

# **VILLAGE OF LONG GROVE**

Long Grove, Illinois

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended April 30, 2018

# VILLAGE OF LONG GROVE

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Long Grove, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Long Grove'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.

### ***Auditors' 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 auditors' 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 Village of Long Grove'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 Village of Long Grove's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Long Grove, Illinois, as of April 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Long Grove's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
October 24, 2018

# VILLAGE OF LONG GROVE

## STATEMENT OF NET POSITION

As of April 30, 2018

|   | Governmental<br>Activities | Business-type<br>Activities | Totals               |
|---|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>   |                            |                             |                      |
| Cash and investments  | \$ 6,911,590               | \$ 514,609                  | \$ 7,426,199         |
| Taxes receivable  | 1,264,167                  | -                           | 1,264,167            |
| Accounts receivable   | 116,373                    | 6,700                       | 123,073              |
| Special assessments receivable  | -                          | 1,424,731                   | 1,424,731            |
| Internal balances   | (1,566)                    | 1,566                       | -                    |
| Other receivables (net)   | 37,303                     | 1,891                       | 39,194               |
| Due from other governments  | 33,484                     | -                           | 33,484               |
| Restricted cash and investments                                       | 445,685                    | 39,057                      | 484,742              |
| Capital Assets  |                            |                             |                      |
| Land  | 15,807,146                 | 116,801                     | 15,923,947           |
| Construction in progress  | 369,069                    | -                           | 369,069              |
| Other capital assets, net of<br>accumulated depreciation/amortization | 8,259,090                  | 4,273,063                   | 12,532,153           |
| Total Assets  | 33,242,341                 | 6,378,418                   | 39,620,759           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                            |                             |                      |
| Pension related amounts   | 69,848                     | -                           | 69,848               |
| Total Deferred Outflows of Resources                                  | 69,848                     | -                           | 69,848               |
| <b>LIABILITIES</b>  |                            |                             |                      |
| Accounts payable  | 707,623                    | 8,976                       | 716,599              |
| Accrued interest  | 96,625                     | 10,075                      | 106,700              |
| Current maturities of long-term debt                                  | 150,000                    | 45,000                      | 195,000              |
| Noncurrent portion of long-term debt                                  |                            |                             |                      |
| Due in more than one year   | 4,071,514                  | 735,000                     | 4,806,514            |
| Total Liabilities   | 5,025,762                  | 799,051                     | 5,824,813            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                            |                             |                      |
| Pension related amounts   | 196,403                    | -                           | 196,403              |
| Unearned revenue  | 597,418                    | -                           | 597,418              |
| Total Deferred inflows of Resources                                   | 793,821                    | -                           | 793,821              |
| <b>NET POSITION</b>   |                            |                             |                      |
| Net investment in capital assets                                      | 24,435,305                 | 3,609,864                   | 28,045,169           |
| Restricted for:   |                            |                             |                      |
| Pathways  | 67                         | -                           | 67                   |
| Road projects   | 157,863                    | -                           | 157,863              |
| Economic development  | 141,528                    | -                           | 141,528              |
| Open space  | 3,856,104                  | -                           | 3,856,104            |
| Unrestricted (deficit)  | (1,098,261)                | 1,969,503                   | 871,242              |
| <b>TOTAL NET POSITION</b>   | <b>\$ 27,492,606</b>       | <b>\$ 5,579,367</b>         | <b>\$ 33,071,973</b> |

See accompanying notes to financial statements.

## VILLAGE OF LONG GROVE

### STATEMENT OF ACTIVITIES For the Year Ended April 30, 2018

| Functions/Programs                   | Expenses            | Program Revenues        |  | Net (Expense) Revenue and<br>Changes in Net Position |                            | Totals              |                             |
|--------------------------------------|---------------------|-------------------------|--|--|----------------------------|---------------------|-----------------------------|
|                                      |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions               | Governmental<br>Activities |                     | Business-type<br>Activities |
| <b>Governmental Activities</b>       |                     |                         |  |  |                            |                     |                             |
| General government                   | \$ 1,271,114        | \$ 692,376              | \$ -                                     | \$ -   | \$ (578,738)               | \$ -                | \$ (578,738)                |
| Public safety                        | 618,643             | 56,932                  | -  | -  | (561,711)                  | -                   | (561,711)                   |
| Public works                         | 890,795             | -                       | -  | 234,881  | (655,914)                  | -                   | (655,914)                   |
| Culture and recreation               | 18,476              | 18,332                  | -  | -  | (144)                      | -                   | (144)                       |
| Conservation and development         | 467,335             | 115,127                 | 165,141                                  | 79,383   | (107,684)                  | -                   | (107,684)                   |
| Interest and fiscal charges          | 296,375             | -                       | -  | -  | (296,375)                  | -                   | (296,375)                   |
| Total Governmental Activities        | <u>3,562,738</u>    | <u>882,767</u>          | <u>165,141</u>                           | <u>314,264</u>                                       | <u>(2,200,566)</u>         | <u>-</u>            | <u>(2,200,566)</u>          |
| <b>Business-type Activities</b>      |                     |                         |  |  |                            |                     |                             |
| Special service area - water         | 196,637             | -                       | -  | 102,542  | -                          | (94,095)            | (94,095)                    |
| Water management                     | 95,225              | 54,772                  | -  | -  | -                          | (40,453)            | (40,453)                    |
| Total Business-type Activities       | <u>291,862</u>      | <u>54,772</u>           | <u>-</u>                                 | <u>102,542</u>                                       | <u>-</u>                   | <u>(134,548)</u>    | <u>(134,548)</u>            |
| Totals                               | <u>\$ 3,854,600</u> | <u>\$ 937,539</u>       | <u>\$ 165,141</u>                        | <u>\$ 416,806</u>                                    | <u>(2,200,566)</u>         | <u>(134,548)</u>    | <u>(2,335,114)</u>          |
| <b>General Revenues</b>              |                     |                         |  |  |                            |                     |                             |
| <b>Taxes</b>                         |                     |                         |  |  |                            |                     |                             |
| Income                               |                     |                         |  |  | 768,859                    | -                   | 768,859                     |
| Sales                                |                     |                         |  |  | 2,011,429                  | -                   | 2,011,429                   |
| TIF increment/property taxes         |                     |                         |  |  | 321,197                    | -                   | 321,197                     |
| Telecommunications                   |                     |                         |  |  | 279,752                    | -                   | 279,752                     |
| Other taxes                          |                     |                         |  |  | 68,655                     | -                   | 68,655                      |
| Investment income                    |                     |                         |  |  | 66,846                     | 2,984               | 69,830                      |
| Miscellaneous                        |                     |                         |  |  | 74,395                     | -                   | 74,395                      |
| Gain on sale of property             |                     |                         |  |  | 819,770                    | -                   | 819,770                     |
| Transfers                            |                     |                         |  |  | (455,791)                  | 455,791             | -                           |
| Total General Revenues and Transfers |                     |                         |  |  | <u>3,955,112</u>           | <u>458,775</u>      | <u>4,413,887</u>            |
| <b>Change in Net Position</b>        |                     |                         |  |  | 1,754,546                  | 324,227             | 2,078,773                   |
| NET POSITION - Beginning of Year     |                     |                         |  |  | <u>25,738,060</u>          | <u>5,255,140</u>    | <u>30,993,200</u>           |
| <b>NET POSITION - END OF YEAR</b>    |                     |                         |  |  | <u>\$ 27,492,606</u>       | <u>\$ 5,579,367</u> | <u>\$ 33,071,973</u>        |

See accompanying notes to financial statements.

**VILLAGE OF LONG GROVE**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of April 30, 2018

|  | General<br>Fund      | Open<br>Spaces      | Downtown TIF        | Capital<br>Improvement<br>Fund | Nonmajor<br>Governmental<br>Funds | Totals               |
|--|----------------------|---------------------|---------------------|--------------------------------|-----------------------------------|----------------------|
| <b>ASSETS</b>  |                      |                     |                     |                                |                                   |                      |
| Cash and investments   | \$ 5,797,782         | \$ 448,279          | \$ 261,780          | \$ 221,632                     | \$ 182,117                        | \$ 6,911,590         |
| Receivables (net)  |                      |                     |                     |                                |                                   |                      |
| Taxes  | 694,669              | -                   | 417,392             | 145,354                        | 6,752                             | 1,264,167            |
| Accounts   | 75,840               | 22,120              | -                   | -                              | 18,413                            | 116,373              |
| Other  | 25,655               | 11,168              | -                   | -                              | 480                               | 37,303               |
| Due from other funds   | -                    | -                   | 18,115              | -                              | -                                 | 18,115               |
| Due from other governments   | 33,484               | -                   | -                   | -                              | -                                 | 33,484               |
| Advance to other funds   | 4,168,760            | 3,374,537           | -                   | -                              | -                                 | 7,543,297            |
| Restricted cash and investments  | -                    | -                   | 445,685             | -                              | -                                 | 445,685              |
| <b>TOTAL ASSETS</b>  | <b>\$ 10,796,190</b> | <b>\$ 3,856,104</b> | <b>\$ 1,142,972</b> | <b>\$ 366,986</b>              | <b>\$ 207,762</b>                 | <b>\$ 16,370,014</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>       |                      |                     |                     |                                |                                   |                      |
| Liabilities  |                      |                     |                     |                                |                                   |                      |
| Accounts payable   | \$ 174,264           | \$ -                | \$ 469,267          | \$ 41,257                      | \$ -                              | \$ 684,788           |
| Due to other funds   | -                    | -                   | 1,566               | 9,153                          | 8,962                             | 19,681               |
| Advance from other funds   | -                    | -                   | 7,543,297           | -                              | -                                 | 7,543,297            |
| Other current liabilities  | 22,835               | -                   | -                   | -                              | -                                 | 22,835               |
| Total Liabilities  | 197,099              | -                   | 8,014,130           | 50,410                         | 8,962                             | 8,270,601            |
| Deferred Inflows of Resources  |                      |                     |                     |                                |                                   |                      |
| Unearned revenue   | 229,491              | -                   | 357,927             | -                              | 10,000                            | 597,418              |
| Unavailable revenue  | 111,553              | -                   | 19,982              | 51,555                         | 2,256                             | 185,346              |
| Total Deferred Inflows of Resources  | 341,044              | -                   | 377,909             | 51,555                         | 12,256                            | 782,764              |
| Fund Balances  |                      |                     |                     |                                |                                   |                      |
| Nonspendable   | 4,194,415            | -                   | -                   | -                              | -                                 | 4,194,415            |
| Restricted   | -                    | 3,856,104           | 445,685             | 110,658                        | 186,544                           | 4,598,991            |
| Assigned   | -                    | -                   | -                   | 154,363                        | -                                 | 154,363              |
| Unassigned (deficit)   | 6,063,632            | -                   | (7,694,752)         | -                              | -                                 | (1,631,120)          |
| Total Fund Balances  | 10,258,047           | 3,856,104           | (7,249,067)         | 265,021                        | 186,544                           | 7,316,649            |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> | <b>\$ 10,796,190</b> | <b>\$ 3,856,104</b> | <b>\$ 1,142,972</b> | <b>\$ 366,986</b>              | <b>\$ 207,762</b>                 |                      |

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

|  |                      |
|--|----------------------|
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.  | 24,435,305           |
| Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV. B. | 185,346              |
| Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.  | 69,848               |
| Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.   | (196,403)            |
| Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.   | (4,318,139)          |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <b>\$ 27,492,606</b> |

See accompanying notes to financial statements.



## VILLAGE OF LONG GROVE

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2018

|  | General<br>Fund             | Open<br>Spaces             | Downtown TIF                 | Capital<br>Improvement<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------------------|----------------------------|------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| <b>REVENUES</b>  |                             |                            |                              |                                |                                   |                                |
| Taxes  | \$ 2,497,814                | \$ -                       | \$ 559,938                   | \$ 713,372                     | \$ 27,098                         | \$ 3,798,222                   |
| Intergovernmental  | -                           | -                          | -                            | 79,383                         | 213,881                           | 293,264                        |
| Fees, licenses and permits                                   | 728,863                     | 22,120                     | -                            | -                              | -                                 | 750,983                        |
| Fines, forfeitures and penalties                             | 34,812                      | -                          | -                            | -                              | -                                 | 34,812                         |
| Public charges for services                                  | 84,769                      | -                          | 21,000                       | -                              | -                                 | 105,769                        |
| Investment income  | 216,581                     | 155,805                    | 6,275                        | 1,188                          | 1,180                             | 381,029                        |
| Miscellaneous  | 74,395                      | -                          | -                            | -                              | -                                 | 74,395                         |
| Total Revenues   | <u>3,637,234</u>            | <u>177,925</u>             | <u>587,213</u>               | <u>793,943</u>                 | <u>242,159</u>                    | <u>5,438,474</u>               |
| <b>EXPENDITURES</b>  |                             |                            |                              |                                |                                   |                                |
| Current  |                             |                            |                              |                                |                                   |                                |
| General government   | 1,241,179                   | -                          | -                            | 300                            | -                                 | 1,241,479                      |
| Public safety  | 618,643                     | -                          | -                            | -                              | -                                 | 618,643                        |
| Public works   | 212,868                     | -                          | -                            | -                              | -                                 | 212,868                        |
| Conservation and development                                 | 255,061                     | 1,274                      | 86,618                       | -                              | 199                               | 343,152                        |
| Capital Outlay   | 66,834                      | -                          | 893,622                      | 1,166,403                      | 280,300                           | 2,407,159                      |
| Debt Service   |                             |                            |                              |                                |                                   |                                |
| Principal on bonds   | -                           | -                          | 130,000                      | -                              | -                                 | 130,000                        |
| Interest on bonds  | -                           | -                          | 299,625                      | -                              | -                                 | 299,625                        |
| Interest on advance  | -                           | -                          | 314,183                      | -                              | -                                 | 314,183                        |
| Total Expenditures   | <u>2,394,585</u>            | <u>1,274</u>               | <u>1,724,048</u>             | <u>1,166,703</u>               | <u>280,499</u>                    | <u>5,567,109</u>               |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,242,649</u>            | <u>176,651</u>             | <u>(1,136,835)</u>           | <u>(372,760)</u>               | <u>(38,340)</u>                   | <u>(128,635)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                             |                            |                              |                                |                                   |                                |
| Sale of village property                                     | 819,770                     | -                          | -                            | -                              | -                                 | 819,770                        |
| Transfer in  | -                           | -                          | 32,120                       | 637,781                        | -                                 | 669,901                        |
| Transfer out   | (669,901)                   | -                          | -                            | -                              | -                                 | (669,901)                      |
| Total Other Financing Sources (Uses)                         | <u>149,869</u>              | <u>-</u>                   | <u>32,120</u>                | <u>637,781</u>                 | <u>-</u>                          | <u>819,770</u>                 |
| <b>Net Change in Fund Balance</b>                            | <b>1,392,518</b>            | <b>176,651</b>             | <b>(1,104,715)</b>           | <b>265,021</b>                 | <b>(38,340)</b>                   | <b>691,135</b>                 |
| FUND BALANCES (DEFICIT) - Beginning of Year                  | <u>8,865,529</u>            | <u>3,679,453</u>           | <u>(6,144,352)</u>           | <u>-</u>                       | <u>224,884</u>                    | <u>6,625,514</u>               |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b>                 | <b><u>\$ 10,258,047</u></b> | <b><u>\$ 3,856,104</u></b> | <b><u>\$ (7,249,067)</u></b> | <b><u>\$ 265,021</u></b>       | <b><u>\$ 186,544</u></b>          | <b><u>\$ 7,316,649</u></b>     |

See accompanying notes to financial statements.

**VILLAGE OF LONG GROVE**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended April 30, 2018

---

|  |                            |
|--|----------------------------|
| Net change in fund balances - total governmental funds   | \$ 691,135                 |
| Amounts reported for governmental activities in the statement of activities are different because:   |                            |
| Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities. |                            |
| Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements   | 2,407,159                  |
| Some items reported as capital outlay were not capitalized   | (530,529)                  |
| Depreciation is reported in the government-wide statements   | (328,919)                  |
| Capital financed by Downtown TIF but capitalized by water utility fund   | (455,791)                  |
| Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements   | (170,986)                  |
| Repayment of principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position   | 130,000                    |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund   |                            |
| Net pension liability  | 185,937                    |
| Deferred outflows of resources - pension-related items   | (22,156)                   |
| Deferred inflows of resources - pension-related items  | (154,554)                  |
| Accrued interest on debt   | <u>3,250</u>               |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <b><u>\$ 1,754,546</u></b> |

# VILLAGE OF LONG GROVE

## STATEMENT OF NET POSITION - PROPRIETARY FUND As of April 30, 2018

|   | <u>Water<br/>Utility</u>   |
|---|----------------------------|
| <b>ASSETS</b>                                 |                            |
| Current Assets                                |                            |
| Cash and investments                          | \$ 514,609                 |
| Accounts receivable                           | 6,700                      |
| Special assessments receivable                | 177,944                    |
| Other receivables (net)                       | 1,891                      |
| Due from other funds                          | <u>1,566</u>               |
| Total Current Assets                          | <u>702,710</u>             |
| Noncurrent Assets                             |                            |
| Special assessments receivable                | 1,246,787                  |
| Restricted Assets                             |                            |
| Bond reserve account                          | 39,057                     |
| Capital Assets                                |                            |
| Land  | 116,801                    |
| Plant in service                              | 5,235,563                  |
| Accumulated depreciation                      | <u>(962,500)</u>           |
| Total Noncurrent Assets                       | <u>5,675,708</u>           |
| Total Assets                                  | <u>6,378,418</u>           |
| <b>LIABILITIES</b>                            |                            |
| Current Liabilities                           |                            |
| Accounts payable                              | 8,976                      |
| Accrued interest                              | 10,075                     |
| Current portion of special service area bonds | <u>45,000</u>              |
| Total Current Liabilities                     | <u>64,051</u>              |
| Noncurrent Liabilities                        |                            |
| Special service area bonds payable            | <u>735,000</u>             |
| Total Noncurrent Liabilities                  | <u>735,000</u>             |
| Total Liabilities                             | <u>799,051</u>             |
| <b>NET POSITION</b>                           |                            |
| Net investment in capital assets              | 3,609,864                  |
| Unrestricted                                  | <u>1,969,503</u>           |
| <b>TOTAL NET POSITION</b>                     | <b><u>\$ 5,579,367</u></b> |

See accompanying notes to financial statements.

## VILLAGE OF LONG GROVE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUND  
For the Year Ended April 30, 2018

---

|   | <u>Water<br/>Utility</u>   |
|---|----------------------------|
| <b>OPERATING REVENUES</b>               |                            |
| Charges for services                    | \$ <u>54,772</u>           |
| <b>OPERATING EXPENSES</b>               |                            |
| Utility operations                      | 34,233                     |
| Administrative                          | 31,915                     |
| Depreciation                            | <u>162,358</u>             |
| Total Operating Expenses                | <u>228,506</u>             |
| Operating Income (Loss)                 | <u>(173,734)</u>           |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                            |
| Investment income                       | 2,984                      |
| Interest expense                        | <u>(63,356)</u>            |
| Total Nonoperating Revenues (Expenses)  | <u>(60,372)</u>            |
| Income (loss) Before Contributions      | (234,106)                  |
| <b>CONTRIBUTIONS</b>                    |                            |
| Contributions                           | 102,542                    |
| Capital contributions - village         | <u>455,791</u>             |
| Change in Net Position                  | 324,227                    |
| TOTAL NET POSITION - Beginning of Year  | <u>5,255,140</u>           |
| <b>TOTAL NET POSITION - END OF YEAR</b> | <u>\$ <u>5,579,367</u></u> |

See accompanying notes to financial statements.

# VILLAGE OF LONG GROVE

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended April 30, 2018

|  | Water<br>Utility |
|--|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                  |
| Received from customers  | \$ 52,165        |
| Paid to suppliers for good and services  | (63,136)         |
| Net Cash Flows From Operating Activities   | (10,971)         |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                  |
| Special assessments received   | 183,764          |
| Interest paid  | (63,937)         |
| Debt retired   | (45,000)         |
| Net Cash Flows From Capital and Related Financing Activities   | 74,827           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                  |
| Investment income  | 2,984            |
| Net Cash Flows From Investing Activities   | 2,984            |
| <b>Net Change in Cash and Cash Equivalents</b>   | 66,840           |
| CASH AND CASH EQUIVALENTS - Beginning of Year  | 486,826          |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | \$ 553,666       |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH FROM OPERATING ACTIVITIES</b>                 |                  |
| Operating income (loss)  | \$ (173,734)     |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided From Operating Activities         |                  |
| Depreciation expense   | 162,358          |
| Changes in assets and liabilities  |                  |
| Accounts receivable  | (1,052)          |
| Accounts payable   | 3,023            |
| Due from other funds   | (1,566)          |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>  | \$ (10,971)      |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE<br/>STATEMENT OF NET POSITION - PROPRIETARY FUND</b> |                  |
| Cash and investments - statement of net position-proprietary fund  | \$ 514,609       |
| Restricted cash and investments - statement of net position -<br>proprietary fund                          | 39,057           |
| <b>TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | \$ 553,666       |
| <b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                  |
| Capital contributions from Village   | \$ 455,791       |

See accompanying notes to financial statements.

**VILLAGE OF LONG GROVE**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
As of April 30, 2018

---

|                                   | <u>Agency</u>            |
|-----------------------------------|--------------------------|
| <b>ASSETS</b>                     |                          |
| Cash and investments              | \$ <u>838,149</u>        |
| <b>TOTAL ASSETS</b>               | <b>\$ <u>838,149</u></b> |
| <b>LIABILITIES</b>                |                          |
| Accounts payable                  | \$ 652,640               |
| Due to bond holders or homeowners | <u>185,509</u>           |
| <b>TOTAL LIABILITIES</b>          | <b>\$ <u>838,149</u></b> |

See accompanying notes to financial statements.

# VILLAGE OF LONG GROVE

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

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# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Village of Long Grove, Illinois conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of the Village of Long Grove (the “village”). The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The village has not identified any organizations that meet this criteria.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

##### ***Fund Financial Statements***

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.



# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental fund that the village believes is particularly important to financial statement users may be reported as a major fund.

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 are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

- General Fund – Accounts for the village’s primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue – Open Spaces – Accounts for resources legally restricted to supporting expenditures for the open space program.
- Capital Projects – Downtown Tax Incremental Financing (TIF) – Accounts for resources legally restricted to supporting expenditures for the Downtown TIF fund.
- Capital Projects – Capital Improvement Fund – Used to account for and report financial resources that are restricted, committed, or assigned to expenditures to be used for capital improvement projects.

The village reports the following major enterprise fund:

- Water Utility – Accounts for the operations of the water system.

The village reports the following nonmajor governmental funds:

- Special Revenue Funds – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).
  - Motor Fuel Tax – Accounts for specific revenue sources that are legally restricted to expenditures for local road and related improvements.
  - Business District – Accounts for resources legally restricted to supporting expenditures for the business district.
  - Pathway Grant – Accounts for specific revenue sources that are legally restricted to expenditures for a pedestrian/bike path.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

In addition, the village reports the following fund types:

Agency funds are used to account for assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Interagency Control Fees
- Builders' Refundable Bonds
- Fees Refundable to Others
- Heron's Landing SSA

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments, if any, are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are 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. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***Fund Financial Statements (cont.)***

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include sales and income taxes, property tax increment, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The 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 enterprise funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost 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.

##### ***All Financial Statements***

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

##### **1. Cash, Cash Equivalents and Investments**

For purposes of reporting cash flows, the village considers all cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Cash, Cash Equivalents and Investments (cont.)**

Illinois Statutes authorize the village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The village has deposits and investments subject to custodial credit risk. The village's investment policy requires all deposits and investments to be securitized by insurance or collateral.

The village has investments subject to interest rate risk, credit risk, and concentration of credit risk. The village's investment policy does not address these risks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV.A. 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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note IV.A. for further information.

##### **2. Receivables**

Property taxes for levy year 2017 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The tax levy, which attached as an enforceable lien on the property as of January 1, has been recorded as a receivable as of April 30, 2018.

Tax bills for levy years are prepared by Lake County and issued on or about March 1, and September 1, and are payable in two installments, on or about April 1, and October 1, or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2017 property tax levy is recognized as a receivable and deferred inflow in fiscal 2017, net of amounts already collected. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2018, the property taxes receivable and deferred inflows consisted of the estimated amount collectible from the 2017 levy.

Accounts receivable have been shown net of an allowance for uncollectible accounts. The amount recorded as accounts receivable and other receivables has been reduced by an allowance for uncollectible accounts of \$566,006.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **2. Receivables (cont.)**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

##### **3. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

##### **4. Capital Assets**

###### **Government-Wide Statements**

Capital assets, which include property, plant and equipment and intangibles, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

|                         |             |
|-------------------------|-------------|
| Buildings               | 40 Years    |
| Machinery and Equipment | 5-10 Years  |
| Infrastructure          | 10-50 Years |
| Land Improvements       | 25 Years    |
| Intangibles             | 10 Years    |

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **4. Capital Assets (cont.)**

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### **5. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

##### **6. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. The benefits are not material to the financial statements; therefore, there are no amounts accrued in these financial statements.

##### **7. Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist entirely of bonds payable and the net pension liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

##### **8. Basis for Existing Rates – Proprietary Fund**

###### ***Water Management Fund***

The village approved Ordinance No. 2009-O-19 “Water Service Charge Ordinance” on April 14, 2009 and amended it on January 25, 2011, April 26, 2011, and June 28, 2016.

Current water service charge rates were approved by the village board and took effect on January 1, 2017.

##### **9. Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**10. Equity Classifications**

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the village’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Statements**

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned through the following: 1) The village has adopted a financial policy authorizing the Village Board to assign amounts for a specific purpose, and 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

# VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

---

## NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**10. Equity Classifications (cont.)**

**Fund Statements (cont.)**

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The village adopted a minimum fund reserve policy effective April 26, 2011. The recommended minimum reserve balance shall be equal to 100% of the projected and actual total annual revenues. Until such reserve levels are established, the village annual budget should be balanced or revenue positive. Non-budgeted expenditures reducing the reserve below the minimum established level shall be limited to emergency or crisis situations and shall only be approved after a two-reading process, unless such process is waived pursuant to a 2/3 vote by the Board of Trustees.

See Note IV.G. for further information.

**11. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



# VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

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## NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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### A. *EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION*

The governmental funds balance sheet includes reconciliation between total fund balance and net position of governmental activities as reported in the government-wide statement of net position. The reconciliation explains that “capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.” The details of this difference are as follows:

|   |                      |
|---|----------------------|
| Land  | \$ 15,807,146        |
| Land improvements                           | 4,095,465            |
| Buildings                                   | 185,523              |
| Machinery and equipment                     | 224,845              |
| Intangible                                  | 68,045               |
| Infrastructure                              | 5,844,205            |
| Construction in progress                    | 369,069              |
| Less: Accumulated depreciation/amortization | <u>(2,158,993)</u>   |
| Adjustment for Capital Assets               | <u>\$ 24,435,305</u> |

Long-term liabilities applicable to the village’s governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities – both current and long-term – are reported in the statement of net position.

|   |                     |
|---|---------------------|
| Bonds payable                                 | \$ 3,865,000        |
| Net pension liability                         | 356,514             |
| Accrued interest                              | <u>96,625</u>       |
| Combined Adjustment for Long-Term Liabilities | <u>\$ 4,318,139</u> |

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

#### **NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

##### **A. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The following activities and funds had an excess of expenditures over appropriations at the legal level of budgetary control for the year ended April 30, 2018.

| <u>Fund</u>                                    | <u>Budgeted Expenditures</u> | <u>Actual Expenditures</u> | <u>Excess Expenditures Over Budget</u> |
|--|------------------------------|----------------------------|--|
| General Fund                                   |                              |                            |  |
| Utilities                                      | \$ 9,500                     | \$ 10,136                  | \$ 636                                 |
| Other maintenance                              | 14,000                       | 14,656                     | 656                                    |
| Other public safety                            | -                            | 597                        | 597                                    |
| Building and zoning plan reviews               | 34,000                       | 94,649                     | 60,649                                 |
| Bridge supplement                              | 3,500                        | 3,618                      | 118                                    |
| Downtown SSA – business and community partners | 165,000                      | 165,141                    | 141                                    |
| Sunset Food incentive rebate                   | -                            | 69,099                     | 69,099                                 |
| SWALCO   | 2,500                        | 3,241                      | 741                                    |
| Sewer matters                                  | 1,000                        | 3,404                      | 2,404                                  |
| Open Spaces Fund                               | -                            | 1,274                      | 1,274                                  |
| Business District                              | -                            | 499                        | 499                                    |
| Capital Improvement Fund                       | 1,115,000                    | 1,166,703                  | 51,703                                 |

The village controls expenditures at the object 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.

##### **B. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of April 30, 2018, the following individual fund held a deficit balance:

| <u>Fund</u>       | <u>Amount</u> | <u>Reason</u>                      |
|-------------------|---------------|------------------------------------|
| Downtown TIF fund | \$ 7,249,067  | Expenditures in excess of revenues |

The TIF district deficit is anticipated to be funded with future incremental taxes and other revenues collected over the life of the district.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

#### **NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

##### **C. WATER SYSTEM DISCLOSURES**

The village approved ordinance establishing the water service charge requires the following annual disclosures:

1. Total volume of water received at the water plant for fiscal year 2017-18: 6,788,832 gallons.
2. Total volume of water billed for fiscal year 2017-18: 4,809,000 gallons.
3. Debt service for fiscal year 2018-19: \$104,869.
4. Number of users connected to the system: 30.
5. Number of non-metered users: 2.

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS**

##### **A. DEPOSITS AND INVESTMENTS**

The village's cash and investments at year end were comprised of the following:

|  | Carrying<br>Value | Bank<br>Balance | Associated<br>Risks   |
|--|-------------------|-----------------|---|
| Demand deposits                        | \$ 6,054,115      | \$ 6,104,676    | Custodial credit  |
| Mutual funds – bond funds              | 1,789,532         | 1,789,532       | Credit, interest rate   |
| Open-ended money market mutual fund    | 615,505           | 615,505         | N/A   |
| U.S. Treasury Notes                    | 145,042           | 145,042         | Custodial credit, interest<br>rate  |
| FNMA – U.S. agencies – implicitly      | 144,656           | 144,656         | Credit, custodial credit,<br>concentration of credit<br>risk, interest rate |
| Petty cash                             | 240               | -               | N/A   |
| Total Cash and Investments             | \$ 8,749,090      | \$ 8,799,411    |   |
| Reconciliation to financial statements |                   |                 |   |
| Per statement of net position          |                   |                 |   |
| Unrestricted cash and investments      | \$ 7,426,199      |                 |   |
| Restricted cash and investments        | 484,742           |                 |   |
| Per statement of net position –        |                   |                 |   |
| Agency funds                           | 838,149           |                 |   |
| Total Cash and Investments             | \$ 8,749,090      |                 |   |

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

The village maintains a \$10 million letter of credit with Baxter Credit Union to securitize its deposits throughout the year. The village securitizes its investments with UBS through SIPC and additional insurance offered. In addition, collateral is maintained with BMO.

The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Market approach – prices or other information from market transactions involving identical or similar assets

| Investment Type                   | April 30, 2018 |         |         |              |
|-----------------------------------|----------------|---------|---------|--------------|
|                                   | Level 1        | Level 2 | Level 3 | Total        |
| U.S. Treasury Notes               | \$ 145,042     | \$ -    | \$ -    | \$ 145,042   |
| FNMA – U.S. agencies – implicitly | 144,656        | -       | -       | 144,656      |
| Mutual funds – bond funds         | 1,789,532      | -       | -       | 1,789,532    |
| Totals                            | \$ 2,079,230   | \$ -    | \$ -    | \$ 2,079,230 |

#### ***Custodial Credit Risk***

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

As of April 30, 2018, none of village deposits were exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of April 30, 2018, \$289,699 of village investments were exposed to custodial credit risk.

#### ***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Interest Rate Risk (cont.)**

As of April 30, 2018, the village’s investments were as follows:

| Investment Type                   | Maturity (In Years) |                       |
|-----------------------------------|---------------------|-----------------------|
|                                   | Fair Value          | Less than<br>One Year |
| U.S. Treasury Notes               | \$ 145,042          | \$ 145,042            |
| FNMA – U.S. agencies – implicitly | 144,656             | 144,656               |
| Mutual funds – bond funds         | 1,789,532           | 1,789,532             |
| Totals                            | \$ 2,079,230        | \$ 2,079,230          |

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of April 30, 2018, the village’s investments were rated as follows:

| Investment Type                   | Standard &<br>Poor’s |
|-----------------------------------|----------------------|
| FNMA – U.S. agencies – implicitly | AA+                  |
| Mutual funds – bond funds         | AAA                  |

**B. RECEIVABLES**

Accounts receivable and other receivables are reported net of currently uncollectible amounts. Allowances for accounts receivable amounts related to capital costs to be reimbursed by a developer have been recorded in the amount of \$527,086. In addition, an allowance for other receivable amounts related to an investment in IMET totaled \$38,920. The village continues to pursue collection of the IMET amount. The receivable from the developer is contingent upon requirements within an agreement with the village. See Note V.C.

All receivables are expected to be collected within one year, with the exception of the \$1,246,787 of the special assessments reported in the water utility fund, the TIF advance, and the receivables noted above. The special assessments are anticipated to be collected over the remaining life of the assessments levied upon benefitting property owners within the SSA. Amounts reported as receivable are at present value using the same interest rate as the special service area bonds used to finance the related deep water well that was constructed.

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **B. RECEIVABLES (cont.)**

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Taxes levied or collectible for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

|  | Unavailable | Unearned   | Totals     |
|--|-------------|------------|------------|
| Taxes receivable   | \$ 185,346  | \$ 587,418 | \$ 772,764 |
| Grants   | -           | 10,000     | 10,000     |
|  |             |            |            |
| Total Unavailable/Unearned Revenue for<br>Governmental Funds | \$ 185,346  | \$ 597,418 | \$ 782,764 |

#### **C. RESTRICTED ASSETS**

The Downtown TIF special revenue fund reports restricted assets in the amount of \$445,685. This balance is to account for resources set aside in a reserved bank account called the Reserve Fund as required by the September 29, 2010 Tax Compliance Certificate and Agreement approved with the issuance of the Limited Obligation Tax Increment Revenue Bonds.

The water utility proprietary fund reports \$39,057 of restricted assets being held in a separate bond reserve account as required by the 2011 Special Service Area Bonds.

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2018 was as follows:

|   | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance |
|---|----------------------|-----------|-----------|-------------------|
| <b>Governmental Activities</b>                      |                      |           |           |                   |
| Capital assets not being depreciated                |                      |           |           |                   |
| Land  | \$ 15,807,146        | \$ -      | \$ -      | \$ 15,807,146     |
| Construction in progress                            | 11,850               | 369,069   | 11,850    | 369,069           |
| Total Capital Assets<br>Not Being Depreciated       | 15,818,996           | 369,069   | 11,850    | 16,176,215        |
| Capital assets being depreciated                    |                      |           |           |                   |
| Land improvements                                   | 4,015,613            | 79,852    | -         | 4,095,465         |
| Buildings   | 185,523              | -         | -         | 185,523           |
| Machinery and equipment                             | 224,845              | -         | -         | 224,845           |
| Intangible  | 48,624               | 19,421    | -         | 68,045            |
| Bridges   | 973,506              | 18,019    | -         | 991,525           |
| Roads   | 3,906,352            | 946,328   | -         | 4,852,680         |
| Total Capital Assets<br>Being Depreciated/Amortized | 9,354,463            | 1,063,620 | -         | 10,418,083        |

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**D. CAPITAL ASSETS** (cont.)

|   | Beginning<br>Balance | Additions    | Deletions | Ending<br>Balance |
|---|----------------------|--------------|-----------|-------------------|
| Less: Accumulated depreciation/amortization for                                 |                      |              |           |                   |
| Land improvements   | \$ (1,178,410)       | \$ (163,819) | \$ -      | \$ (1,342,229)    |
| Buildings   | (64,326)             | (6,198)      | -         | (70,524)          |
| Machinery and equipment   | (113,395)            | (4,700)      | -         | (118,095)         |
| Intangible  | (4,862)              | (6,804)      | -         | (11,666)          |
| Bridges   | (229,946)            | (26,081)     | -         | (256,027)         |
| Roads   | (239,135)            | (121,317)    | -         | (360,452)         |
| Total Accumulated Depreciation/<br>Amortization                                 | (1,830,074)          | (328,919)    | -         | (2,158,993)       |
| Governmental Activities Capital<br>Assets, Net of Depreciation/<br>Amortization | \$ 23,343,385        | \$ 1,103,770 | \$ 11,850 | \$ 24,435,305     |

Depreciation/Amortization expense was charged to functions as follows:

**Governmental Activities**

|   |            |
|---|------------|
| General government  | \$ 37,162  |
| Public works  | 147,398    |
| Culture and recreation  | 18,476     |
| Conservation and development                                    | 125,883    |
| Total Governmental Activities Depreciation/Amortization Expense | \$ 328,919 |

|  | Beginning<br>Balance | Additions  | Deletions | Ending<br>Balance |
|--|----------------------|------------|-----------|-------------------|
| <b>Business-type Activities</b>                                    |                      |            |           |                   |
| Capital assets not being depreciated                               |                      |            |           |                   |
| Land   | \$ 116,801           | \$ -       | \$ -      | \$ 116,801        |
| Capital assets being depreciated                                   |                      |            |           |                   |
| Public water system infrastructure                                 | 4,767,091            | 455,791    | -         | 5,222,882         |
| Equipment  | 12,681               | -          | -         | 12,681            |
| Total Capital Assets<br>Being Depreciated                          | 4,779,772            | 455,791    | -         | 5,235,563         |
| Less: Accumulated depreciation                                     | (800,142)            | (162,358)  | -         | (962,500)         |
| Business-type Activities<br>Capital Assets,<br>Net of Depreciation | \$ 4,096,431         | \$ 293,433 | \$ -      | \$ 4,389,864      |

Depreciation expense was charged to functions as follows:

|               |            |
|---------------|------------|
| Water utility | \$ 162,358 |
|---------------|------------|

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS***

***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables:

| <u>Receivable Fund</u>  | <u>Payable Fund</u>      | <u>Amount</u>     |
|---|--------------------------|-------------------|
| Downtown TIF  | Capital Improvement Fund | \$ 9,153          |
| Downtown TIF  | Business District        | 8,962             |
| Water utility   | Downtown TIF             | <u>1,566</u>      |
| Total – Fund Financial Statements                                   |                          | 19,681            |
| Less: Fund eliminations   |                          | <u>(21,247)</u>   |
| Total Internal Balances – Government-Wide Statement of Net Position |                          | <u>\$ (1,566)</u> |

The principal purpose of the \$8,962 in the Downtown TIF fund is to account for sales tax amounts owed by the BID. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

All amounts are expected to be repaid within one year.

***Advances***

The village has financed a significant amount of the costs incurred in the Downtown TIF capital projects fund since its inception through the authorization and use of funds advanced (borrowed) from the General Fund and the Open Spaces special revenue fund. The following details the amounts advanced.

General Fund advances to the Downtown TIF at April 30, 2018 are comprised of:

| <u>Authorizing Ordinance</u> | <u>Date</u>         | <u>Limitation</u> | <u>Source</u> | <u>Rate</u> | <u>Balance</u>     |
|------------------------------|---------------------|-------------------|---------------|-------------|--------------------|
| 2009-O-44                    | 12/08/2009          | \$3,000,000       | Principal     | N/A         | \$2,966,041        |
| 2016-O-30                    | 12/13/2016          | \$400,000         | Principal     | N/A         | 315,647            |
| 2018-O-06                    | 02/12/2018          | \$1,500,000       | Principal     | N/A         | -                  |
| Ordinances noted above       | As noted above      | N/A               | Interest      | 4%          | 637,912            |
| Ordinances noted above       | As noted above      | N/A               | Arrearages    | 2%          | 172,744            |
| None                         | Prior to 12/08/2009 | N/A               | Principal     | N/A         | <u>76,416</u>      |
| Total                        |                     |                   |               |             | <u>\$4,168,760</u> |



**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)**

**Advances (cont.)**

Open Spaces advances to the Downtown TIF at April 30, 2018 are comprised of:

| <u>Authorizing Ordinance</u> | <u>Date</u>    | <u>Limitation</u> | <u>Source</u> | <u>Rate</u> | <u>Balance</u>            |
|------------------------------|----------------|-------------------|---------------|-------------|---------------------------|
| 2009-O-43                    | 12/08/2009     | \$1,500,000       | Principal     | N/A         | \$1,500,000               |
| 2011-O-07                    | 1/25/2011      | \$950,000         | Principal     | N/A         | 950,000                   |
| 2016-O-29                    | 12/13/2016     | \$400,000         | Principal     | N/A         | 175,215                   |
| Ordinances noted above       | As noted above | N/A               | Interest      | 4%          | 542,197                   |
| Ordinances noted above       | As noted above | N/A               | Arrearages    | 2%          | <u>207,125</u>            |
|                              |                |                   |               | Total       | <u><u>\$3,374,537</u></u> |

The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the District's inception. Principal and interest payments are specified within the ordinances but due to the negative financial position of the Downtown TIF, payments have not yet begun according to those scheduled.

The following is a schedule of the interfund advances:

| <u>Receivable Fund</u>  | <u>Payable Fund</u> | <u>Amount</u>      |
|---|---------------------|--------------------|
| General fund  | Downtown TIF        | \$ 4,168,760       |
| Open spaces fund  | Downtown TIF        | <u>3,374,537</u>   |
| Total – Fund Financial Statements   |                     | 7,543,297          |
| Less: Fund eliminations   |                     | <u>(7,543,297)</u> |
| Total Interfund Balance for Advances –<br>Government-wide Statement of Net Position |                     | <u><u>\$ -</u></u> |

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)**

##### **Transfers**

The following is a schedule of interfund transfers:

| Fund<br>Transferred To   | Fund<br>Transferred From | Amount              | Principal Purpose  |
|--|--------------------------|---------------------|--|
| Capital Improvement Fund   | General Fund             | \$ 637,781          | To transfer funds related to the creation of the Capital Improvement Fund                        |
| Downtown TIF   | General Fund             | 32,120              | To account for amounts owed to the TIF as required by Illinois State Statute 651LCS 5/11-74.4-8. |
| Total – Fund Financial Statements  |                          | 669,901             |  |
| Less: Fund eliminations  |                          | (669,901)           |  |
| Less: Capital contributions from governmental activities to business-type activities |                          | (455,791)           |  |
| Total Transfers – Government-wide Statement of Activities                            |                          | <u>\$ (455,791)</u> |  |

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended April 30, 2018, was as follows:

|   | Beginning<br>Balance | Increases   | Decreases         | Ending<br>Balance   | Amounts<br>Due Within<br>One Year |
|---|----------------------|-------------|-------------------|---------------------|-----------------------------------|
| <b>Governmental Activities</b>                      |                      |             |                   |                     |                                   |
| Bonds Payable                                       |                      |             |                   |                     |                                   |
| Limited obligation tax increment revenue bonds      | \$ 3,995,000         | \$ -        | \$ 130,000        | \$ 3,865,000        | \$ 150,000                        |
| Other Liability                                     |                      |             |                   |                     |                                   |
| Net pension liability (see Note V.A.)               | 542,451              | -           | 185,937           | 356,514             | -                                 |
| Total Governmental Activities Long-Term Obligations | <u>\$ 4,537,451</u>  | <u>\$ -</u> | <u>\$ 315,937</u> | <u>\$ 4,221,514</u> | <u>\$ 150,000</u>                 |
| <b>Business-type Activities</b>                     |                      |             |                   |                     |                                   |
| Bonds and Notes Payable                             |                      |             |                   |                     |                                   |
| Special service area bonds (tax-exempt obligations) | \$ 825,000           | \$ -        | \$ 45,000         | \$ 780,000          | \$ 45,000                         |

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

##### **F. LONG-TERM OBLIGATIONS** (cont.)

The village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the village. As of April 30, 2018, the statutory debt limit for the village was \$52,775,153, providing a debt margin of \$51,995,153.

##### **Revenue Debt**

The village has pledged future tax increment and other tax revenues, net of specified operating expenses, to repay limited obligation tax increment revenue bonds issued in September of 2010. Proceeds from the bonds provided financing for the Sunset Grove project. The bonds are payable solely from incremental taxes, business district taxes, and certain sales tax revenues from property described as the Sunset Grove Property pursuant to the Indenture and by other pledged revenues and are payable through January 1, 2030. Annual principal and interest payments on the bonds are expected to require 33.33% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$6,128,875. Principal and interest paid for the current year and total gross revenues were \$429,625 and \$559,938, respectively.

Revenue debt payable at April 30, 2018, consists of the following:

##### **Governmental Activities Revenue Debt**

| Revenue Debt  | Date of Issue | Final Maturity | Interest Rate | Original Indebtedness | Balance April 30, 2018 |
|---|---------------|----------------|---------------|-----------------------|------------------------|
| Limited obligation tax increment revenue bonds, Series 2010 | 9/29/2010     | 01/01/2030     | 7.50%         | \$ 4,450,000          | \$ <u>3,865,000</u>    |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities Revenue Debt</u> |                     |
|--------------|---|---------------------|
|              | <u>Principal</u>                            | <u>Interest</u>     |
| 2019         | \$ 150,000                                  | \$ 289,875          |
| 2020         | 175,000                                     | 278,625             |
| 2021         | 200,000                                     | 265,500             |
| 2022         | 230,000                                     | 250,500             |
| 2023         | 255,000                                     | 233,250             |
| 2024 – 2028  | 1,815,000                                   | 826,500             |
| 2029 – 2030  | <u>1,040,000</u>                            | <u>119,625</u>      |
| Totals       | <u>\$ 3,865,000</u>                         | <u>\$ 2,263,875</u> |

**VILLAGE OF LONG GROVE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Special Service Area Bonds**

The special service area bonds are payable from special taxes levied by the county, on behalf of the village, upon benefitting properties.

Special service area bonds payable at April 30, 2018, consists of the following:

**Business-type Activities**

| Special Service Area<br>Bonds   | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Indebted-<br>ness | Balance<br>April 30,<br>2018 |
|---------------------------------|------------------|-------------------|-------------------|-------------------------------|------------------------------|
| 2011 Special service area bonds | 2/01/2011        | 3/01/2029         | 7.75%             | \$ 1,000,000                  | \$ <u>780,000</u>            |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Business-type Activities<br/>Special Service Area Bonds</u> |                   |
|--------------|--|-------------------|
|              | <u>Principal</u>   | <u>Interest</u>   |
| 2019         | \$ 45,000  | \$ 60,450         |
| 2020         | 50,000   | 56,962            |
| 2021         | 55,000   | 53,088            |
| 2022         | 60,000   | 48,825            |
| 2023         | 65,000   | 44,175            |
| 2024 – 2028  | 405,000  | 137,563           |
| 2029         | <u>100,000</u>   | <u>7,750</u>      |
| Totals       | <u>\$ 780,000</u>  | <u>\$ 408,813</u> |

**No Commitment Debt**

**Heron's Landing Special Service Area**

The village has issued \$1,365,000 of tax-exempt special tax bonds and \$435,000 of taxable special tax bonds. Series 2011A was issued in the amount of \$1,365,000 and Series 2011B was issued in the amount of \$435,000. The bonds are dated December 8, 2011 with interest rates ranging from 4.5% to 6.0%. Amounts are payable on June 15 and December 15 each year with a maturity date of December 15, 2041 for Series A and December 15, 2024 for Series B. These bonds are payable from specific user fees or a tax levy from the Heron's Landing Special Service Area (SSA) only and are obligations of the SSA only, and are not village obligations. Proceeds from the bonds are being used to finance water mains and associated water distribution and storage facilities and equipment, and connections to single family homes in the Heron's Landing subdivision. The village has entered into an Intergovernmental Agreement with Lake County. The county oversaw the bidding and the construction of the project and will accept conveyance of the water project from the village, as well as operate and maintain the water system. Lake County reported the activity in its financial statements.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **F. LONG-TERM OBLIGATIONS** (cont.)

##### **No Commitment Debt** (cont.)

##### **Heron's Landing Special Service Area** (cont.)

These SSA bonds are treated as special assessment debt without village obligation. The village acts only as an agent for the property owners in collecting the assessments and forwarding them to the bond paying agent. Transactions for this activity are being recorded in the Heron's Landing agency fund.

#### **G. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at April 30, 2018 includes the following:

##### **Governmental Activities**

|  |                      |
|--|----------------------|
| Invested in capital assets   |                      |
| Land   | \$ 15,807,146        |
| Construction in progress   | 369,069              |
| Other capital assets, net of accumulated depreciation/amortization | 8,259,090            |
| Total Net Investment in Capital Assets                             | <u>24,435,305</u>    |
| Restricted   |                      |
| Pathways   | 67                   |
| Road projects  | 157,863              |
| Economic development   | 141,528              |
| Open spaces  | 3,856,104            |
| Total Restricted   | <u>4,155,562</u>     |
| Unrestricted (deficit)   | <u>(1,098,261)</u>   |
| Total Governmental Activities Net Position                         | <u>\$ 27,492,606</u> |

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### G. NET POSITION/FUND BALANCES (cont.)

Governmental fund balances reported on the fund financial statements at April 30, 2018 include the following:

|                                 | General<br>Fund      | Open<br>Spaces      | Downtown<br>TIF       | Capital<br>Improvement<br>Fund | Nonmajor<br>Governmental<br>Funds | Totals              |
|---------------------------------|----------------------|---------------------|-----------------------|--------------------------------|-----------------------------------|---------------------|
| <b>FUND BALANCES</b>            |                      |                     |                       |                                |                                   |                     |
| <b>Nonspendable:</b>            |                      |                     |                       |                                |                                   |                     |
| Advances to other funds         | \$ 4,168,760         | \$ -                | \$ -                  | \$ -                           | \$ -                              | \$ 4,168,760        |
| Long-term receivables           | 25,655               | -                   | -                     | -                              | -                                 | 25,655              |
| <b>Restricted:</b>              |                      |                     |                       |                                |                                   |                     |
| Land purchases                  | -                    | 3,856,104           | -                     | -                              | -                                 | 3,856,104           |
| Economic development            | -                    | -                   | -                     | -                              | 139,272                           | 139,272             |
| Debt service – reserve fund     | -                    | -                   | 445,685               | -                              | -                                 | 445,685             |
| Road projects                   | -                    | -                   | -                     | -                              | 47,205                            | 47,205              |
| Pathway projects                | -                    | -                   | -                     | -                              | 67                                | 67                  |
| Route 22                        | -                    | -                   | -                     | 110,658                        | -                                 | 110,658             |
| <b>Assigned:</b>                |                      |                     |                       |                                |                                   |                     |
| Open space maintenance          | -                    | -                   | -                     | 15,000                         | -                                 | 15,000              |
| Pathway projects                | -                    | -                   | -                     | 202,744                        | -                                 | 202,744             |
| Covered bridge account          | -                    | -                   | -                     | 339,230                        | -                                 | 339,230             |
| Office improvement funds        | -                    | -                   | -                     | 59,685                         | -                                 | 59,685              |
| Village phone system            | -                    | -                   | -                     | 8,500                          | -                                 | 8,500               |
| Reduction for unavailable funds | -                    | -                   | -                     | (470,796)                      | -                                 | (470,796)           |
| <b>Unassigned (deficit):</b>    | <b>6,063,632</b>     | <b>-</b>            | <b>(7,694,752)</b>    | <b>-</b>                       | <b>-</b>                          | <b>(1,631,120)</b>  |
| <b>Totals</b>                   | <b>\$ 10,258,047</b> | <b>\$ 3,856,104</b> | <b>\$ (7,249,067)</b> | <b>\$ 265,021</b>              | <b>\$ 186,544</b>                 | <b>\$ 7,316,649</b> |

#### **Business-type Activities**

Net investment in capital assets

|   |            |
|---|------------|
| Land  | \$ 116,801 |
| Other capital assets, net of accumulated depreciation | 4,273,063  |
| Less: Related long-term debt outstanding              | (780,000)  |

Total Net Investment in Capital Assets 3,609,864

Unrestricted 1,969,503

Total Business-type Activities Net Position \$ 5,579,367

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

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### NOTE V – OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

##### Illinois Municipal Retirement Fund

**Plan description.** All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3% for each year thereafter.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

**Plan membership.** At December 31, 2017, the measurement date, membership in the plan was as follows:

|                               |          |
|-------------------------------|----------|
| Retirees and beneficiaries    | 1        |
| Inactive, non-retired members | 2        |
| Active members                | <u>5</u> |
| Total                         | <u>8</u> |

**Contributions.** As set by statute, village employees participating in IMRF are required to contribute 4.50% 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 actuarially determined contribution rate for calendar year 2017 was 15.05% percent of annual covered payroll. 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 LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Net Pension Liability.** The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Summary of Significant Accounting Policies.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Actuarial Assumptions.** The assumptions used to measure the total pension liability in the December 31, 2017 annual actuarial valuation included a 7.50% investment rate of return, (b) projected salary increases from 3.39% to 14.25%, including inflation, and (c) price inflation of 2.50%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

|                           |                                      |
|---------------------------|--------------------------------------|
| Actuarial cost method     | Entry Age Normal                     |
| Asset valuation method    | Market Value                         |
| Actuarial assumptions     |                                      |
| Investment Rate of Return | 7.50%                                |
| Price Inflation           | 2.50%                                |
| Salary increases          | 3.39% to 14.25%, including inflation |
| Price inflation           | 2.50%                                |

**Mortality.** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.



## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

#### NOTE V – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Long-Term Expected Real Rate of Return.** The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|------------------------|--------------------------|--|
| Equities               | 38%                      | 6.85%                                    |
| International Equities | 17%                      | 6.75%                                    |
| Fixed income           | 27%                      | 3.00%                                    |
| Real estate            | 8%                       | 5.75%                                    |
| Alternatives           | 9%                       | 2.65-7.35%                               |
| Cash equivalents       | 1%                       | 2.25%                                    |

**Discount rate.** The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2017 measurement date was 7.5%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.31% for tax exempt 20-year general obligation municipal bonds to arrive at a discount rate of 7.50% used to determine the total pension liability. The year ending December 31, 2017 is the first year in the 2018 to 2117 projection period for which projected benefit payments are fully funded.

**Discount rate sensitivity.** The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the village calculated using the discount rate of 7.50% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

|                                  | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|----------------------------------|--------------------|------------------------------|--------------------|
| Village:                         |                    |                              |                    |
| Total pension liability          | \$ 2,223,750       | \$ 1,958,650                 | \$ 1,736,752       |
| Less: Plan fiduciary net pension | <u>(1,602,136)</u> | <u>(1,602,136)</u>           | <u>(1,602,136)</u> |
| Net Pension Liability            | <u>\$ 621,614</u>  | <u>\$ 356,514</u>            | <u>\$ 134,616</u>  |

## VILLAGE OF LONG GROVE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

#### NOTE V – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Changes in net pension liability.** The village's changes in net pension liability for the calendar year ended December 31, 2017 was as follows:

|  | Increase (Decrease)               |                                       |                                       |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
|  | Total Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
|  |                                   |                                       |                                       |
| Balances at December 31, 2016                                    | \$ 1,891,246                      | \$ 1,348,795                          | \$ 542,451                            |
| Changes for the year:  |                                   |                                       |                                       |
| Service cost   | 53,408                            | -                                     | 53,408                                |
| Interest   | 142,048                           | -                                     | 142,048                               |
| Differences between expected and<br>actual experience            | (22,202)                          | -                                     | (22,202)                              |
| Changes of assumptions   | (57,906)                          | -                                     | (57,906)                              |
| Contributions – village  | -                                 | 68,515                                | (68,515)                              |
| Contributions – employees  | -                                 | 20,486                                | (20,486)                              |
| Net investment income  | -                                 | 229,665                               | (229,665)                             |
| Benefit payments, including refunds of<br>employee contributions | (47,944)                          | (47,944)                              | -                                     |
| Other changes  | -                                 | (17,381)                              | 17,381                                |
| Net changes  | 67,404                            | 253,341                               | (185,937)                             |
| Balances at December 31, 2017                                    | \$ 1,958,650                      | \$ 1,602,136                          | \$ 356,514                            |

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2017, the village recognized pension expense of \$59,615. The village reported deferred outflows and inflows of resources related to pension from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience              | \$ 6,424                             | \$ 24,656                           |
| Change of assumptions   | 3,047                                | 69,653                              |
| Net difference between projected and actual investment earnings | 37,900                               | 102,094                             |
| Contributions subsequent to the measurement date                | 22,477                               | -                                   |
| Total   | \$ 69,848                            | \$ 196,403                          |

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending April 30, 2018. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

|            | <u>Total</u>        |
|------------|---------------------|
| FY2018     | \$ (30,689)         |
| FY2019     | (30,687)            |
| FY2020     | (50,769)            |
| FY2021     | (36,887)            |
| Thereafter | -                   |
| Total      | <u>\$ (149,032)</u> |

#### B. 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.

#### C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is of the opinion of 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.

The village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for the expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

On December 8, 2015, a village developer entered into a purchase and sale agreement ("PSA") for properties known as the "Archer lots." Within this agreement, \$527,086 receivable is deferred until January 1, 2020, and provides for the potential of a waiver for all or a part of this amount based on the status of the sale, and the timing and extent of development, of the Archer lots. The village currently has an allowance setup for 100% of these costs. The extent of the discount, if any, is set forth in the PSA. This receivable and the offsetting allowance are recorded in the Downtown TIF fund. The Archer lots were sold to the developer on September 12, 2017.

# VILLAGE OF LONG GROVE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended April 30, 2018

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### NOTE V – OTHER INFORMATION (cont.)

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#### ***D. JOINT VENTURE***

##### ***Description of Joint Venture***

The village is a member of the Solid Waste Agency of Lake County (“SWALCO”). SWALCO is a municipal corporation formed by Lake County and 43 municipalities within Lake County for the purpose of implementing the Lake County Solid Waste Management Plan. SWALCO has a Board of Directors made up from these members, an Executive Committee, a Legislative Committee and five staff members. SWALCO is established pursuant to the Intergovernmental Cooperation Act of the State of Illinois, the Illinois Local Solid Waste Disposal Act, the Illinois Planning and Recycling Act and Lake County Board Resolution #38 of September 12, 1989. Operations began on February 21, 1991.

SWALCO is funded from a surcharge imposed at sanitary landfills. The surcharge also funds the Lake County Health Department’s enforcement program. SWALCO also receives a yearly operations and maintenance fee from its members based on the number of households in each member community.

SWALCO generates revenue from user charges. The village paid \$3,241 to SWALCO during the year as accounted for in the general fund. The village does not have an equity interest in SWALCO.

Complete financial statements for SWALCO can be obtained from SWALCO’s website at [www.swalco.org](http://www.swalco.org).

#### ***E. TAX ABATEMENT***

Tax abatements are a reduction in tax revenue that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The village, through its Downtown TIF capital project fund, has entered into a tax abatement agreement with a developer in the form of sales tax incentive payments to stimulate economic development. The abatements are authorized through the TIF project plan as well as an agreement between the Village of Long Grove and Sunset Foods. The amount of the sales tax rebate is anticipated to be \$1,000,000, of which \$463,629 has been paid thus far, \$41,726 in the current fiscal year. The first \$1,000,000 collected in sales taxes as generated by the Sunset Grove development remained with the village. The \$1,000,000 threshold was reached during fiscal 2016-17. Subsequent to the \$1,000,000 being collected over the life of the TIF district, 40% of future sales tax revenues from the Sunset Grove development are to be paid to Sunset Foods, and 60% is retained by the village. Once the developer has been paid the full \$1,000,000 incentive payment, all of the sales taxes will be retained by the village.

In addition, the village has redevelopment sales tax incentive agreements with local businesses within the downtown tax increment financing district. The determined goal of these agreements is to stimulate private investment by offering incentives to property and business owners within the Historic Business District relating to improvements of their properties and places of business. Financial incentives in the form of partial reimbursement of verifiable capital improvement costs are subject to the terms and conditions within each agreement. As of April 30, 2018, several agreements were in place but no incentives have been paid.

## VILLAGE OF LONG GROVE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended April 30, 2018

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### NOTE V – OTHER INFORMATION (cont.)

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#### **F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Debt Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF LONG GROVE

### SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES), AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2018

|                                       | <u>Budgeted Amounts</u> |                     | <u>Actual</u>        | <u>Variance with<br/>Final Budget</u> |
|---------------------------------------|-------------------------|---------------------|----------------------|---------------------------------------|
|                                       | <u>Original</u>         | <u>Final</u>        |                      |                                       |
| <b>REVENUES</b>                       |                         |                     |                      |                                       |
| Taxes                                 | \$ 2,497,000            | \$ 2,422,000        | \$ 2,497,814         | \$ 75,814                             |
| Fees, licenses and permits            | 820,000                 | 775,000             | 728,863              | (46,137)                              |
| Fines, forfeitures and penalties      | 46,000                  | 41,000              | 34,812               | (6,188)                               |
| Public charges for services           | 76,500                  | 76,500              | 84,769               | 8,269                                 |
| Investment income                     | 30,000                  | 110,000             | 216,581              | 106,581                               |
| Miscellaneous revenues                | 31,000                  | 52,000              | 74,395               | 22,395                                |
| Total Revenues                        | <u>3,500,500</u>        | <u>3,476,500</u>    | <u>3,637,234</u>     | <u>160,734</u>                        |
| <b>EXPENDITURES</b>                   |                         |                     |                      |                                       |
| Current                               |                         |                     |                      |                                       |
| General government                    | 1,262,660               | 1,388,460           | 1,241,179            | 147,281                               |
| Public safety                         | 645,300                 | 670,300             | 618,643              | 51,657                                |
| Public works                          | 547,600                 | 527,600             | 212,868              | 314,732                               |
| Conservation and development          | 217,500                 | 217,500             | 255,061              | (37,561)                              |
| Capital Outlay                        | <u>176,000</u>          | <u>136,000</u>      | <u>66,834</u>        | <u>69,166</u>                         |
| Total Expenditures                    | <u>2,849,060</u>        | <u>2,939,860</u>    | <u>2,394,585</u>     | <u>545,275</u>                        |
| Excess of revenues over expenditures  | <u>651,440</u>          | <u>536,640</u>      | <u>1,242,649</u>     | <u>706,009</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b> |                         |                     |                      |                                       |
| Sale of village property              | -                       | 819,770             | 819,770              | -                                     |
| Transfer out                          | <u>(333,557)</u>        | <u>(265,641)</u>    | <u>(669,901)</u>     | <u>(404,260)</u>                      |
| Total Other Financing Sources (Uses)  | <u>(333,557)</u>        | <u>554,129</u>      | <u>149,869</u>       | <u>(404,260)</u>                      |
| Net Change in Fund Balance            | 317,883                 | 1,090,769           | 1,392,518            | 301,749                               |
| FUND BALANCE - Beginning of Year      | <u>8,865,529</u>        | <u>8,865,529</u>    | <u>8,865,529</u>     | <u>-</u>                              |
| FUND BALANCE - END OF YEAR            | <u>\$ 9,183,412</u>     | <u>\$ 9,956,298</u> | <u>\$ 10,258,047</u> | <u>\$ 301,749</u>                     |

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF LONG GROVE

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OPEN SPACES For the Year Ended April 30, 2018

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|---------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                     |                                       |
| <b>REVENUES</b>                                |                         |                     |                     |                                       |
| Fees, licenses and permits                     | \$ 21,425               | \$ 8,570            | \$ 22,120           | \$ 13,550                             |
| Investment income                              | -                       | -                   | 4,771               | 4,771                                 |
| Interest and arrearages on advance to TIF fund | -                       | -                   | 151,034             | 151,034                               |
| Total Revenues                                 | <u>21,425</u>           | <u>8,570</u>        | <u>177,925</u>      | <u>169,355</u>                        |
| <b>EXPENDITURES</b>                            |                         |                     |                     |                                       |
| Current  |                         |                     |                     |                                       |
| Conservation and development                   | -                       | -                   | 1,274               | (1,274)                               |
| Total Expenditures                             | -                       | -                   | <u>1,274</u>        | <u>(1,274)</u>                        |
| Net Change in Fund Balance                     | 21,425                  | 8,570               | 176,651             | 168,081                               |
| FUND BALANCE - Beginning of Year               | <u>3,679,453</u>        | <u>3,679,453</u>    | <u>3,679,453</u>    | -                                     |
| FUND BALANCE - END OF YEAR                     | <u>\$ 3,700,878</u>     | <u>\$ 3,688,023</u> | <u>\$ 3,856,104</u> | <u>\$ 168,081</u>                     |

See independent auditors' report and accompanying notes to required supplementary information.



## VILLAGE OF LONG GROVE

### ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS For the Year Ended April 30, 2018

|   | <u>Calendar Year</u><br><u>2017</u> | <u>Calendar Year</u><br><u>2016</u> | <u>Calendar Year</u><br><u>2015</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Total Pension Liability</b>  |                                     |                                     |                                     |
| Service cost  | \$ 53,408                           | \$ 54,240                           | \$ 51,972                           |
| Interest  | 142,048                             | 132,645                             | 122,041                             |
| Differences between expected and actual experience                                  | (22,202)                            | (12,020)                            | 15,160                              |
| Changes of assumptions  | (57,906)                            | (40,230)                            | 7,187                               |
| Benefit payments, including refunds of member contributions                         | (47,944)                            | (46,833)                            | (45,683)                            |
| <b>Net Change in Total Pension Liability</b>  | <u>67,404</u>                       | <u>87,802</u>                       | <u>150,677</u>                      |
| <b>Total Pension Liability - Beginning</b>  | <u>1,891,246</u>                    | <u>1,803,444</u>                    | <u>1,652,767</u>                    |
| <b>Total Pension Liability - Ending (a)</b>   | <u>\$ 1,958,650</u>                 | <u>\$ 1,891,246</u>                 | <u>\$ 1,803,444</u>                 |
| <b>Plan Fiduciary Net Position</b>  |                                     |                                     |                                     |
| Employer contributions  | \$ 68,515                           | \$ 68,454                           | \$ 64,372                           |
| Employee contributions  | 20,486                              | 20,147                              | 19,652                              |
| Net investment income   | 229,665                             | 85,450                              | 5,947                               |
| Benefit payments, including refunds of member contributions                         | (47,944)                            | (46,833)                            | (45,683)                            |
| Other (net transfer)  | (17,381)                            | 4,015                               | 3,058                               |
| <b>Net Change in Plan Fiduciary Net Position</b>                                    | <u>253,341</u>                      | <u>131,233</u>                      | <u>47,346</u>                       |
| <b>Plan Fiduciary Net Position - Beginning</b>                                      | <u>1,348,795</u>                    | <u>1,217,562</u>                    | <u>1,170,216</u>                    |
| <b>Plan Fiduciary Net Position - Ending (b)</b>                                     | <u>\$ 1,602,136</u>                 | <u>\$ 1,348,795</u>                 | <u>\$ 1,217,562</u>                 |
| <b>Employer's Net Pension Liability - Ending (a) - (b)</b>                          | <u>\$ 356,514</u>                   | <u>\$ 542,451</u>                   | <u>\$ 585,882</u>                   |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b>   | 81.80%                              | 71.32%                              | 67.51%                              |
| <b>Covered-employee payroll</b>   | \$ 455,243                          | \$ 447,700                          | \$ 436,715                          |
| <b>Employer's net pension liability as a percentage of covered-employee payroll</b> | 78.31%                              | 121.16%                             | 134.16%                             |

See independent auditors' report and accompanying notes to required supplementary information.

**VILLAGE OF LONG GROVE**

**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
For the Year Ended April 30, 2018

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|   | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     |
|---|-----------------|-----------------|-----------------|
| <b>Fiscal Year Ending</b>   |                 |                 |                 |
| Contractually determined contributions                                | \$ 68,839       | \$ 68,332       | \$ 64,372       |
| Contributions in relation to the contractually required contributions | <u>(68,839)</u> | <u>(68,332)</u> | <u>(64,372)</u> |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| Covered-employee payroll  | \$ 457,907      | \$ 449,209      | \$ 436,715      |
| Contributions as a percentage of covered-employee payroll             | 15.03%          | 15.21%          | 14.74%          |

See independent auditors' report and accompanying notes to required supplementary information.

# VILLAGE OF LONG GROVE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended April 30, 2018

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### ***BUDGETARY INFORMATION***

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 I. C.

The budgeted amounts presented include any amendments made. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the object level of expenditure.

### ***ILLINOIS MUNICIPAL RETIREMENT FUND***

Valuation date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 4 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

|                               |   |
|-------------------------------|---|
| Actuarial cost method         | Entry age normal  |
| Amortization method           | Level percentage of payroll, closed   |
| Remaining amortization period | 26-year closed period   |
| Asset valuation method        | 5-Year Smoothed Market  |
| Inflation                     | 2.75%   |
| Salary increases              | 3.75% to 14.50% including inflation   |
| Investment rate of return     | 7.50%   |
| Retirement Age                | Experience-based table of rates that are<br>specific to the type of eligibility condition |
| Mortality                     | MP-2014   |

Other information: There were no benefit changes during the year.

**SUPPLEMENTARY INFORMATION**

## VILLAGE OF LONG GROVE

### DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2018

|  | Budgeted Amounts        |                         | Actual                  | Variance with<br>Final Budget |
|--|-------------------------|-------------------------|-------------------------|-------------------------------|
|  | Original                | Final                   |                         |                               |
| <b>TAXES</b>                                   |                         |                         |                         |                               |
| Sales tax                                      | \$ 1,015,000            | \$ 1,015,000            | \$ 1,087,387            | \$ 72,387                     |
| Income tax                                     | 850,000                 | 900,000                 | 890,624                 | (9,376)                       |
| Road and bridge tax                            | 44,000                  | 44,000                  | 44,617                  | 617                           |
| Telecommunications tax                         | 400,000                 | 275,000                 | 279,752                 | 4,752                         |
| Downtown SSA - Business and community partners | 165,000                 | 165,000                 | 165,141                 | 141                           |
| Other taxes                                    | 23,000                  | 23,000                  | 30,293                  | 7,293                         |
| Total Taxes                                    | <u>2,497,000</u>        | <u>2,422,000</u>        | <u>2,497,814</u>        | <u>75,814</u>                 |
| <b>FEES, PERMITS AND LICENSES</b>              |                         |                         |                         |                               |
| Franchise fees                                 | 150,000                 | 150,000                 | 150,051                 | 51                            |
| Permits  | 625,000                 | 580,000                 | 530,122                 | (49,878)                      |
| Licenses                                       | 45,000                  | 45,000                  | 48,690                  | 3,690                         |
| Total Fees, Permits and Licenses               | <u>820,000</u>          | <u>775,000</u>          | <u>728,863</u>          | <u>(46,137)</u>               |
| <b>FINES, FORFEITURES AND PENALTIES</b>        |                         |                         |                         |                               |
| Citations                                      | 45,000                  | 40,000                  | 34,812                  | (5,188)                       |
| Fines  | 1,000                   | 1,000                   | -                       | (1,000)                       |
| Total Fines, Forfeitures and Penalties         | <u>46,000</u>           | <u>41,000</u>           | <u>34,812</u>           | <u>(6,188)</u>                |
| <b>PUBLIC CHARGES FOR SERVICES</b>             |                         |                         |                         |                               |
| Long Grove Commons                             | 16,500                  | 16,500                  | 18,332                  | 1,832                         |
| Tree replacement                               | -                       | -                       | 13,237                  | 13,237                        |
| Stormwater review fees                         | 60,000                  | 60,000                  | 53,200                  | (6,800)                       |
| Total Public Charges for Services              | <u>76,500</u>           | <u>76,500</u>           | <u>84,769</u>           | <u>8,269</u>                  |
| <b>INVESTMENT INCOME</b>                       |                         |                         |                         |                               |
| Investment income                              | 30,000                  | 50,000                  | 53,432                  | 3,432                         |
| Interest and arrearages on advance to TIF fund | -                       | 60,000                  | 163,149                 | 103,149                       |
| Total Investment Income                        | <u>30,000</u>           | <u>110,000</u>          | <u>216,581</u>          | <u>106,581</u>                |
| <b>MISCELLANEOUS REVENUES</b>                  |                         |                         |                         |                               |
| Forfeited escrow                               | 10,000                  | 28,000                  | 49,960                  | 21,960                        |
| Other  | 21,000                  | 24,000                  | 24,435                  | 435                           |
| Total Miscellaneous Revenues                   | <u>31,000</u>           | <u>52,000</u>           | <u>74,395</u>           | <u>22,395</u>                 |
| <br>TOTAL GENERAL FUND REVENUES                | <br><u>\$ 3,500,500</u> | <br><u>\$ 3,476,500</u> | <br><u>\$ 3,637,234</u> | <br><u>\$ 160,734</u>         |

## VILLAGE OF LONG GROVE

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended April 30, 2018

|                                       | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget |
|---------------------------------------|------------------|------------------|------------------|-------------------------------|
|                                       | Original         | Final            |                  |                               |
| <b>GENERAL GOVERNMENT</b>             |                  |                  |                  |                               |
| Employee Compensation                 |                  |                  |                  |                               |
| Salaries and wages                    | \$ 451,860       | \$ 452,260       | \$ 449,699       | \$ 2,561                      |
| Fringe benefits                       | 190,400          | 197,200          | 195,280          | 1,920                         |
| Total Employee Compensation           | <u>642,260</u>   | <u>649,460</u>   | <u>644,979</u>   | <u>4,481</u>                  |
| Office                                |                  |                  |                  |                               |
| Utilities                             | 9,500            | 9,500            | 10,136           | (636)                         |
| Supplies                              | 22,500           | 25,500           | 22,458           | 3,042                         |
| Equipment leases and maintenance      | 12,500           | 12,500           | 11,479           | 1,021                         |
| Other maintenance                     | 7,500            | 14,000           | 14,656           | (656)                         |
| Total Office                          | <u>52,000</u>    | <u>61,500</u>    | <u>58,729</u>    | <u>2,771</u>                  |
| Administrative and Professional       |                  |                  |                  |                               |
| Insurance                             | 43,500           | 43,500           | 38,453           | 5,047                         |
| Dues, memberships and travel          | 3,000            | 3,000            | 1,805            | 1,195                         |
| Professional development and training | 7,500            | 14,000           | 13,925           | 75                            |
| Legal                                 | 169,000          | 208,000          | 164,077          | 43,923                        |
| Building and zoning plan reviews      | 34,000           | 34,000           | 94,649           | (60,649)                      |
| Route 53                              | 10,000           | 50,000           | 3,307            | 46,693                        |
| Bookkeeping                           | 49,400           | 49,000           | 39,260           | 9,740                         |
| Audit                                 | 30,000           | 36,000           | 35,824           | 176                           |
| Inspections                           | 130,000          | 130,000          | 77,144           | 52,856                        |
| Finance and grant consultant          | 15,000           | 15,000           | -                | 15,000                        |
| Bridge supplement                     | 500              | 3,500            | 3,618            | (118)                         |
| Computer consultant                   | 25,000           | 25,000           | 17,422           | 7,578                         |
| Internet home page                    | 6,000            | 21,000           | 8,762            | 12,238                        |
| Administrative services               | 7,500            | 7,500            | 6,662            | 838                           |
| Legal notices and subscriptions       | 800              | 800              | 653              | 147                           |
| Total Administrative and Professional | <u>531,200</u>   | <u>640,300</u>   | <u>505,561</u>   | <u>134,739</u>                |
| Miscellaneous                         |                  |                  |                  |                               |
| Mosquito abatement                    | 36,000           | 36,000           | 35,616           | 384                           |
| Other                                 | 1,200            | 1,200            | (3,706)          | 4,906                         |
| Total Miscellaneous                   | <u>37,200</u>    | <u>37,200</u>    | <u>31,910</u>    | <u>5,290</u>                  |
| Total General Government              | <u>1,262,660</u> | <u>1,388,460</u> | <u>1,241,179</u> | <u>147,281</u>                |
| <b>PUBLIC SAFETY</b>                  |                  |                  |                  |                               |
| Village security                      | 615,000          | 615,000          | 613,044          | 1,956                         |
| Emergency communication system        | 5,300            | 5,300            | 5,002            | 298                           |
| Communications                        | 25,000           | 50,000           | -                | 50,000                        |
| Other public safety                   | -                | -                | 597              | (597)                         |
| Total Public Safety                   | <u>645,300</u>   | <u>670,300</u>   | <u>618,643</u>   | <u>51,657</u>                 |

## VILLAGE OF LONG GROVE

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (cont.) For the Year Ended April 30, 2018

|  | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | Original            | Final               |                     |                               |
| <b>PUBLIC WORKS</b>                              |                     |                     |                     |                               |
| Snow removal and salting                         | \$ 250,000          | \$ 250,000          | \$ -                | \$ 250,000                    |
| Emergency operations                             | 50,000              | 50,000              | 24,784              | 25,216                        |
| Subtotal - snow removal and emergency operations | 300,000             | 300,000             | 24,784              | 275,216                       |
| Mowing   | 27,000              | 27,000              | 26,555              | 445                           |
| Road signs and traffic calming                   | 23,000              | 23,000              | 7,088               | 15,912                        |
| Utilities  | 17,000              | 17,000              | 16,052              | 948                           |
| Engineering                                      | 155,000             | 155,000             | 133,642             | 21,358                        |
| Public Water Supply                              | 20,000              | -                   | -                   | -                             |
| Bridge inspections                               | 1,500               | 1,500               | -                   | 1,500                         |
| SWALCO   | 2,500               | 2,500               | 3,241               | (741)                         |
| Planting/Trees                                   | 1,600               | 1,600               | 1,506               | 94                            |
| Total Public Works                               | <u>547,600</u>      | <u>527,600</u>      | <u>212,868</u>      | <u>314,732</u>                |
| <b>CONSERVATION AND DEVELOPMENT</b>              |                     |                     |                     |                               |
| Community development grant                      | 30,000              | 30,000              | 20,000              | 10,000                        |
| Downtown SSA - Business and community partners   | 165,000             | 165,000             | 165,141             | (141)                         |
| CERT   | 2,500               | 2,500               | 821                 | 1,679                         |
| Sunset Food Incentive Rebate                     | -                   | -                   | 69,099              | (69,099)                      |
| Economic development                             | 20,000              | 20,000              | -                   | 20,000                        |
| Total Conservation and Development               | <u>217,500</u>      | <u>217,500</u>      | <u>255,061</u>      | <u>(37,561)</u>               |
| <b>CAPITAL OUTLAY</b>                            |                     |                     |                     |                               |
| Road paving, culvert and ditch                   | 120,000             | 120,000             | 63,430              | 56,570                        |
| Open space maintenance                           | 5,000               | 5,000               | -                   | 5,000                         |
| Sewer matters                                    | 1,000               | 1,000               | 3,404               | (2,404)                       |
| Infrastructure Planning                          | 10,000              | 10,000              | -                   | 10,000                        |
| Old McHenry/Robert Parker Coffin Intersection    | 40,000              | -                   | -                   | -                             |
| Total Capital Outlay                             | <u>176,000</u>      | <u>136,000</u>      | <u>66,834</u>       | <u>69,166</u>                 |
| <br>   |                     |                     |                     |                               |
| TOTAL GENERAL FUND EXPENDITURES                  | <u>\$ 2,849,060</u> | <u>\$ 2,939,860</u> | <u>\$ 2,394,585</u> | <u>\$ 545,275</u>             |

# VILLAGE OF LONG GROVE

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS As of April 30, 2018

|  | Motor<br>Fuel Tax | Business<br>District | Pathway<br>Grant | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-------------------|----------------------|------------------|--|
| <b>ASSETS</b>  |                   |                      |                  |  |
| Cash and investments   | \$ 28,792         | \$ 143,258           | \$ 10,067        | \$ 182,117                                 |
| Receivables  |                   |                      |                  |  |
| Taxes  | -                 | 6,752                | -                | 6,752                                      |
| Accounts   | 18,413            | -                    | -                | 18,413                                     |
| Other  | -                 | 480                  | -                | 480  |
|  |                   |                      |                  |  |
| <b>TOTAL ASSETS</b>  | <b>\$ 47,205</b>  | <b>\$ 150,490</b>    | <b>\$ 10,067</b> | <b>\$ 207,762</b>                          |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>       |                   |                      |                  |  |
| Liabilities  |                   |                      |                  |  |
| Due to other funds   | \$ -              | \$ 8,962             | \$ -             | \$ 8,962                                   |
| Total Liabilities  | -                 | 8,962                | -                | 8,962                                      |
| Deferred Inflows of Resources  |                   |                      |                  |  |
| Unearned revenue   | -                 | -                    | 10,000           | 10,000                                     |
| Unavailable revenue  | -                 | 2,256                | -                | 2,256                                      |
| Total Deferred Inflows of Resources  | -                 | 2,256                | 10,000           | 12,256                                     |
| Fund Balances  |                   |                      |                  |  |
| Restricted   | 47,205            | 139,272              | 67               | 186,544                                    |
| Total Fund Balances  | 47,205            | 139,272              | 67               | 186,544                                    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES, AND FUND BALANCES</b> | <b>\$ 47,205</b>  | <b>\$ 150,490</b>    | <b>\$ 10,067</b> | <b>\$ 207,762</b>                          |



**VILLAGE OF LONG GROVE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended April 30, 2018

|  | <u>Motor Fuel Tax</u> | <u>Business<br/>District</u> | <u>Pathway<br/>Grant</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|-----------------------|------------------------------|--------------------------|--|
| <b>REVENUES</b>  |                       |                              |                          |  |
| Taxes  | \$ -                  | \$ 27,098                    | \$ -                     | 27,098   |
| Intergovernmental  | 213,881               | -                            | -                        | 213,881  |
| Investment income (loss)                                     | <u>581</u>            | <u>658</u>                   | <u>(59)</u>              | <u>1,180</u>   |
| Total Revenues   | <u>214,462</u>        | <u>27,756</u>                | <u>(59)</u>              | <u>242,159</u>                                       |
| <b>EXPENDITURES</b>  |                       |                              |                          |  |
| Current  |                       |                              |                          |  |
| Conservation and development                                 | -                     | 199                          | -                        | 199  |
| Capital Outlay   | <u>280,300</u>        | <u>-</u>                     | <u>-</u>                 | <u>280,300</u>                                       |
| Total Expenditures   | <u>280,300</u>        | <u>199</u>                   | <u>-</u>                 | <u>280,499</u>                                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | (65,838)              | 27,557                       | (59)                     | (38,340)   |
| FUND BALANCES - Beginning of Year                            | <u>113,043</u>        | <u>111,715</u>               | <u>126</u>               | <u>224,884</u>                                       |
| FUND BALANCES - END OF YEAR                                  | <u>\$ 47,205</u>      | <u>\$ 139,272</u>            | <u>\$ 67</u>             | <u>\$ 186,544</u>                                    |

## VILLAGE OF LONG GROVE

### COMBINING SUBFUNDS BALANCE SHEET PROPRIETARY FUND As of April 30, 2018

|   | Special Service<br>Area - Water | Water<br>Management | Totals       |
|---|---------------------------------|---------------------|--------------|
| <b>ASSETS</b>                                 |                                 |                     |              |
| Current Assets                                |                                 |                     |              |
| Cash and investments                          | \$ 455,049                      | \$ 59,560           | \$ 514,609   |
| Accounts receivable                           | -                               | 6,700               | 6,700        |
| Special assessments receivable                | 177,944                         | -                   | 177,944      |
| Other receivables (net)                       | 1,651                           | 240                 | 1,891        |
| Due from other funds                          | -                               | 1,566               | 1,566        |
| Total Current Assets                          | 634,644                         | 68,066              | 702,710      |
| Noncurrent Assets                             |                                 |                     |              |
| Special assessments receivable                | 1,246,787                       | -                   | 1,246,787    |
| Restricted Assets                             |                                 |                     |              |
| Bond reserve account                          | 39,057                          | -                   | 39,057       |
| Capital Assets                                |                                 |                     |              |
| Land  | 116,801                         | -                   | 116,801      |
| Plant in service                              | 3,801,309                       | 1,434,254           | 5,235,563    |
| Accumulated depreciation                      | (928,466)                       | (34,034)            | (962,500)    |
| Total Noncurrent Assets                       | 4,275,488                       | 1,400,220           | 5,675,708    |
| Total Assets                                  | 4,910,132                       | 1,468,286           | 6,378,418    |
| <b>LIABILITIES</b>                            |                                 |                     |              |
| Current Liabilities                           |                                 |                     |              |
| Accounts payable                              | 300                             | 8,676               | 8,976        |
| Accrued interest                              | 10,075                          | -                   | 10,075       |
| Current portion of special service area bonds | 45,000                          | -                   | 45,000       |
| Total Current Liabilities                     | 55,375                          | 8,676               | 64,051       |
| Noncurrent Liabilities                        |                                 |                     |              |
| Special service area bonds payable            | 735,000                         | -                   | 735,000      |
| Total noncurrent liabilities                  | 735,000                         | -                   | 735,000      |
| Total Liabilities                             | 790,375                         | 8,676               | 799,051      |
| <b>NET POSITION</b>                           |                                 |                     |              |
| Net investment in capital assets              | 2,209,644                       | 1,400,220           | 3,609,864    |
| Unrestricted                                  | 1,910,113                       | 59,390              | 1,969,503    |
| TOTAL NET POSITION                            | \$ 4,119,757                    | \$ 1,459,610        | \$ 5,579,367 |

## VILLAGE OF LONG GROVE

### COMBINING SUBFUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND

For the Year Ended April 30, 2018

|   | Special Service<br>Area - Water | Water<br>Management | Totals       |
|---|---------------------------------|---------------------|--------------|
| <b>OPERATING REVENUES</b>               |                                 |                     |              |
| Charges for services                    | \$ -                            | \$ 54,772           | \$ 54,772    |
| <b>OPERATING EXPENSES</b>               |                                 |                     |              |
| Utility operations                      | -                               | 34,233              | 34,233       |
| Administrative                          | 250                             | 31,665              | 31,915       |
| Depreciation                            | 133,031                         | 29,327              | 162,358      |
| Total Operating Expenses                | 133,281                         | 95,225              | 228,506      |
| Operating Income (Loss)                 | (133,281)                       | (40,453)            | (173,734)    |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                 |                     |              |
| Investment income                       | 2,674                           | 310                 | 2,984        |
| Interest expense                        | (63,356)                        | -                   | (63,356)     |
| Total Nonoperating Revenues (Expenses)  | (60,682)                        | 310                 | (60,372)     |
| Income (Loss) Before Contributions      | (193,963)                       | (40,143)            | (234,106)    |
| <b>CONTRIBUTIONS</b>                    |                                 |                     |              |
| Contributions                           | 102,542                         | -                   | 102,542      |
| Capital contributions - village         | 379,193                         | 76,598              | 455,791      |
| Change in Net Position                  | 287,772                         | 36,455              | 324,227      |
| TOTAL NET POSITION - Beginning of Year  | 3,831,985                       | 1,423,155           | 5,255,140    |
| TOTAL NET POSITION - END OF YEAR        | \$ 4,119,757                    | \$ 1,459,610        | \$ 5,579,367 |

## VILLAGE OF LONG GROVE

### COMBINING SUBFUNDS CASH FLOWS

#### PROPRIETARY FUND

For the Year Ended April 30, 2018

|  | Special Service<br>Area - Water | Water<br>Management | Totals       |
|--|---------------------------------|---------------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                 |                     |              |
| Received from customers  | \$ -                            | \$ 52,165           | \$ 52,165    |
| Paid to suppliers for good and services  | (261)                           | (62,875)            | (63,136)     |
| Net Cash Flows From Operating Activities   | (261)                           | (10,710)            | (10,971)     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                                 |                     |              |
| Special assessments received   | 183,764                         | -                   | 183,764      |
| Interest paid  | (63,937)                        | -                   | (63,937)     |
| Debt retired   | (45,000)                        | -                   | (45,000)     |
| Net Cash Flows From Capital and Related Financing Activities   | 74,827                          | -                   | 74,827       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                 |                     |              |
| Investment income  | 2,674                           | 310                 | 2,984        |
| Net Cash Flows From Investing Activities   | 2,674                           | 310                 | 2,984        |
| <b>Net Change in Cash and Cash Equivalents</b>   | 77,240                          | (10,400)            | 66,840       |
| CASH AND CASH EQUIVALENTS - Beginning of Year  | 416,866                         | 69,960              | 486,826      |
| CASH AND CASH EQUIVALENTS - END OF YEAR  | \$ 494,106                      | \$ 59,560           | \$ 553,666   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH FROM OPERATING ACTIVITIES</b>                       |                                 |                     |              |
| Operating income (loss)  | \$ (133,281)                    | \$ (40,453)         | \$ (173,734) |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided From Operating Activities               |                                 |                     |              |
| Depreciation expense   | 133,031                         | 29,327              | 162,358      |
| Changes in assets and liabilities  |                                 |                     |              |
| Accounts receivable  | (11)                            | (1,041)             | (1,052)      |
| Accounts payable   | -                               | 3,023               | 3,023        |
| Due from other funds   | -                               | (1,566)             | (1,566)      |
| NET CASH FLOWS FROM OPERATING ACTIVITIES   | \$ (261)                        | \$ (10,710)         | \$ (10,971)  |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE<br/>COMBINING SUBFUNDS BALANCE SHEET- PROPRIETARY FUND</b> |                                 |                     |              |
| Cash and investments - combining subfunds balance sheet-proprietary fund   | \$ 455,049                      | \$ 59,560           | \$ 514,609   |
| Restricted cash and investments - combining subfunds balance sheet-<br>proprietary fund                          | 39,057                          | -                   | 39,057       |
| TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR  | \$ 494,106                      | \$ 59,560           | \$ 553,666   |
| <b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                                 |                     |              |
| Capital contributions from Village   | \$ 379,193                      | \$ 76,598           |              |

**VILLAGE OF LONG GROVE**

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 As of April 30, 2018

|                                   | Agency                         |                                  |                                 |                           | Totals            |
|-----------------------------------|--------------------------------|----------------------------------|---------------------------------|---------------------------|-------------------|
|                                   | Interagency<br>Control<br>Fees | Builders'<br>Refundable<br>Bonds | Fees<br>Refundable<br>to Others | Heron's<br>Landing<br>SSA |                   |
| <b>ASSETS</b>                     |                                |                                  |                                 |                           |                   |
| Cash and investments              | \$ 31,600                      | \$ 587,180                       | \$ 33,860                       | \$ 185,509                | \$ 838,149        |
| <b>TOTAL ASSETS</b>               | <u>\$ 31,600</u>               | <u>\$ 587,180</u>                | <u>\$ 33,860</u>                | <u>\$ 185,509</u>         | <u>\$ 838,149</u> |
| <b>LIABILITIES</b>                |                                |                                  |                                 |                           |                   |
| Accounts payable                  | \$ 31,600                      | \$ 587,180                       | \$ 33,860                       | \$ -                      | \$ 652,640        |
| Due to bond holders or homeowners | -                              | -                                | -                               | 185,509                   | 185,509           |
| <b>TOTAL LIABILITIES</b>          | <u>\$ 31,600</u>               | <u>\$ 587,180</u>                | <u>\$ 33,860</u>                | <u>\$ 185,509</u>         | <u>\$ 838,149</u> |