transfers					38,200	(38,200)	-
Total general revenues and transfers					6,862,221	(21,780)	6,840,441
Change in net position					705,150	850,819	1,555,969
Net position, beginning of the year					10,170,695	11,204,690	21,375,385
Net position, end of the year					\$ 10,875,845	\$ 12,055,509	\$ 22,931,354

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Balance Sheet
Governmental Funds
April 30, 2013**

Assets	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Emergency 911</u>	<u>Capital Projects</u>	<u>Working Cash</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Cash	\$ 2,210,306	\$ 75,713	\$ 30,808	\$ 390,965	\$ 10,851	\$ 5,441	\$ 2,724,084
Investments	646,467	150,000	200,767	300,378	147,115	-	1,444,727
Accounts receivable:							
Property taxes - net of allowance for loss on collection	1,560,773	-	-	-	-	-	1,560,773
Interest	242	29	99	27	38	-	435
Utility taxes and telephone surcharge	183,984	-	26,020	-	-	-	210,004
Other	76,044	-	-	-	-	-	76,044
Due from other funds	34,713	-	14,846	-	-	-	49,559
Due from other governments	606,629	23,352	-	-	-	-	629,981
Prepaid items	6,751	-	-	-	-	-	6,751
Restricted cash	13,778	-	-	-	-	-	13,778
Insurance deposits	180,480	-	-	-	-	-	180,480
Total assets	\$ 5,520,167	\$ 249,094	\$ 272,540	\$ 691,370	\$ 158,004	\$ 5,441	\$ 6,896,616
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 141,737	\$ -	\$ 5,076	\$ 18,074	\$ -	\$ 250	\$ 165,137
Security deposits	13,778	-	-	-	-	-	13,778
Accrued wages	146,343	-	-	-	-	-	146,343
Due to other funds	-	-	-	14,846	-	-	14,846
Deferred property tax revenue	1,560,773	-	-	-	-	-	1,560,773
Total liabilities	1,862,631	-	5,076	32,920	-	250	1,900,877
Fund balances:							
Nonspendable	6,751	-	-	-	158,004	-	164,755
Restricted, reported in:							
General Fund	180,480	-	-	-	-	-	180,480
Special Revenue Funds	-	249,094	267,464	-	-	-	516,558
Capital Projects Fund	-	-	-	508,450	-	-	508,450
Debt Service Fund	-	-	-	-	-	5,191	5,191
Restricted for Public Works Department facility	-	-	-	150,000	-	-	150,000
Unassigned, reported in:							
General Fund	3,470,305	-	-	-	-	-	3,470,305
Total fund balances	3,657,536	249,094	267,464	658,450	158,004	5,191	4,995,739
Total liabilities and fund balances	\$ 5,520,167	\$ 249,094	\$ 272,540	\$ 691,370	\$ 158,004	\$ 5,441	\$ 6,896,616

See accompanying notes.

**Village of La Grange Park
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
April 30, 2013**

Total fund balance - governmental funds (pages 10 and 11)	\$ 4,995,739
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,871,437
Liabilities for net pension obligations are not subject to accrual in the governmental funds.	(65,559)
Interest expense is not subject to accrual in the governmental funds.	(6,389)
Revenues are recognized for governmental activities when earned, regardless of when collected, and not deferred on the statement of net position.	1,560,773
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(480,156)</u>
Net position of governmental activities (page 7)	<u>\$ 10,875,845</u>

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances -
Governmental Funds
For the Year Ended April 30, 2013**

	General	Motor Fuel Tax	Emergency 911	Capital Projects	Working Cash	Debt Service	Total Governmental Funds
Revenues:							
Property taxes	\$ 3,168,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,168,420
Other local taxes	1,679,970	-	144,421	-	-	-	1,824,391
Licenses and permits	472,685	-	-	-	-	-	472,685
Intergovernmental	1,547,876	395,938	-	62,830	-	-	2,006,644
Charges for services	441,729	-	-	-	-	-	441,729
Fines and forfeitures	165,109	-	-	-	-	-	165,109
Interest and investment income	23,747	108	501	244	399	15	25,014
Miscellaneous	316,493	-	8,006	-	-	-	324,499
Total revenues	7,816,029	396,046	152,928	63,074	399	15	8,428,491
Expenditures:							
Current:							
General government	1,096,621	-	-	3,916	-	500	1,101,037
Public safety	4,999,734	-	87,058	64,605	-	-	5,151,397
Highways and streets	1,020,314	-	-	174,256	-	-	1,194,570
Debt service:							
Principal	12,500	-	-	-	-	203,777	216,277
Interest	-	-	-	-	-	22,065	22,065
Total expenditures	7,129,169	-	87,058	242,777	-	226,342	7,685,346
Revenues over (under) expenditures before other financing sources (uses)	686,860	396,046	65,870	(179,703)	399	(226,327)	743,145
Other financing sources (uses):							
Operating transfers in	35,000	-	-	614,540	-	226,342	875,882
Operating transfers out	(576,340)	(226,342)	(35,000)	-	-	-	(837,682)
Sale of capital assets	1,007	-	-	-	-	-	1,007
Total other financing sources (uses)	(540,333)	(226,342)	(35,000)	614,540	-	226,342	39,207
Net changes in fund balances	146,527	169,704	30,870	434,837	399	15	782,352
Fund balance, beginning of the year	3,511,009	79,390	236,594	223,613	157,605	5,176	4,213,387
Fund balance, end of the year	\$ 3,657,536	\$ 249,094	\$ 267,464	\$ 658,450	\$ 158,004	\$ 5,191	\$ 4,995,739

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, 2013**

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

Net changes in fund balance - total governmental funds (pages 13 and 14)	\$	782,352
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 depreciation exceeded capital outlays in the current period.		(367,252)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		77,235
Liabilities for net pension obligations are not subject to accrual in the governmental funds.		(3,580)
Interest expense is not subject to accrual in the governmental funds.		2,845
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 position. 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.		213,550
Change in net position of governmental activities (pages 8 and 9)	\$	705,150

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, 2013**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 3,150,000	\$ 3,168,420	\$ 18,420
Other local taxes	1,653,000	1,679,970	26,970
Licenses and permits	449,100	472,685	23,585
Intergovernmental	1,297,000	1,547,876	250,876
Charges for services	389,200	441,729	52,529
Fines and forfeitures	124,700	165,109	40,409
Interest and investment income	3,000	23,747	20,747
Miscellaneous	271,500	316,493	44,993
Total revenues	7,337,500	7,816,029	478,529
Expenditures:			
Current:			
General government	1,172,820	1,096,621	76,199
Public safety	5,229,452	4,999,734	229,718
Highways and streets	1,164,560	1,020,314	144,246
Debt service - principal	12,500	12,500	-
Total expenditures	7,579,332	7,129,169	450,163
Revenues over (under) expenditures before other financing sources (uses)	(241,832)	686,860	928,692
Other financing sources (uses):			
Operating transfers in	35,000	35,000	-
Operating transfers out	(576,340)	(576,340)	-
Sale of capital assets	-	1,007	1,007
Total other financing sources (uses)	(541,340)	(540,333)	1,007
Net changes in fund balance	\$ (783,172)	146,527	\$ 929,699
Fund balance, beginning of the year		3,511,009	
Fund balance, end of the year		\$ 3,657,536	

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, 2013**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 335,000	\$ 395,938	\$ 60,938
Interest and investment income	200	108	(92)
Total revenues	<u>335,200</u>	<u>396,046</u>	<u>60,846</u>
Other financing uses - operating transfers out	<u>(227,000)</u>	<u>(226,342)</u>	<u>658</u>
Net changes in fund balance	<u>\$ 108,200</u>	<u>169,704</u>	<u>\$ 61,504</u>
Fund balance, beginning of the year		<u>79,390</u>	
Fund balance, end of the year		<u>\$ 249,094</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, 2013**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other local taxes	\$ 130,000	\$ 144,421	\$ 14,421
Interest and investment income	200	501	301
Miscellaneous	6,000	8,006	2,006
Total revenues	136,200	152,928	16,728
Expenditures - current - public safety	165,000	87,058	77,942
Revenues over (under) expenditures before other financing uses	(28,800)	65,870	94,670
Other financing uses - operating transfers out	(35,000)	(35,000)	-
Net changes in fund balance	\$ (63,800)	30,870	\$ 94,670
Fund balance, beginning of the year		236,594	
Fund balance, end of the year		\$ 267,464	

See accompanying notes.

**Village of La Grange Park
Proprietary Funds
Statement of Net Position
April 30, 2013**

Assets	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current assets:			
Cash	\$ 1,530,794	\$ 294,967	\$ 1,825,761
Investments	916,573	802,547	1,719,120
Accrued interest receivable	660	227	887
Water sales receivable	322,715	-	322,715
Prepaid items	2,063	415	2,478
Due from other funds	-	101,923	101,923
Unbilled usage	260,000	99,000	359,000
Total current assets	<u>3,032,805</u>	<u>1,299,079</u>	<u>4,331,884</u>
Long-term assets:			
Restricted insurance deposits	63,066	5,889	68,955
Deferred bond issuance costs	-	42,449	42,449
Property and equipment, net of accumulated depreciation of \$4,977,762	4,132,781	8,354,838	12,487,619
Total long-term assets	<u>4,195,847</u>	<u>8,403,176</u>	<u>12,599,023</u>
Total assets	<u>7,228,652</u>	<u>9,702,255</u>	<u>16,930,907</u>
Liabilities			
Current liabilities:			
Accounts payable	179,975	105,781	285,756
Security deposits	3,281	-	3,281
Accrued wages	13,976	7,832	21,808
Interest payable	364	71,083	71,447
Bond payable, current portion	11,590	290,474	302,064
Due to other funds	138,136	-	138,136
Total current liabilities	<u>347,322</u>	<u>475,170</u>	<u>822,492</u>
Long-term liabilities - bond payable, less current portion	11,822	4,041,084	4,052,906
Total liabilities	<u>359,144</u>	<u>4,516,254</u>	<u>4,875,398</u>
Net Position			
Invested in capital assets, net of related debt	4,109,369	4,023,280	8,132,649
Restricted to risk management	63,066	5,889	68,955
Unrestricted	2,697,073	1,156,832	3,853,905
Total net position	<u>\$ 6,869,508</u>	<u>\$ 5,186,001</u>	<u>\$ 12,055,509</u>

See accompanying notes and independent auditor's report.

**Village of La Grange Park
 Combined Statement of Revenues, Expenses
 and Changes in Net Position -
 Proprietary Fund Types
 For the Year Ended April 30, 2013**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues - charges for sales and services - water and sewer	\$ 2,926,943	\$ 1,094,865	\$ 4,021,808
Operating expenses:			
Cost of sales and services	2,092,097	136,740	2,228,837
Administration	146,865	119,965	266,830
Depreciation	239,537	243,986	483,523
Total operating expenses	<u>2,478,499</u>	<u>500,691</u>	<u>2,979,190</u>
Income from operations	<u>448,444</u>	<u>594,174</u>	<u>1,042,618</u>
Nonoperating revenue (expense):			
Interest and investment income	14,823	1,597	16,420
Intergovernmental support	13,800	-	13,800
Interest expense	(1,099)	(182,720)	(183,819)
Total nonoperating revenue (expense)	<u>27,524</u>	<u>(181,123)</u>	<u>(153,599)</u>
Income before transfer	475,968	413,051	889,019
Transfer to Capital Projects Fund	-	(38,200)	(38,200)
Changes in net position	475,968	374,851	850,819
Net position:			
Beginning of the year	<u>6,393,540</u>	<u>4,811,150</u>	<u>11,204,690</u>
End of the year	<u>\$ 6,869,508</u>	<u>\$ 5,186,001</u>	<u>\$ 12,055,509</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, 2013**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 2,879,010	\$ 1,093,865	\$ 3,972,875
Payments to suppliers	(1,901,383)	(13,855)	(1,915,238)
Payments to employees	(340,942)	(136,981)	(477,923)
Deposits with joint venture	(3,004)	467	(2,537)
Advances from other funds	(36,596)	697	(35,899)
	<u>597,085</u>	<u>944,193</u>	<u>1,541,278</u>
Net cash provided by operating activities			
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(38,200)	(38,200)
Intergovernmental agreements	13,800	-	13,800
	<u>13,800</u>	<u>(38,200)</u>	<u>(24,400)</u>
Net cash from noncapital financing activities			
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(11,358)	(279,865)	(291,223)
Interest paid on capital debt	(1,261)	(180,999)	(182,260)
Purchases of capital assets	(314,234)	(99,775)	(414,009)
	<u>(326,853)</u>	<u>(560,639)</u>	<u>(887,492)</u>
Net cash from capital and related financing activities			
Cash flows from investing activities:			
Purchase of investments	(1,208,441)	(1,203,635)	(2,412,076)
Proceeds from maturities of investments	1,205,418	1,101,528	2,306,946
Interest and dividends	15,730	2,634	18,364
	<u>12,707</u>	<u>(99,473)</u>	<u>(86,766)</u>
Net cash from investing activities			
Net change in cash	296,739	245,881	542,620
Cash, beginning of the year	<u>1,234,055</u>	<u>49,086</u>	<u>1,283,141</u>
Cash, end of the year	<u>\$ 1,530,794</u>	<u>\$ 294,967</u>	<u>\$ 1,825,761</u>

(cont'd)

**Village of La Grange Park
 Combined Statement of Cash Flows -
 Proprietary Funds (cont'd)
 For the Year Ended April 30, 2013**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	\$ 448,444	\$ 594,174	\$ 1,042,618
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	239,537	243,986	483,523
Changes in:			
Water sales receivable/ unbilled usage	(47,933)	(1,000)	(48,933)
Prepaid items	72	96	168
Insurance deposits	(3,004)	467	(2,537)
Accounts payable/security deposits/accrued wages	(3,435)	105,773	102,338
Due to/from other funds	(36,596)	697	(35,899)
Net cash provided by operating activities	<u>\$ 597,085</u>	<u>\$ 944,193</u>	<u>\$ 1,541,278</u>

See accompanying notes and independent auditor's report.

**Village of La Grange Park
Fiduciary Funds
Statement of Net Position
April 30, 2013**

Assets	Total	Police Pension Fund	Restricted Fund
Assets:			
Cash	\$ 947,468	\$ 880,680	\$ 66,788
Investments	11,278,881	11,217,324	61,557
Accounts receivable:			
Property taxes - net of allowance for loss on collection	348,978	348,978	-
Interest	28,182	28,179	3
Prepaid items	10,192	10,192	-
Due from other funds	1,500	-	1,500
Total assets	\$ 12,615,201	\$ 12,485,353	\$ 129,848
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 38,790	\$ 1,790	\$ 37,000
Due to participants	31,920	-	31,920
Total liabilities	70,710	1,790	68,920
Net position - restricted - held in trust for pension benefits and other purposes	12,544,491	12,483,563	60,928
Total liabilities and net position	\$ 12,615,201	\$ 12,485,353	\$ 129,848

See accompanying notes.

**Village of La Grange Park
Fiduciary Funds - Pension Trust Fund
Statement of Changes in Net Position
April 30, 2013**

Additions:	
Contributions:	
Employer/property taxes	\$ 719,107
Plan members	<u>169,363</u>
Total contributions	<u>888,470</u>
Investment earnings:	
Interest	286,530
Net increase in fair value of investments	<u>660,000</u>
Total investment earnings	946,530
Less investment expense	<u>57,272</u>
Net investment earnings	<u>889,258</u>
Total additions	<u>1,777,728</u>
Deductions:	
Benefits	1,065,278
Administrative expenses	<u>39,916</u>
Total deductions	<u>1,105,194</u>
Changes in net position	672,534
Net position:	
Beginning of the year	<u>11,811,029</u>
End of the year	<u>\$ 12,483,563</u>

See accompanying notes.

**Village of La Grange Park
Fiduciary Funds - Restricted Fund
Statement of Changes in Net Position
April 30, 2013**

Revenues:	
Miscellaneous other	<u>\$ 76,479</u>
Total revenues	76,479
Expenditures - current - general government	<u>52,820</u>
Changes in net position	23,659
Net position:	
Beginning of the year	<u>37,269</u>
End of the year	<u>\$ 60,928</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 position 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 \$3,840 as of April 30, 2013.

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 Position 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 Position 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 \$363,522,692 for calendar year 2011. 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, 2013, security deposits of the Village's cable company amounted to \$13,778.

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, 2013, insurance deposits amounted to \$249,435 (\$180,480 in the governmental funds and \$68,955 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 Position 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 Position 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 position. 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 position 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 position – consists of net position 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 position – consists of the remaining net position that does 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 Position 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 totaling \$6,751 is intended as an offset to prepaid items. The restricted portion of \$180,480 represents insurance deposits.

Special Revenue Funds – The Village maintains Special Revenue Funds, the balances of which are considered restricted for the purposes of their respective funds.

Capital Projects Fund – A portion of the fund balance is restricted to renovation of the Public Works Department facility in the amount of \$150,000. The remaining \$508,450 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 – The Village maintains a Debt Service Fund, the balance of which is considered restricted for purposes of the fund.

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.

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

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.
- 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.

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

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 Position

The governmental fund balance sheet includes a reconciliation between the total fund balance – governmental funds and the net position of governmental activities as reported in the government-wide statement of net position. 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 \$480,156 are as follows:

Bonds payable		\$ 482,530
Deferred bond issuance costs		<u>(2,374)</u>
Net adjustment to reduce total fund balance - governmental funds to arrive at net position of governmental activities		\$ <u>480,156</u>

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 position 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 (\$367,252) are as follows:

Capital outlay		\$ 236,583
Depreciation		<u>(603,835)</u>
Net adjustment to decrease net change in fund balance – total governmental funds to arrive at change in net position of governmental activities		\$ <u>(367,252)</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 position. 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 \$213,550 are as follows:

Principal repayments – general obligation debt	\$	216,277
Amortization of deferred bond issuance costs		<u>(2,727)</u>
Net adjustment to increase net change in fund balance – total governmental funds to arrive at change in net position of governmental activities		
	\$	<u>213,550</u>

IV. Detailed Notes for All Funds

A. Deposits and Investments

At April 30, 2013, cash and investments as reported on the statement of net position consisted of:

Cash on hand	\$	2,025
Carrying amount:		
Deposits		3,306,858
Illinois Funds Investment Pool		1,279,131
Certificates of deposit		<u>3,125,678</u>
	\$	<u>7,713,692</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, 2013, the Village is invested in thirty-one certificates of deposit totaling \$3,125,678, with maturities ranging from May 16, 2013 to March 12, 2014.

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, 2013, the carrying amount of the Village's deposits was \$6,494,092 and the bank balance was \$6,557,644. Of the bank balance, \$4,187,235 was covered by federal depository insurance, \$2,325,361 was collateralized with securities held by the pledging institution's trust department or agent in the Village's name, and \$45,048 was uninsured and uncollateralized.

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, 2013 was as follows:

	May 1, 2012	Additions	Deductions	April 30, 2013
Governmental activities:				
Capital assets being depreciated:				
Buildings and building improvements	\$ 2,075,104	\$ -	\$ -	\$ 2,075,104
Infrastructure	4,232,041	130,712	-	4,362,753
Machinery and equipment	1,056,574	34,446	-	1,091,020
Vehicles	2,659,496	71,425	(35,945)	2,694,976
Capital assets being depreciated	10,023,215	236,583	(35,945)	10,223,853
Less accumulated depreciation for:				
Buildings and building improvements	1,475,935	43,767	-	1,519,702
Infrastructure	1,205,252	283,686	-	1,488,938
Machinery and equipment	659,225	110,495	-	769,720
Vehicles	1,444,114	165,887	(35,945)	1,574,056
Total accumulated depreciation	4,784,526	603,835	(35,945)	5,352,416
Governmental activities, capital assets, net	\$ 5,238,689	\$ (367,252)	\$ -	\$ 4,871,437

**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, 2012	Additions	Deductions	April 30, 2013
Business-type activities:				
Capital assets being depreciated:				
Buildings	\$ 859,234	\$ -	\$ -	\$ 859,234
Infrastructure	14,389,771	414,008	(89,703)	14,714,076
Machinery and equipment	1,486,755	-	(15,770)	1,470,985
Vehicles	421,086	-	-	421,086
	Capital assets being depreciated	414,008	(105,473)	17,465,381
	17,156,846			
Less accumulated depreciation for:				
Buildings	390,243	19,095	-	409,338
Infrastructure	2,942,127	336,458	(89,703)	3,188,882
Machinery and equipment	968,546	101,370	(15,770)	1,054,146
Vehicles	298,796	26,600	-	325,396
	Total accumulated depreciation	483,523	(105,473)	4,977,762
	4,599,712			
Business-type activities, capital assets, net	\$ 12,557,134	\$ (69,515)	\$ -	\$ 12,487,619

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

Governmental activities:	
General government	\$ 48,142
Public safety	202,640
Public works	353,053
	Total depreciation expense – governmental activities
	\$ 603,835
Business-type activities:	
Water	\$ 239,537
Sewer	243,986
	Total depreciation expense – business-type activities
	\$ 483,523

**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, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Water	\$ 34,713
Sewer	Water	101,923
Agency	Water	1,500
Emergency 911	Capital Projects	14,846
Total		\$ 152,982

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, 2012	Additions	Retirements	Balances April 30, 2013
General obligation bonds: Series 2004 (\$2,260,000), due in remaining annual installments of \$250,000 to \$255,000 with interest rates from 3.60% to 3.70%.	\$ 750,000	\$ -	\$ (245,000)	\$ 505,000
Series 2006 (\$5,645,000), due in annual installments of \$260,000 to \$410,000 with interest rates from 3.75% to 4.125%.	4,520,000	-	(250,000)	4,270,000
	5,270,000	-	(495,000)	4,775,000
Interest free note payable – Illinois Finance Authority (\$100,000) due in annual installments of \$12,500.	75,000	-	(12,500)	62,500
	\$ 5,345,000	\$ -	\$ (507,500)	\$ 4,837,500

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 2014:			
Series 2004 bonds	\$ 223,269	\$ 207,936	\$ 15,333
Note payable	12,500	12,500	-
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	-
	<u>505,710</u>	<u>482,530</u>	<u>23,180</u>
Business-type activities, due in 2014:			
Series 2004 bonds	45,166	42,064	3,102
Series 2006 bonds	428,306	260,000	168,306
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	427,056	300,000	127,056
2019 – 2023	2,134,631	1,685,000	449,631
2024 – 2026	1,283,527	1,185,000	98,527
	<u>5,648,098</u>	<u>4,354,970</u>	<u>1,293,128</u>
Totals	<u>\$ 6,153,808</u>	<u>\$ 4,837,500</u>	<u>\$ 1,316,308</u>

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

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

E. Transfers

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
General	Emergency 911	\$ 35,000
Capital Projects	Sewer	38,200
Capital Projects	General	576,340
Debt Service	Motor Fuel Tax	<u>226,342</u>
Total all funds		<u>\$ 875,882</u>

The transfer of \$226,342 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 position for the fiduciary funds as restricted are comprised of the following:

Agency Fund:	
Ambulance donations	\$ 5,139
Foreign fire insurance tax	2,901
SB 740 – DUI fines	3,930
Police department donations	1,106
Justice assistance grant	921
Christmas walk	431
Storm water management fee	<u>46,500</u>
	60,928
Pension trust	<u>12,483,563</u>
	<u>\$ 12,544,491</u>

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, 2013, the Village has a deposit of \$249,435 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 \$595,667 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, 2013, there were 17 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, 2013, the balance of the fund totaled \$31,920.

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, 2013 was \$1,709,011 out of a total Village payroll of \$4,128,756. At April 30, 2013, 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, 2013 was as follows:

Common stock and options	\$ 4,071,161
Mutual funds	1,408,696
Closed-end funds	984,156
Government securities	3,480,551
Corporate bonds	<u>1,272,760</u>
	<u>\$ 11,217,324</u>

The amortized cost of Plan investments at April 30, 2013 was \$9,988,559.

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, 2012
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	25 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	4.00% compounded annually
Mortality rate assumption	RP-2000 mortality tables
Disability and separation	Demographic experience tables

The pension benefit obligation and net position available for benefits at May 1, 2012 (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	\$ 20,659,204
Net position available for benefits	<u>11,170,440</u>
Unfunded pension benefit obligation	<u>\$ 9,488,764</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:

<u>Plan/ Levy Year</u>	<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Employer Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	05/01/11	\$ 729,058	\$ 729,300	100.03 %	\$ -
2011	04/30/10	708,185	704,820	99.52	-
2010	04/30/09	751,408	749,700	99.77	-

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.

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's annual required contribution rate for calendar year 2012 was 10.13 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 2013, the Village's actual contributions for pension cost for the regular plan were \$172,281. Its required contribution for fiscal year 2013 was \$172,281. 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
2013	\$ 172,281	100 %	\$ 76,933
2012	166,561	90	75,322
2011	180,328	75	57,935

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

As of December 31, 2012, the most recent actuarial valuation date, the regular plan was 90.55 percent funded. The actuarial accrued liability for benefits was \$5,437,649 and the actuarial value of assets was \$4,923,644, resulting in an underfunded actuarial accrued liability (UAAL) of \$514,005. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$1,621,089 and the ratio of the UAAL to the covered payroll was 32 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.

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

V. Other Information (cont'd)

E. Future Commitments

During May 2013, the Village signed a building and design agreement for the renovation of the Public Works Building for approximately \$1,054,000. Management expects the renovation to be fully completed during the 2014 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**Village of La Grange Park
Illinois Municipal Retirement Fund
Required Supplementary Information
Schedule of Funding Progress
April 30, 2013**

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)
12/31/12	\$ 4,923,644	\$ 5,437,649	\$ 514,005	90.55%	\$ 1,621,089	31.71%
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, 2012 is \$5,102,454.
On a market basis, the funded ratio would be 93.84%.

See independent auditor's report.

**Village of La Grange Park
Police Pension Fund
Required Supplementary Information
Schedule of Funding Progress
April 30, 2013**

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)
04/30/12	\$ 11,170,440	\$ 20,659,204	\$ 9,488,764	54.07%	\$ 1,677,197	565.75%
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.

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, 2013**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 812,702	\$ 62,830	\$ (749,872)
Interest and investment income	500	244	(256)
Total revenues	<u>813,202</u>	<u>63,074</u>	<u>(750,128)</u>
Expenditures - current:			
General government	22,200	3,916	18,284
Public safety	64,226	64,605	(379)
Highways and streets	1,270,500	174,256	1,096,244
Total expenditures	<u>1,356,926</u>	<u>242,777</u>	<u>1,114,149</u>
Revenues under expenditures before other financing sources	(543,724)	(179,703)	364,021
Other financing sources - transfers in	614,540	614,540	-
Net changes in fund balance	<u>\$ 70,816</u>	<u>434,837</u>	<u>\$ 364,021</u>
Fund balance, beginning of the year		<u>223,613</u>	
Fund balance, end of the year		<u>\$ 658,450</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, 2013**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenue - interest and investment income	\$ -	\$ 399	\$ 399
Fund balance, beginning of the year		<u>157,605</u>	
Fund balance, end of the year		<u>\$ 158,004</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, 2013**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenue - interest and investment income	\$ 100	\$ 15	\$ (85)
Expenditures:			
Current - general government	500	500	-
Debt service:			
Principal	204,000	203,777	223
Interest	23,000	22,065	935
Total expenditures	227,500	226,342	1,158
Revenues under expenditures before other financing sources	(227,400)	(226,327)	1,073
Other financing sources - operating transfers in	227,000	226,342	(658)
Net changes in fund balance	\$ (400)	15	\$ 415
Fund balance, beginning of the year		5,176	
Fund balance, end of the year		\$ 5,191	

See independent auditor's report.

**Village of La Grange Park
Computation of Legal Debt Margin
April 30, 2013**

	<u>2011 Tax Levy Year</u>
Assessed valuation	\$ 363,522,692
Statutory debt limitation - percent of assessed valuation	<u>8.625%</u>
Legal debt margin	<u>\$ 31,353,832</u>

See independent auditor's report.