

VILLAGE OF LONG GROVE
Long Grove, Illinois

FINANCIAL STATEMENTS

April 30, 2004

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

VILLAGE OF LONG GROVE

TABLE OF CONTENTS April 30, 2004

Independent Auditors' Report	1
General Purpose Financial Statements	
Combined Balance Sheet – All Fund Types and Account Group	2 – 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget – All Governmental Fund Types	5 – 6
Notes to Financial Statements	7 – 19
Supplemental Information	
General Fund – Detailed Schedule of Revenues	20
General Fund – Detailed Schedule of Expenditures	21 – 22
Special Revenue Funds – Combining Balance Sheet	23
Special Revenue Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Trust and Agency Funds – Combining Balance Sheet	25





INDEPENDENT AUDITORS' REPORT

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

We have audited the general purpose financial statements of the Village of Long Grove, Illinois as of and for the year ended April 30, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the village's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Long Grove, Illinois at April 30, 2004, and the results of its operations for the year then ended in conformity accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Long Grove, Illinois. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Virchow, Krause + Company, LLP

Madison, Wisconsin
July 14, 2004

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

THIS PAGE IS INTENTIONALLY LEFT BLANK

VILLAGE OF LONG GROVE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

April 30, 2004

(With Comparative Totals for April 30, 2003)

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS			
Cash and investments	\$ 4,637,093	\$ 2,127,177	\$ 259,337
Receivables			
Taxes	173,056	-	-
Accounts	40,313	14,437	-
Due from other funds	86,720	144,042	-
Fixed assets	-	-	-
TOTAL ASSETS	<u>\$ 4,937,182</u>	<u>\$ 2,285,656</u>	<u>\$ 259,337</u>
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable	\$ 56,324	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenues	56,024	-	233,000
Total Liabilities	<u>112,348</u>	<u>-</u>	<u>233,000</u>
Equity			
Investment in general fixed assets	-	-	-
Fund Balances			
Unreserved			
Designated	100,000	-	-
Undesignated	4,724,834	2,285,656	26,337
Total Equity	<u>4,824,834</u>	<u>2,285,656</u>	<u>26,337</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 4,937,182</u>	<u>\$ 2,285,656</u>	<u>\$ 259,337</u>

Fiduciary Fund Type Agency	Account Group		Totals (Memorandum Only)	
	General	Fixed	2004	2003
	Assets	Assets		
\$ 1,285,979	\$ -	\$ -	\$ 8,309,586	\$ 8,082,124
-	-	-	173,056	172,962
58,583	-	-	113,333	15,560
-	-	-	230,762	248,938
<u>-</u>	<u>2,906,503</u>	<u>-</u>	<u>2,906,503</u>	<u>2,887,679</u>
<u>\$ 1,344,562</u>	<u>\$ 2,906,503</u>	<u>\$ -</u>	<u>\$ 11,733,240</u>	<u>\$ 11,407,263</u>
\$ 1,113,800	\$ -	\$ -	\$ 1,170,124	\$ 1,095,480
230,762	-	-	230,762	248,938
-	-	-	289,024	264,000
<u>1,344,562</u>	<u>-</u>	<u>-</u>	<u>1,689,910</u>	<u>1,608,418</u>
-	2,906,503	-	2,906,503	2,887,679
-	-	-	100,000	-
-	-	-	7,036,827	6,911,166
<u>-</u>	<u>2,906,503</u>	<u>-</u>	<u>10,043,330</u>	<u>9,798,845</u>
<u>\$ 1,344,562</u>	<u>\$ 2,906,503</u>	<u>\$ -</u>	<u>\$ 11,733,240</u>	<u>\$ 11,407,263</u>

See accompanying notes to financial statements.

THIS PAGE IS INTENTIONALLY LEFT BLANK

VILLAGE OF LONG GROVE

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES For the Year Ended April 30, 2004

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
REVENUES				
Taxes	\$ 910,034	\$ -	\$ -	\$ 910,034
Intergovernmental	-	199,091	-	199,091
Fees, permits and licenses	926,614	176,054	-	1,102,668
Fines, forfeitures and penalties	52,386	-	-	52,386
Investment income	62,606	20,869	2,654	86,129
Miscellaneous revenues	<u>28,502</u>	-	-	<u>28,502</u>
Total Revenues	<u>1,980,142</u>	<u>396,014</u>	<u>2,654</u>	<u>2,378,810</u>
EXPENDITURES				
Current				
General government	976,930	-	-	976,930
Public safety	330,765	-	-	330,765
Public works	233,207	-	-	233,207
Capital Outlay	<u>458,303</u>	<u>178,067</u>	-	<u>636,370</u>
Total Expenditures	<u>1,999,205</u>	<u>178,067</u>	-	<u>2,177,272</u>
Excess of revenues over expenditures	(19,063)	217,947	2,654	201,538
FUND BALANCES				
Beginning of Year (as restated)	<u>4,843,897</u>	<u>2,067,709</u>	<u>23,683</u>	<u>6,935,289</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,824,834</u>	<u>\$ 2,285,656</u>	<u>\$ 26,337</u>	<u>\$ 7,136,827</u>

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET - ALL GOVERNMENTAL FUND TYPES For the Year Ended April 30, 2004

	General Fund		Variance - Favorable (Unfavorable)
	Actual	Budget	
REVENUES			
Taxes	\$ 910,034	\$ 934,500	\$ (24,466)
Intergovernmental	-	-	-
Fees, permits and licenses	926,614	697,000	229,614
Fines, forfeitures and penalties	52,386	57,500	(5,114)
Investment income	62,606	170,000	(107,394)
Miscellaneous revenues	28,502	-	28,502
Total Revenues	<u>1,980,142</u>	<u>1,859,000</u>	<u>121,142</u>
EXPENDITURES			
Current			
General government	976,930	921,584	(55,346)
Public safety	330,765	352,000	21,235
Public works	233,207	206,000	(27,207)
Capital Outlay	458,303	429,416	(28,887)
Total Expenditures	<u>1,999,205</u>	<u>1,909,000</u>	<u>(90,205)</u>
Excess (deficiency) of revenues over expenditures	(19,063)	(50,000)	30,937
FUND BALANCES - Beginning of Year (as restated)	<u>4,843,897</u>	<u>4,843,897</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,824,834</u>	<u>\$ 4,793,897</u>	<u>\$ 30,937</u>

Special Revenue Funds			Capital Project Fund		
Actual	Budget	Variance - Favorable (Unfavorable)	Actual	Budget	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
199,091	200,000	(909)	-	-	-
176,054	110,000	66,054	-	-	-
-	-	-	-	-	-
20,869	143,632	(122,763)	2,654	5,364	(2,710)
-	-	-	-	-	-
<u>396,014</u>	<u>453,632</u>	<u>(57,618)</u>	<u>2,654</u>	<u>5,364</u>	<u>(2,710)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
178,067	261,682	83,615	-	-	-
<u>178,067</u>	<u>261,682</u>	<u>83,615</u>	-	-	-
217,947	191,950	25,997	2,654	5,364	(2,710)
<u>2,067,709</u>	<u>2,067,709</u>	-	<u>23,683</u>	<u>23,683</u>	-
<u>\$2,285,656</u>	<u>\$2,259,659</u>	<u>\$ 25,997</u>	<u>\$ 26,337</u>	<u>\$ 29,047</u>	<u>\$ (2,710)</u>

See accompanying notes to financial statements.

VILLAGE OF LONG GROVE

INDEX TO NOTES TO FINANCIAL STATEMENTS

April 30, 2004

NOTE	<u>Page</u>
1. Summary of Significant Accounting Policies	8
A. Reporting Entity	8
B. Description of Fund and Account Group Structure	8
C. Totals (Memorandum Only)	9
D. Basis of Accounting	9
E. Measurement Focus	10
F. General Fixed Assets	11
G. Encumbrances	11
H. Budgets	11
I. Compensated Absences	11
J. Allowance for Uncollectible Accounts	12
K. Fund Balance Terminology	12
L. Claims and Judgments	12
M. Interfund Transactions	12
2. Cash and Investments	13
3. Employees' Retirement System	15
4. Designated Fund Balance	16
5. Interfund Receivables/Payables	16
6. Fixed Assets	16
7. Joint Ventures	17
8. Risk Management	18
9. Excess Expenditures Over Appropriations	18
10. Restatement of Fund Balance	18
11. Commitments and Contingencies	19
12. Effect of New Accounting Standards on Current-Period Financial Statements	19

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
April 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Long Grove, Illinois conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds and account groups of the Village of Long Grove. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units. See Note 7 regarding joint ventures.

B. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE

The accounts of the village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the village.

Governmental Funds

General Fund

The general fund is the general operating fund of the village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds included in these financial statements include:

Motor Fuel Tax
Open Space

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS April 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. DESCRIPTION OF FUND AND ACCOUNT GROUP STRUCTURE (cont.)

Governmental Funds (cont.)

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the village as an agent for individuals, private organizations, other governmental units, and/or other funds. The agency funds included in these financial statements are:

- Interagency Control Fees
- Builders' Refundable Bonds
- Fees Refundable to Others

Account Group

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the village.

C. TOTALS (MEMORANDUM ONLY)

The columns captioned Totals (Memorandum Only) in the general purpose financial statements are an aggregation of the columnar statements by fund type and account group. The totals column is not comparable to a consolidation and does not present financial position and results of operations in conformity with generally accepted accounting principles because the same basis of accounting is not used by all funds and interfund transactions and balances and account group balancing accounts have not been eliminated.

D. BASIS OF ACCOUNTING

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS

April 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. BASIS OF ACCOUNTING (cont.)

Taxpayer-assessed taxes, gross receipts and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled to the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include state income taxes, replacement taxes, motor fuel taxes, state sales taxes, charges for services, court fines, and interest.

Other general revenues such as fines and forfeitures, inspection fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The village reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

E. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the general long-term obligations account group. The related expenditures are recognized when the liabilities are liquidated.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS April 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. GENERAL FIXED ASSETS

General fixed assets acquired for governmental purposes are recorded as expenditures in the governmental funds. Purchased fixed assets are capitalized at cost or estimated cost in the general fixed assets account group. Contributed fixed assets are recorded at fair market value at the time received. Interest incurred during construction is not capitalized.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. Such assets normally are immovable and of value only to the village. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

Generally accepted accounting principles do not require depreciation to be recorded on general fixed assets.

G. ENCUMBRANCES

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year end are fulfilled. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrance accounting applies only to governmental fund types. There were no material encumbrances outstanding as of April 30, 2004.

H. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.D.

A budget has been adopted for the general fund, special revenue funds, and capital project fund, and comparisons of budget to actual are presented in the general purpose financial statements.

The budgeted amounts presented include all amendments approved during the year. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. Supplemental appropriations during the year were \$50,000. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

I. COMPENSATED ABSENCES

Under terms of employment, employees are granted sick leave and vacations in varying amounts. The benefits do not vest to the employee and cannot be carried over and paid out; therefore, there are no amounts accrued in these financial statements.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS

April 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end.

K. FUND BALANCE TERMINOLOGY

Fund balances are segregated into three separate classifications. Reservations represent the portion of fund balances which may not be appropriated for expenditure or have been segregated for specific future uses by legal mandate.

Designations of fund balances represent tentative plans by the village for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

Undesignated fund balance represents the amount available for appropriation after reservations and designations. It also is a measurement of current working capital position.

L. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types. If they are not to be liquidated with expendable available financial resources, a liability is recorded in the general long-term obligations account group. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the proprietary fund types as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS April 30, 2004

NOTE 2 – CASH AND INVESTMENTS

Investment of village funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any bank, savings bank, trust company or savings and loan association which are insured.
2. U.S. Treasury, agencies and instrumentalities.
3. Illinois State Treasurer's Investment Pool.
4. Any commercial paper Grade A-1 and P-1 as determined by at least two standard rating services.
5. Repurchase agreements with public depositories, with certain conditions.
6. Banker's acceptances.
7. Illinois Metropolitan Investment Fund.

The village's deposits and investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes items that are insured or registered or which are collateralized by or evidenced by securities held by the village or its agent in the village's name. Category 2 includes deposits collateralized with securities held by the pledging institution's trust department or agent in the village's name, or uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the village's name. Category 3 includes uncollateralized deposits, and uninsured and unregistered investments, with securities held by the counterparty or its trust department or agent but not in the village's name.

	Category			Total	Carrying Amount
	1	2	3		
Local and area banks	\$ 306,139	\$ -	\$ -	\$ 306,139	\$ 104,573
The Illinois Funds					1,216,404
Illinois Metropolitan Investment Fund					6,974,553
Cash on hand					14,056
 Total Deposits and Investments					 \$ 8,309,586

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS
April 30, 2004

NOTE 2 – CASH AND INVESTMENTS (cont.)

The village had no significant type of investment during the year not included in the above schedule.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between two willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. This Fund is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in The Illinois Funds are valued at The Illinois Funds' share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment fund established under the Illinois Municipal Code. The pooled funds are invested exclusively in U.S. government-backed securities. Investments in IMET are valued IMET's share price, the price for which the investment could be sold.

The village has a collateral agreement with Midwest Bank and Trust Company in the amount of \$810,988.

The village's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS

April 30, 2004

NOTE 3 – EMPLOYEES' RETIREMENT SYSTEM

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The employer is required to contribute at an actuarially determined rate. The employer rate for calendar year 2003 was 9.22%. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2003 was 32 years.

For December 31, 2003, the employer's annual pension cost of \$25,446 was equal to the employer's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% per year attributable to inflation, (c) additional projected salary increased ranging from 0.4% to 11.6% per year attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The assumptions used for the 2003 actuarial valuation were based on the 1999-2001 experience study.

TREND INFORMATION

The village began participating in the plan in January, 2003. Therefore, trend information prior to January, 2003 is not applicable.

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 25,446	100%	\$ -

REQUIRED SUPPLEMENTARY INFORMATION Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) --Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/03	\$ 39,741	\$ 80,904	\$ 41,163	49.12%	\$ 275,983	14.92%

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS April 30, 2004

NOTE 3 – EMPLOYEES' RETIREMENT SYSTEM (cont.)

DIGEST OF CHANGES

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2003 were changed due to the 1999-2001 Experience Study.

The principal changes were:

- Fewer members are expected to take refunds early in their career.
- For regular members, fewer normal and early retirements are expected to occur.

NOTE 4 – DESIGNATED FUND BALANCE

Designated fund balance as of April 30, 2004 includes the following item:

General Fund	
Subsequent year's budget	<u>\$ 100,000</u>

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts.

Receivable Fund	Payable Fund	Amount
General fund	Interagency Contract Fees Agency fund	\$ 58,266
General fund	Builders' Refundable Bonds Agency fund	6,963
General fund	Fees Refundable to Others Agency fund	21,491
Open Space Special Revenue fund	Interagency Control Fees Agency fund	<u>144,042</u>
Total		<u>\$ 230,762</u>

NOTE 6 – FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 5-1-03	Additions	Deletions	Balance 4-30-04
Land	\$ 2,608,558	\$ -	\$ -	\$ 2,608,558
Buildings	111,149	9,240	-	120,389
Vehicles and equipment	<u>167,972</u>	<u>9,584</u>	-	<u>177,556</u>
Totals	<u>\$ 2,887,679</u>	<u>\$ 18,824</u>	<u>\$ -</u>	<u>\$ 2,906,503</u>

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS April 30, 2004

NOTE 7 – JOINT VENTURES

SOLID WASTE AGENCY OF LAKE COUNTY (SWALCO)

Description of Joint Venture

The village is a member of the Solid Waste Agency of Lake County ("Agency"), which consists of area municipalities. The Agency is a municipal corporation and public body politic and corporate established pursuant to the Constitution Act of the State of Illinois, as amended (the "Act"). The Agency is empowered under the Act to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members.

The members of the Agency and their percentage shares based on formulas contained in the Agency agreement are:

	% Share		% Share
Antioch	1.06%	Lincolnshire	1.74%
Beach Park	1.65	Lindenhurst	1.45
Deer Park	.74	Long Grove	1.42
Deerfield	4.25	Mundelein	4.12
Grayslake	1.46	North Barrington	.66
Green Oaks	.47	North Chicago	3.13
Gurnee	3.11	Park City	.86
Hawthorne Woods	1.07	Riverwoods	.94
Highland Park	8.03	Round Lake	.61
Kildeer	.67	Round Lake Beach	2.55
Lake Barrington	1.16	Round Lake Park	.64
Lake Bluff	1.61	Third Lake	.24
Lake County	19.88	Vernon Hills	3.36
Lake Forest	6.13	Wadsworth	.39
Lake Villa	.55	Wauconda	1.31
Lake Zurich	3.21	Waukegan	12.15
Libertyville	4.38	Winthrop Harbor	1.08
		Zion	3.92
		Total	100.00%

These percentages are subject to change in future years due to changes in population and equalized assessed valuation of the municipalities.

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS

April 30, 2004

NOTE 7 – JOINT VENTURES (cont.)

SOLID WASTE AGENCY OF LAKE COUNTY (SWALCO) (cont.)

Description of Joint Venture (cont.)

The Agency is governed by a Board of Directors, which consists of one appointed mayor or president, trustee, or chief administrative officer from each member municipality. Each director has an equal vote. The officers of the Agency are appointed by the Board of Directors. The Board of Directors determines the general policy of the Agency, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of Bonds or Notes by the Agency, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the by-laws.

The Agency generates revenue from user charges. The Village did not make any payments to the district during the year.

Complete financial statements for SWALCO can be obtained from the Agency's administrative office at 1300 N. Skokie Highway, Suite 103, Gurnee, Illinois 60031-2125.

NOTE 8 – RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

NOTE 9 – EXCESS EXPENDITURES OVER APPROPRIATIONS

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

NOTE 10 – RESTATEMENT OF FUND BALANCE

Fund balance has been restated in the general fund due to prior year's accumulated interest earnings in the agency funds that should have been recorded in the general fund.

General Fund

Fund balance – April 30, 2003 (as reported)	\$ 4,819,774
Add: Interest earnings	<u>24,123</u>
Fund Balance – May 1, 2003 (as restated)	<u>\$ 4,843,897</u>

VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS

April 30, 2004

NOTE 11 – COMMITMENTS AND CONTINGENCIES

From time to time, the village is party to various pending claims and legal proceedings. The village is currently involved in litigation in which the plaintiff is attacking the validity of certain impact fees collected by the village. The total in dispute is \$132,300 and the net exposure to the village is \$58,100. The village continues to vigorously defend this action.

For all other claims and legal proceedings that the village is involved with, the outcome of such matters cannot be forecasted with certainty, but it is the opinion of the management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

NOTE 12 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) recently approved Statement Nos. 34, 37, and 38. These Statements require significant changes from the current method of financial reporting for all state and local governments in the United States. GASB Statement No. 34, *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments*; Statement No. 37, *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures* are effective for the Village of Long Grove for the fiscal year beginning on May 1, 2004. These Statements require retroactive application for certain accounting and reporting standards, which may restate portions of these financial statements.

SUPPLEMENTAL INFORMATION

VILLAGE OF LONG GROVE

GENERAL FUND DETAILED SCHEDULE OF REVENUES For the Year Ended April 30, 2004

	<u>Actual</u>	<u>Budget</u>
TAXES		
Sales tax	\$ 406,285	\$ 420,000
Income tax	405,141	430,000
Road and bridge tax	38,910	37,500
Telecommunications tax	59,698	47,000
TOTAL TAXES	<u>\$ 910,034</u>	<u>\$ 934,500</u>
FEES, PERMITS AND LICENSES		
Franchise fees	\$ 80,812	\$ 65,000
Permits	778,702	600,000
Licenses	67,100	32,000
TOTAL FEES, PERMITS AND LICENSES	<u>\$ 926,614</u>	<u>\$ 697,000</u>
FINES, FORFEITURES AND PENALTIES		
Citations	\$ 47,036	\$ 50,000
Fines	5,350	7,500
TOTAL FINES, FORFEITURES AND PENALTIES	<u>\$ 52,386</u>	<u>\$ 57,500</u>
INVESTMENT INCOME		
Investment income	<u>\$ 62,606</u>	<u>\$ 170,000</u>
MISCELLANEOUS REVENUES		
Calendar ads	\$ 4,205	\$ -
Other	24,297	-
TOTAL MISCELLANEOUS	<u>\$ 28,502</u>	<u>\$ -</u>
TOTAL GENERAL FUND REVENUES	<u>\$ 1,980,142</u>	<u>\$ 1,859,000</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

VILLAGE OF LONG GROVE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
For the Year Ended April 30, 2004

	Actual	Budget
GENERAL GOVERNMENT		
Employee compensation		
Salaries and wages	\$ 332,288	\$ 360,000
Fringe benefits	99,605	108,000
Total employee compensation	431,893	468,000
Office		
Utilities	13,742	13,000
Supplies	19,020	16,000
Equipment leases and maintenance	4,936	5,500
Other maintenance	3,048	3,150
Total office	40,746	37,650
Administrative and Professional		
Insurance	✓ 19,437	25,000
Dues, memberships and travel	✓ 6,170	4,500
Legal	✓ 258,741	150,000
Audit	✓ 13,500	14,884
Planning and review	✓ 17,163	10,000
Inspections	✓ 97,830	91,000
Route 53	-	1,000
Buffalo Creek opposition	-	50,000
Bridge supplement	✓ 25,463	20,000
Computer consultant	✓ 5,200	3,500
Internet home page	✓ 2,175	2,000
Administrative services	32,281	18,500
Legal notices and subscriptions	✓ 1,286	2,000
Total administrative and professional	✓ 479,246	392,384
Miscellaneous		
Donations	✓ 2,150	2,150
Mosquito abatement	✓ 16,050	21,400
Calendar	6,692	-
Other	✓ 153	-
Total miscellaneous	25,045	23,550
TOTAL GENERAL GOVERNMENT	✓ \$ 976,930	\$ 921,584
PUBLIC SAFETY		
Village security	✓ \$ 330,765	352,000

VILLAGE OF LONG GROVE

GENERAL FUND DETAILED SCHEDULE OF EXPENDITURES (cont.) For the Year Ended April 30, 2004

	Actual	Budget
PUBLIC WORKS		
Plowing	\$ ✓156,694	\$ 115,000
Mowing	✓30,264	20,000
Road signs	✓5,581	10,000
Utilities	✓8,829	5,500
Engineering	✓22,609	40,000
Planting	✓3,270	3,500
Vehicle maintenance - gas and oil	✓1,576	2,000
Village parking maintenance	✓4,384	10,000
	\$ 233,207	\$ 206,000
CAPITAL OUTLAY		
Office equipment	\$ ✓9,584	\$ 10,000
Office building improvements	✓9,240	23,400
External building improvements	✓11,108	10,000
Road, culvert and ditch	✓215,106	224,516
Community development	✓50,000	50,000
Bridge repair	-	1,500
Park district grant	✓50,000	50,000
Parking lot improvements	✓113,265	60,000
	\$ 458,303	\$ 429,416
TOTAL GENERAL FUND EXPENDITURES	✓\$ 1,999,205	\$ 1,909,000

VILLAGE OF LONG GROVE

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
April 30, 2004

	<u>Motor Fuel Tax</u>	<u>Open Space</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 100,681	\$ 2,026,496	\$ 2,127,177
Accounts receivable	14,437	-	14,437
Due from other funds	-	144,042	144,042
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 115,118</u>	<u>\$ 2,170,538</u>	<u>\$ 2,285,656</u>
LIABILITIES AND FUND BALANCES			
Fund Balances			
Unreserved			
Undesignated	<u>115,118</u>	<u>2,170,538</u>	<u>2,285,656</u>
Total Fund Balances	<u>115,118</u>	<u>2,170,538</u>	<u>2,285,656</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 115,118</u>	<u>\$ 2,170,538</u>	<u>\$ 2,285,656</u>

VILLAGE OF LONG GROVE

SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended April 30, 2004

	Motor Fuel Tax	Open Space	Totals
REVENUES			
Intergovernmental	\$ 199,091	\$ -	\$ 199,091
Licenses and permits	-	176,054	176,054
Investment income	1,190	19,679	20,869
Total Revenues	<u>200,281</u>	<u>195,733</u>	<u>396,014</u>
EXPENDITURES			
Capital outlay	178,067	-	178,067
Total Expenditures	<u>178,067</u>	<u>-</u>	<u>178,067</u>
Excess of revenues over expenditures	<u>22,214</u>	<u>195,733</u>	<u>217,947</u>
FUND BALANCES - Beginning of Year	<u>92,904</u>	<u>1,974,805</u>	<u>2,067,709</u>
FUND BALANCES - END OF YEAR	<u>\$ 115,118</u>	<u>\$ 2,170,538</u>	<u>\$ 2,285,656</u>

VILLAGE OF LONG GROVE

TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
April 30, 2004

	Agency			Totals
	Interagency Control Fees	Builders' Refundable Bonds	Fees Refundable to Others	
ASSETS				
Cash and investments	\$ 490,308	\$ 652,880	\$ 142,791	\$ 1,285,979
Accounts receivable	-	-	58,583	58,583
TOTAL ASSETS	<u>\$ 490,308</u>	<u>\$ 652,880</u>	<u>\$ 201,374</u>	<u>\$ 1,344,562</u>
LIABILITIES				
Liabilities				
Accounts payable	\$ 288,000	\$ 645,917	\$ 179,883	\$ 1,113,800
Due to other funds	<u>202,308</u>	<u>6,963</u>	<u>21,491</u>	<u>230,762</u>
TOTAL LIABILITIES	<u>\$ 490,308</u>	<u>\$ 652,880</u>	<u>\$ 201,374</u>	<u>\$ 1,344,562</u>