

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
JUNE 12, 2012 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
2011 Comprehensive Annual Financial Report	Resolution Ordinance ✓ Motion Discussion Only	Judy Buttny Finance Director

SYNOPSIS

A motion is requested to accept the audit of the Village's financial records for Year Ended December 31, 2011, also known as the Comprehensive Annual Financial Report (CAFR) dated December 31, 2011, as audited by Baker Tilly Virchow Krause, LLP. Acceptance of the audit and CAFR is required prior to submittal to the State of Illinois. The deadline to submit the CAFR and audit to the State is June 30, 2012.

STRATEGIC PLAN ALIGNMENT

The goals for 2011-2018 identified *Exceptional Municipal Organization*.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval on the June 12, 2012 Consent Agenda.

BACKGROUND

The Village is required to submit the Comprehensive Annual Financial Report (CAFR) to the State within six months of the end of the fiscal year or June 30, 2012. The Village's auditors are Baker Tilly Virchow Krause, LLP (Baker Tilly).

The purpose of the financial audit is to determine whether the financial reports of the Village are presented fairly and whether the Village has complied with applicable laws and regulations. The Village's audited financial statements convey to the public that the statements are presented in accordance with generally accepted accounting principles. Comprehensive Annual Financial Reports are also positively regarded by the bond market, which facilitates the Village receiving more favorable rates when borrowing and maintaining a strong bond rating. Baker Tilly provided the Village with an unqualified opinion of the Village's financial position.

The Village has prepared the CAFR for the Certificate of Achievement for Excellence in Financial Reporting Program by the Governmental Finance Officers Association of the United States and Canada for more than 20 years.

ATTACHMENTS

Year Ended December 31, 2011 Comprehensive Annual Financial Report
 Baker Tilly Management Letter

VILLAGE OF DOWNERS GROVE,
ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of and for the Year Ended December 31, 2011

Prepared by Finance Department

Judy Buttny
Finance Director

Carol Hogan
Assistant Finance Director

Village of Downers Grove

Table of Contents

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials	i
Organizational Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting.....	iii
Letter of Transmittal	iv-xiv
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management's Discussion and Analysis.....	MD&A 1-8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements	
Governmental Funds	
Balance Sheet - Governmental Funds.....	5
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	8

Village of Downers Grove
Table of Contents (Continued)

FINANCIAL SECTION (Continued)	<u>Page(s)</u>
Basic Financial Statements (Continued)	
Proprietary Funds	
Statement of Net Assets	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets	10
Statement of Cash Flows	11
Fiduciary Funds	
Statement of Fiduciary Net Assets	12
Statement of Changes in Fiduciary Net Assets.....	13
Notes to Financial Statements.....	14-56
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
General Fund	57
Downtown Redevelopment TIF Fund	58
Illinois Municipal Retirement Fund	59
Police Pension Fund.....	60
Firefighters' Pension Fund	61
Other Post-Employment Benefits Plan	62
Notes to Required Supplementary Information.....	63
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Major Governmental Funds – Budget and Actual Schedules	
General Fund Revenues.....	64-65
General Fund Expenditures	66
Capital Improvements Fund	67
Stormwater Improvements Fund.....	68
Nonmajor Governmental Funds	
Combining Balance Sheet.....	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70

Village of Downers Grove

Table of Contents (Continued)

	<u>Page(s)</u>
FINANCIAL SECTION (Continued)	
Combining Balance Sheet - Nonmajor Special Revenue Funds	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	72
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund	73
Foreign Fire Insurance Fund.....	74
Ogden TIF Fund	75
Sales Tax Rebate Fund.....	76
Transportation Fund	77
Combining Balance Sheet - Nonmajor Debt Service Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds	79
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Fairview Avenue Debt Service Fund	80
Downtown Redevelopment TIF Debt Service Fund.....	81
Stormwater/Facilities Debt Service Fund	82
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	83
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances - Nonmajor Capital Projects Funds.....	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
Municipal Buildings Fund.....	85
Real Estate Fund.....	86
 Major Enterprise Funds	
Non GAAP Schedule of Operating Expenses - Budget and Actual	
Waterworks Fund	87
Parking Fund	88
 Internal Service Funds	
Combining Statement of Net Assets	89
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	90
Combining Statement of Cash Flows.....	91
Non GAAP Schedule of Operating Expenses - Budget and Actual	
Equipment Replacement Fund	92
Fleet Services Fund	93
Health Insurance Fund.....	94
Risk Management Fund.....	95

Village of Downers Grove

Table of Contents (Continued)

	<u>Page(s)</u>
FINANCIAL SECTION (Continued)	
Fiduciary Funds	
Combining Statement of Net Assets - Pension Trust Funds	96
Combining Statement of Changes in Net Assets - Pension Trust Funds	97
Schedule of Changes in Net Assets - Budget and Actual	
Police Pension Fund	98
Firefighters' Pension Fund	99
Schedule of Changes in Assets and Liabilities - Construction Deposit Fund	100
Component Unit - Downers Grove Public Library	
Statement of Net Assets and Governmental Funds	
Combining Balance Sheet	101
Statement of Activities and Governmental Funds	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances/Net Assets	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	103
Debt Service Fund	104
Construction Fund	105
SUPPLEMENTAL DATA	
Schedule of Insurance in Force	106
Long-Term Debt Requirements	
General Obligation Bonds, Series 2001A	107
General Obligation Bonds, Series 2002	108
General Obligation Refunding Bonds, Series 2003	109
Taxable General Obligation Refunding Bonds, Series 2005	110
General Obligation Bonds, Series 2007	111
General Obligation Bonds, Series 2008A	112
General Obligation Refunding Bonds, Series 2008B	113
General Obligation Refunding Bonds, Series 2009	114
General Obligation Refunding Bonds, Series 2010A	115
General Obligation Refunding Bonds, Series 2010B	116

Village of Downers Grove

Table of Contents (Continued)

	<u>Page(s)</u>
STATISTICAL SECTION	
Financial Trends	
Net Assets by Component.....	118
Change in Net Assets	119-120
Fund Balances of Governmental Funds.....	121
Changes in Fund Balances of Governmental Funds	122
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property.....	123
Property Tax Rates - Direct and Overlapping Governments	124
Principal Property Taxpayers.....	125
Property Tax Levies and Collections.....	126
Taxable Sales by Category.....	127
Direct and Overlapping Sales Tax Rates	128
Debt Capacity	
Ratios of Outstanding Debt by Type	129
Ratios of General Bonded Debt Outstanding	130
Direct and Overlapping Governmental Activities Debt.....	131
Demographic and Economic Information	
Demographic and Economic Information	132
Principal Employers	133
Operating Information	
Full Time Equivalent Employees	134
Operating Indicators	135
Capital Asset Statistics.....	136

Village of Downers Grove, Illinois

Principal Officials

LEGISLATIVE Martin T. Tully, Mayor

Commissioners

Marilyn Schnell

William Waldack

Sean Durkin

Geoff Neustadt

Becky Rheintgen

Robert Barnett

ADMINISTRATIVE

David Fieldman, Village Manager

Michael Baker, Deputy Village Manager

Enza Petrarca, Village Attorney

April Holden, Village Clerk

Judy Buttny, Finance Director/Treasurer

Naneil Newlon, Public Works Director

Tom Dabareiner, Community Development Director

James Jackson, Fire Chief

Robert Porter, Police Chief

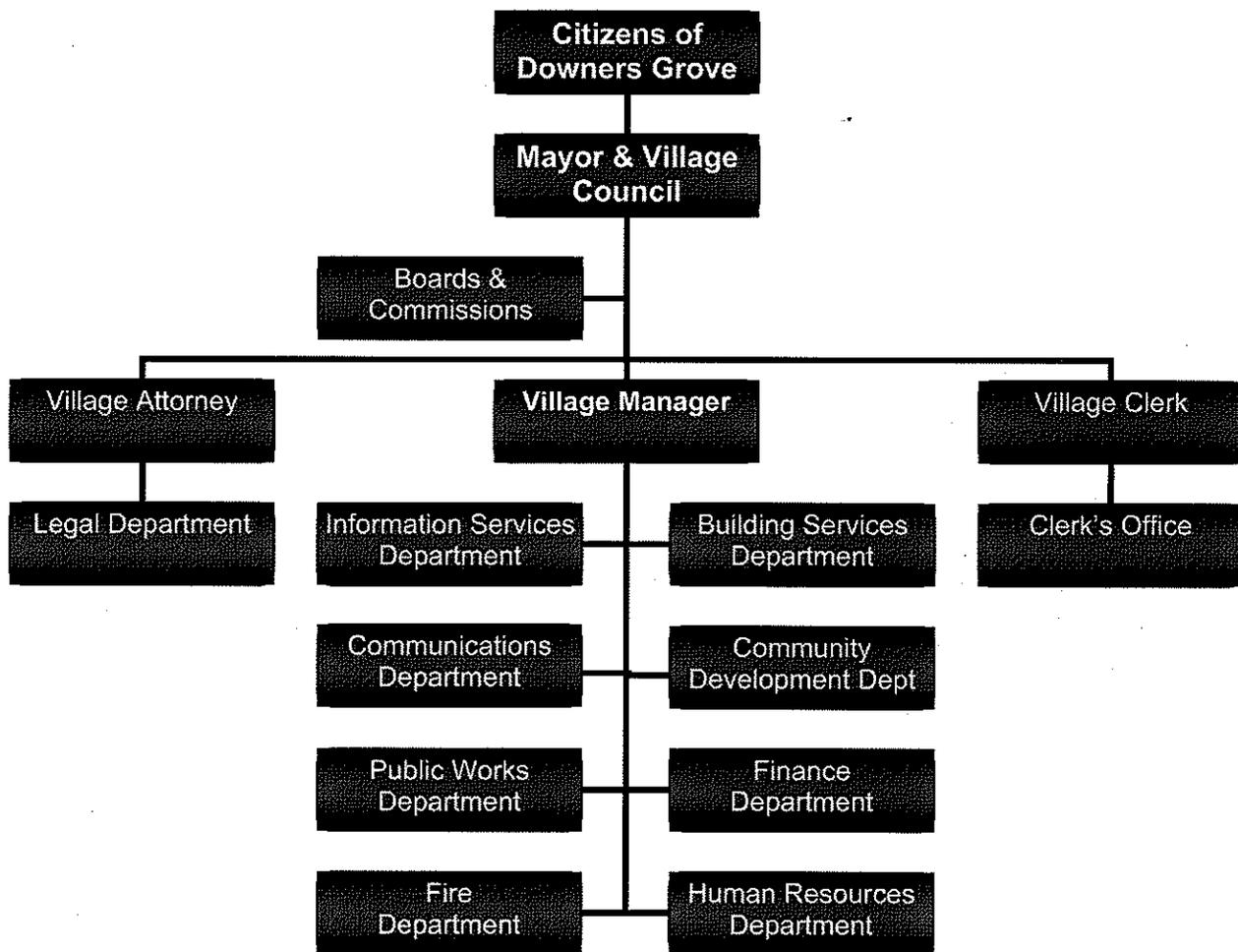
Doug Kozlowski, Communications Director

Mary Scalzetti, Emergency Management Coordinator

Dennis Burke, Human Resources Director

Dr. Liangfu Wu, Information Services Director

Village of Downers Grove Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Downers Grove
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director



www.downers.us

June 12, 2012

**COMMUNITY RESPONSE
CENTER**

630.434.CALL (2255)

CIVIC CENTER

801 Burlington Avenue

Downers Grove

Illinois 60515-4776

630.434.5500

TDD 630.434.5511

FAX 630.434.5571

FIRE DEPARTMENT

ADMINISTRATION

6701 Main Street

Downers Grove

Illinois 60516-3426

630.434.5980

FAX 630.434.5998

POLICE DEPARTMENT

825 Burlington Avenue

Downers Grove

Illinois 60515-4783

630.434.5600

FAX 630.434.5690

PUBLIC WORKS

DEPARTMENT

5101 Walnut Avenue

Downers Grove

Illinois 60515-4074

630.434.5460

FAX 630.434.5495

DEPARTMENT OF

COUNSELING AND SOCIAL SERVICES

842 Curtiss Street

Downers Grove

Illinois 60515-4761

630.434.5595

FAX 630.434.5599

To: The Honorable Mayor and Commissioners
Citizens of Downers Grove

The Comprehensive Annual Financial Report (CAFR) of the Village of Downers Grove for the year ended December 31, 2011, is hereby submitted. State law, as well as local ordinances, requires that the Village publish within six months of the close of each fiscal year, a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Responsibility for both the accuracy of the data presented and the fairness of the presentation, including all disclosures, rests with the Village management. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the Village's financial position and changes in financial position as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain maximum understanding of the Village's financial condition have been included. The organization and content of the report follows the standards for annual financial reporting promulgated by the Governmental Accounting Standards Board (GASB). To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework to protect the assets of the Village and to compile sufficiently reliable information for the preparation of the Village of Downers Grove's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village's internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The Village's financial statements have been audited by Baker Tilly, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village of Downers Grove for the year ended December 31, 2011, are free of material misstatements. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village's financial statements of the year ended December 31, 2011, are presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management Discussion & Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

This report includes all financial activity for the funds, and departments for which the Village is financially accountable. The criteria used to determine financial accountability is defined in Note 1 of the Financial Statements, on page 14. The Police and Fire Pension Funds each have a separate Board that administers their respective fund resources and uses. The Downers Grove Library has a separate Board that is appointed by the Village Council, and is reported as a discretely presented component unit. Other local governments that serve the Downers Grove community do not qualify as entities for which the Village is accountable. These governments include the Downers Grove Park District, the Downers Grove Sanitary District, all school districts, and the Downers Grove Township. Therefore, the financial activities of these entities are not included in this report.

PROFILE OF THE VILLAGE OF DOWNERS GROVE

The Village of Downers Grove, which has a land area of about 14.4 square miles, is located in DuPage County and is 22 miles west of Chicago. DuPage County is the second most populated county in Illinois, after Cook County. The median household income in the Village is \$83,300. Along with several major arterial highways, three Burlington Northern commuter train stations are located in the Village; these provide commuters about a 25-minute train ride to and from Chicago and easy access to the entire metropolitan area.

The resident population is 47,833; however, the Village's corporate business parks and shopping districts raise the daytime population and economic activity, providing the Village the benefit of a significant level of sales tax revenue. A review of the retail expenditure information suggests that the Village attracts residents from surrounding communities to support the sales tax income. The property tax base is 75 percent residential, 22 percent commercial, and 3 percent industrial. The ten leading commercial property tax payers are from a diverse economic base and account for only 7 percent of the total tax base.

The Village of Downers Grove was originally settled in 1832 and was incorporated on March 31, 1873. Today, the Village operates under the Manager form of government. As defined by Illinois statutes, the Village is a home-rule community and provides a full range of municipal services to its residential and commercial customers. These services include police and fire



protection; building code and fire prevention inspection services; emergency 911 dispatch service; paramedic services; water services; a commuter bus transportation system; a commuter and residential parking system; community development services; and the construction and maintenance of streets, stormwater, and other municipal infrastructure.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy: Major revenue sources include property taxes, sales taxes, telecommunication taxes and State income taxes. The Village has a mixture of office, retail and industrial employment. The unemployment rate has risen from 4.9 percent in 2007 to 8.5 percent as of December 31, 2011. The EAV for the Village was \$2,269,604,274 for the 2011 tax levy, down 5.7% from a year ago. EAVs are expected to diminish in the near future as housing values declined during the recession and are still impacting the calculation of the three year average. To help offset this decrease, the Village annexed over 450 properties as of January 1, 2012 to increase the Village's tax base and eliminate overlapping governmental services.

The Village of Downers Grove maintained a strong financial position during the year increasing fund balance in the General Fund by \$1.5 million. Village revenues are increasing in all areas as the economy improves. In particular, building permits have doubled in 2011 over 2010 levels with increases in both commercial and new residential. The Village continues to provide municipal services in a fiscally responsible manner, identifying and implementing innovative ideas throughout the organization. The emphasis on financial stewardship was evident as the Village reduced General Fund expenditures through implementation of a joint dispatch center with the Village of Westmont which saves the Village of Downers Grove over \$300,000 per year while maintaining the high service level expected by the residents and businesses.

Economic Development: The Downers Grove Economic Development Corporation (EDC) is an independent not-for-profit entity supported by the Village of Downers Grove and over 20 private-sector businesses. The Village is committed to strengthening and enhancing the local economy through the EDC's efforts to attract jobs and employers to Downers Grove as well as retain established businesses.

In cooperation with the EDC, the Village implemented a strategy in 2009 designed to retain existing automobile dealerships and attract new ones. Auto dealerships generate significant sales tax revenue and are a vital component of the local economy. This strategy has proven successful as evidenced by the addition of Zeigler Chrysler, Dodge, Jeep, and Ram.

In 2011, the Village entered into sales tax rebate agreements with three dealerships: Packey Webb Ford, Pugi Volkswagen & Hyundai, and Bentley of Downers Grove. Bill Kay Buick/GMC is staying in Downers Grove and currently making improvements to their facility.

The Ogden Avenue Site Improvement Strategy (OASIS) Initiative is a matching grants

incentive program for businesses within the boundaries of the Ogden Avenue TIF District in Downers Grove. This program was initiated by the Village, EDC and Chamber of Commerce in 2010 to stimulate the economy by enhancing the appearance of business sites through landscaping, signing and facade improvements. Funds for OASIS grants are generated by the property taxes paid by the properties in the Ogden Avenue TIF District. To date, the Village has awarded over \$372,000 in OASIS grants to 18 properties on Ogden Avenue. The program has resulted in over \$1 million dollars in private investment along this vital commercial corridor.

Business Expansion: Two of the Village's major corporate partners have expanded their operations.

- Advocate Good Samaritan Hospital completed a multi-year expansion with the addition of a new Surgical Center.
- Midwestern University opened a new College of Dental Medicine in 2011 on their Downers Grove campus. They are also constructing a 200,000 square foot building that will house dental and medical clinics, which will bring new jobs and students to the community.

Comprehensive Plan: On October 4, 2011, the Village Council adopted the Comprehensive Plan, a document which offers guidance on a wide range of issues including economic development, infrastructure, recreation, environmental impacts, and public safety, in addition to land use policies and maps. It illustrates a vision for the physical character of the Village for the next 15 to 20 years. The Village's prior plan was last updated in 1965.

Long Range Financial Plan: The Long Range Financial Plan (LRFP) helps to ensure the present and future financial stability of the Village organization. The plan is derived from a financial analysis of the Village's expenses, revenues and debt capacity and takes into consideration current and future economic conditions. The plan is a key component of financial decision making and planning of the annual budget.

The LRFP has enabled the Village to accomplish the following:

- Reduce operating expenses by over \$5million.
- Reduce staffing by 45 positions since 2008.
- Maintain a AA+ Bond Rating from Standard and Poor's.
- Continue investment in needed public infrastructure improvements.
- Maintain adequate financial reserves.

Budget: Due to careful planning, meaningful discussions and public input, Downers Grove is well-positioned for the future. The FY12 Budget was prepared and approved in 2011.

Highlights of the FY12 Budget include:

- A balanced General Fund with expenses equal to revenues.
- A reduction in the total Property Tax Levy of over \$390,000.
- Continued funding of needed infrastructure improvements.
- Budgeted expenses for 2012 are \$1.4 million less than 2007 actual expenses.

Grants: The Village continued to actively pursue County, State and Federal grant dollars. In all, the Village received nearly \$1.85 million in grants in 2011. The Village applied for and received a \$75,000 grant from the Federal Emergency Management Agency (FEMA) to offset the costs of the February blizzard, when nearly two feet of snow fell. In September, the Village received \$500,000 from the State of Illinois as reimbursement for parking deck construction that was completed in 2006. This grant has been awarded prior to the construction of the deck.

MAJOR INITIATIVES

The Village staff, following specific directives from the Mayor, Village Council and the Village Manager, has been involved in a variety of initiatives throughout the year. The strong commitment to financial stewardship and innovation has resulted in the delivery of services in a fiscally responsible and cost-effective manner.

Downtown Parking Study: Downtown Downers Grove is a popular shopping and dining destination, as well as home to a busy commuter rail station. In 2011, the Village and the Downtown Management Corporation commissioned a comprehensive downtown parking study. Included in the final report are recommendations to ensure that current and future available parking is managed to best serve everyone. Extensive data collection and stakeholder input was used to understand current conditions and parking demand. The results of the study indicate:

- Downtown parking is at or over capacity.
- The parking deck is over 90% occupied on weekdays.
- The parking system does not have enough capacity to support future development.

The Village will implement the following recommendations:

- Increase the amount of parking available by partnering with the owners of private parking lots.
- Work with Metra to shift commuter parking spaces to create more convenient parking for downtown shoppers.
- Add 15 minute short-term parking spaces to improve shopper convenience.
- Change parking regulation enforcement practices.

ComEd Reliability: Downers Grove experienced two major storms in 2011 resulting in power outages throughout the community. The storms, related power outages and comments from residents prompted the Village to examine the overall reliability of the electrical distribution system owned and operated by Commonwealth Edison (ComEd). Through the analysis of data filed by ComEd with the Illinois Commerce Commission (ICC), the Village prepared a Reliability Report which examined the number of power outages in Downers Grove and their cause, dating back to 2007. Key findings of the Village's Reliability Report included:

- The Village experienced 1,482 power outages since 2007. Equipment related issues were the number one cause of these outages.
- The 10 circuits that saw the most number of power outages experienced an average of 10.75 to 19.25 outages per year from 2007 to 2010.
- Equipment related issues were the leading cause of outages in 5 of the 10 circuits. Weather/tree related issues were the leading cause in the other 5 circuits.

The Village presented their ComEd Reliability Report at a Town Hall meeting on September 15, 2011. Since that time, the Village has been working with ComEd to take action on the Village's recommendations to improve reliability which includes:

- Making improvements to the distribution system to reduce outages caused by faulty equipment.
- Increasing tree trimming to reduce outages caused by tree contact during severe storms.
- Making improvements to the 10 circuits that have experienced the greatest number of outages and continue to make improvements to the remaining circuits, once the top 10 are corrected.

Environmental Sustainability: In August, Congresswoman Judy Biggert toured Village facilities to review several of the Village's innovative, environmental sustainability projects. Mayor Martin Tully and Congresswoman Biggert, together with Village staff, visited several locations including the Prentiss Creek Neighborhood to see the solar and wind powered streetlights. Other stops included a look at the energy efficient lighting in the Downtown Parking Deck and the Fleet Maintenance Facility to see the alternative fuel vehicles which make up over 77% of the Village's fleet. Also featured on the tour were newly installed solar powered heating panels, the nitrogen tire filling station, and the system used to convert vegetable oil to biodiesel fuel in the fleet garage.

In 2011, the Village continued to advance their goal of being a sustainable community.

Recycling

- For the fourth year, the Village hosted a Recycling Extravaganza. Over 100,000 pounds of electronics were collected, 20,000 pounds of paper were shredded and 202 lead-acid batteries were diverted from landfills.
- Free electronics recycling is now offered the first Saturday of each month from 9:00 a.m. to 12:00 p.m. at Village Hall.

Both of these events are in partnership with Creative Recycling, Village staff, and numerous community volunteers.

- For the second year the Village organized the collection of used/damaged holiday lights.
- The Village began accepting and recycling used motor oil to be used as energy to heat the fleet garage.
- Used cooking oil is also accepted and converted into bio-diesel to fuel Village vehicles.

Advances in Fleet Management

In support of green initiatives, 77% of the Village's vehicle fleet is comprised of electric/gas hybrids and vehicles that run on alternative fuels such as bio-diesel and compressed natural gas (CNG). Savings are realized in the form of lower fuel and maintenance costs. For example, CNG vehicles achieve 35 miles to the gallon for the cost of \$1.00/gallon of fuel.

The Village took delivery of a five-ton, compressed natural gas engine truck as a replacement vehicle for Public Works operations. This is a leading-edge use of technology and the only vehicle of its kind being used for snow removal in the midwest. The engine is anticipated to last for as much as 20 years, requires oil changes every 15,000 miles (instead of 3,000 – 5,000 miles), runs cleaner, emits zero odors, and will cost significantly less for fuel than a diesel engine truck.

Investment in Infrastructure: In 2011, the Village invested \$11 million dollars in stormwater projects and roadway reconstruction and maintenance. These areas continue to be the major focus of our infrastructure development efforts.

Sustainable Infrastructure Projects

Work to mitigate flooding throughout the community is a top priority for the Village. Since 2009, 13 high priority stormwater projects have been completed to successfully, alleviate flooding in many areas of the Village. As much as possible, sustainable materials and methods have been incorporated into stormwater management projects, such as the use of native plants to absorb water, permeable materials, and proper grading to improve water

quality, stabilize soil, and reduce erosion. Projects completed in 2011 include:

- Storm sewer replacement on Washington from Grant to Ogden.
- New storm sewer on Sterling from Grant to Davis and on Davis from Sterling to Douglas.
- Drainage improvements on 39th Street.
- Rehabilitation of the storm sewer on Prospect from Lincoln Avenue to Chicago Avenue.

2ND Street and Cunnor Road

The 2nd and Cunnor Stormwater Facility is one of the best examples of how sustainable techniques can be used to mitigate flooding. Prior to the project, the homes and roadways in this area flooded often. Improvements included:

- The creation of a natural detention basin.
- The addition of new storm sewers.
- Enhanced features like a pedestrian walkway and other park amenities
- Installation of filters below the ground surface to improve the quality of water runoff from the site.
- Native plantings and finished landscaping (to be completed in the spring).

Roadway Maintenance

In 2011, the Village spent \$3.6 million for Roadway Maintenance Projects that included the resurfacing of 8 miles of streets and crack filling along 22 miles of roadway. After inspecting the condition of Village streets, it was determined that additional street patching would be needed. In response, the Village performed pavement patching with in-house crews on 48 street segments, improving overall road conditions throughout the community in advance of winter.

Crosswalks

Using a \$130,000 grant from the Illinois Jobs Now program, the Village replaced 14 downtown pedestrian crosswalks with a stamped synthetic paver material that resembles brick. This project improved the appearance of crosswalks and reduced future maintenance expenses.

Belmont Underpass

Construction of the Belmont Road Underpass is running ahead of schedule. This \$56 million project headed by Metra will improve safety and traffic flow. It is important to

note that no Village money is being spent on this project.

After much anticipation, Belmont Road was opened to two lanes of traffic traveling under the track in late October. Project officials estimate that four lanes will be open sometime around June 2012.

Innovation: *MuniNet Guide* is an online resource specializing in municipal matters and has been covering municipal bond research, public finance, urban administration, and public sector agencies since the mid-1990s. On December 12, 2011, they published an article summarizing the strides Downers Grove has taken to create a culture where employees play a major role in the innovative approaches that reduce costs and conserve resources.

Joint Dispatch Center

The Villages of Downers Grove and Westmont implemented consolidated dispatching services for police and fire 9-1-1 emergency calls in June. The shared communications center is based in the existing facilities of the Downers Grove Police Department. This came after nine months of transitional work by a dedicated team of employees from both jurisdictions.

Through this partnership, a great team effort has resulted in the provision of an enhanced level of service at reduced cost. By reducing overhead costs and sharing operational expenses, the joint dispatch center will result in an annual savings of \$300,000 for Downers Grove and \$220,000 for Westmont.

With the joint dispatch center operational, the closest available unit now responds to fire and EMS calls, whether it is personnel from Downers Grove or Westmont. Treating the individual departments as a single dispatch entity has resulted in reduced response times along the Village's eastern border.

Pay by Phone Parking

In April, the Village introduced Pay by Phone parking. This option allows customers of the Belmont Station daily parking lots and Main St. Parking Deck to bypass the pay stations and pay for their parking spaces via their mobile device. Fairview Station commuters may also use this option to pay for spots at the parking meters, in lieu of using coins or a Cash Key.

Fleet Maintenance Agreements

The Village negotiated agreements with District 58 and SEASPAR to provide maintenance service for their vehicles. These agreements reduce District 58 and SEASPAR vehicle maintenance expenses and increase Village revenues to share the fixed cost for maintenance

services that are already being provided.

Exceptional Municipal Services

In 2011, the Village received numerous awards and recognition exemplifying the commitment to Exceptional Municipal Services. Some of the highlights include:

- 2011 Illinois Crime Prevention Association Unit of the Year-This was awarded to the Community Oriented Policing Team for their work building strong community partnerships and improving the quality of life for our residents. COP services include acting as the domestic violence liaison to Family Shelter Services, tobacco enforcement, senior citizen investigations, and crime prevention programs.
- Joseph Hartmann Award of Excellence-Presented to the Fire Department by our partners at Good Samaritan Hospital for excellence in the delivery of emergency care. Members of the Fire Department were involved in the miraculous rescue of a worker who was pinned against a wall by tow, 800-pound air conditioner coils.
- Certificate of Achievement for Excellence in Financial Reporting-Presented to the Village by the Government Finance Officers Association (GFOA) for the 2010 Comprehensive Annual Financial Report.
- GFOA Distinguished Budget Presentation Award- Presented to the Village by the Government Finance Officers Association (GFOA) for the 2011 Municipal Budget.

FINANCIAL MANAGEMENT POLICIES

The Village of Downers Grove has several specific policies to guide its financial operations. Those policies relate to accounting and financial reporting, budgeting, cash management and investments, and purchasing. The Village maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the Village Council. Activities of all Village Funds are included in the annual budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the budgeted amount) is established by the fund. The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village operates.

Cash Management Polices and Practices: Cash in the Village's operating funds was invested in the Illinois Metropolitan Investment Fund (IMET), Illinois State Treasurer's Pool (Illinois Funds), and other money market funds, U.S. Agency Treasuries, certificates of deposit as well as municipal bonds. The maturities of the investments range from next day (money market funds) to 42 months (certificates of deposit). The average yields on the investments were .47 percent. The Police and Fire Pension funds are managed by their respective boards. Each board has a money manager, who makes recommendations to maximize the total return on the portfolio, within the constraints of the respective Pension Board's investment policy. Each board evaluates

the advice of the money manager and votes on any investment changes. The two pension portfolios typically experience a higher rate of return than the operating funds of the Village because the pensions invest in long-term securities, consistent with their needs. For year ended December 31, 2011, the portfolios of the Police and Fire Pension funds increased 1.2 percent and 7.1 percent, respectively.

Budget System: The Village operates under a single-year budget program. The budget is approved as an ordinance for each fiscal year by Council. The budget process begins in July and includes resident input, staff meetings, department director requests and formal presentation of a municipal budget recommendation by the Village Manager with final budget approval by Council before the beginning of the fiscal year. Each line item has details justifying the total expense for that line item. The budget adopted by the Village Council is at the fund level.

AWARDS AND ACKNOWLEDGEMENTS

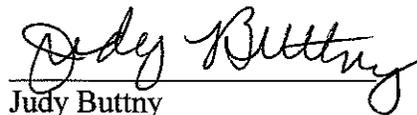
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its Comprehensive Annual Financial Reporting (CAFR) for the year ended December 31, 2010. A copy of this award is located in the introductory section of the financial statements. The award honors governments with a high standard of reporting excellence and easy to read and efficiently organized CAFRs. This award is only valid for a one year period. The Village believes that the current CAFR will meet all the requirements for this award and will be submitted to the GFOA this year to determine this report's eligibility for another certificate. The Village also received the GFOA Distinguished Budget Presentation award for its 2011 Annual Budget.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Finance department. We want to take this opportunity to thank Carol Hogan, Assistant Finance Director and the members of the Finance team for all their efforts. We also wish to express appreciation for the policies and decisions provided by the Village Council, as reflected in this report.

Submitted by:



Dave Fieldman
Village Manager



Judy Buttny
Finance Director



BAKER TILLY

Baker Tilly Virchow Krause, LLP
1301 W 22nd St, Ste 400
Oak Brook, IL 60523-3389
tel 630 990 3131
fax 630 990 0039
bakertilly.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the Village Council
Village of Downers Grove
801 Burlington Avenue
Downers Grove, Illinois 60515

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Downers Grove, Illinois, as of and for the year ended December 31, 2011, which collectively comprise Village of Downers Grove's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Downers Grove's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Downers Grove, Illinois as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 and Note 15, the Village adopted the provision of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective, January 1, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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, economical, 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.

The Honorable Mayor and Members of the Village Council
Village of Downers Grove

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Downers Grove's basic financial statements. The combining and individual fund financial statements and schedules and supplemental data as listed in the table of contents are presented for purposes of additional analysis and are 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Downers Grove's basic financial statements. The introductory section and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Oak Brook, Illinois
May 31, 2012

Baker Tilly Unichow Krause, LLP

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

The Village of Downers Grove's (the 'Village') Management's Discussion and Analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page iv) and the Village's financial statements (beginning on page 3). All amounts are stated in thousands unless otherwise indicated.

Financial Highlights

- The Village's net assets increased from \$128.2 million as of December 31, 2010 to \$135.3 million as of December 31, 2011.
- The Village's program revenue for the year ending December 31, 2011 totaled \$21.1 million and for the year ended December 31, 2010 totaled \$17.6 million.
- The Village's total costs for the year ended FY11 were \$62.6 million compared to the year ended December 31, 2010 at \$59.2 million.

Using the Financial Section of this Comprehensive Annual Report

The focus of these financial statements is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

Government-Wide Financial Statements

The government-wide financial statements (see pages 3 - 4) are designed to provide readers with a broad overview of the Village's finances, in a manner similar to private-sector business. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The focus of the Statement of Net Assets (the 'Unrestricted Net Assets') is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This Statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

The Statement of Activities (see page 4) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the governments' general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the Village's basic services, including public safety, public works, community development, community services, interest on debt and general government administration. Property taxes, state sales tax, local utility tax and shared state income taxes finance the majority of these services. The Business-type Activities reflect private sector type operations, including Waterworks and Parking operations where the fee for service typically covers all or most of the costs of operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements (pages 5-13) presentation more familiar. The focus is on major funds rather than fund types. All of the funds in the Village can be divided into three categories; governmental funds, proprietary funds and fiduciary funds.

Governmental funds (pages 5-8)

These funds are used to account for essentially the same functions reported as activities in the Government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds (pages 9-11)

The Village of Downers Grove maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its waterworks and parking operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for its fleet service, vehicle and equipment replacement and self-insurance. Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

provide separate information for the Waterworks and Parking funds, both of which are considered to be major funds of the Village. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds (pages 12-13)

The fund financial statements also allow the government to address its Pension Funds (Police and Firefighters) and agency fund. These funds represent trust responsibilities of the government; the assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

Notes to the Financial Statements (pages 14-56)

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (pages 57-63)

In addition to the basic financial statements and notes, this report also presents required supplementary information concerning the Village's budgetary comparisons of the general and major special revenue fund and status in funding its obligations to provide pension benefits to its employees.

Combining and individual fund financial statements and schedules (pages 64-105) are presented following the supplementary information on pensions.

Supplemental information (pages 106-116) provides a schedule of insurance in force and schedules of long term debt requirements.

The statistical section (pages 117-136) presents comparative and trend data, generally presented on a multi-year basis, information concerning demographic, economic and social data about the Village, as well as its fiscal capacity. This data should assist the reader in understanding the Village's overall financial condition.

Infrastructure

Historically, a government's largest group of assets (infrastructure - roads, bridges, sidewalks, storm sewers, etc.) have not been reported nor depreciated in the Village's governmental financial statements. GASB statements require that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

depreciation. The Village has chosen to depreciate assets over their useful lives. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its service potential - the cost of the project will be expensed. An 'overlay' of a road will be considered maintenance whereas a 'rebuild' of a road will be capitalized.

Financial Analysis of the Village's Funds (in thousands)

In addition to presenting current year financial information in the government-wide and fund formats, the Village also presents comparative information from the prior year in the Management's Discussion and Analysis.

Statement of Net Assets

The Village's combined net assets increased by \$7,096 or 5.5% from 2010, to \$135,316. The largest portion of the Village's net assets (69 %) reflects its investment in capital assets (infrastructure, buildings, machinery, equipment and land), less any related debt used to acquire those assets that is still outstanding. Table 1 reflects a consolidated Statement of Net Assets. For more detailed information, see the Statement of Net Assets found on page 3.

**Table 1
Statement of Net Assets (in thousands)
December 31, 2011 and December 31, 2010**

	Governmental Activities		Business-type Activities		Total	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Current and other assets	\$ 68,320	\$ 71,106	\$ 5,019	\$ 8,802	\$ 73,339	\$ 79,908
Capital assets	129,413	126,654	33,148	33,646	162,561	160,300
Total assets	197,733	197,760	38,167	42,448	235,900	240,208
Current liabilities	31,691	33,463	3,050	3,222	34,741	36,685
Noncurrent liabilities	65,494	70,072	349	5,231	65,843	75,303
Total liabilities	97,185	103,535	3,399	8,453	100,584	111,988
Net Assets						
Invested in capital assets, net of related debt	69,272	64,610	32,663	32,691	101,935	97,301
Restricted	5,308	4,795	-	-	5,308	4,795
Unrestricted	25,881	24,820	2,192	1,304	28,073	26,124
Total net assets	\$ 100,461	\$ 94,225	\$ 34,855	\$ 33,995	\$ 135,316	\$ 128,220

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Changes in Net Assets

The Village's combined changes in net assets for the primary government for the year ended December 31, 2011 was an increase of \$7,096. Governmental Activities net assets increased by \$6,236 and business-type activities increased by \$860. Table 2 will focus on the changes of net assets of the governmental and business-type activities.

**Table 2
Change in Net Assets (in thousands)
For the Years ended December 31, 2011 and December 31, 2010**

	Governmental Activities		Business-type Activities		Total	
	Year Ended Dec. 31, 2011	Year Ended Dec. 31, 2010	Year Ended Dec. 31, 2011	Year Ended Dec. 31, 2010	Year Ended Dec. 31, 2010	Year Ended Dec. 31, 2010
Revenues:						
Program revenues:						
Charges for services	\$ 6,640	\$ 6,318	\$ 10,773	\$ 9,429	\$ 17,413	\$ 15,747
Operating grants/contributions	617	206	47	47	664	253
Capital grants/contributions	2,976	1,611	10	31	2,986	1,642
General revenues:						
Property taxes	17,298	16,609	-	-	17,298	16,609
Sales taxes	18,559	17,374	-	-	18,559	17,374
Other taxes	12,327	12,121	-	-	12,327	12,121
Other	440	737	10	22	450	759
Total revenues	58,857	54,976	10,840	9,529	69,697	64,505
Expenses:						
General government	5,971	5,362	-	-	5,971	5,362
Public works	13,867	11,855	-	-	13,867	11,855
Community development	2,458	2,539	-	-	2,458	2,539
Public safety	27,316	26,768	-	-	27,316	26,768
Community services	745	836	-	-	745	836
Interest and fiscal charges	2,514	2,774	-	-	2,514	2,774
Waterworks	-	-	8,764	8,248	8,764	8,248
Parking	-	-	966	847	966	847
Total expenses	52,871	50,134	9,730	9,095	62,601	59,229
Change in net assets before transfers	5,986	4,842	1,110	434	7,096	5,275
Transfers	250	256	(250)	(256)	-	-
Change in net assets	\$ 6,236	\$ 5,098	\$ 860	\$ 178	\$ 7,096	\$ 5,275

Revenues:

For the year ended December 31, 2011, Governmental Activities Revenues totaled \$58,857, increasing about 7.1%. The Village benefits from a highly diversified revenue base, and revenues increased in most categories. The Village continues to actively pursue all grant opportunities. Larger grants in 2011 include \$500 from the State of Illinois for parking deck construction, \$427 from the Illinois Department of Transportation for roadway repairs, and \$338 for Maple Avenue Railroad improvements. Revenues from sales taxes amounted to \$18,559. The sales tax consists of a 1% state portion and 1% local home rule tax. The increase in sales tax is due primarily to a full year of a ¼ cent local home rule sales tax in 2011, which became effective July 1, 2010. Property taxes support governmental activities, including the Village's contribution to the

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Police Pension Fund and the Firefighters' Pension Fund. Major items included in the category other taxes are state income taxes, utility taxes and hotel taxes.

For the year ended December 31, 2011, Business-Type Activities revenues totaled \$10,840. Revenues in this category include charges for providing water to the residents of the village and charges for parking. Water rates charged to Downers Grove customers were increased by 14% in 2011 based on a water rate study. The goal of the study was to review current and future water rates to ensure adequate funding is available for current operations and maintenance as well as for identified capital maintenance and improvement projects in the future.

Expenses:

For the year ended December 31, 2011, Governmental Activities expenses totaled \$52,871. Public safety related to the operations of the Police and Fire departments, has the largest portion of expenses in the Village, \$27,316 or 51.8% of the total governmental activities expenses. Public works is the second largest program in the governmental activities with \$13,867 or 26.2% of the expenses. Included in 2011 is \$600 related to storm events; \$200 for the February 2011 blizzard when nearly two feet of snow fell, and \$400 due to the June tornado and July storm. FY11 expenses are \$2,737 higher than 2010 amounts.

Expenses for the Village's business-type activities for the year ended 2011 are \$9,730. The cost of purchasing water from the DuPage Water Commission continues to rise.

Major Governmental Funds

The General Fund is the Village's primary operating fund and is the largest source of day-to-day operations. The fund balance in the General Fund increased by \$1,502.

The Downtown Redevelopment Tax Increment District fund (TIF) has a fund balance of \$777 compared to December 31, 2010 of \$826 for a decrease of \$49 as fund balance is being used for costs in the downtown area, offset by property tax increment.

The Capital Improvements fund accounts for the resources provided for improvements to the Village's infrastructure. The fund balance of \$3,617 is up \$477 from 2010.

The Stormwater Improvement fund is used to account for capital improvements related to the watersheds and stormwater infrastructure. Fund balance decreased \$3,861 from 2010 due to the spending down of the 2008 bond proceeds.

General Fund Budgetary Highlights

Revenues in the general fund were \$1,759 over budget. Village revenues are increased in many areas as the economy slowly improves. Favorable budget variances include: sales taxes (\$111 above budget), property taxes (\$93 above budget), utility taxes (\$191 above

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

budget), income taxes (\$287 above budget), licenses & permits (\$306 above budget), charges for services (\$507 above budget) and other taxes (\$295 above budget).

Expenditures in the general fund were .05% or \$19 under the revised budget. The original budget was amended by \$300 to allow for expenses related to the February blizzard (\$200) and the summer storms (\$400). Savings during the year offset a portion of the storm related expenditures.

Capital Asset and Debt Administration (in thousands)

Capital Assets

The Village has investment in capital assets for its governmental and business-type activities as of December 31, 2011 of \$162,562 (net of accumulated depreciation). This investment in capital assets includes infrastructure, buildings, land, improvements other than buildings, intangible assets, capital equipment, and construction in progress, and is \$2,261 over last year's total. For more detailed information, see Notes to the Financial Statements #4.

Major capital asset activity during the current period included:

- Street Reconstruction
- Watershed Improvements
- Water main replacements

	Capital Assets					
	Net of Accumulated Depreciation					
	(\$ are in thousands)					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Capital assets, not being depreciated						
Land	\$ 16,303	\$ 14,821	\$ 2,817	\$ 2,817	\$ 19,120	\$ 17,638
Construction in progress	5,380	4,290	170	766	5,550	5,056
	<u>21,683</u>	<u>19,111</u>	<u>2,987</u>	<u>3,583</u>	<u>24,670</u>	<u>22,694</u>
Capital assets, being depreciated						
Infrastructure	78,821	78,924	19,035	18,573	97,856	97,497
Buildings	20,166	20,485	4,094	4,216	24,260	24,701
Improvements other than buildings	2,593	2,680	6,788	7,053	9,381	9,733
Intangible Assets	-	-	61	69	61	69
Capital equipment	6,150	5,454	184	152	6,334	5,606
Total	<u>\$ 129,413</u>	<u>\$ 126,654</u>	<u>\$ 33,149</u>	<u>\$ 33,646</u>	<u>\$ 162,562</u>	<u>\$ 160,301</u>

**Village of Downers Grove
Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Long Term Debt (in thousands)

At December 31, 2011, the Village had total bonded debt of \$60,035. Of this total, \$31,885 is debt to be repaid from the proceeds of downtown tax increment redevelopment district. These redevelopment districts generate higher taxes as they develop, and those taxes are used for debt service. In the event that the incremental taxes are insufficient, the government has pledged its ad valorem property tax authority as a guarantee. For more detail, see Notes to the Financial Statements #6.

The debt for the water meter devices of \$485 is funded by the operations of the Waterworks Fund and guaranteed by the revenue of the Waterworks Fund.

The Village holds an underlying bond rating of AA+ with a stable outlook from Standard & Poor's. Individual bond ratings are disclosed on the face of the final official statements for the bonds. State Statutes do not limit the amount of general obligation debt a home-rule municipality may issue.

	Outstanding General Obligation Debt (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
General Obligation Bonds						
Tax Increment Bonds	\$ 31,885	\$ 33,710	\$ -	\$ -	\$ 31,885	\$ 33,710
Stormwater	19,200	22,165	-	-	19,200	22,165
Fire Station #2	8,465	8,815	-	-	8,465	8,815
Fairview Resurfacing	-	-	-	-	-	-
Water Meter Devices	-	-	485	955	485	955
Total	<u>\$ 59,550</u>	<u>\$ 64,690</u>	<u>\$ 485</u>	<u>\$ 955</u>	<u>\$ 60,035</u>	<u>\$ 65,645</u>

Economic Factors and Next Year's Budgets and Rates

The economic downturn in the national and global economy which began in 2008 has had a negative impact on Downers Grove's revenues. The impacts continue to be felt today, with most major revenues below pre-recession levels. However, guided by the Long Range Financial Plan (LRFP), the Village has responded by reducing expenditures and increasing revenues to ensure that essential Village services continue to be delivered without interruption. Moving forward, the outlook is for slow growth in revenues. The Village will continue to follow the LRFP to operate an organization that is as efficient and lean as possible.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's operations. Questions concerning any of the information provided in this report or any requests for additional financial information should be addressed to the Judy Buttny, Finance Director/Treasurer, 801 Burlington Ave, Downers Grove, Illinois 60515.

Village of Downers Grove
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and investments	\$ 39,705,909	\$ 3,465,170	\$43,171,079	\$ 4,878,110
Property tax receivable	16,880,415	-	16,880,415	4,823,116
Sales tax receivable	5,079,940	-	5,079,940	-
Other taxes receivable	2,813,246	-	2,813,246	-
Accounts receivable	652,444	1,339,488	1,991,932	-
Accrued interest receivable	132,010	-	132,010	1,633
Other receivables	1,197,393	-	1,197,393	-
Due from/to other funds	(87,352)	87,352	-	-
Prepaid expenses	18,641	-	18,641	-
Restricted cash	58,902	-	58,902	-
Inventory	102,338	213,515	315,853	-
Note receivable	54,543	-	54,543	-
Unamortized debt issuance costs	494,382	-	494,382	56,505
Net pension asset	1,129,077	-	1,129,077	-
Capital assets not being depreciated	21,682,964	2,986,401	24,669,365	222,211
Capital assets net accumulated depreciation	107,730,488	30,162,076	137,892,564	11,707,871
Total assets	<u>\$197,645,340</u>	<u>\$ 38,254,002</u>	<u>\$235,899,342</u>	<u>\$ 21,689,446</u>
LIABILITIES				
Accrued interest payable	1,230,748	-	1,230,748	60,170
Accounts payable	4,804,871	885,161	5,690,032	88,568
Accrued payroll	311,298	-	311,298	-
Deposits payable	6,395	87,573	93,968	-
Claims payable	2,174,138	-	2,174,138	-
Other payables	172,883	28,112	200,995	-
Unearned revenue	16,825,653	1,535,156	18,360,809	4,787,722
Debt due within 1 year	6,165,021	513,223	6,678,244	547,787
Debt due in more than 1 year	65,493,717	349,918	65,843,635	2,959,313
Total liabilities	<u>97,184,724</u>	<u>3,399,143</u>	<u>100,583,867</u>	<u>8,443,560</u>
NET ASSETS				
Invested in capital assets, net of related debt	69,271,635	32,663,476	101,935,111	8,708,561
Restricted for debt service	-	-	-	812,472
Restricted for economic development	5,447,243	-	5,447,243	-
Restricted for public safety	237,138	-	237,138	-
Restricted for public works	366,366	-	366,366	-
Unrestricted	25,138,234	2,191,383	27,329,617	3,724,853
Total net assets	<u>\$ 100,460,616</u>	<u>\$ 34,854,859</u>	<u>\$ 135,315,475</u>	<u>\$ 13,245,886</u>

See accompanying notes to financial statements

Village of Downers Grove
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	
Primary government							
Governmental activities							
General government	\$ 5,971,146	\$ 1,567,108	\$ -	\$ 645,743	\$ (3,758,295)	\$ -	\$ (3,758,295)
Public works	13,867,151	382,393	208,151	2,330,392	(10,946,215)	-	(10,946,215)
Community development	2,457,811	1,187,278	-	-	(1,270,533)	-	(1,270,533)
Public safety	27,316,432	2,655,351	400,939	-	(24,260,142)	-	(24,260,142)
Community services	745,206	848,315	1,507	-	110,616	-	110,616
Interest and fiscal charges	2,514,140	-	-	-	(2,514,140)	-	(2,514,140)
Total governmental activities	<u>52,871,886</u>	<u>6,640,445</u>	<u>616,597</u>	<u>2,976,135</u>	<u>(42,638,709)</u>	<u>-</u>	<u>(42,638,709)</u>
Business-type activities							
Waterworks	8,764,968	9,474,618	-	-	-	709,650	709,650
Parking	966,018	1,298,436	46,875	10,221	-	389,514	389,514
Total business-type activities	<u>9,730,986</u>	<u>10,773,054</u>	<u>46,875</u>	<u>10,221</u>	<u>-</u>	<u>1,099,164</u>	<u>1,099,164</u>
Total primary government	<u>\$ 62,602,872</u>	<u>\$ 17,413,499</u>	<u>\$ 663,472</u>	<u>\$ 2,986,356</u>	<u>(42,638,709)</u>	<u>1,099,164</u>	<u>(41,539,545)</u>
Component unit							
Community services	4,396,514	145,195	56,850	-	-	-	(4,194,469)
Interest and fiscal charges	176,893	-	-	-	-	-	(176,893)
Total Component Unit	<u>\$ 4,573,407</u>	<u>\$ 145,195</u>	<u>\$ 56,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$4,371,362.00)</u>
General revenues							
Property tax				17,298,194	-	-	17,298,194
Sales tax				11,140,619	-	-	11,140,619
Home rule sales tax				7,418,509	-	-	7,418,509
Utility tax				6,209,351	-	-	6,209,351
Income tax				3,787,095	-	-	3,787,095
Hotel tax				795,531	-	-	795,531
Local use tax				701,431	-	-	701,431
Personal property replacement tax				387,949	-	-	387,949
Local fuel tax				320,513	-	-	320,513
Other taxes				125,444	-	-	125,444
Investment earnings				415,733	-	10,493	426,226
Gain on disposal of capital assets				23,823	-	-	23,823
Transfers				250,000	(250,000)	-	-
Total general revenues				<u>48,874,192</u>	<u>(239,507)</u>	<u>10,493</u>	<u>48,634,685</u>
Change in net assets				6,235,483	859,657	-	7,095,140
Net assets - beginning				<u>94,225,133</u>	<u>31,995,202</u>	<u>128,220,335</u>	<u>12,843,741</u>
Net assets - ending				<u>\$ 100,460,616</u>	<u>\$ 34,854,859</u>	<u>\$ 135,315,475</u>	<u>\$ 13,245,886</u>

See accompanying notes to financial statements

Village of Downers Grove
Balance Sheet
Governmental Funds
December 31, 2011

ASSETS	General	Downtown Redevelopment TIF	Capital Improvements	Stormwater Improvements	Nonmajor	Total
Cash and investments	\$ 9,345,315	\$ 739,678	\$ 3,752,365	\$ 16,195,647	\$ 6,044,474	\$ 36,077,479
Restricted cash	58,902	-	-	-	-	58,902
Property taxes receivable	11,026,622	2,539,484	8,671	2,630,139	675,499	16,880,415
Sales taxes receivable	3,534,793	-	1,030,098	515,049	-	5,079,940
Other taxes receivable	2,502,830	-	169,924	-	140,492	2,813,246
Accounts receivable	187,199	-	263	-	16,478	203,940
Other receivable	726,744	466	470,183	-	-	1,197,393
Advance to other funds	1,969,862	-	-	-	-	1,969,862
Prepaid items	18,641	-	-	-	-	18,641
Note receivable	54,543	-	-	-	-	54,543
Interest receivable	131,411	-	-	599	-	132,010
Total assets	<u>29,556,862</u>	<u>3,279,628</u>	<u>5,431,504</u>	<u>19,341,434</u>	<u>6,876,943</u>	<u>64,486,371</u>
LIABILITIES & FUND BALANCES						
Liabilities						
Accounts payable	938,125	-	1,782,878	1,235,586	433,344	4,389,933
Accrued payroll	311,298	-	-	-	-	311,298
Advance from other funds	-	-	-	-	1,969,862	1,969,862
Other payables	136,829	-	-	-	6,395	143,224
Deferred revenue	10,986,452	2,502,891	31,171	2,630,139	675,000	16,825,653
Total liabilities	<u>12,372,704</u>	<u>2,502,891</u>	<u>1,814,049</u>	<u>3,865,725</u>	<u>3,084,601</u>	<u>23,639,970</u>
FUND BALANCE						
Nonspendable	2,043,046	-	-	-	-	2,043,046
Restricted	-	776,737	-	-	5,274,008	6,050,745
Committed	-	-	-	-	-	-
Assigned	-	-	3,617,455	15,475,709	440,807	19,533,971
Unassigned	15,141,112	-	-	-	(1,922,473)	13,218,639
Total fund balances	<u>17,184,158</u>	<u>776,737</u>	<u>3,617,455</u>	<u>15,475,709</u>	<u>3,792,342</u>	<u>40,846,401</u>
Total liabilities and fund balances	<u>\$ 29,556,862</u>	<u>\$ 3,279,628</u>	<u>\$ 5,431,504</u>	<u>\$ 19,341,434</u>	<u>\$ 6,876,943</u>	<u>\$ 64,486,371</u>

See accompanying notes to financial statements

Village of Downers Grove

Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Assets
December 31, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	\$40,846,401
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	129,413,451
Less internal service funds	(5,502,417)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(59,550,000)
Compensated absences payable are not due and payable in the current period, and, therefore, are not reported in the governmental funds	(4,333,404)
Less internal service funds	85,270
The net OPEB payable is not due and payable in the current period, and, therefore, is not reported in the governmental funds	(6,472,814)
Less internal service funds	146,636
Unamortized premium is reported as a liability on the statement of net assets	(1,582,451)
The unamortized accounting loss is reported as a reduction of a liability in the statement of net assets	990,634
Accrued interest on long-term liabilities is reported as a liability on the statement of net assets	(1,230,748)
The net pension asset of the police pension fund is included in the governmental activities in the statement of net assets	1,129,077
The net pension obligation of the fire pension fund is included in the governmental activities in the statement of net assets	(383,696)
The net pension obligation of the Illinois Municipal Retirement fund is included in the governmental activities in the statement of net assets	(327,006)
Less internal service funds	18,585
Unamortized costs of issuance on bonds are reported as a deferred charge in the statement of net assets	494,382
The net assets of the internal service funds are included in the governmental activities in the statement of net assets	6,806,068
Less the net assets attributable to Business type activities	(87,352)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$100,460,616</u>

See accompanying notes to financial statements

Village of Downers Grove
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2011

	General	Downtown Redevelopment TIF	Capital Improvements	Stormwater Improvements	Nonmajor	Total
REVENUES						
Sales tax	\$ 12,166,363	-	\$ 3,708,986	\$ 1,854,493	\$ 829,286	\$ 18,559,128
Property tax	11,425,365	2,543,270	8,759	2,630,139	690,661	17,298,194
Utility tax	5,571,335	-	638,016	-	-	6,209,351
Income tax	3,787,095	-	-	-	-	3,787,095
Other taxes	1,932,215	-	-	-	-	2,330,868
Licenses & permits	1,517,459	-	-	-	398,653	1,517,459
Intergovernmental	467,865	-	940,541	1,128	2,103,725	3,513,259
Charges for services & fees	3,815,304	-	-	99,406	181,466	4,096,176
Fines & forfeitures	1,026,811	-	-	-	-	1,026,811
Investment income	115,421	285	10,349	283,169	6,511	415,735
Contributions & donations	8,555	-	-	70,918	-	79,473
Total revenues	41,833,788	2,543,555	5,306,651	4,939,253	4,210,302	58,833,549
EXPENDITURES						
Current						
General government	4,290,521	-	-	80,106	925,266	5,295,893
Public works	5,972,149	20,039	502,117	685,606	1,722,094	8,902,005
Community development	1,970,324	16,481	-	-	122,688	2,109,493
Public safety	27,172,751	-	-	-	70,815	27,243,566
Community services	749,541	-	-	-	-	749,541
Debt service	-	-	-	-	-	-
Principal Retirement	-	-	-	-	5,140,000	5,140,000
Interest and Other	-	-	-	-	2,502,048	2,502,048
Capital outlay	-	-	-	-	-	-
General government	-	-	5,632	-	212,245	217,877
Public works	-	-	3,617,577	4,104,010	-	7,721,587
Total expenditures	40,155,286	36,520	4,125,326	4,869,722	10,695,156	59,882,010
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,678,502	2,507,035	1,181,325	69,531	(6,484,854)	(1,048,461)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	7,442,048	7,442,048
Transfers out	(200,000)	(2,556,590)	(704,308)	(3,931,150)	-	(7,392,048)
Proceeds from disposal of capital assets	23,823	-	-	-	-	23,823
Total other financing sources and uses	(176,177)	(2,556,590)	(704,308)	(3,931,150)	7,442,048	73,823
NET CHANGE IN FUND BALANCE	1,502,325	(49,555)	477,017	(3,861,619)	957,194	(974,638)
Fund balances -- beginning	15,681,833	826,292	3,140,438	19,337,328	2,835,148	41,821,039
Fund balances -- ending	\$ 17,184,158	\$ 776,737	\$ 3,617,455	\$ 15,475,709	\$ 3,792,342	\$ 40,846,401

See accompanying notes to financial statements

Village of Downers Grove

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Governmental Activities in the Statement of Activities
For the Year Ended December 31, 2011

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ (974,638)
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental funds report capital outlays as expenditures, however, they are capitalized and depreciated in the statement of activities	6,366,816
Less internal service funds	(1,823,825)
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditure in the governmental funds.	(3,393,561)
Less internal service funds	676,648
The repayment of the principal portion of long-term debt is reported as an expenditure when paid, along with refundings as an other financing use, but they are reductions of principal outstanding in the statement of net assets	5,140,000
The change in accrued interest payable on long-term debt is reported as an expense on the statement of activities	12,531
The change in the compensated absences liability is reported as an expense on the statement of activities	38,957
Add internal service funds	(50,231)
The increase in net pension asset is reported as a reduction of expense on the statement of activities	43,124
The decrease in the net pension obligation is reported as a reduction of expense on the statement of activities	2,203
The increase in the net pension obligation for the Illinois municipal retirement fund is reported as an increase in expense on the statement of activities	(134,574)
Less internal service funds	7,606
The amortization of the accounting loss is reported as an expense in the statement of activities	(123,913)
The amortization of the deferred issuance costs on long-term debt is reported as an expense on the statement of activities	(46,022)
The amortization of the premium on long-term debt is reported as a reduction of expense on the statement of activities	145,312
The decrease in OPEB payable is reported as a reduction of expense on the statement of activities	(202,691)
Less internal service funds	11,806
The change in net assets of certain activities of internal service funds is reported in governmental funds	627,287
Less the change in net assets attributable to Business type activities	(87,352)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,235,483</u>

See accompanying notes to financial statements

Village of Downers Grove
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-type Activities - Enterprise Funds			Internal Service
	Waterworks	Parking	Total	
ASSETS				
Current assets				
Cash and investments	\$ 2,188,604	\$ 1,276,566	\$ 3,465,170	\$ 3,628,430
Accounts receivable	1,238,243	101,245	1,339,488	449,473
Inventory	213,515	-	213,515	102,338
Total Current assets	<u>3,640,362</u>	<u>1,377,811</u>	<u>5,018,173</u>	<u>4,180,241</u>
Noncurrent assets				
Capital assets not being depreciated	2,284,343	702,058	2,986,401	-
Capital assets being depreciated	52,711,758	3,383,094	56,094,852	11,298,493
Accumulated depreciation	(23,157,988)	(2,774,788)	(25,932,776)	(5,796,076)
Total Noncurrent assets	<u>31,838,113</u>	<u>1,310,364</u>	<u>33,148,477</u>	<u>5,502,417</u>
Total assets	<u>35,478,475</u>	<u>2,688,175</u>	<u>38,166,650</u>	<u>9,682,658</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	828,599	56,562	885,161	415,907
Deposits payable	84,253	3,320	87,573	-
Other payables	28,112	-	28,112	36,054
Compensated absences	27,450	773	28,223	25,581
Unearned revenue	-	1,535,156	1,535,156	-
Claims payable	-	-	-	1,212,502
Bonds payable	485,000	-	485,000	-
Total Current liabilities	<u>1,453,414</u>	<u>1,595,811</u>	<u>3,049,225</u>	<u>1,690,044</u>
Noncurrent liabilities				
Claims payable	-	-	-	961,636
Compensated absences	64,050	1,803	65,853	59,689
Other post-employment benefits	222,644	30,941	253,585	146,636
Net pension obligation	26,774	3,706	30,480	18,585
Total Noncurrent liabilities	<u>313,468</u>	<u>36,450</u>	<u>349,918</u>	<u>1,186,546</u>
Total liabilities	<u>1,766,882</u>	<u>1,632,261</u>	<u>3,399,143</u>	<u>2,876,590</u>
NET ASSETS				
Invested in capital assets, net of related debt	31,353,112	1,310,364	32,663,476	5,502,417
Unrestricted (deficit)	2,358,481	(254,450)	2,104,031	1,303,651
Total net assets	<u>\$33,711,593</u>	<u>\$ 1,055,914</u>	<u>\$ 34,767,507</u>	<u>\$ 6,806,068</u>

Amounts reported for business-type activities in the statement of net assets are different because:

Portion of internal service fund net assets reported in the business-type activities as an interfund

NET ASSETS OF BUSINESS-TYPE ACTIVITIES

87,352
\$ 34,854,859

See accompanying notes to financial statements

Village of Downers Grove
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Internal Service
	Waterworks	Parking	Total	
OPERATING REVENUES				
Sales	\$ -	\$ -	\$ -	\$ 139,276
Charges for services, fees, fines	9,474,618	1,298,436	10,773,054	-
Interfund services	-	-	-	8,416,958
Insurance premiums	-	-	-	1,797,612
Other	-	-	-	62,797
Total operating revenues	<u>9,474,618</u>	<u>1,298,436</u>	<u>10,773,054</u>	<u>10,416,643</u>
OPERATING EXPENSES				
Personnel services	1,229,174	160,532	1,389,706	764,465
Supplies	4,696,318	5,187	4,701,505	795,172
Contractual services	547,977	165,741	713,718	1,556,286
Other charges and services	1,429,173	611,280	2,040,453	6,109,912
Depreciation	927,367	23,278	950,645	676,648
Total operating expenses	<u>8,830,009</u>	<u>966,018</u>	<u>9,796,027</u>	<u>9,902,483</u>
Operating income (loss)	<u>644,609</u>	<u>332,418</u>	<u>977,027</u>	<u>514,160</u>
NONOPERATING REVENUES(EXPENSES)				
Intergovernmental	-	46,875	46,875	92,970
Investment income	10,340	153	10,493	1,145
Gain/Loss from disposals	-	-	-	(180,988)
Interest expense	(22,310)	-	(22,310)	-
Total nonoperating revenues	<u>(11,970)</u>	<u>47,028</u>	<u>35,058</u>	<u>(86,873)</u>
Income (loss) before contributions and transfers	632,639	379,446	1,012,085	427,287
Contributions	-	10,221	10,221	-
Transfers in	-	-	-	200,000
Transfers out	-	(250,000)	(250,000)	-
Change in net assets	<u>632,639</u>	<u>139,667</u>	<u>772,306</u>	<u>627,287</u>
Total net assets -- beginning	<u>33,078,954</u>	<u>916,247</u>	<u>34,000,000</u>	<u>6,178,781</u>
Total net assets -- ending	<u>\$ 33,711,593</u>	<u>\$ 1,055,914</u>	<u>\$ 34,767,507</u>	<u>\$ 6,806,068</u>

Amounts reported for business-type activities in the
Statement of Activities are different because:

 Portion of internal service funds change in net assets
 reported in business-type activities

87,352
859,658

See accompanying notes to financial statements

Village of Downers Grove
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	<u>Business Type Activities - Enterprise Funds</u>			Internal Service
	<u>Waterworks</u>	<u>Parking</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services	\$ -	\$ -	\$ -	\$ 8,416,958
Receipts from customers	9,489,287	1,301,046	10,790,333	2,646,887
Other payments	(497,669)	(53,570)	(551,239)	(6,819,674)
Payments to employees	(1,205,356)	(158,953)	(1,364,309)	(789,274)
Payments for interfund services	(1,427,618)	(541,672)	(1,969,290)	(255,589)
Payments to suppliers	(4,551,229)	(138,660)	(4,689,889)	(2,247,956)
Net cash provided (used) by operating activities	<u>1,807,415</u>	<u>408,191</u>	<u>2,215,606</u>	<u>951,352</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant proceeds	-	10,221	10,221	92,970
Transfers in (out)	-	(250,000)	(250,000)	200,000
Net cash provided (used) by noncapital activities	<u>-</u>	<u>(239,779)</u>	<u>(239,779)</u>	<u>292,970</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	(310,343)	(105,467)	(415,810)	(1,790,643)
Receipts from PRP's	4,363,000	-	4,363,000	-
Interest paid	(69,977)	-	(69,977)	-
Payment to DWC	(4,363,000)	-	(4,363,000)	-
Principal paid on general obligation bonds	(470,000)	-	(470,000)	-
Net cash provided (used) by capital activities	<u>(850,319)</u>	<u>(105,467)</u>	<u>(955,786)</u>	<u>(1,790,643)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	12,178	153	12,331	1,145
Net cash provided by investing activities	<u>12,178</u>	<u>153</u>	<u>12,331</u>	<u>1,145</u>
Net Increase (decrease) in cash and cash equivalents	969,275	63,098	1,032,373	(545,176)
Cash and investments - beginning of year	<u>1,219,329</u>	<u>1,213,468</u>	<u>2,432,797</u>	<u>4,173,606</u>
Cash and investments - end of year	<u>\$ 2,188,604</u>	<u>\$ 1,276,566</u>	<u>\$ 3,465,170</u>	<u>\$ 3,628,430</u>
Reconciliation of operating income (loss) to net cash by operating activities				
Operating income (loss)	\$ 644,609	\$ 332,418	\$ 977,027	\$ 514,160
cash provided (used) by operating				
Depreciation	927,367	23,278	950,645	676,648
Change in assets and liabilities	-	-	-	-
Accounts payable	322,595	48,321	370,916	292,602
Compensated absences	5,589	1,369	6,958	(50,231)
Accounts receivable	14,669	2,609	17,278	580,651
Inventory	(28,082)	-	(28,082)	23,105
Prepaid expenses	-	-	-	66,551
Other post-employment benefits	6,443	(1,202)	5,241	11,807
Deposits payable	5,695	(15)	5,680	-
Other payables	(103,434)	-	(103,434)	6,010
Claims payable	216	-	216	(1,177,556)
Net pension obligation	11,747	1,413	13,161	7,606
Net cash provided (used) by operating activities	<u>\$ 1,807,415</u>	<u>\$ 408,191</u>	<u>\$ 2,215,606</u>	<u>\$ 951,352</u>

See accompanying notes to financial statements

Village of Downers Grove
Statement of Fiduciary Net Assets
December 31, 2011

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 1,534,018	\$ 2,644,380
Investments		
U.S. obligations	27,874,540	-
Corporate bonds	9,915,798	-
Municipal bonds	262,830	-
Mutual funds - equity	28,583,751	
Common and preferred stocks	3,804,260	-
Total investments	70,441,179	-
Prepays	10,500	-
Interest receivable	284,858	-
	72,270,555	2,644,380
	72,270,555	2,644,380
LIABILITIES		
Accounts payable	33,962	127,677
Deposits payable	-	2,516,703
	33,962	2,644,380
	33,962	\$ 2,644,380
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
	\$ 72,236,593	

See accompanying notes to financial statements

Village of Downers Grove
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2011

	Pension Trust
ADDITIONS	
Contributions	
Contributions - employer	\$ 4,109,972
Contributions - employees	1,473,920
Total contributions	5,583,892
Investment earnings	
Interest earned on investments	1,880,210
Net appreciation in fair value	(190,750)
Total investment earnings	1,689,460
Less investment expense	(178,428)
Net investment earnings	1,511,032
Total additions	7,094,924
 DEDUCTIONS	
Supplies	115
Contractual services	73,647
Other charges and services	13,704
Benefits and refunds	4,549,685
Total deductions	4,637,151
Change in Net Assets	2,457,773
Net Assets-- beginning of the year	69,778,820
Net Assets -- end of the year	\$72,236,593

See accompanying notes to financial statements

Village of Downers Grove
Notes to Financial Statements
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Downers Grove, Illinois (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Village's accounting policies are described below.

A. Reporting Entity

The Village is a municipal corporation governed by an elected board. As required by GAAP, these financial statements present the Village (the primary government). In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the significance of their operational or financial relationships with the primary government.

The Village's financial statements include two pension trust funds:

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were a part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund, because of the Village's fiduciary duties.

Village of Downers Grove
Notes to Financial Statements (Continued)

Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). The FPERS functions for the benefit of those employees and is governed by a five member pension board. Two members appointed by the Mayor, one pension beneficiary elected by the membership, and two fire employees elected by the membership constitute the pension board. The Village and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. The FPERS is reported as a pension trust fund because of the Village's fiduciary duties.

Discretely Presented Component Unit - Downers Grove Public Library

The component unit in the basic financial statements includes the financial data of the Village's component unit. It is reported in a separate column to emphasize that it is legally separate from the Village.

The Downers Grove Public Library (the Library) operates and maintains the public library within the Village. The Library's Board is appointed by Village Council and its annual budget and property tax levy requests are subject to the Village Council's approval.

The Library does not issue separate financial statements but more information can be obtained from the Library's offices at 1050 Curtiss, Downers Grove, Illinois, 60515.

B. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to determine legal compliance and to aid financial management by segregating transactions related to certain governments' functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for substantially all of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government, not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds). Pursuant to GASB Statement

Village of Downers Grove
Notes to Financial Statements (Continued)

No. 20, Accounting and Financial Reporting for Proprietary Funds, the Village has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for enterprise funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds and agency funds which are generally used to account for assets that the Village holds in fiduciary capacity or on behalf of others as their agent.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity has been removed from these statements; however interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Downtown Redevelopment Tax Increment Financing District Fund* accounts for all activities related to the redevelopment of downtown Downers Grove.

The *Capital Improvements Fund* accounts for capital projects being completed in the Village.

Village of Downers Grove
Notes to Financial Statements (Continued)

The *Stormwater Improvements Fund* accounts for capital improvements and maintenance activity related to the Village's watersheds and stormwater infrastructure.

The Village reports the following major proprietary funds:

The *Waterworks Fund* accounts for the provision of potable water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including but not limited to administration, operations, maintenance, financing and related debt service, and billing and collection.

The *Parking Fund* accounts for the fee-based parking throughout the Village. All activities including lot maintenance, parking permits administration, parking enforcement, and collections are included in this fund.

Additionally, the Village reports the following funds:

Internal Service Funds account for equipment replacement, risk management, health insurance, and fleet management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Pension Trust Funds account for the activities of the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the government through an annual property tax levy.

Agency Funds account for the activities of the Village but are unavailable for the use of the Village due to the Village being a pass through or holder of funds (i.e., construction deposit fund).

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements except for agency funds which do not have a measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year

for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expense are directly attributable to the operation of the proprietary funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are available. Revenues are considered to

Village of Downers Grove
Notes to Financial Statements (Continued)

be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90 day period. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Sales taxes, licenses, interest revenue, and charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Income taxes and fines collected and held by the state or county at year end on behalf of the Village also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash. All other revenue items are considered to be measurable and available only when cash is received by the Village. The Village recognizes property taxes when they become both measurable and available in the year intended to finance.

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 and of the Village's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

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

E. Cash and Cash Equivalents and Investments

For purposes of the statement of cash flows, the Village's enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Since the Village pools its cash and investments, all investments are considered cash equivalents.

Investments consist of certificates of deposit, treasury obligations, mutual funds, and insurance contracts with maturities greater than three months. Investments are

Village of Downers Grove
Notes to Financial Statements (Continued)

reported at fair value except that non-negotiable certificates of deposit are stated at cost or amortized cost.

F. Receivables

The recognition of receivables associated with nonexchange transactions are as follows:

- Derived tax receivables (such as: sales taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary non-exchange transaction receivables (such as: mandates or grants, income and motor fuel taxes) are recognized when all eligibility requirements have been met.

G. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

H. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory amounts are recorded on the basis of a physical count at the fiscal year end.

I. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of \$25,000 or more for all capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets

Village of Downers Grove
Notes to Financial Statements (Continued)

and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Years
Infrastructure	20 - 50
Buildings	50 - 65
Improvements other than buildings	50 - 65
Capital equipment	5 - 15
Intangible Assets	5 - 10

K. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. If the bargaining employee started before May 1, 1995, the Village will pay accumulated sick time when employment has ceased. If the employee started after May 1, 1995, there is no liability for unpaid accumulated sick leave. If the non-bargaining employee started before December 1, 1993, the Village will pay accumulated sick time when employment has ceased. If the employee started after December 1, 1993, there is no liability for unpaid accumulated sick leave. All pay due in the event of termination is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have been incurred, for example, as a result of employee resignations and retirements.

L. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs and gains (losses) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and gains (losses) on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as expenditures.

Village of Downers Grove
Notes to Financial Statements (Continued)

M. Fund Balances/Net Assets

In February 2009, the GASB issued statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional notes disclosures regarding fund balance classification policies and procedures. The Village made the decision to implement this standard effective December 31, 2011.

In accordance with Governmental Accounting Standards Board Statement No. 54 – fund Balance Reporting and Governmental Fund Type Definitions, the Village classifies governmental fund balance 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, resolution, motion) 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 are not considered restricted or committed. Fund balance may be assigned through the following: 1) the Village Council assigns amounts for a specific purpose. 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.
- 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.

Note: Assignments may not create unassigned deficits in any fund. However, non-spendable, restricted, or committed fund balance may create an unassigned deficit. Also, restricted, committed, and assigned balances themselves may not be negative. 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.

Village of Downers Grove
Notes to Financial Statements (Continued)

Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt outstanding issued to acquire or construct the capital assets.

N. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

O. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

A. Village Deposits and Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include 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 agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing

Village of Downers Grove
Notes to Financial Statements (Continued)

overall portfolio. The primary objectives of the policy are, in order of priority, legality, safety, liquidity, and yield.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village, an independent third-party or the Federal Reserve Bank in the Village's name. The Village is in compliance with this policy.

Investments

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Municipal Bonds	\$ 749,097	\$ 642,686	\$ 106,411	\$ -	\$ -
Federal Farm Credit Bank Note	1,454,730	-	1,454,730	-	-
Money Market Mutual Funds	4,155,613	4,155,613	-	-	-
TOTAL	\$ 6,359,440	\$4,798,299	\$1,561,141	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter-term securities.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk limiting investments to the safest types of securities; pre-qualifying the financial institutions, intermediaries, and advisors with which the Village will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Illinois Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian in the Village's name and evidenced by safekeeping receipts and a written custodial agreement.

Village of Downers Grove
Notes to Financial Statements (Continued)

Illinois Funds are not subject to custodial credit risk. The Village is in compliance with this policy.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); no financial institution shall hold more than 40% of the Village's investment portfolio, exclusive of U.S. Treasury securities in safekeeping; monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution; commercial paper shall not exceed 10% of the Village's investment portfolio, excepting bond issue proceed investments; and deposits in any one public investment pool shall not exceed 50% of the Village's investment portfolio. The Village has \$1,454,730 invested in Federal Farm Credit Bank Notes which is over 5% of the Village's investment portfolio.

B. Police Pension Fund Deposits and Investments

The Police Pension Fund's investment policy authorizes the Police Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, interest bearing obligations of the U.S. Treasury and U.S. Agencies, interest bearing bonds of the State of Illinois or any county, township, or municipal corporation of the State of Illinois, direct obligations of the State of Israel, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. Agencies, separate accounts managed by life insurance companies, Mutual Funds, common and preferred stock, and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

It is the policy of the Police Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the Police Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety of principal, liquidity, and rate of return.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by an independent third-party or the Federal Reserve Bank, and evidenced by safekeeping receipts. The Village is in compliance with this policy.

Village of Downers Grove
Notes to Financial Statements (Continued)

Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Corporate Bonds	\$8,146,016	\$ -	\$8,146,016	\$ -	\$ -
Foreign Bonds	1,324,612	-	1,324,612	-	-
U.S. Obligations	10,307,782	1,972,662	7,423,636	529,387	382,097
TOTAL	\$19,778,410	\$1,972,662	\$16,894,264	\$529,387	\$ 382,097

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Police Pension Fund's investment policy does not address this issue. The Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Investment Type	Fair Value	Investment Ratings			
		AAA	AA	A	BBB
Corporate Bonds	\$8,146,016	\$ -	\$1,112,317	\$6,234,129	\$ 799,570
Foreign Bonds	1,324,612	-	742,882	581,730	-
U.S. Obligations	10,307,782	5,358,498	4,949,284	-	-
TOTAL	\$19,778,410	\$5,358,498	\$6,804,483	\$ 6,815,859	\$ 799,570

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Police Pension Fund limits its exposure to credit risk by primarily investing U.S. Government Securities which are rated AAA, and other obligations which are rated BBB or better by a national rating agency.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third-party custodian and evidenced by safekeeping receipts. Illinois Funds are not subject to custodial credit risk. The Village is in compliance with this policy.

Concentration of credit risk is the risk that the Police Pension Fund has a high percentage of its investments invested in one type of investment. The Police Pension Fund's investment policy requires diversification of investment to avoid

Village of Downers Grove
Notes to Financial Statements (Continued)

unreasonable risk. Target percentages are fixed income 55%; large cap domestic equities 25%; small cap domestic equities 10%; and international equities 10%.

C. Firefighters' Pension Fund Deposits and Investments

The Firefighters' Pension Fund's investment policy authorizes the Firefighters' Pension Fund to invest in all investments allowed by Illinois Compiled Statutes. These include 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 agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

It is the policy of the Firefighters' Pension Fund to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Firefighters' Pension Fund and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are safety of principal, liquidity, and return on investment.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Firefighters' Pension Fund's deposits may not be returned to it. The Firefighters' Pension Fund's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by an independent third-party or the Federal Reserve Bank, and evidenced by safekeeping receipts. The Village is in compliance with this policy.

Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2011:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Municipal Bonds	\$ 262,830	\$ -	\$ 262,830	\$ -	\$ -
Corporate Bonds	445,170	158,709	-	92,014	194,447
U.S. Obligations	17,566,758	-	6,767,308	3,958,581	6,840,869
TOTAL	\$18,274,758	\$ 158,709	\$7,030,138	\$4,050,595	\$7,035,316

Village of Downers Grove
Notes to Financial Statements (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for all reasonably anticipated operating requirements while providing a reasonable rate of return based on the current market.

Investment Type	Fair Value	Investment Ratings			
		AAA	AA	A	BBB
Municipal Bonds	\$ 262,830	\$	\$	\$ 262,830	\$
Corporate Bonds	445,170	194,447	158,709	-	92,014
U.S. Obligations	17,566,758	13,428,430	4,138,328		
TOTAL	\$18,274,758	13,622,877	\$4,297,037	\$ 262,830	\$ 92,014

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Firefighters' Pension Fund limits its exposure to credit risk by primarily investing U.S. Government securities which are rated AAA, and other obligations which are rated BBB or better by a national rating agency.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third-party custodian and evidenced by safekeeping receipts. Illinois Funds are not subject to custodial credit risk. The Village is in compliance with this policy.

Concentration of credit risk is the risk that the Firefighters' Pension Fund has a high percentage of its investments invested in one type of investment. The Firefighters' Pension Fund's investment policy requires diversification of investment to avoid unreasonable risk. Target percentages are fixed income 55%; large cap domestic equities 25%; small cap domestic equities 10%; and international equities 10%.

3. RECEIVABLES

A. Property Taxes

Property taxes for 2011 attach as an enforceable lien on January 1 of the year of the levy on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are payable in two installments, on or about June 1 and September 1. Tax Increment Financing (TIF) property taxes receipts are received in two installments similar to levied taxes described above. TIF property taxes are not levied, but are paid by the County from incremental property tax receipts of all taxing bodies within a TIF District. The County collects such taxes and remits them periodically. Management has determined that an allowance for uncollectible accounts is not necessary. As the

Village of Downers Grove
Notes to Financial Statements (Continued)

2011 tax levy is intended to fund expenditures for the 2012 fiscal year, these taxes are deferred as of December 31, 2011.

B. Other Receivables

The following receivables are included in other receivables on the Statement of Net Assets.

GOVERNMENTAL ACTIVITIES

OTHER TAXES RECEIVABLE

Telecommunications tax	\$ 1,019,542
State income tax	1,114,828
Electricity tax	168,785
Natural gas tax	54,179
Local use tax	200,198
Auto rental tax	9,940
Hotel tax	102,480
State motor fuel tax	100,610
Local motor fuel tax	39,882
Other	2,802

TOTAL OTHER TAXES RECEIVABLE \$ 2,813,246

OTHER RECEIVABLES

Ambulance fees	\$ 405,776
Police tickets	29,050
Police fines	30,516
Franchise fees	190,735
Grants	520,859
Miscellaneous	20,457

TOTAL OTHER RECEIVABLES \$ 1,197,393

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

A. Governmental Activities

	Balances January 1	Increases	Decreases	Balances December 31
Capital assets not being depreciated				
Land	\$14,821,393	\$ 1,481,334	\$ -	\$16,302,727
Construction in progress	4,289,851	1,606,548	516,162	5,380,237
Total capital assets not being depreciated	<u>19,111,244</u>	<u>3,087,882</u>	<u>516,162</u>	<u>21,682,964</u>
Capital assets being depreciated				
Infrastructure	97,641,977	1,883,592	-	99,525,569
Buildings	26,124,863	168,594	-	26,293,457
Improvements other than buildings	3,452,089	-	-	3,452,089
Intangible Assets	1,039,272	108,107	-	1,147,379
Capital equipment	15,161,847	1,639,780	1,135,585	15,666,042
Total capital assets being depreciated	<u>143,420,048</u>	<u>3,800,073</u>	<u>1,135,585</u>	<u>146,084,536</u>

Village of Downers Grove
Notes to Financial Statements (Continued)

Less accumulated depreciation for				
Infrastructure	18,718,137	1,986,418	-	20,704,555
Buildings	5,639,592	488,094	-	6,127,685
Improvements other than buildings	772,036	86,531	-	858,567
Intangible Assets	464,799	107,911	-	572,710
Capital equipment	10,282,338	724,607	916,415	10,090,531
Total accumulated depreciation	<u>35,876,902</u>	<u>3,393,561</u>	<u>916,415</u>	<u>38,354,048</u>
 Total capital assets being depreciated, Net	<u>107,543,146</u>	<u>406,512</u>	<u>219,170</u>	<u>107,730,488</u>

GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 126,654,390</u>	<u>\$ 3,494,394</u>	<u>\$ 735,332</u>	<u>\$ 129,413,452</u>
--	-----------------------	---------------------	-------------------	-----------------------

B. Business-Type Activities

	Balances January 1	Increases	Decreases	Balances December 31
Capital assets not being depreciated				
Land	\$ 2,816,595	\$ -	\$ -	\$ 2,816,595
Construction in progress	766,362	146,556	743,112	169,806
Total capital assets not being depreciated	<u>3,582,957</u>	<u>146,556</u>	<u>743,112</u>	<u>2,986,401</u>

Capital assets being depreciated				
Infrastructure	28,562,607	997,693	-	29,560,300
Buildings	6,101,133	-	-	6,101,133
Improvements other than buildings	15,999,810	-	-	15,999,810
Intangible assets	104,081	-	-	104,081
Capital equipment	4,277,881	51,648	-	4,329,529
Total capital assets being depreciated	<u>55,045,512</u>	<u>1,049,341</u>	<u>-</u>	<u>56,094,853</u>

Less accumulated depreciation for				
Infrastructure	9,989,129	536,185	-	10,525,315
Buildings	1,885,273	121,488	-	2,006,760
Improvements other than buildings	8,946,644	265,046	-	9,211,690
Intangible Assets	35,400	7,631	-	43,031
Capital Equipment	4,125,685	20,296	-	4,145,981
Total accumulated depreciation	<u>24,982,131</u>	<u>950,646</u>	<u>-</u>	<u>24,932,777</u>
 Total capital assets being depreciated, Net	<u>30,063,381</u>	<u>98,695</u>	<u>-</u>	<u>30,162,076</u>

BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 33,646,338</u>	<u>\$ 245,251</u>	<u>\$ 743,112</u>	<u>\$ 33,148,477</u>
---	----------------------	-------------------	-------------------	----------------------

C. Depreciation/Amortization Expense

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 309,765
Public works	2,301,827
Community development	320,539

Village of Downers Grove
Notes to Financial Statements (Continued)

Public safety	459,546
Community services	<u>1,884</u>
TOTAL DEPRECIATION/AMORTIZATION EXPENSE	<u>\$ 3,393,561</u>
BUSINESS-TYPE ACTIVITIES	
Waterworks	\$ 927,368
Parking	<u>23,278</u>
TOTAL DEPRECIATION/AMORTIZATION EXPENSE	<u>\$ 950,646</u>

5. INTERFUND ADVANCES AND TRANSFERS

At December 31, 2011, interfund advances consist of the following:

Receivable Fund	Payable Fund	Amount
General	Transportation	\$ 1,950,170
General	Fairview Avenue Debt Fund	<u>19,692</u>
TOTAL		<u>\$ 1,969,862</u>

The interfund balances reflect the interfund borrowing to offset negative cash balances, with the transportation fund paying back the general fund over the next few years.

At December 31, 2011, interfund transfers consist of the following:

Fund	Transfer In	Transfer Out
Major Governmental		
General (2)	\$ -	200,000
Downtown Redevelopment TIF (1)	-	2,556,590
Capital Improvements (1)	-	704,308
Stormwater (1)	-	3,931,150
Non-major Governmental		
Downtown TIF Debt Service (1)	2,806,590	-
Facilities Debt Service (1)	4,635,458	-
Internal Service		
Risk Management (2)	200,000	-
Enterprise		
Parking (1)	-	<u>250,000</u>
TOTAL	<u>\$ 7,642,048</u>	<u>\$ 7,642,048</u>

The interfund transfers reflect the following transactions: (1) transfer funds for debt service, and (2) increase funding to the risk management fund to reduce the net assets deficit.

6. LONG-TERM DEBT

A. Changes in Long-Term Liabilities

Village of Downers Grove
Notes to Financial Statements (Continued)

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
Compensated absences payable*	\$ 4,372,361	\$ 4,333,404	\$ 4,372,361	\$ 4,333,404	\$ 1,300,021
Net pension obligation – Fire *	385,899	-	2,203	383,696	-
Unamortized premium	1,727,763	-	145,312	1,582,451	-
Net OPEB payable *	6,270,122	209,843	7,151	6,472,814	-
Unamortized loss on refundings	(1,114,547)	-	(123,913)	(990,634)	-
General obligation bonds payable	64,690,000	-	5,140,000	59,550,000	4,865,000
Net pension obligation – IMRF *	192,432	134,574	-	327,006	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 76,524,030	\$ 4,677,822	\$ 9,543,114	\$ 71,658,738	\$ 6,165,021

*The General Fund primarily liquidates the compensated absences liabilities, net pension obligations and net OPEB payable.

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
Compensated absences payable	\$ 87,118	\$ 94,076	\$ 87,118	\$ 94,076	\$ 28,223
Notes payable	4,788,000	-	4,788,000	-	-
Net OPEB payable	248,345	6,442	1,202	253,585	-
General obligation bonds payable	955,000	-	470,000	485,000	485,000
Net pension obligation - IMRF	17,320	13,160	-	30,480	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,095,783	\$ 113,678	\$ 5,346,320	\$ 863,141	\$ 513,223

B. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. All of the general obligation bonds are retired by the debt service funds, other than \$4.0 M General Obligation Water Bond, Series 2001A retired by the Waterworks fund. General obligation bonds currently outstanding are as follows:

	Balances January 1	Additions	Refunding/ Retirements	Balances December 31	Current Portion
\$6,000,000 General Obligation Bonds, Series 2001 dated August 1, 2001, due in installments of \$20,000 to \$2,690,000 plus interest ranging from 4.5% to 5.125% due January 1, 2021.	65,000	-	65,000	-	-
\$4,000,000 General Obligation Water Bonds, Series 2001A dated December 27, 2001, due in installments of \$365,000 to \$485,000 plus interest ranging from 2.75% to 4.60% due January 1, 2012.	955,000	-	470,000	485,000	485,000

Village of Downers Grove
Notes to Financial Statements (Continued)

\$6,000,000 General Obligation Bonds, Series 2002 dated August 1, 2002, due in installments of \$105,000 to \$1,205,000 plus interest ranging from 3.5% to 4.75% due January 1, 2021.	220,000	-	100,000	120,000	120,000
\$9,950,000 General Obligation Refunding Bonds, Series 2005, dated March 1, 2005, due in installments of \$120,000 to \$1,820,000 plus interest ranging from 2.30% to 3.85% due January 1, 2020.	9,555,000	-	70,000	9,485,000	80,000
\$9,250,000 General Obligation Bonds, Series 2007, dated May 1, 2007, due in installments of \$100,000 to \$670,000 beginning January 1, 2009 plus interest ranging from 3.75% to 5.50% due January 1, 2028.	8,815,000	-	350,000	8,465,000	360,000
\$25,000,000 General Obligation Bonds, Series 2008A, dated August 13, 2008, due in installments of \$345,000 to \$2,965,000 beginning January 1, 2010 plus interest ranging from 3.50% to 5.25% due January 1, 2038.	22,165,000	-	2,965,000	19,200,000	2,610,000
	<u>Balances January 1</u>	<u>Additions</u>	<u>Refunding/ Retirements</u>	<u>Balances December 31</u>	<u>Current Portion</u>
\$3,900,000 General Obligation Refunding Bonds, Series 2008B, dated August 13, 2008, due in installments of \$15,000 to \$1,105,000 beginning January 1, 2010 plus interest ranging from 3.0% to 5.0% due January 1, 2021.	3,885,000	-	335,000	3,550,000	625,000
\$9,030,000 General Obligation Refunding Bonds, Series 2009, dated April 9, 2009, due in installments of \$880,000 to \$1,130,000 beginning January 1, 2011 plus interest ranging from 2.50% to 5.00% due January 1, 2019.	9,030,000	-	1,025,000	8,005,000	1,070,000
\$5,805,000 General Obligation Refunding Bonds, Series 2010A, dated March 4, 2010, due in installments of \$175,000 to \$2,690,000 beginning January 1, 2011 plus interest ranging from 2.00% to 5.00% due January 1, 2021.	5,805,000	-	230,000	5,575,000	-
\$5,150,000 General Obligation Refunding Bonds, Series 2010B, dated November 10, 2010, due in installments of \$200,000 to \$1,210,000 beginning January 1, 2014 plus interest ranging from 3.00% to 4.00% due January 1, 2021.	5,150,000	-	-	5,150,000	-
TOTAL	\$ <u>65,645,000</u>	\$ =	\$ <u>5,610,000</u>	\$ <u>60,035,000</u>	\$ <u>5,350,000</u>

Village of Downers Grove
Notes to Financial Statements (Continued)

C. Contingent Note Payable

During the fiscal year ended April 30, 2004, the DuPage Water Commission awarded the Village a new loan for providing water service to residents of a contaminated area in an unincorporated area bordering the Village. The maximum amount of the loan is \$10,000,000. The loan is to be repaid within 20 years with interest at 2%. The Village drew down a total of \$4,788,000 as of December 31, 2008. The potentially responsible parties (PRPs) of the contaminated area are legally obligated to provide funding for the repayment of the loan. In July 2011 the Village received \$4,363,000 from the PRPs, which was then paid to the DuPage Water Commission. As of December 31, 2011, the Village no longer has any obligation with this matter.

D. Debt Service Requirements and Maturities

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities	
	General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 4,865,000	\$ 2,374,884	\$ 485,000	\$ 11,155
2013	2,620,000	2,241,584	-	-
2014	3,215,000	2,147,659	-	-
2015	3,380,000	2,034,676	-	-
2016	3,480,000	1,909,726	-	-
2017 - 2021	24,855,000	6,988,183	-	-
2022 - 2026	5,620,000	3,491,509	-	-
2027 - 2031	4,850,000	2,182,542	-	-
2032 - 2036	4,525,000	1,122,625	-	-
2037 - 2038	2,140,000	108,246	-	-
TOTAL	\$ 59,550,000	\$ 24,601,634	\$ 485,000	\$ 11,155

E. Legal Debt Margin

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter

Village of Downers Grove
Notes to Financial Statements (Continued)

approved by referendum... shall not be included in the foregoing percentage amounts.”

To date, the General Assembly has set no limits for home rule municipalities. The Village qualifies as a Home Rule Unit under Section 6(a) of Article VII of the 1970 Constitution of Illinois and, under the powers granted by this Section, can exercise any power and perform any function pertaining to its village and affairs which is not prohibited by the Illinois State Statutes.

F. Noncommitment Debt - Industrial Development Revenue Bonds

The issuance of industrial development revenue bonds by the Village is to finance in whole or in part the cost of the acquisition, purchase, construction, reconstruction, improvement, equipping, betterment, or extension of any economic development project in order to encourage economic development within or near the Village.

Industrial development revenue bonds are not a debt of the Village. The entity using the bond proceeds to finance a construction or improvement project is liable for the bonds. Since the Village does not act as an agent for industrial development revenue bonds, the transactions relating to the bonds and property do not appear in the Village's financial statements.

The Village has authorized the issuance of one bond issue with a current outstanding balance of \$3,308,702.

G. Refundings - General Obligation Bonds

The balance of the Village's defeased bonds outstanding at December 31, 2011 is \$5,285,000.

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The Village is self-insured for all risks and has established a risk financing fund, Risk Management Fund and a Health Insurance Fund (the Funds), for all risks. They are accounted for as internal service funds where assets are set aside for claim settlements. Under this program, the Funds provides coverage up to a maximum of \$1,000,000 for each general liability claim, \$550,000 for each workers' compensation claim, \$10,000 for each property damage claim, and \$125,000 for each health claim. The Village purchases commercial insurance for claims in excess of the coverage provided by the Funds up to \$35,000,000. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the Village participate in and make payments to the Funds based upon actuarial estimates of the amounts needed to pay prior and current-year claims. Liabilities

Village of Downers Grove
Notes to Financial Statements (Continued)

of the Funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and societal factors. Non-incremental costs are not allocated to the claims liabilities. Changes in the balances of aggregate claims liabilities during the past two fiscal years are as follows:

	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2011
CLAIMS PAYABLE, BEGINNING	\$ 3,606,342	\$ 3,351,694
Incurred claims (including IBNR)	6,966,262	5,845,629
Less claims paid	(7,220,910)	(7,023,185)
CLAIMS PAYABLE, ENDING	\$ 3,351,694	\$ 2,174,138

8. COMMITMENTS

A. DuPage Water Commission (DWC)

The Village has committed to purchase water from the DuPage Water Commission. The Village is required to purchase 6.479 million gallons daily, which is 194.37 million monthly. The Village expects to pay the following minimum amounts:

Fiscal Year Ending December 31	Amount
2011	\$ 267,473
2012	267,473
2013	267,473
2014	267,473
2015-2019	1,337,365
2020-2024	1,337,365

These amounts have been calculated using the Village's current allocation percentage of 7.38%. In future years, this allocation percentage will be subject to change.

B. Tax Rebates

The Village has many tax rebate agreements with local businesses to develop and expand their business in the Village. The tax rebates are payable to the vendors quarterly based on information received by the Village from the State of Illinois

Village of Downers Grove
Notes to Financial Statements (Continued)

Department of Revenue. All of the Village's liability as of December 31, 2011, has been reported in the Tax Rebate Fund.

The Village has a sales tax rebate agreement dated June 5, 2001 with a local retailer to rebate sales taxes on annual sales generated from \$10,000,000 to \$20,000,000. Fifty percent of sales tax on sales generated by the vendor in excess of \$20,000,000 will be rebated to the vendor, subject to a project cap of \$8,000,000 in rebated sales tax. In consideration of the agreement, the retailer will continue to operate its business in the Village for a period of not less than nine years from the date of the agreement. As of December 31, 2011 sales tax rebates of \$37,118 were collected but not yet remitted to the vendor.

The Village has a sales tax rebate agreement dated March 1, 2005 with a local auto dealership to rebate sales taxes on annual sales generated in excess of a base amount of \$27,000,000. In consideration of the agreement, the vendor will continue to operate an auto dealership in the Village for a period of not less than seven years commencing October 31, 2007. As of December 31, 2011, sales tax rebates of \$105,939 were collected but not yet remitted to the vendor.

The Village has a sales tax rebate agreement dated February 15, 2005 with a local auto dealership to rebate sales taxes on annual sales generated in excess of a base amount of \$25,000,000. In consideration of the agreement, the vendor will continue to operate an auto dealership in the Village for a period of not less than twelve years commencing April 6, 2007. As of December 31, 2011, sales tax rebates of \$25,152 were collected but not yet remitted to the vendor.

The Village has a sales tax rebate agreement dated September 1, 2009 with a local auto dealership to rebate sales taxes on annual sales beginning in 2010. In consideration of the agreement, the vendor will continue to operate an auto dealership in the Village for a period of not less than ten years. As of December 31, 2011, sales tax rebates of \$213,064 were collected but not yet remitted to the vendor.

The Village has a sales and utility tax rebate agreement dated December 2, 2008 with a corporation to relocate to the Village. In consideration of the agreement, the corporate headquarters will continue to reside in the Village for a period of not less than fifteen years. As of December 31, 2010, taxes of \$4,076 were collected but not yet remitted to the vendor.

The Village has a sales tax rebate agreement dated January 1, 2011 with a local auto dealership to rebate sales taxes on annual sales beginning in 2011. In consideration of the agreement, the vendor will continue to operate an auto dealership in the Village for a period of not less than fifteen years. As of December 31, 2011, the Village has \$0 liability with this vendor.

Village of Downers Grove
Notes to Financial Statements (Continued)

9. CONTINGENT LIABILITIES

A. Litigation

The Village is a defendant in various lawsuits arising out of the normal course of business. It is rigorously defending these suits, as it believes it has a meritorious defense against the claims. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the village attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the Village. The Village's possible exposure under these lawsuits is approximately \$55,279.

B. DuPage Water Commission (DWC)

The Village's water supply agreement with DWC provides that each customer is liable for its proportionate share of any costs arising from defaults in payment obligations by other customers.

C. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

10. POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the Village provides post employment health care and life insurance benefits (OPEB), in accordance with the personnel policy manual, to all employees who meet the eligibility requirements under the applicable retirement system. Currently, 83 retirees and spouses meet those eligibility requirements with 323 active members. The employee pays 100% of the cost of the health and life insurance premiums for the post employment benefits with the exception of health benefits for retirees that have reached 65. Once an employee reached 65 years of age, the Village subsidized 50% of the health insurance premium. For new retirees after September 1, 2009, the retiree pays 100% of the cost of the health and life insurance premiums. All health care benefits are provided through the Village's self-insured health plan. The benefit levels are the same as those afforded to active employees. The Village first had an actuarial valuation as of December 31, 2007. The Village's net OPEB obligation was \$6,726,399 as of December 31, 2011.

In the actuarial valuations, the entry-age actuarial cost method was used. The actuarial assumptions included 5% investment rate of return and an annual healthcare cost trend rate of 6%, a reduction from 8% a year ago. Both rates include a 3% inflation assumption. The remaining open amortization period at December 31, 2011 was 30 years. The funded status of the plan was as follows:

Village of Downers Grove
Notes to Financial Statements (Continued)

The net OPEB obligation was calculated as follows:

Annual Required Contribution	\$ 528,728
Interest on Net OPEB Obligation	325,923
Adjustment to Annual Required Contribution	<u>(226,110)</u>
Annual OPEB Cost	628,541
Contributions Made	<u>(420,609)</u>
Increase (Decrease) in Net OPEB Obligation	207,932
Net OPEB Obligation, Beginning of Year	<u>6,518,467</u>
Net OPEB Obligation, End of Year	<u>\$6,726,399</u>

Fiscal Year Ended December 31	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2011	\$ 628,541	66.9%	\$ 6,726,399
2010	327,085	128.6%	6,518,467
2009	2,923,355	20.4%	6,611,991

Actuarial valuations include estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The Village does not issue a separate report for OPEB. The funded status of the plan as of December 31, 2010 was as follows:

Actuarial Accrued Liability (AAL)	\$11,083,613
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	11,083,613
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll	\$22,233,107
UAAL as a Percentage of Covered Payroll	49.9%

11. EMPLOYEE RETIREMENT SYSTEMS

A. Plan Descriptions and Provisions

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the

Village of Downers Grove
Notes to Financial Statements (Continued)

Firefighters' Pension Plan which is also a single-employer pension plan (collectively the Pension Plans). The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the Pension Plans issue separate reports on the Pension Plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the IMRF plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit "tier" to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in Regular Tier 1. If the member first participated in IMRF on or after January 1, 2011, they participate in Regular Tier 2.

For Regular Tier 1, pension benefits vest after eight years of service. Participating members who retire at or after age 60 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 (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For Regular Tier 2, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village contribution rate for 2011 was 14.3 percent of annual covered payroll. For 2011, the employer annual required contribution rate was 15.59 percent.

For December 31, 2011, the Village's annual pension cost of \$1,972,977 was more than the Village's actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increase of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor. The assumptions used for the 2008 actuarial valuation were based on the 2005-2007 experience study.

Village of Downers Grove
Notes to Financial Statements (Continued)

Fiscal Year Ended December 31	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	\$ 1,972,977	91.5 %	\$ 408,039
2010	1,829,192	86.9 %	240,074
2009	1,374,655	100.0 %	

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40-Article 5/3) and may be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund.

Fiscal Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
2011	\$ 1,850,126	102.3%	\$ (1,129,077)
2010	1,683,613	102.1%	(1,085,953)
2009	1,239,260	102.7%	(1,049,686)

At December 31, 2011, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated	51
Terminated plan members entitled to benefits but not yet receiving them	0
Current employees	
Vested	62
Non-vested	11
TOTAL	<u>124</u>

The following is a summary of the Police Pension Plan as provided for in Illinois Compiled Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced

Village of Downers Grove
Notes to Financial Statements (Continued)

benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter.

For employees hired after January 1, 2011, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed \$106,800 (as indexed); Cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

Funding Policy - Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40-Article 5/4) and may be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund.

Fiscal Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 2,214,519	100.1%	\$ 383,696
2010	1,988,092	100.5%	385,899
2009	1,587,486	99.9%	395,466

At December 31, 2011, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated	46
Terminated plan members entitled to benefits but not yet receiving them	5
Current employees	
Vested	48
Non-vested	27
TOTAL	<u>126</u>

Village of Downers Grove
Notes to Financial Statements (Continued)

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes. The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching 55, by 3% of the original pension, and 3% annually thereafter.

For employees hired after January 1, 2011, the annual retirement benefit is 2.5% of final average salary for each year of service up to 30 years, to a maximum of 75% of such salary, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee's Accrued Benefit is based on the Employee's final 8-year average salary not to exceed \$106,800 (as indexed); Cost-of-living adjustments are simple increases (not compounded) of the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse's Benefits are 66 2/3% of the Employee's benefit at the time of death.

Funding Policy - Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Firefighters' Pension Plan as actuarially determined by an enrolled actuary. The Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded by the year 2041.

Funding Policy and Annual Pension Cost

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution rates			
Village	14.30 %	28.97 %	34.55 %
Members	4.50 %	9.91%	9.46 %
Annual pension cost	\$ 1,972,977	\$ 1,850,126	\$ 2,214,519
Contributions made	1,805,012	1,893,250	2,216,722
Actuarial valuation date	12/31/ 2009	12/ 31/2011	12/31/ 2011

Village of Downers Grove
Notes to Financial Statements (Continued)

Actuarial method	Entry-age	Entry-age	Entry-age
Amortization method	Level percentage of pay, open	Level percentage of pay, closed	Level percentage of pay, closed
Amortization period	30 years, open	29 years, closed	29 years, closed
Asset valuation method	5-year smoothed Market	Market	Market
Actuarial assumptions			
Investment rate of return*	7.5 %	7.5 %	7.75 %
Projected salary	.40 % to 10 %	5 %	5 %
* Includes inflation at	4 %	3 %	3 %

The Village's annual pension cost and net pension obligation for December 31, 2011 were as follows:

	IMRF	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,967,841	\$ 1,880,508	\$ 2,203,343
Interest on net pension obligation	18,006	(81,446)	29,907
Adjustment to annual required contribution	(12,870)	51,064	(18,731)
Annual pension cost	1,972,977	1,850,126	2,214,519
Contributions made	1,805,012	1,893,250	2,216,722
Increase (decrease) in net pension obligation	167,965	(43,124)	(2,203)
Net pension obligation (asset), beginning of year	240,074	(1,085,953)	385,899
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 408,039	\$ (1,129,077)	\$ 383,696

B. Funded Status and Funding Progress

The funded status and funding progress of the plans were as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	12/31/09	12/31/11	12/31/11
Actuarial accrued liability (AAL)	\$ 39,852,630	\$ 64,623,582	\$ 58,620,860
Actuarial value of plan assets	27,714,333	40,219,632	35,088,218
Unfunded actuarial accrued liability (UAAL)	12,138,297	24,403,950	23,532,642
Funded ratio (actuarial value of plan assets/AAL)	70%	62%	60%
Covered payroll (active plan members)	12,628,001	6,536,221	6,416,127
UAAL as a percentage of covered payroll	96%	373%	367%

Village of Downers Grove
Notes to Financial Statements (Continued)

The schedule of funding progress for the defined benefit pension plans immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

C. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Administrative Costs

Administrative costs for the Police Pension Plan and Firefighters' Pension Plan are financed primarily through investment earnings.

Significant Investments

The Police Pension Plan has the following significant investments that are greater than 5% of the Police Pension Plan's assets:

VanGuard Institutional Index Fund	\$7,938,897
VanGuard Total International Stock Index Fund	\$3,605,574
Jensen Portfolio	\$1,959,261
FHLMC	\$4,528,951

The Firefighters' Pension Plan has the following significant investments that are greater than 5% of the Firefighters' Pension Plan's assets:

Fidelity Diversified International Fund	\$3,104,703
VanGuard Institutional Index Fund	\$8,537,364
VanGuard Small Cap Index	\$3,437,952
GNMA	\$2,261,351
FNMA	\$3,166,477

Village of Downers Grove
Notes to Financial Statements (Continued)

D. Schedules for the Police and Firefighters' Plans

Assets	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,039,685	\$ 494,333	\$ 1,534,018
U.S. Obligations	10,307,782	17,566,758	27,874,540
Corporate Bonds	9,470,628	445,170	9,915,798
Municipal Bond	-	262,830	262,830
Mutual Funds – Equity	13,503,732	15,080,019	28,583,751
Stocks	3,804,260	-	3,804,260
Prepays	5,250	5,250	10,500
Interest Receivable	<u>161,436</u>	<u>123,422</u>	<u>284,858</u>
Total Assets	38,292,773	33,977,782	72,270,555
Liabilities			
Accounts Payable	<u>19,762</u>	<u>14,200</u>	<u>33,962</u>
Total Liabilities	<u>19,762</u>	<u>14,200</u>	<u>33,962</u>
Net Assets Held in Trust	<u>\$38,273,011</u>	<u>\$33,963,582</u>	<u>\$72,236,593</u>
Additions	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Contributions – employer	\$1,893,250	2,216,722	4,109,972
Contributions – employees	801,711	672,209	1,473,920
Investment Income (Loss)	<u>399,987</u>	<u>1,111,045</u>	<u>1,511,032</u>
Total Additions	3,094,948	3,999,976	7,094,924
Deductions			
Contractual Services	30,481	43,166	73,647
Other Charges and Services	6,852	6,852	13,704
Benefits and Refunds	<u>2,465,143</u>	<u>2,084,541</u>	<u>4,549,684</u>
Total Deductions	<u>2,502,591</u>	<u>2,134,559</u>	<u>4,637,150</u>
Net Increase (Decrease)	<u>\$ 592,357</u>	<u>\$1,865,417</u>	<u>\$2,457,774</u>

12. DEFICIT FUND BALANCES/NET ASSETS

The following funds had a deficit in fund balances/net assets as of the date of this report.

Fund	Deficit
Transportation	\$ 1,922,473
Risk Management	340,860

Village of Downers Grove
Notes to Financial Statements (Continued)

13. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the Balance Sheet for the Governmental Funds at December 31, 2011, include the following:

	General	Downtown Redevelopment TIF	Capital Improvements	Stormwater Improvements	Nonmajor	Total
Fund Balances						
Nonspendable:						
Advance to other funds	\$ 1,969,862	-	-	-	-	\$ 1,969,862
Note receivable	54,543	-	-	-	-	54,543
Prepaid items	18,641	-	-	-	-	18,641
Total Nonspendable	2,043,046	-	-	-	-	2,043,046
Restricted for:						
Economic Development	-	776,737	-	-	3,928,224	4,704,961
Road Improvements	-	-	-	-	366,366	366,366
Public Safety	-	-	-	-	237,138	237,138
Debt Service	-	-	-	-	742,280	742,280
Total Restricted	-	776,737	-	-	5,274,008	6,050,745
Assigned to:						
Capital Projects	-	-	3,617,455	15,475,709	436,559	19,529,733
Debt Service	-	-	-	-	4,238	4,238
Total Assigned	-	-	3,617,455	15,475,709	440,807	19,533,971
Unassigned:	15,141,112	-	-	-	(1,922,473)	13,218,639
Total Fund Balances	\$ 17,184,158	\$ 776,737	\$ 3,617,455	\$ 15,475,709	\$ 3,792,342	\$ 40,846,401

14. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, The Financial Reporting Entity: Omnibus; Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements; and Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Application of these standards may restate portions of these financial statements. The Village intends to adopt these pronouncements in 2012.

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY

A. Summary of Significant Accounting Policies

The statements for the component unit, Downers Grove Public Library (the Library), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Village's accounting policies are described below.

1. Fund Accounting

The Library uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to determine legal compliance

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

and to aid financial management by segregating transactions related to certain governments functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for substantially all of the Library's general activities, including, the acquisition or construction of general capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the Library, not accounted for in some other fund.

2. Government-Wide and Fund Financial Statements

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

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

Major individual governmental funds are reported as separate columns in the combining and individual fund financial statements.

The Library reports the following major governmental funds:

The *General Fund* is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Library Construction Fund* is used to account for capital improvements at the Library.

The *Library Debt Service Fund* is used for the payment of the Library's debt service.

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Fine revenues are not susceptible to accrual because generally they are not measurable until received in cash. The Library recognizes property taxes when they become both measurable and available in the year intended to finance.

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

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

The Library reports deferred (unearned) revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Library has a legal claim to

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

4. Cash and Cash Equivalents and Investments

Investments consist of certificates of deposit and treasury obligations with maturities greater than three months. Investments are reported at fair value, except that non-negotiable certificates of deposit are stated at cost.

5. Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.

6. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of \$25,000 or more for all capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Years
Buildings	50 – 65
Capital equipment	5 – 15

7. Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All pay due in the event of termination is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have been incurred, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

activities. Bond premiums and discounts, as well as issuance costs and gains (losses) on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and gains (losses) on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

9. Fund Balances/Net Assets

In February 2009, the GASB issued statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional notes disclosures regarding fund balance classification policies and procedures. The Village made the decision to implement this standard effective December 31, 2011.

In accordance with Governmental Accounting Standards Board Statement No. 54 – fund Balance Reporting and Governmental Fund Type Definitions, the Village classifies governmental fund balance 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, resolution, motion) of the Village Council and Library Board. 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 Council and Library Board that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) the Village Council and Library Board assign amounts for a specific purpose. 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 Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

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.

Note: Assignments may not create unassigned deficits in any fund. However, non-spendable, restricted, or committed fund balance may create an unassigned deficit. Also, restricted, committed, and assigned balances themselves may not be negative. 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.

Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt outstanding issued to acquire or construct the capital assets.

10. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. Deposits and Investments

The Library maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Library's funds.

Library Deposits and Investments

The Library's investment policy authorizes the Library to invest in all investments allowed by Illinois Compiled Statutes. These include 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 agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds (created by the Illinois State Legislature under the control

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

The Library's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, legality, safety, liquidity, and yield.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. The Library's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Library, an independent third-party or the Federal Reserve Bank of Chicago.

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter-term securities.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Library limits its exposure to credit risk limiting investments to the safest types of securities; pre-qualifying the financial institutions, intermediaries, and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Illinois Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by an independent third-party custodian and evidenced

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

by safekeeping receipts and a written custodial agreement. Illinois Funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Library has a high percentage of its investments invested in one type of investment. The Library's investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); no financial institution shall hold more than 40% of the Library's investment portfolio, exclusive of U.S. treasury securities in safekeeping; monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution; commercial paper shall not exceed 10% of the Library's investment portfolio, excepting bond issue proceed investments; and deposits in any one public investment pool shall not exceed 50% of the Library's investment portfolio.

C. Receivables

Property taxes for 2011 attach as an enforceable lien on January 1 of the year of the levy on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. Management has determined that an allowance for uncollectible accounts is not necessary. As the 2011 tax levy is intended to fund expenditures for the 2012 fiscal year, these taxes are deferred as of December 31, 2011.

D. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balances January 1	Increases	Decreases	Balances December 31
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 222,211	\$ -	\$ -	\$ 222,211
Total capital assets not being depreciated	222,211	-	-	222,211
Capital assets being depreciated				
Buildings	9,479,919	-	-	9,479,919
Capital equipment	7,373,773	405,551	632,179	7,147,145
Total capital assets being depreciated	16,853,692	405,551	632,179	16,627,064
Less accumulated depreciation for				
Buildings	1,441,469	189,885	-	1,631,354
Capital equipment	3,199,520	465,029	376,710	3,287,839
Total accumulated depreciation	4,640,989	654,914	376,710	4,919,193
Total capital assets being depreciated, net	12,212,703	(249,363)	255,469	11,707,871
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 12,434,914	\$ (249,363)	\$ 255,469	\$ 11,930,082

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

Depreciation expense was charged to functions/programs of the component unit as follows:

GOVERNMENTAL ACTIVITIES	
Community services	\$ 654,914

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
Compensated absences payable*	\$ 39,314	\$ 42,622	\$ 39,314	\$ 42,622	\$ 12,787
Unamortized premium	18,445	-	1,496	16,949	-
Unamortized loss on refundings	(333,008)	-	(52,580)	(280,428)	-
Net OPEB payable	186,458	5,947	-	192,405	-
General obligation bonds payable	4,005,000	-	520,000	3,485,000	535,000
Net Pension obligation -IMRF	30,322	20,230	-	50,552	-
TOTAL	\$ 3,946,531	\$ 68,799	\$ 508,230	\$ 3,507,100	\$ 547,787

* The Library General Fund liquidates the compensated absences liabilities.

General Obligation Bonds

The Village issues general obligation bonds for the Library to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. All of the general obligation bonds are retired by the debt service fund. General obligation bonds currently outstanding are as follows:

	Balances January 1	Additions	Refunding/ Retirements	Balances December 31	Current Portion
\$6,265,000 General Obligation Refunding Bonds, Series 2003, dated June 1, 2003, due in installments of \$160,000 to \$630,000 plus interest ranging from 2.5% to 3.75% due January 1, 2017.	\$ 4,005,000	\$ -	\$ 520,000	\$ 3,485,000	\$ 535,000
TOTAL	\$ 4,005,000	\$ -	\$ 520,000	\$ 3,485,000	\$ 535,000

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

Debt Service Requirements and Maturities

Annual debt service requirements to maturity for general obligation bonds and note payable are as follows:

Fiscal Year Ending December 31	Governmental Activities	
	Principal	Interest
2012	\$ 535,000	\$ 111,780
2013	555,000	94,340
2014	570,000	75,913
2015	585,000	56,128
2016	610,000	34,758
2017	630,000	11,813
TOTAL	<u>\$ 3,485,000</u>	<u>\$ 384,732</u>

F. Risk Management

The Library is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. The Library purchases insurance in the open market.

G. Contingent Liabilities

The Library is not aware of any current or potential litigation.

H. Post Employment Benefits

In addition to providing pension benefits, the Village provides post employment health care and life insurance benefits (OPEB), in accordance with the personnel policy manual, to all employees who meet the eligibility requirements under the applicable retirement system. Currently, 23 active members are participating in the Village's health care plan. The employee pays 100% of the cost of the health and life insurance premiums for the post employment benefits with the exception of health benefits for retirees that have reached 65. Once an employee reaches 65 years of age, the Village subsidizes 50% of the health insurance premium. For new retirees after September 1, 2009, the retiree pays 100% of the cost of the health and life insurance premiums. The annual required contribution for 2010 was \$3,763. All health care benefits are provided through the Village's self-insured health plan. The benefit levels are the same as those afforded to active employees. The Village first had an actuarial valuation as of December 31, 2007. The Library's Net OPEB obligation as of December 31, 2011 was \$192,405.

In the actuarial valuations, the entry-age actuarial cost method was used. The actuarial assumptions included 5% investment rate of return and an annual healthcare

Village of Downers Grove
Notes to Financial Statements (Continued)

15. COMPONENT UNIT - DOWNERS GROVE PUBLIC LIBRARY (Continued)

cost trend rate of 6%. Both rates include a 3% inflation assumption. The remaining amortization period at December 31, 2010 was 30 years. The funded status of the plan as of December 31, 2011 was as follows:

The net OPEB obligation was calculated as follows:

Annual Required Contribution	\$ 15,124
Interest on Net OPEB Obligation	9,323
Adjustment to Annual Required Contribution	<u>(2,560)</u>
Annual OPEB Cost	21,887
Contributions Made	<u>(15,940)</u>
Increase (Decrease) in Net OPEB Obligation	5,947
Net OPEB Obligation, Beginning of Year	<u>186,458</u>
Net OPEB Obligation, End of Year	\$ <u>192,405</u>

Actuarial valuations include estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The funded status of the plan as of December 31 was as follows:

Actuarial Accrued Liability (AAL)	\$ 272,573
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	272,573
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll	\$ 1,189,138
UAAL as a Percentage of Covered Payroll	22.92%

I. Legal Compliance and Accountability - Budgets

All departments of the Library submit requests for budgets to the Library Director so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates, and requested budgets for the next fiscal year.

The proposed budget is presented to the Library Board for review.

The Library Director is authorized to transfer budgeted amounts between programs within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Library Board and Village Council.

Village of Downers Grove
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
REVENUES				
Sales tax	\$ 10,200,000	\$ 10,200,000	\$ 10,311,333	\$ 111,333
Home Rule Sales Tax	1,800,000	1,800,000	1,855,030	55,030
Property tax	11,332,644	11,332,644	11,425,365	92,721
Utility tax	5,380,000	5,380,000	5,571,335	191,335
Income tax	3,500,000	3,500,000	3,787,095	287,095
Other taxes	1,637,128	1,637,128	1,932,215	295,087
Licenses & permits	1,211,600	1,211,600	1,517,459	305,859
Intergovernmental	375,000	375,000	467,865	92,865
Charges for services & fees	3,308,469	3,308,469	3,815,304	506,835
Fines & forfeitures	1,180,000	1,180,000	1,026,811	(153,189)
Investment income	150,000	150,000	115,421	(34,579)
Contributions & donations	-	-	8,555	8,555
Total revenues	<u>40,074,841</u>	<u>40,074,841</u>	<u>41,833,788</u>	<u>1,758,947</u>
EXPENDITURES				
Current				
General government	4,515,421	4,515,421	4,290,521	(224,900)
Public works	5,545,006	5,845,006	5,972,149	127,143
Community development	1,938,125	1,938,125	1,970,324	32,199
Public safety	27,202,034	27,202,034	27,172,751	(29,283)
Community services	673,324	673,324	749,541	76,217
Total expenditures	<u>39,873,910</u>	<u>40,173,910</u>	<u>40,155,286</u>	<u>(18,624)</u>
(Deficiency) of revenues (under) expenditures	<u>200,931</u>	<u>(99,069)</u>	<u>1,678,502</u>	<u>1,777,571</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			23,823	23,823
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources and uses	<u>(200,000)</u>	<u>(200,000)</u>	<u>(176,177)</u>	<u>23,823</u>
Net change in fund balances	931	(299,069)	1,502,325	<u>\$ 1,801,394</u>
Fund balances -- beginning	<u>15,681,833</u>	<u>15,681,833</u>	<u>15,681,833</u>	
Fund balances -- ending	<u>\$ 15,682,764</u>	<u>\$ 15,382,764</u>	<u>\$ 17,184,158</u>	

(See independent auditor's report and notes to required supplementary information)

Village of Downers Grove
Required Supplementary Information
Downtown Redevelopment TIF Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Property tax	\$ 2,750,000	\$ 2,750,000	\$ 2,543,270	\$ (206,730)
Investment income	250	250	285	35
Total revenues	<u>2,750,250</u>	<u>2,750,250</u>	<u>2,543,555</u>	<u>(206,695)</u>
EXPENDITURES				
Current				
Community Development	67,485	67,485	16,481	(51,004)
Public works	70,000	70,000	20,039	(49,961)
Total current	<u>137,485</u>	<u>137,485</u>	<u>36,520</u>	<u>(100,965)</u>
Capital outlay				
Public works	45,500	45,500	-	(45,500)
Total capital outlay	<u>45,500</u>	<u>45,500</u>	<u>-</u>	<u>(45,500)</u>
Total expenditures	<u>182,985</u>	<u>182,985</u>	<u>36,520</u>	<u>(146,465)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,567,265</u>	<u>2,567,265</u>	<u>2,507,035</u>	<u>(60,230)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,566,076)	(2,566,076)	(2,556,590)	9,486
Total other financing sources (uses)	<u>(2,566,076)</u>	<u>(2,566,076)</u>	<u>(2,556,590)</u>	<u>9,486</u>
Net change in fund balances	1,189	1,189	(49,555)	<u>\$ (50,744)</u>
Fund balances -- beginning	765,146	765,146	826,292	
Fund balances -- ending	<u>\$ 766,335</u>	<u>\$ 766,335</u>	<u>\$ 776,737</u>	

(See independent auditor's report and notes to required supplementary information)

Village of Downers Grove

Required Supplementary Information
 Illinois Municipal Retirement Fund
 December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry-Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2004	22,274,657	27,990,818	5,716,161	79.58%	11,696,157	48.87%
12/31/2005	24,749,324	30,237,833	5,488,509	81.85%	11,641,556	47.15%
12/31/2006	26,394,027	31,198,058	4,804,031	84.60%	11,738,379	40.93%
12/31/2007	26,568,893	30,841,977	4,273,084	86.15%	12,299,631	34.74%
12/31/2008	21,604,380	32,632,179	11,027,799	66.21%	12,815,309	86.05%
12/31/2009	23,168,914	34,833,921	11,665,007	66.51%	12,962,994	89.99%
12/31/2010	25,667,439	36,891,606	11,224,167	69.58%	12,183,957	92.12%
12/31/2011	27,714,333	39,852,630	12,138,297	69.54%	12,628,001	96.12%

Schedule of Employer Contributions

Calendar Year	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
2004	970,781	970,781	100.00%
2005	1,187,439	1,187,439	100.00%
2006	1,527,163	1,527,163	100.00%
2007	1,537,454	1,537,454	100.00%
2008	1,581,409	1,581,409	100.00%
2009	1,565,930	1,565,930	100.00%
2010	1,589,118	1,829,192	86.88%
2011	1,805,012	1,967,841	91.73%

(See independent auditor's report and notes to required supplementary information)

Village of Downers Grove
 Required Supplementary Information
 Police Pension Fund
 December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry-Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2004	27,130,429	36,930,159	9,799,730	73.5%	5,008,049	195.7%
4/30/2005	28,298,190	41,163,348	12,865,158	68.7%	5,207,916	247.0%
4/30/2006	31,013,258	43,683,525	12,670,267	71.0%	5,445,595	232.7%
12/31/2006	32,479,439	45,803,580	13,324,141	70.9%	5,725,199	232.7%
12/31/2007	35,082,022	49,340,130	14,258,108	71.1%	5,933,899	240.3%
12/31/2008	30,778,993	52,429,478	21,650,485	58.7%	6,305,357	343.4%
12/31/2009	33,882,250	57,051,451	23,169,201	59.4%	6,649,392	348.4%
12/31/2010	37,680,654	58,929,756	21,249,102	63.9%	6,237,227	340.7%
12/31/2011	40,219,632	64,623,582	24,403,950	62.2%	6,536,221	373.4%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions (ARC)	Percentage of ARC Contributed
4/30/2004	637,856	632,453	100.85%
4/30/2005	889,575	880,982	100.98%
4/30/2006	876,640	866,178	101.21%
12/31/2006	1,093,264	1,082,440	101.00%
12/31/2007	1,102,546	1,090,889	101.07%
12/31/2008	1,144,537	1,145,653	99.90%
12/31/2009	1,271,750	1,262,129	100.76%
12/31/2010	1,719,379	1,705,508	100.81%
12/31/2011	1,893,250	1,880,508	100.68%

Note: The Village of Downers Grove changed its fiscal year end to December 31 in 2006.
 (See independent auditor's report and notes to required supplementary information)

Village of Downers Grove

Required Supplementary Information
 Firefighters' Pension Fund
 December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry-Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2004	17,725,022	31,208,845	13,483,823	56.8%	5,416,261	249.0%
4/30/2005	19,773,346	33,783,756	14,010,410	58.5%	5,638,490	248.5%
4/30/2006	22,026,939	37,523,071	15,496,132	58.7%	5,817,029	266.4%
12/31/2006	25,426,339	39,731,499	14,305,160	64.0%	6,055,797	236.2%
12/31/2007	28,125,505	43,279,281	15,153,776	65.0%	6,143,206	246.7%
12/31/2008	25,404,029	46,699,698	21,295,669	54.4%	6,266,722	339.8%
12/31/2009	28,433,329	52,221,916	23,788,587	54.4%	6,230,701	381.8%
12/31/2010	32,098,166	54,836,758	22,738,592	58.5%	6,564,530	346.4%
12/31/2011	35,088,218	58,620,860	23,532,642	59.9%	6,416,127	366.8%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
4/30/2004	1,168,048	1,158,602	100.82%
4/30/2005	1,309,021	1,296,314	100.98%
4/30/2006	1,449,756	1,435,168	101.02%
12/31/2006	1,572,033	1,444,212	108.85%
12/31/2007	1,565,405	1,565,863	99.97%
12/31/2008	1,030,534	1,017,249	101.31%
12/31/2009	1,585,181	1,578,223	100.44%
12/31/2010	1,997,659	1,979,952	100.89%
12/31/2011	2,216,722	2,203,343	100.61%

Note: The Village of Downers Grove changed its fiscal year end to December 31 in 2006.
 (See independent auditor's report and notes to required supplementary information)

Village of Downers Grove

Required Supplementary Information
 Other Post-Employment Benefits Plan
 Schedule of Funding Progress/Employer Contributions
 December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry-Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$0	\$ 28,781,004	\$ 28,781,004	0.00%	\$ 22,721,934	126.7%
12/31/2008	0	20,527,085	20,527,085	0.00%	22,721,934	90.3%
12/31/2009	0	13,301,040	13,301,040	0.00%	22,810,182	58.3%
12/31/2010	0	11,356,186	11,356,186	0.00%	23,422,245	48.5%

Schedule of Employer Contributions

Date	Annual Required Contribution (ARC)	Actual Contributions	Percentage of ARC Contributed
12/31/2008	\$ 2,083,662	\$ 371,570	17.8 %
12/31/2009	2,850,251	595,440	20.9 %
12/31/2010	554,929	436,549	78.7 %
12/31/2011	528,729	420,609	79.6 %

Note: The Village adopted GASB Statement No. 45 in fiscal 2008.

(See independent auditor's report and notes to required supplementary information)

Village of Downers Grove

Notes to Required Supplementary Information
December 31, 2011

1. BUDGETS

All departments of the Village submit requests for budgets to the Village Manager so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates, and requested budgets for the next fiscal year. All governmental funds have legally adopted annual budgets. Budgets are prepared in accordance with generally accepted accounting principles, except for depreciation.

The proposed budget is presented to the Village Council for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The manager is authorized to transfer budgeted amounts between programs within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body. Six budget amendments were completed during the fiscal year with Village Council's approval.

Expenditures may not legally exceed budgeted appropriations at the fund level.

(See independent auditor's report)

Village of Downers Grove
 General Fund
 Schedule of Revenues - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
Sales tax (1% municipal)	\$ 10,200,000	\$ 10,200,000	\$ 10,311,333	\$ 111,333
Home rule sales tax	1,800,000	1,800,000	1,855,030	55,030
Property taxes				
General	6,662,347	6,662,347	6,720,950	58,603
Pension	4,083,851	4,083,851	4,109,732	25,881
Special service areas	246,446	246,446	238,718	(7,728)
Township road and bridge	340,000	340,000	355,965	15,965
Total property taxes	11,332,644	11,332,644	11,425,365	92,721
Utility taxes				
Natural gas use tax	480,000	480,000	472,818	(7,182)
Electricity tax	1,900,000	1,900,000	1,908,437	8,437
Telecommunications tax	3,000,000	3,000,000	3,190,080	190,080
Total utility taxes	5,380,000	5,380,000	5,571,335	191,335
Income tax	3,500,000	3,500,000	3,787,095	287,095
Other taxes				
Hotel tax	700,000	700,000	795,531	95,531
Personal property replacement tax	350,000	350,000	387,949	37,949
Local use tax	550,000	550,000	701,431	151,431
Other local taxes	37,128	37,128	47,304	10,176
Total other taxes	1,637,128	1,637,128	1,932,215	295,087
Licenses & permits				
Building and related	848,000	848,000	1,128,488	280,488
Alcoholic beverage	194,000	194,000	187,414	(6,586)
Professional and occupational	118,600	118,600	126,800	8,200
Other licenses and permits	51,000	51,000	74,757	23,757
Total licenses & permits	1,211,600	1,211,600	1,517,459	305,859
Intergovernmental	375,000	375,000	467,865	92,865

(continued)

Village of Downers Grove

General Fund

Schedule of Revenues - Budget and Actual (Continued)

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
Charges for services & fees				
Ambulance user fee - resident	\$ 625,000	\$ 625,000	\$ 770,546	\$ 145,546
Ambulance user fee - nonresident	225,000	225,000	327,359	102,359
Review and inspection fees	124,000	124,000	202,649	78,649
Cable franchise fees	660,000	660,000	760,523	100,523
Cellular antenna rental	998,400	998,400	1,057,074	58,674
Other fees & charges	676,069	676,069	697,153	21,084
Total charges for services & fees	3,308,469	3,308,469	3,815,304	506,835
Fines & forfeitures				
Administrative booking and tow fees	405,000	405,000	294,570	(110,430)
Fines	775,000	775,000	732,241	(42,759)
Total fines & forfeitures	1,180,000	1,180,000	1,026,811	(153,189)
Investment income	150,000	150,000	115,421	(34,579)
Contributions and donations	-	-	8,555	8,555
TOTAL REVENUES	\$ 40,074,841	\$ 40,074,841	\$ 41,833,788	\$ 1,758,947

Village of Downers Grove

General Fund
 Schedule of Expenditures - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
General government				
Personnel services	\$ 2,952,248	\$ 2,952,248	\$ 2,986,466	\$ 34,218
Supplies	106,601	106,601	99,596	(7,005)
Contractual services	794,507	794,507	658,180	(136,327)
Other charges and services	662,065	662,065	546,279	(115,786)
Total general government	4,515,421	4,515,421	4,290,521	(224,900)
Public works				
Personnel services	2,915,199	2,915,199	3,153,204	238,005
Supplies	611,435	911,435	1,004,705	93,270
Contractual services	1,077,276	1,077,276	883,403	(193,873)
Other charges and services	941,096	941,096	930,837	(10,259)
Total public works	5,545,006	5,845,006	5,972,149	127,143
Community development				
Personnel services	1,382,901	1,382,901	1,395,613	12,712
Supplies	10,350	10,350	8,152	(2,198)
Contractual services	96,000	96,000	71,143	(24,857)
Other charges and services	448,874	448,874	495,416	46,542
Total community development	1,938,125	1,938,125	1,970,324	32,199
Public safety				
Personnel services	23,392,734	23,392,734	23,380,464	(12,270)
Supplies	361,372	361,372	305,679	(55,693)
Contractual services	789,700	789,700	662,781	(126,919)
Other charges and services	2,658,228	2,658,228	2,823,827	165,599
Total public safety	27,202,034	27,202,034	27,172,751	(29,283)
Community services				
Personnel services	435,254	435,254	478,521	43,267
Supplies	15,570	15,570	10,591	(4,979)
Contractual services	212,892	212,892	250,816	37,924
Other charges and services	9,608	9,608	9,613	5
Total community services	673,324	673,324	749,541	76,217
TOTAL EXPENDITURES	\$ 39,873,910	\$ 40,173,910	\$ 40,155,286	\$ (18,624)

Village of Downers Grove
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance
	Original	Final		
REVENUES				
Sales tax	\$ 3,600,000	\$ 3,600,000	\$ 3,708,986	\$ 108,986
Property tax	8,671	8,671	8,759	88
Utility tax	600,000	600,000	638,016	38,016
Intergovernmental	754,800	754,800	940,541	185,741
Investment income	15,000	15,000	10,349	(4,651)
Total revenues	<u>4,978,471</u>	<u>4,978,471</u>	<u>5,306,651</u>	<u>328,180</u>
EXPENDITURES				
Current				
Public works	<u>503,687</u>	<u>503,687</u>	<u>502,117</u>	<u>(1,570)</u>
Total current	<u>503,687</u>	<u>503,687</u>	<u>502,117</u>	<u>(1,570)</u>
Capital outlay				
General government	-	-	5,632	5,632
Public works	4,820,950	4,820,950	3,617,577	(1,203,373)
Public safety	<u>73,000</u>	<u>73,000</u>	-	<u>(73,000)</u>
Total capital outlay	<u>4,893,950</u>	<u>4,893,950</u>	<u>3,623,209</u>	<u>(1,270,741)</u>
Total expenditures	<u>5,397,637</u>	<u>5,397,637</u>	<u>4,125,326</u>	<u>(1,272,311)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(419,166)</u>	<u>(419,166)</u>	<u>1,181,325</u>	<u>1,600,491</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(704,308)</u>	<u>(704,308)</u>	<u>(704,308)</u>	-
Total other financing sources (uses)	<u>(704,308)</u>	<u>(704,308)</u>	<u>(704,308)</u>	-
Net change in fund balances	(1,123,474)	(1,123,474)	477,017	<u>\$ 1,600,491</u>
Fund balances -- beginning	1,389,354	1,389,354	3,140,438	
Fund balances -- ending	<u>\$ 265,880</u>	<u>\$ 265,880</u>	<u>\$ 3,617,455</u>	

Village of Downers Grove
Stormwater Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		
REVENUES				
Property tax	\$ 2,630,139	\$ 2,630,139	\$ 2,630,139	\$ -
Sales tax	1,800,000	1,800,000	1,854,493	54,493
Investment income	15,000	15,000	283,169	268,169
Contributions & donations	50,000	50,000	70,918	20,918
Intergovernmental	-	-	1,128	1,128
Charges for Services	-	-	99,406	99,406
Total revenues	<u>4,495,139</u>	<u>4,495,139</u>	<u>4,939,253</u>	<u>444,114</u>
EXPENDITURES				
Current				
General government	-	-	80,106	80,106
Public works	831,078	1,369,078	685,606	(683,472)
Total current	<u>831,078</u>	<u>1,369,078</u>	<u>765,712</u>	<u>(603,366)</u>
Capital outlay				
Public works	11,043,200	10,505,200	4,104,010	(6,401,190)
Total capital outlay	<u>11,043,200</u>	<u>10,505,200</u>	<u>4,104,010</u>	<u>(6,401,190)</u>
	<u>11,874,278</u>	<u>11,874,278</u>	<u>4,869,722</u>	<u>(7,004,556)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,379,139)</u>	<u>(7,379,139)</u>	<u>69,531</u>	<u>7,448,670</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,931,150)	(3,931,150)	(3,931,150)	-
Total other financing sources (uses)	<u>(3,931,150)</u>	<u>(3,931,150)</u>	<u>(3,931,150)</u>	<u>-</u>
Net change in fund balances	(11,310,289)	(11,310,289)	(3,861,619)	<u>\$ 7,448,670</u>
Fund balances -- beginning	<u>7,013,537</u>	<u>7,013,537</u>	<u>19,337,328</u>	
Fund balances -- ending	<u>(\$ 4,296,752)</u>	<u>(\$ 4,296,752)</u>	<u>\$ 15,475,709</u>	

Village of Downers Grove
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2011

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and investments	\$ 4,856,267	\$ 742,281	\$ 445,926	\$ 6,044,474
Property taxes receivable	675,499	-	-	675,499
Other taxes receivable	116,563	23,929	-	140,492
Accounts receivable	12,713	-	3,765	16,478
Other receivable	-	-	-	-
Interest receivable	-	-	-	-
Total assets	<u><u>5,661,042</u></u>	<u><u>766,210</u></u>	<u><u>449,691</u></u>	<u><u>6,876,943</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	426,616	-	6,727	433,343
Due to other funds	1,950,170	19,692	-	1,969,862
Deposits payable	-	-	6,395	6,395
Deferred property taxes	675,000	-	-	675,000
Total liabilities	<u><u>3,051,786</u></u>	<u><u>19,692</u></u>	<u><u>13,122</u></u>	<u><u>3,084,600</u></u>
FUND BALANCES				
Nonspendable				
Restricted	4,531,728	742,280		5,274,008
Committed				-
Assigned		4,238	436,569	440,807
Unassigned	(1,922,472)			(1,922,472)
Total fund balances	<u><u>2,609,256</u></u>	<u><u>746,518</u></u>	<u><u>436,569</u></u>	<u><u>3,792,343</u></u>
Total liabilities and fund balances	<u><u>\$ 5,661,042</u></u>	<u><u>\$ 766,210</u></u>	<u><u>\$ 449,691</u></u>	<u><u>\$ 6,876,943</u></u>

Village of Downers Grove
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2011

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Sales tax	\$ 829,286	\$ -	\$ -	\$ 829,286
Property tax	690,661	-	-	690,661
Other taxes	211,174	187,479	-	398,653
Intergovernmental	1,483,725	500,000	-	1,983,725
Grants			120,000	120,000
Charges for services & fees	109,824	-	71,642	181,466
Investment income	5,985	206	320	6,511
Total revenues	<u>3,330,655</u>	<u>687,685</u>	<u>191,962</u>	<u>4,210,302</u>
EXPENDITURES				
Current				
General government	829,286	-	95,980	925,266
Public works	1,722,090	-	-	1,722,090
Community development	122,688	-	-	122,688
Public safety	70,815	-	-	70,815
Capital Outlay				
General government	-	-	212,245	212,245
Debt service				
Principal retirement	-	5,140,000	-	5,140,000
Interest and other	-	2,502,048	-	2,502,048
Issuance costs	-	-	-	-
Total expenditures	<u>2,744,879</u>	<u>7,642,048</u>	<u>308,225</u>	<u>10,695,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>585,776</u>	<u>(6,954,363)</u>	<u>(116,263)</u>	<u>(6,484,850)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,442,048	-	7,442,048
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,442,048</u>	<u>-</u>	<u>7,442,048</u>
Net change in fund balance	585,776	487,685	(116,263)	957,198
Fund balances -- beginning	<u>2,023,481</u>	<u>258,833</u>	<u>552,834</u>	<u>2,835,148</u>
Fund balances -- ending	<u>\$ 2,609,257</u>	<u>\$ 746,518</u>	<u>\$ 436,571</u>	<u>\$ 3,792,346</u>

Village of Downers Grove
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Motor Fuel Tax	Foreign Fire	Ogden TIF	Tax Rebate	Transportation	Total
ASSETS						
Cash and investments	\$ 302,563	\$ 236,169	\$ 3,932,186	\$ 385,349	\$ -	\$ 4,856,267
Property taxes receivable	-	-	675,499	-	-	675,499
Other taxes receivable	100,610	-	-	-	15,953	116,563
Accounts receivable	-	969	-	-	11,744	12,713
Total assets	<u>403,173</u>	<u>237,138</u>	<u>4,607,685</u>	<u>385,349</u>	<u>27,697</u>	<u>5,661,042</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	36,807	-	4,459	385,349	-	426,615
Due to other funds	-	-	-	-	1,950,170	1,950,170
Deferred property taxes	-	-	675,000	-	-	675,000
Total liabilities	<u>36,807</u>	<u>-</u>	<u>679,459</u>	<u>385,349</u>	<u>1,950,170</u>	<u>3,051,785</u>
FUND BALANCES						
Nonspendable						-
Restricted	366,366	237,138	3,928,226			4,531,730
Committed						-
Assigned						-
Unassigned					(1,922,473)	(1,922,473)
Total fund balances	<u>366,366</u>	<u>237,138</u>	<u>3,928,226</u>	<u>-</u>	<u>(1,922,473)</u>	<u>2,609,257</u>
Total liabilities and fund balances	<u>\$ 403,173</u>	<u>\$ 237,138</u>	<u>\$ 4,607,685</u>	<u>\$ 385,349</u>	<u>\$ 27,697</u>	<u>\$ 5,661,042</u>

Village of Downers Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Motor Fuel Tax	Foreign Fire	Odgen TIF	Tax Rebate	Transportation	Total
REVENUES						
Sales tax	\$ -	\$ -	\$ -	\$ 829,286	\$ -	\$ 829,286
Property tax	-	-	690,661	-	-	690,661
Other taxes	-	78,139	-	-	133,035	211,174
Intergovernmental	1,432,464	-	-	-	51,261	1,483,725
Charges for services & fees	-	-	-	-	109,824	109,824
Investment income	302	341	5,342	-	-	5,985
Total revenues	<u>1,432,766</u>	<u>78,480</u>	<u>696,003</u>	<u>829,286</u>	<u>294,120</u>	<u>3,330,655</u>
EXPENDITURES						
Current						
General government	-	-	79,572	829,286	-	908,858
Public works	1,450,000	-	-	-	272,090	1,722,090
Community development	-	-	43,116	-	-	43,116
Public safety	-	70,815	-	-	-	70,815
Total expenditures	<u>1,450,000</u>	<u>70,815</u>	<u>122,688</u>	<u>829,286</u>	<u>272,090</u>	<u>2,744,879</u>
Excess (deficiency) of revenues over (under) expenditures	(17,234)	7,665	573,315	-	22,030	585,776
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net Change in fund balances	(17,234)	7,665	573,315	-	22,030	585,776
Fund balances (deficit) -- beginning	383,600	229,473	3,354,911	-	(1,944,503)	2,023,481
Fund balances (deficit) -- ending	<u>\$ 366,366</u>	<u>\$ 237,138</u>	<u>\$ 3,928,226</u>	<u>\$ -</u>	<u>\$ (1,922,473)</u>	<u>\$ 2,609,257</u>

Village of Downers Grove
 Motor Fuel Tax Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,100,000	\$ 1,100,000	\$ 1,432,464	\$ 332,464
Investment income	500	500	302	(198)
Total revenues	<u>1,100,500</u>	<u>1,100,500</u>	<u>1,432,766</u>	<u>332,266</u>
EXPENDITURES				
Public works	<u>1,100,000</u>	<u>1,450,000</u>	<u>1,450,000</u>	-
Total current	<u>1,100,000</u>	<u>1,450,000</u>	<u>1,450,000</u>	-
Total expenditures	<u>1,100,000</u>	<u>1,450,000</u>	<u>1,450,000</u>	-
Excess (deficiency) of revenues over(under) expenditures	<u>500</u>	<u>(349,500)</u>	<u>(17,234)</u>	<u>332,266</u>
Net change in fund balances	500	(349,500)	(17,234)	<u>\$ 332,266</u>
Fund balances -- beginning	<u>383,600</u>	<u>383,600</u>	<u>383,600</u>	
Fund balances -- ending	<u>\$ 384,100</u>	<u>\$ 34,100</u>	<u>\$ 366,366</u>	

Village of Downers Grove
Foreign Fire Insurance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Foreign fire insurance tax	\$ 65,000	\$ 65,000	\$ 78,139	\$ 13,139
Investment income	500	500	341	(159)
Total revenues	<u>65,500</u>	<u>65,500</u>	<u>78,480</u>	<u>12,980</u>
EXPENDITURES				
Current				
Public safety	84,100	84,100	70,815	(13,285)
Total current	<u>84,100</u>	<u>84,100</u>	<u>70,815</u>	<u>(13,285)</u>
Total expenditures	<u>84,100</u>	<u>84,100</u>	<u>70,815</u>	<u>(13,285)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,600)</u>	<u>(18,600)</u>	<u>7,665</u>	<u>26,265</u>
Net change in fund balances	(18,600)	(18,600)	7,665	<u>\$ 26,265</u>
Fund balances -- beginning	<u>171,174</u>	<u>171,174</u>	<u>229,473</u>	
Fund balances -- ending	<u>\$ 152,574</u>	<u>\$ 152,574</u>	<u>\$ 237,138</u>	

Village of Downers Grove
Odgen TIF Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Property tax	\$ 792,000	\$ 792,000	\$ 690,661	\$ (101,339)
Investment income	5,050	5,050	5,342	292
Total revenues	<u>797,050</u>	<u>797,050</u>	<u>696,003</u>	<u>(101,047)</u>
EXPENDITURES				
Current				
General Government	79,568	79,568	79,572	4
Public works	750,000	750,000	-	(750,000)
Community development	47,550	47,550	43,116	(4,434)
Total current	<u>877,118</u>	<u>877,118</u>	<u>122,688</u>	<u>(754,434)</u>
Total expenditures	<u>877,118</u>	<u>877,118</u>	<u>122,688</u>	<u>(754,434)</u>
 Net change in fund balances	 (80,068)	 (80,068)	 573,315	 <u>\$ 653,387</u>
 Fund balances -- beginning	 <u>1,081,084</u>	 <u>1,081,084</u>	 <u>3,354,911</u>	
 Fund balances -- ending	 <u>\$ 1,001,016</u>	 <u>\$ 1,001,016</u>	 <u>\$ 3,928,226</u>	

Village of Downers Grove
Sales Tax Rebate Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Sales tax	\$ 700,000	\$900,000	\$ 829,286	\$ (70,714)
Total revenues	<u>700,000</u>	<u>900,000</u>	<u>829,286</u>	<u>(70,714)</u>
EXPENDITURES				
Current				
General government	700,000	900,000	829,286	(70,714)
Total current	<u>700,000</u>	<u>900,000</u>	<u>829,286</u>	<u>(70,714)</u>
Total expenditures	<u>700,000</u>	<u>900,000</u>	<u>829,286</u>	<u>(70,714)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	<u>\$ -</u>
Fund balances -- beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances -- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Village of Downers Grove
Transportation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Local fuel tax	\$ 130,000	\$ 130,000	\$ 133,035	\$ 3,035
Intergovernmental	30,000	30,000	51,261	21,261
Charges for services & fees	112,100	112,100	109,824	(2,276)
Total revenues	<u>272,100</u>	<u>272,100</u>	<u>294,120</u>	<u>22,020</u>
EXPENDITURES				
Current				
Public works	272,094	272,094	272,090	(4)
Total current	<u>272,094</u>	<u>272,094</u>	<u>272,090</u>	<u>(4)</u>
Total expenditures	<u>272,094</u>	<u>272,094</u>	<u>272,090</u>	<u>(4)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6</u>	<u>6</u>	<u>22,030</u>	<u>22,025</u>
Net change in fund balances	6	6	22,030	<u>\$ 22,025</u>
Fund balances (deficit) -- beginning	<u>(1,932,588)</u>	<u>(1,932,588)</u>	<u>(1,944,503)</u>	
Fund balances (deficit) -- ending	<u><u>\$(1,932,582)</u></u>	<u><u>\$(1,932,582)</u></u>	<u><u>\$(1,922,473)</u></u>	

Village of Downers Grove
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011

	Fairview Avenue	Downtown TIF	Stormwater/ Facilities	Total
ASSETS				
Cash and investments	\$ -	\$ 742,280	\$ -	\$ 742,280
Local fuel tax receivable	23,930	-	-	23,930
Total assets	<u>23,930</u>	<u>742,280</u>	<u>-</u>	<u>766,210</u>
LIABILITIES AND FUND BALANCES				
Due to other funds	19,692	-	-	19,692
Total liabilities	<u>19,692</u>	<u>-</u>	<u>-</u>	<u>19,692</u>
FUND BALANCES				
Nonspendable				
Restricted		742,280		742,280
Committed				
Assigned	4,238		-	4,238
Unassigned			-	-
Total fund balances	<u>4,238</u>	<u>742,280</u>	<u>-</u>	<u>746,518</u>
Total liabilities and fund balances	<u>\$ 23,930</u>	<u>\$ 742,280</u>	<u>-</u>	<u>\$ 766,210</u>

Village of Downers Grove
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2011

	Fairview Avenue	Downtown TIF	Stormwater/ Facilities	Total
REVENUES				
Local fuel tax	\$ 187,479	\$ -	\$ -	\$ 187,479
Grants	-	500,000	-	500,000
Investment income	-	206	-	206
Total revenues	<u>187,479</u>	<u>500,206</u>	<u>-</u>	<u>687,685</u>
EXPENDITURES				
Debt service				
Principal retirement	200,000	1,625,000	3,315,000	5,140,000
Interest and other	-	1,181,590	1,320,458	2,502,048
Issuance costs	-	-	-	-
Total expenditures	<u>200,000</u>	<u>2,806,590</u>	<u>4,635,458</u>	<u>7,642,048</u>
Deficiency of revenues (under) expenditures	<u>(12,521)</u>	<u>(2,306,384)</u>	<u>(4,635,458)</u>	<u>(6,954,363)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,806,590	4,635,458	7,442,048
Refunding bonds issued	-	-	-	-
Payment to escrow agent	-	-	-	-
Bond premium	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,806,590</u>	<u>4,635,458</u>	<u>7,442,048</u>
Net change in fund balances	(12,521)	500,206	-	487,685
Fund balances -- beginning	<u>16,759</u>	<u>242,074</u>	<u>-</u>	<u>258,833</u>
Fund balances -- ending	<u>\$ 4,238</u>	<u>\$ 742,280</u>	<u>\$ -</u>	<u>\$ 746,518</u>

Village of Downers Grove
 Fairview Avenue Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Local fuel tax	\$ 200,000	\$ 200,000	\$ 187,479	\$ (12,521)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>187,479</u>	<u>(12,521)</u>
EXPENDITURES				
Debt service				
Principal retirement	200,000	200,000	200,000	-
Interest	-	-	-	-
Total debt service	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(12,521)</u>	<u>(12,521)</u>
Net change in fund balances	-	-	(12,521)	<u>\$ (12,521)</u>
Fund balances -- beginning	<u>52,078</u>	<u>52,078</u>	<u>16,759</u>	
Fund balances -- ending	<u>\$ 52,078</u>	<u>\$ 52,078</u>	<u>\$ 4,238</u>	

Village of Downers Grove
Downtown Redevelopment TIF Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Grants	\$ -	\$ -	\$ 500,000	\$ 500,000
Interest earned on investments	-	-	206	206
Total revenues	<u>-</u>	<u>-</u>	<u>500,206</u>	<u>500,206</u>
EXPENDITURES				
Debt service				
Principal retirement	1,863,164	1,863,164	1,625,000	(238,164)
Interest and other	1,053,513	1,053,513	1,181,590	128,077
Issuance costs	-	-	-	-
Total debt service	<u>2,916,677</u>	<u>2,916,677</u>	<u>2,806,590</u>	<u>(110,087)</u>
Total expenditures	<u>2,916,677</u>	<u>2,916,677</u>	<u>2,806,590</u>	<u>(110,087)</u>
(Deficiency) of revenues (under) expenditures	<u>(2,916,677)</u>	<u>(2,916,677)</u>	<u>(2,306,384)</u>	<u>610,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,816,076	2,816,076	2,806,590	(9,486)
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
Payment to escrow agent	-	-	-	-
Total other financing sources (uses)	<u>2,816,076</u>	<u>2,816,076</u>	<u>2,806,590</u>	<u>(9,486)</u>
Net change in fund balances	(100,601)	(100,601)	500,206	<u>\$600,807</u>
Fund balances -- beginning	<u>765,144</u>	<u>765,144</u>	<u>242,074</u>	
Fund balances -- ending	<u>\$ 664,543</u>	<u>\$ 664,543</u>	<u>\$ 742,280</u>	

Village of Downers Grove
 Stormwater/Facilities Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Debt service				
Principal retirement	3,315,000	3,315,000	3,315,000	-
Interest	1,320,458	1,320,458	1,320,458	-
Total debt service	<u>4,635,458</u>	<u>4,635,458</u>	<u>4,635,458</u>	<u>-</u>
Total expenditures	<u>4,635,458</u>	<u>4,635,458</u>	<u>4,635,458</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,635,458)</u>	<u>(4,635,458)</u>	<u>(4,635,458)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,635,458	4,635,458	4,635,458	-
Total other financing sources (uses)	<u>4,635,458</u>	<u>4,635,458</u>	<u>4,635,458</u>	<u>-</u>
Net change in fund balances	-	-	-	<u>\$ -</u>
Fund balances -- beginning	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances -- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Village of Downers Grove
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Municipal Buildings	Real Estate	Total
ASSETS			
Cash and investments	\$ 174,538	\$ 271,388	\$ 445,926
Accounts receivable	-	3,765	3,765
Total assets	174,538	275,153	449,691
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	3,799	2,926	6,725
Deposits payable	-	6,395	6,395
Total liabilities	3,799	9,321	13,120
 FUND BALANCES			
Nonspendable			
Restricted			
Committed			
Assigned for Capital Projects	170,739	265,832	436,571
Unassigned			
Total fund balances	170,739	265,832	436,571
Total liabilities and fund balances	\$ 174,538	\$ 275,153	\$ 449,691

Village of Downers Grove
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2011

	Municipal Buildings	Real Estate	Total
REVENUES			
Charges for services & fees	\$ -	\$ 71,642	\$ 71,642
Grants	120,000	\$ -	120,000
Investment income	284	36	320
Total revenues	<u>120,284</u>	<u>71,678</u>	<u>191,962</u>
EXPENDITURES			
Current			
General government	-	95,980	95,980
Total current	<u>-</u>	<u>95,980</u>	<u>95,980</u>
Capital Outlay			
General government	212,245	-	212,245
Total capital outlay	<u>212,245</u>	<u>-</u>	<u>212,245</u>
Total expenditures	<u>212,245</u>	<u>95,980</u>	<u>308,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(91,961)</u>	<u>(24,302)</u>	<u>(116,263)</u>
Net change in fund balance	(91,961)	(24,302)	(116,263)
Fund balances -- beginning	<u>262,700</u>	<u>290,134</u>	<u>552,834</u>
Fund balances -- ending	<u>\$ 170,739</u>	<u>\$ 265,832</u>	<u>\$ 436,571</u>

Village of Downers Grove
Municipal Buildings Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Grants	\$ -	\$ -	\$120,000	\$120,000
Investment income	-	-	284	284
Total revenues	<u>-</u>	<u>-</u>	<u>120,284</u>	<u>120,284</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Total current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay				
General government	249,000	249,000	212,245	36,755
Total capital outlay	<u>249,000</u>	<u>249,000</u>	<u>212,245</u>	<u>36,755</u>
Total expenditures	<u>249,000</u>	<u>249,000</u>	<u>212,245</u>	<u>36,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(249,000)</u>	<u>(249,000)</u>	<u>(91,961)</u>	<u>157,039</u>
Net change in fund balances	(249,000)	(249,000)	(91,961)	<u>\$ 157,039</u>
Fund balances -- beginning	262,700	262,700	262,700	
Fund balances -- ending	<u>\$ 13,700</u>	<u>\$ 13,700</u>	<u>\$ 170,739</u>	

Village of Downers Grove
Real Estate Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services & fees	\$ 61,340	\$ 61,340	\$ 71,642	\$ 10,302
Investment income	90	90	36	(54)
Total revenues	<u>61,430</u>	<u>61,430</u>	<u>71,678</u>	<u>10,248</u>
EXPENDITURES				
Current				
General government	97,246	97,246	95,980	(1,266)
Total current	<u>97,246</u>	<u>97,246</u>	<u>95,980</u>	<u>(1,266)</u>
Total expenditures	<u>97,246</u>	<u>97,246</u>	<u>95,980</u>	<u>(1,266)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,816)</u>	<u>(35,816)</u>	<u>(24,302)</u>	<u>11,514</u>
Net change in fund balances	<u>(35,816)</u>	<u>(35,816)</u>	<u>(24,302)</u>	<u>\$ 11,514</u>
Fund balances -- beginning	<u>290,134</u>	<u>290,134</u>	<u>290,134</u>	
Fund balances -- ending	<u>\$ 254,318</u>	<u>\$ 254,318</u>	<u>\$ 265,832</u>	

Village of Downers Grove
Waterworks Fund
Non GAAP Schedule of Operating Expenses - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
OPERATING EXPENSES				
Water financial services				
Personnel services	\$ 99,866	\$ 99,866	\$ 105,662	\$ 5,796
Supplies	1,000	1,000	839	(161)
Contractual services	107,000	107,000	53,599	(53,401)
Total	<u>207,866</u>	<u>207,866</u>	<u>160,100</u>	<u>(47,766)</u>
Water administration				
Personnel services	330,276	330,276	341,242	10,966
Supplies	14,355	14,355	3,482	(10,873)
Contractual services	32,560	32,560	23,532	(9,028)
Other charges and services	1,363,775	1,363,775	1,363,778	3
Total	<u>1,740,966</u>	<u>1,740,966</u>	<u>1,732,034</u>	<u>(8,932)</u>
Water pumping and treatment				
Personnel services	89,687	89,687	95,830	6,143
Supplies	8,490	8,490	6,184	(2,306)
Contractual services	145,959	145,959	123,603	(22,356)
Other charges and services	7,781	7,781	7,776	(5)
Capital outlay	1,500	1,500	1,555	55
Total	<u>253,417</u>	<u>253,417</u>	<u>234,948</u>	<u>(18,469)</u>
Water transmission and distribution				
Personnel services	656,116	656,116	686,440	30,324
Supplies	227,634	227,634	148,042	(79,592)
Contractual services	527,993	527,993	347,243	(180,750)
Other charges and services	56,065	56,065	56,064	(1)
Capital Outlay	5,700	5,700	-	(5,700)
Total	<u>1,473,508</u>	<u>1,473,508</u>	<u>1,237,789</u>	<u>(235,719)</u>
DuPage Water Commission				
Supplies	4,300,000	4,300,000	4,537,771	237,771
Contractual services	168,000	168,000	-	(168,000)
Capital Outlay	330,000	330,000	347,317	17,317
Total	<u>4,798,000</u>	<u>4,798,000</u>	<u>4,885,088</u>	<u>87,088</u>
Total Non-GAAP operating expenses	8,473,757	8,473,757	8,249,959	(223,798)
Depreciation	-	-	927,367	927,367
Less assets capitalized	-	-	(347,317)	(347,317)
Total GAAP operating expenses	<u>\$ 8,473,757</u>	<u>\$ 8,473,757</u>	<u>\$ 8,830,009</u>	<u>\$ 356,252</u>

Village of Downers Grove
Parking Fund
Non GAAP Schedule of Operating Expenses - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
OPERATING EXPENSES				
Non-deck parking operations				
Supplies	\$ 10,800	\$ 10,800	\$ 1,810	\$ (8,990)
Contractual services	84,397	84,397	80,484	(3,913)
Other charges and services	345,000	345,000	319,608	(25,392)
Total	<u>440,197</u>	<u>440,197</u>	<u>401,902</u>	<u>(38,295)</u>
Parking deck operations				
Supplies	8,925	8,925	2,237	(6,688)
Contractual services	62,945	62,945	75,008	12,063
Other charges and services	170,000	170,000	-	(170,000)
Total	<u>241,870</u>	<u>241,870</u>	<u>77,245</u>	<u>(164,625)</u>
Enforcement				
Personnel services	179,720	179,720	160,532	(19,188)
Supplies	675	675	1,140	465
Contractual services	11,550	11,550	10,249	(1,301)
Other charges and services	541,666	541,666	541,672	6
Total	<u>733,611</u>	<u>733,611</u>	<u>713,593</u>	<u>(20,018)</u>
Total Non-GAAP operating expenses	1,415,678	1,415,678	1,192,740	(222,938)
Depreciation	-	-	23,278	23,278
Transfers out	(250,000)	(250,000)	(250,000)	-
Total GAAP operating expenses	<u>\$ 1,165,678</u>	<u>\$ 1,165,678</u>	<u>\$ 966,018</u>	<u>\$ (199,660)</u>

Village of Downers Grove
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

	Equipment Replacement	Fleet Services	Health Insurance	Risk Management	Total
ASSETS					
Current assets					
Cash and investments	\$ 1,421,874	\$ 88,014	\$ 1,374,962	\$ 743,580	\$ 3,628,430
Accounts receivable	-	49,711	65,476	334,286	449,473
Prepaid expense	-	-	-	-	-
Inventory	-	102,338	-	-	102,338
Deposits	-	-	-	-	-
Total Current assets	<u>1,421,874</u>	<u>240,063</u>	<u>1,440,438</u>	<u>1,077,866</u>	<u>4,180,241</u>
Noncurrent assets					
Capital assets being depreciated	10,270,795	1,027,698	-	-	11,298,493
Accumulated depreciation	<u>(5,117,371)</u>	<u>(678,705)</u>	<u>-</u>	<u>-</u>	<u>(5,796,076)</u>
Total Noncurrent assets	<u>5,153,424</u>	<u>348,993</u>	<u>-</u>	<u>-</u>	<u>5,502,417</u>
Total assets	<u>6,575,298</u>	<u>589,056</u>	<u>1,440,438</u>	<u>1,077,866</u>	<u>9,682,658</u>
LIABILITIES					
Current liabilities					
Accounts payable	270,692	132,539	2,995	9,681	415,907
Other payables	-	-	36,054	-	36,054
Compensated absences	-	14,782	10,615	184	25,581
Claims payable	-	-	788,358	424,144	1,212,502
Total Current liabilities	<u>270,692</u>	<u>147,321</u>	<u>838,022</u>	<u>434,009</u>	<u>1,690,044</u>
Noncurrent liabilities					
Claims payable	-	-	-	961,636	961,636
Other post-employment benefits	-	104,259	22,870	19,507	146,636
Compensated absences	-	34,491	24,769	429	59,689
Net pension obligation	-	12,587	2,853	3,145	18,585
Total Noncurrent liabilities	<u>-</u>	<u>151,337</u>	<u>50,492</u>	<u>984,717</u>	<u>1,186,546</u>
Total liabilities	<u>270,692</u>	<u>298,658</u>	<u>888,514</u>	<u>1,418,726</u>	<u>2,876,590</u>
NET ASSETS					
Invested in capital assets, net of related debt	5,153,424	348,993	-	-	5,502,417
Unrestricted (deficit)	<u>1,151,182</u>	<u>(58,595)</u>	<u>551,924</u>	<u>(340,860)</u>	<u>1,303,651</u>
Total net assets	<u>\$ 6,304,606</u>	<u>\$ 290,398</u>	<u>\$ 551,924</u>	<u>\$ (340,860)</u>	<u>\$ 6,806,068</u>

Village of Downers Grove
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	Equipment Replacement	Fleet Services	Health Insurance	Risk Management	Total
Operating revenues					
Sales	\$ -	\$ 139,276	\$ -	\$ -	\$ 139,276
Interfund services	954,444	1,273,920	3,988,594	2,200,000	8,416,958
Insurance premiums	-	-	1,797,612	-	1,797,612
Other	1,240	-	53,838	7,719	62,797
Total operating revenues	<u>955,684</u>	<u>1,413,196</u>	<u>5,840,044</u>	<u>2,207,719</u>	<u>10,416,643</u>
Operating expenses					
Personnel services	-	590,763	125,946	47,756	764,465
Supplies	-	794,072	385	715	795,172
Contractual services	-	178,566	956,921	420,799	1,556,286
Other charges and services	212,204	312,147	4,693,490	892,071	6,109,912
Depreciation	637,197	39,451	-	-	676,648
Total operating expenses	<u>849,401</u>	<u>1,914,999</u>	<u>5,776,742</u>	<u>1,361,341</u>	<u>9,902,483</u>
Operating Income (loss)	<u>106,283</u>	<u>(501,803)</u>	<u>63,302</u>	<u>846,378</u>	<u>514,160</u>
Nonoperating revenues (expenses)					
Intergovernmental	-	92,970	-	-	92,970
Investment income	311	-	519	315	1,145
Gain/(Loss) from disposals	(180,988)	-	-	-	(180,988)
Total non operating revenue (expenses)	<u>(180,677)</u>	<u>92,970</u>	<u>519</u>	<u>315</u>	<u>(86,873)</u>
Income (loss) before transfers	<u>(74,394)</u>	<u>(408,833)</u>	<u>63,821</u>	<u>846,693</u>	<u>427,287</u>
Transfers in	-	-	-	200,000	200,000
Change in net assets	<u>(74,394)</u>	<u>(408,833)</u>	<u>63,821</u>	<u>1,046,693</u>	<u>627,287</u>
Total net assets -- beginning	6,379,000	699,231	488,103	(1,387,553)	6,178,781
Total net assets -- ending	<u>\$ 6,304,606</u>	<u>\$ 290,398</u>	<u>\$ 551,924</u>	<u>\$ (340,860)</u>	<u>\$ 6,806,068</u>

Village of Downers Grove
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Equipment Replacement	Fleet	Health	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from interfund services	\$954,444	\$1,273,920	\$3,988,594	\$2,200,000	\$8,416,958
Receipts from customers	1,240	92,705	2,170,848	382,093	2,646,886
Other payments (payments for claims)	-	(135,195)	(4,407,587)	(2,276,893)	(6,819,674)
Payments to employees	-	(568,682)	(115,907)	(104,685)	(789,274)
Payments for interfund services	-	(176,952)	(78,457)	(180)	(255,589)
Payments to suppliers	44,654	(914,417)	(957,342)	(420,851)	(2,247,956)
	<u>1,000,338</u>	<u>(428,621)</u>	<u>600,150</u>	<u>(220,516)</u>	<u>951,351</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant proceeds	-	92,970	-	-	92,970
Transfers in (out)	-	-	-	200,000	200,000
	<u>-</u>	<u>92,970</u>	<u>-</u>	<u>200,000</u>	<u>292,970</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital assets purchased	(1,790,643)	-	-	-	(1,790,643)
Interest paid	-	-	-	-	-
Principal paid on general obligation bonds	-	-	-	-	-
Net cash provided (used) by capital activities	<u>(1,790,643)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,790,643)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	311	-	519	315	1,145
	<u>311</u>	<u>-</u>	<u>519</u>	<u>315</u>	<u>1,145</u>
Net Increase (decrease) in cash and cash equivalents	<u>(789,994)</u>	<u>(335,651)</u>	<u>600,669</u>	<u>(20,201)</u>	<u>(545,177)</u>
Cash and investments - beginning of year	2,211,868	423,665	774,292	763,781	4,173,606
Cash and investments - end of year	<u>1,421,874</u>	<u>88,014</u>	<u>1,374,961</u>	<u>743,580</u>	<u>3,628,429</u>
Reconciliation of operating income (loss) to net cash by operating activities					
Operating income (loss)	106,283	(501,803)	63,302	846,378	514,160
cash provided (used) by operating activities:					
Depreciation	637,197	39,451	-	-	676,648
Miscellaneous revenues	-	-	-	-	-
Change in assets and liabilities					
Accounts payable	256,858	35,116	(37)	663	292,600
Compensated absences	-	(12)	607	(50,826)	(50,231)
Accounts receivable	-	(46,571)	252,848	374,374	580,651
Due from other funds	-	-	-	-	-
Inventory	-	23,105	-	-	23,105
Prepaid expenses	-	-	66,551	-	66,551
Other post-employment benefits	-	16,707	2,250	(7,151)	11,807
Deposits payable	-	-	-	-	-
Other payables	-	-	6,010	-	6,010
Claims payable	-	-	207,447	(1,385,003)	(1,177,556)
Net pension obligation	-	5,386	1,172	1,049	7,607
Net cash provided (used) by operating activities	<u>\$1,000,338</u>	<u>(\$428,621)</u>	<u>\$600,150</u>	<u>(\$220,516)</u>	<u>\$951,351</u>

See accompanying notes to financial statements

Village of Downers Grove
 Equipment Replacement Fund
 Non GAAP Schedule of Operating Expenses - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
OPERATING EXPENSES				
Other charges and services	\$ 484,600	\$ 484,600	\$ 212,204	\$ (272,396)
Capital outlay	746,812	1,551,812	1,823,826	272,014
Less assets capitalized	-	-	(1,823,826)	(1,823,826)
Total Non GAAP operating expenses	1,231,412	2,036,412	212,204	(1,824,208)
 Depreciation	 -	 -	 637,197	 637,197
Total GAAP operating expenses	\$ 1,231,412	\$ 2,036,412	\$ 849,401	\$(1,187,012)

Village of Downers Grove
Fleet Services Fund
Non GAAP Schedule of Operating Expenses - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
OPERATING EXPENSES				
Personnel services	\$ 609,163	\$ 609,163	\$ 590,763	\$ (18,400)
Supplies	722,625	752,625	794,072	41,447
Contractual services	178,875	178,875	178,566	(309)
Other charges and services	314,451	314,451	312,147	(2,304)
Total Non GAAP expenses	1,825,114	1,855,114	1,875,548	20,434
 Depreciation	 -	 -	 39,451	 39,451
Total GAAP operating expenses	\$ 1,825,114	\$ 1,855,114	\$ 1,914,999	\$ 59,885

Village of Downers Grove
Health Insurance Fund
Schedule of Operating Expenses - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
OPERATING EXPENSES				
Health administration				
Personnel services	\$ 118,482	\$ 118,482	\$ 125,946	\$ 7,464
Supplies	675	675	385	(290)
Contractual services	119,515	119,515	108,948	(10,567)
Other charges and services	398	398	396	(2)
Total	<u>239,070</u>	<u>239,070</u>	<u>235,675</u>	<u>(3,395)</u>
Vision insurance				
Contractual services	45,000	45,000	42,939	(2,061)
Other charges and services	-	-	-	-
Total	<u>45,000</u>	<u>45,000</u>	<u>42,939</u>	<u>(2,061)</u>
Medical insurance				
Contractual services	682,625	682,625	787,475	104,850
Other charges and services	4,286,194	4,786,194	4,276,747	(509,447)
Total	<u>4,968,819</u>	<u>5,468,819</u>	<u>5,064,222</u>	<u>(404,597)</u>
Dental insurance				
Contractual services	17,740	17,740	17,559	(181)
Other charges and services	400,000	400,000	416,347	16,347
Total	<u>417,740</u>	<u>417,740</u>	<u>433,906</u>	<u>16,166</u>
Total operating expenses	<u>\$ 5,670,629</u>	<u>\$ 6,170,629</u>	<u>\$ 5,776,742</u>	<u>\$ (393,887)</u>

Village of Downers Grove
 Risk Management Fund
 Schedule of Operating Expenses - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
OPERATING EXPENSES				
Personnel services	\$ 144,751	\$ 144,751	\$ 47,756	\$ (96,995)
Supplies	600	600	715	115
Contractual services	459,226	459,226	420,799	(38,427)
Other charges and services	1,575,181	1,575,181	892,071	(683,110)
Total operating expenses	\$ 2,179,758	\$ 2,179,758	\$ 1,361,341	\$ (818,417)

Village of Downers Grove, Illinois
Pension Trust Funds
Combining Statement of Net Assets
December 31, 2011

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 1,039,685	\$ 494,333	\$ 1,534,018
Investments			
U.S. obligations	10,307,782	17,566,758	27,874,540
Corporate bonds	9,470,628	445,170	9,915,798
Municipal bonds	-	262,830	262,830
Mutual funds - equity	13,503,732	15,080,019	28,583,751
Common and Preferred Stocks	3,804,260	-	3,804,260
Prepays	5,250	5,250	10,500
Interest receivable	161,436	123,422	284,858
	<hr/>		
Total assets	38,292,773	33,977,782	72,270,555
	<hr/> <hr/>		
LIABILITIES			
Accounts payable	19,762	14,200	33,962
	<hr/>		
Total liabilities	19,762	14,200	33,962
	<hr/> <hr/>		
NET ASSETS			
Held in trust for pension benefits	\$ 38,273,011	\$ 33,963,582	\$ 72,236,593
	<hr/> <hr/>		

Village of Downers Grove
Combining Statement of Changes in Net Assets
Pension Trust Funds
For the Year Ended December 31, 2011

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Contributions - employer	\$ 1,893,250	\$ 2,216,722	\$ 4,109,972
Contributions - employees	801,711	672,209	1,473,920
Total contributions	<u>2,694,961</u>	<u>2,888,931</u>	<u>5,583,892</u>
Investment earnings			
Net appreciation in fair value of investments	(517,565)	326,815	(190,750)
Interest earned on investments	1,017,953	862,257	1,880,210
Less investment expense	(100,401)	(78,027)	(178,428)
Net investment earnings (loss)	<u>399,987</u>	<u>1,111,045</u>	<u>1,511,032</u>
Total additions	<u>3,094,948</u>	<u>3,999,976</u>	<u>7,094,924</u>
DEDUCTIONS			
Supplies	115	-	115
Contractual services	30,481	43,166	73,647
Other charges and services	6,852	6,852	13,704
Benefits and refunds	<u>2,465,143</u>	<u>2,084,541</u>	<u>4,549,684</u>
Total deductions	<u>2,502,591</u>	<u>2,134,559</u>	<u>4,637,150</u>
Change in Net Assets	592,357	1,865,417	2,457,774
Net Assets - beginning of the year	<u>37,680,654</u>	<u>32,098,165</u>	<u>69,778,819</u>
Net Assets - end of the year	<u>\$ 38,273,011</u>	<u>\$ 33,963,582</u>	<u>\$ 72,236,593</u>

Village of Downers Grove
Police Pension Fund
Schedule of Changes in Net Assets - Budget and Actual
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
ADDITIONS				
Contributions - employer	\$ 1,880,508	\$ 1,880,508	\$ 1,893,250	\$ 12,742
Contributions - employees	620,000	620,000	801,711	181,711
Total contributions	<u>2,500,508</u>	<u>2,500,508</u>	<u>2,694,961</u>	<u>194,453</u>
Investment earnings				
Net appreciation in fair value of investments	250,000	250,000	(517,565)	(767,565)
Interest earned on investments	600,000	600,000	1,017,953	417,953
Less investment expense	(85,000)	(85,000)	(100,401)	(15,401)
Net investment earnings (loss)	<u>765,000</u>	<u>765,000</u>	<u>399,987</u>	<u>(365,013)</u>
Total additions	<u>3,265,508</u>	<u>3,265,508</u>	<u>3,094,948</u>	<u>(170,560)</u>
DEDUCTIONS				
Supplies	150	150	115	35
Contractual services	41,500	41,500	30,481	11,019
Other charges and services	6,852	6,852	6,852	-
Benefits and refunds	<u>2,628,000</u>	<u>2,628,000</u>	<u>2,465,143</u>	<u>162,857</u>
Total deductions	<u>2,676,502</u>	<u>2,676,502</u>	<u>2,502,591</u>	<u>173,911</u>
Net Change in Net Assets	<u>\$ 589,006</u>	<u>\$ 589,006</u>	<u>592,357</u>	<u>\$ 3,351</u>
Net assets held in trust for pension benefits				
Beginning			<u>37,680,654</u>	
Ending			<u>\$ 38,273,011</u>	

Village of Downers Grove
 Firefighters' Pension Fund
 Schedule of Changes in Net Assets - Budget and Actual
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance
ADDITIONS				
Contributions - employer	\$ 2,203,343	\$ 2,203,343	\$ 2,216,722	\$ 13,379
Contributions - employees	675,000	675,000	672,209	(2,791)
Total contributions	2,878,343	2,878,343	2,888,931	10,588
Investment earnings				
Net appreciation in fair value of investments	250,000	250,000	326,815	76,815
Interest earned on investments	900,000	900,000	862,257	(37,743)
Less investment expense	(62,000)	(62,000)	(78,027)	(16,027)
Net investment earnings (loss)	1,088,000	1,088,000	1,111,045	23,045
Total additions	3,966,343	3,966,343	3,999,976	33,633
DEDUCTIONS				
Supplies	20	20	-	20
Contractual services	36,465	36,465	43,166	(6,701)
Other charges and services	6,852	6,852	6,852	-
Benefits and refunds	2,512,000	2,512,000	2,084,541	427,459
Total deductions	2,555,337	2,555,337	2,134,559	420,778
Net Change in Net Assets	\$ 1,411,006	\$ 1,411,006	1,865,417	\$ 454,411
Net assets held in trust for pension benefits				
BEGINNING			<u>32,098,165</u>	
ENDING			<u>\$ 33,963,582</u>	

Village of Downers Grove
 Construction Deposit Fund
 Schedule of Changes in Assets and Liabilities
 For the Year Ended December 31, 2011

	Balances January 1	Additions	Deductions	Balances December 31
ASSETS				
Cash and investments	\$ 1,616,896	\$ 3,418,841	\$ 2,391,357	\$ 2,644,380
Total assets	1,616,896	3,418,841	2,391,357	2,644,380
LIABILITIES				
Accounts payable	48,822	983,212	904,357	127,677
Deposits payable	1,568,074	1,927,290	978,661	2,516,703
Total liabilities	\$ 1,616,896	\$ 2,910,502	\$ 1,883,018	\$ 2,644,380

Village of Downers Grove
Statement of Net Assets and Governmental Funds Combining Balance Sheet
Library Component Unit
December 31, 2011

	General	Debt Service	Construction	Total	Adjustments	Statement of Net Assets
ASSETS						
Cash and investments	\$ 3,761,902	\$ 872,642	\$ 243,566	\$4,878,110	-	\$4,878,110
Property tax receivable	4,176,336	646,780	-	4,823,116	-	4,823,116
Accounts receivable	-	-	-	-	-	-
Accrued interest receivable	1,633	-	-	1,633	-	1,633
Unamortized debt issuance costs	-	-	-	-	56,505	56,505
Capital assets not being depreciated	-	-	-	-	222,211	222,211
Capital assets net accumulated depreciation	-	-	-	-	11,707,871	11,707,871
Total assets	7,939,871	1,519,422	243,566	9,702,859	11,986,587	21,689,446
LIABILITIES AND FUND BALANCES						
Current liabilities						
Accrued interest payable	-	-	-	-	60,170	60,170
Accounts payable	88,568	-	-	88,568	-	88,568
Deferred property taxes	4,140,942	646,780	-	4,787,722	-	4,787,722
Debt due within 1 year	-	-	-	-	547,787	547,787
Total Current liabilities	4,229,510	646,780	-	4,876,290	607,957	5,484,247
Noncurrent liabilities						
Debt due in more than 1 year	-	-	-	-	2,959,313	2,959,313
Total Noncurrent liabilities	-	-	-	-	2,959,313	2,959,313
Total liabilities	4,229,510	646,780	-	4,876,290	3,567,270	8,443,560
FUND BALANCE/NET ASSETS						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	8,708,561	8,708,561
Restricted for Debt Service	-	872,642	-	872,642	(60,170)	812,472
Assigned for Construction	-	-	243,566	243,566	(243,566)	-
Unassigned/Unrestricted Fund Balance	3,710,361	-	-	3,710,361	14,492	3,724,853
Total fund balances/net assets	\$ 3,710,361	\$ 872,642	\$ 243,566	\$4,826,569	\$ 8,419,317	\$ 13,245,886

See accompanying notes to financial statements

Downers Grove Public Library
Component Unit

Statement of Activities and Governmental Fund
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances/Net Assets
For the Year Ended December 31, 2011

	General	Debt Service	Construction	Total	Adjustments	Statement of Activities
REVENUES						
Taxes	\$ 4,117,645	\$ 648,660	\$ -	\$ 4,766,305	\$ -	\$ 4,766,305
Intergovernmental	49,861	-	-	49,861	-	49,861
Charges for services	43,075	-	-	43,075	-	43,075
Fines	102,120	-	-	102,120	-	102,120
Investment income	6,806	396	-	7,202	-	7,202
Contributions & donations	6,989	-	-	6,989	-	6,989
Total revenues	<u>4,326,496</u>	<u>649,056</u>	<u>-</u>	<u>4,975,552</u>	<u>-</u>	<u>4,975,552</u>
EXPENDITURES						
Current						
Community services	3,294,179	-	-	3,294,179	1,102,335	4,396,514
Capital outlay	568,018	-	-	568,018	(568,018)	-
Debt service	-	520,000	-	520,000	(520,000)	-
Principal retirement	-	128,660	-	128,660	48,233	176,893
Interest and fiscal charges	-	648,660	-	648,660	62,550	4,573,407
Total expenditures	<u>3,862,197</u>	<u>648,660</u>	<u>-</u>	<u>4,510,857</u>	<u>62,550</u>	<u>4,573,407</u>
Net change in fund balance/net assets	464,299	396	-	464,695	(62,550)	402,145
Fund balance/net assets, beginning	<u>3,246,062</u>	<u>872,246</u>	<u>243,566</u>	<u>4,361,874</u>	<u>8,481,867</u>	<u>12,843,741</u>
Fund balance/net assets, ending	<u>\$ 3,710,361</u>	<u>\$ 872,642</u>	<u>\$ 243,566</u>	<u>\$ 4,826,569</u>	<u>\$ 8,419,317</u>	<u>\$ 13,245,886</u>

See accompanying notes to financial statements

Downers Grove Public Library Component Unit
Library General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Property tax	\$ 4,074,744	\$ 4,074,744	\$ 4,117,645	\$ 42,901
Intergovernmental	48,000	48,000	49,861	1,861
Charges for services & fees	43,350	43,350	43,075	(275)
Fines	117,000	117,000	102,120	(14,880)
Investment income	20,624	20,624	6,806	(13,818)
Contributions & donations	10,000	10,000	6,989	(3,011)
Total revenues	<u>4,313,718</u>	<u>4,313,718</u>	<u>4,326,496</u>	<u>12,778</u>
EXPENDITURES				
Current				
Community services	<u>3,600,608</u>	<u>3,600,608</u>	<u>3,294,179</u>	<u>(306,429)</u>
Total current	<u>3,600,608</u>	<u>3,600,608</u>	<u>3,294,179</u>	<u>(306,429)</u>
Capital outlay	<u>601,730</u>	<u>601,730</u>	<u>568,018</u>	<u>(33,712)</u>
Total expenditures	<u>4,202,338</u>	<u>4,202,338</u>	<u>3,862,197</u>	<u>(340,141)</u>
Excess of revenues over expenditures	<u>111,380</u>	<u>111,380</u>	<u>464,299</u>	<u>352,919</u>
Net change in fund balances	111,380	111,380	464,299	<u>\$ 352,919</u>
Fund balances -- beginning	<u>3,246,062</u>	<u>3,246,062</u>	<u>3,246,062</u>	
Fund balances -- ending	<u>\$ 3,357,442</u>	<u>\$ 3,357,442</u>	<u>\$ 3,710,361</u>	

Downers Grove Public Library Component Unit
Library Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property tax	\$ 648,660	\$ 648,660	\$ 648,660	\$ -
Investment income	1,000	1,000	396	(604)
Total revenues	<u>649,660</u>	<u>649,660</u>	<u>649,056</u>	<u>(604)</u>
EXPENDITURES				
Debt service				
Principal retirement	520,000	520,000	520,000	-
Interest	<u>128,660</u>	<u>128,660</u>	<u>128,660</u>	-
Total debt service	<u>648,660</u>	<u>648,660</u>	<u>648,660</u>	-
Total expenditures	<u>648,660</u>	<u>648,660</u>	<u>648,660</u>	-
Excess of revenues over expenditures	<u>1,000</u>	<u>1,000</u>	<u>396</u>	<u>(604)</u>
Net change in fund balances	1,000	1,000	396	<u>\$ (604)</u>
Fund balances -- beginning	<u>872,246</u>	<u>872,246</u>	<u>872,246</u>	
Fund balances -- ending	<u>\$ 873,246</u>	<u>\$ 873,246</u>	<u>\$ 872,642</u>	

Downers Grove Public Library Component Unit
Library Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment income	\$ 610	\$ 610		\$ (610)
Total revenues	<u>610</u>	<u>610</u>	<u>-</u>	<u>(610)</u>
EXPENDITURES				
Capital outlay				
Community services	80,000	80,000		(80,000)
Total capital outlay	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
Net change in fund balances	(79,390)	(79,390)	-	79,390
Fund balances -- beginning	<u>243,566</u>	<u>243,566</u>	<u>243,566</u>	
Fund balances -- ending	<u>\$ 164,176</u>	<u>\$ 164,176</u>	<u>\$ 243,566</u>	

Village of Downers Grove

Schedule of Insurance in Force
December 31, 2011

Insurance Company	Term	Description of Coverage
Chubb	05/01/11- 04/30/12	All Risk Property \$35,000,000 Excess of \$25,000
Star Indemnity	05/01/11- 04/30/12	Excess GL/Auto/Crime/Fidelity/Terrorism Excess up to \$15,000,000, Retained Limit of \$1,000,000
Star Indemnity	05/01/11- 04/30/12	Excess GL/Auto/Crime/Fidelity/Terrorism Excess up to \$5,000,000, Retained Limit of \$10,000,000
Traveler's Insurance	05/01/11- 04/30/12	Excess GL/Auto \$20,000,000 Excess after the 1st Layer \$10,000,000
Safety National	05/01/11- 04/30/12	Workers' Compensation Full Statutory Benefits \$2,000,000 Excess of \$550,000

Village of Downers Grove

Long-Term Debt Requirements
 General Obligation Bonds, Series 2001A
 December 31, 2011

Date of Issue	December 27, 2001
Date of Maturity	January 1, 2012
Authorized Issue	\$4,000,000
Denomination of Bonds	\$5,000
Interest Rates	2.75% to 4.60%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable At	The Northern Trust Company
Purpose of Issuance	To finance the installation of the AMR system

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 485,000	\$ 11,155	\$ 496,155	2012	\$ 11,155	2012	\$ -
	<u>\$ 485,000</u>	<u>\$ 11,155</u>	<u>\$ 496,155</u>		<u>\$ 11,155</u>		<u>\$ -</u>

Village of Downers Grove
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2002
 December 31, 2011

Date of Issue August 1, 2002
 Date of Maturity January 1, 2021
 Authorized Issue \$6,000,000
 Denomination of Bonds \$5,000
 Interest Rates 3.50% to 4.75%
 Interest Dates January 1 and July 1
 Principal Maturity Dates January 1
 Payable At The Northern Trust Company
 Purpose of Issuance To finance the redevelopment of the Central Business District

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 120,000	\$ 2,700	\$ 122,700	2012	\$ 2,700	2012	\$ -
	<u>\$ 120,000</u>	<u>\$ 2,700</u>	<u>\$ 122,700</u>		<u>\$ 2,700</u>		<u>\$ -</u>

Village of Downers Grove

Long-Term Debt Requirements
 General Obligation Refunding Bonds, Series 2003
 December 31, 2011

Date of Issue	June 1, 2003
Date of Maturity	January 1, 2017
Authorized Issue	\$6,265,000
Denomination of Bonds	\$5,000
Interest Rates	2.5 % to 3.75%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable at	The Northern Trust Company
Purpose of Issuance	To refund Library G.O. Bonds, Series 1996

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 535,000	\$ 111,780	\$ 646,780	2012	\$ 60,170	2012	\$ 51,610
2013	555,000	94,340	649,340	2013	51,610	2013	42,730
2014	570,000	75,913	645,913	2014	42,730	2014	33,183
2015	585,000	56,128	641,128	2015	33,183	2015	22,945
2016	610,000	34,758	644,758	2016	22,945	2016	11,813
2017	630,000	11,813	641,813	2017	11,813	2017	-
	<u>\$ 3,485,000</u>	<u>\$ 384,732</u>	<u>\$ 3,869,732</u>		<u>\$ 222,451</u>		<u>\$ 162,281</u>

Village of Downers Grove
 Long-Term Debt Requirements
 Taxable General Obligation Refunding Bonds, Series 2005
 December 31, 2011

Date of Issue March 1, 2005
 Date of Maturity January 1, 2020
 Authorized Issue \$9,950,000
 Denomination of Bonds \$5,000
 Interest Rates 2.30% to 3.85%
 Interest Dates January 1 and July 1
 Principal Maturity Dates January 1
 Payable at The Northern Trust Company
 Purpose of Issuance To refund G.O. Bonds, Series 1999 and G.O. Bonds, Series 2000

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 80,000	\$ 345,150	\$ 425,150	2012	\$ 173,275	2012	\$ 171,875
2013	80,000	342,350	422,350	2013	171,875	2013	170,475
2014	840,000	326,250	1,166,250	2014	170,475	2014	155,775
2015	1,175,000	290,694	1,465,694	2015	155,775	2015	134,919
2016	1,365,000	245,268	1,610,268	2016	134,919	2016	110,349
2017	1,505,000	193,608	1,698,608	2017	110,349	2017	83,259
2018	1,735,000	134,420	1,869,420	2018	83,259	2018	51,161
2019	1,820,000	68,197	1,888,197	2019	51,161	2019	17,036
2020	885,000	17,036	902,036	2020	17,036	2020	-
	<u>\$ 9,485,000</u>	<u>\$ 1,962,973</u>	<u>\$ 11,447,973</u>		<u>\$ 1,068,124</u>		<u>\$ 894,849</u>

Village of Downers Grove
 Long-Term Debt Requirements
 General Obligation Bonds, Series 2007
 December 31, 2011

Date of Issue	May 1, 2007
Date of Maturity	January 1, 2028
Authorized Issue	\$9,250,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% to 5.50%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable At	The Northern Trust Company
Purpose of Issuance	To finance the building of Fire Station # 2.

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 360,000	\$ 340,108	\$ 700,108	2012	\$ 173,654	2012	\$ 166,454
2013	375,000	325,408	700,408	2013	166,454	2013	158,954
2014	390,000	310,108	700,108	2014	158,954	2014	151,154
2015	400,000	291,308	691,308	2015	151,154	2015	140,154
2016	420,000	268,758	688,758	2016	140,154	2016	128,604
2017	435,000	249,051	684,051	2017	128,604	2017	120,447
2018	450,000	232,345	682,345	2018	120,447	2018	111,898
2019	470,000	214,748	684,748	2019	111,898	2019	102,850
2020	490,000	196,268	686,268	2020	102,850	2020	93,418
2021	500,000	177,085	677,085	2021	93,418	2021	83,667
2022	525,000	156,835	681,835	2022	83,667	2022	73,168
2023	550,000	135,335	685,335	2023	73,168	2023	62,167
2024	570,000	112,935	682,935	2024	62,167	2024	50,768
2025	595,000	89,635	684,635	2025	50,768	2025	38,867
2026	620,000	65,335	685,335	2026	38,867	2026	26,468
2027	645,000	40,035	685,035	2027	26,468	2027	13,567
2028	670,000	13,568	683,568	2028	13,568	2028	-
	<u>\$ 8,465,000</u>	<u>\$ 3,218,865</u>	<u>\$ 11,683,865</u>		<u>\$ 1,696,260</u>		<u>\$ 1,522,605</u>

Village of Downers Grove
Long-Term Debt Requirements
General Obligation Bonds, Series 2008A
December 31, 2011

Date of Issue	August 13, 2008
Date of Maturity	January 1, 2038
Authorized Issue	\$25,000,000
Denomination of Bonds	\$5,000
Interest Rates	3.50% to 5.25%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable At	The Northern Trust Company
Purpose of Issuance	To fund watershed improvements

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 2,610,000	\$ 853,763	\$ 3,463,763	2012	\$ 449,719	2012	\$ 404,044
2013	345,000	802,050	1,147,050	2013	404,044	2013	398,006
2014	355,000	789,800	1,144,800	2014	398,006	2014	391,794
2015	370,000	776,187	1,146,187	2015	391,794	2015	384,393
2016	385,000	761,087	1,146,087	2016	384,393	2016	376,694
2017	400,000	745,387	1,145,387	2017	376,694	2017	368,693
2018	415,000	729,087	1,144,087	2018	368,693	2018	360,394
2019	430,000	710,038	1,140,038	2019	360,394	2019	349,644
2020	455,000	687,913	1,142,913	2020	349,644	2020	338,269
2021	475,000	664,663	1,139,663	2021	338,269	2021	326,394
2022	500,000	640,288	1,140,288	2022	326,394	2022	313,894
2023	525,000	614,663	1,139,663	2023	313,894	2023	300,769
2024	550,000	587,788	1,137,788	2024	300,769	2024	287,019
2025	580,000	559,538	1,139,538	2025	287,019	2025	272,519
2026	605,000	529,157	1,134,157	2026	272,519	2026	256,638
2027	640,000	496,476	1,136,476	2027	256,638	2027	239,838
2028	670,000	462,088	1,132,088	2028	239,838	2028	222,250
2029	705,000	426,875	1,131,875	2029	222,250	2029	204,625
2030	740,000	390,750	1,130,750	2030	204,625	2030	186,125
2031	780,000	352,750	1,132,750	2031	186,125	2031	166,625
2032	820,000	312,750	1,132,750	2032	166,625	2032	146,125
2033	860,000	270,750	1,130,750	2033	146,125	2033	124,625
2034	900,000	226,750	1,126,750	2034	124,625	2034	102,125
2035	950,000	180,500	1,130,500	2035	102,125	2035	78,375
2036	995,000	131,875	1,126,875	2036	78,375	2036	53,500
2037	1,045,000	80,873	1,125,873	2037	53,500	2037	27,373
2038	1,095,000	27,373	1,122,373	2038	27,373	2038	-
	<u>\$ 19,200,000</u>	<u>\$ 13,811,219</u>	<u>\$ 33,011,219</u>		<u>\$ 7,130,469</u>		<u>\$ 6,680,750</u>

Village of Downers Grove
 Long-Term Debt Requirements
 General Obligation Refunding Bonds, Series 2008B
 December 31, 2011

Date of Issue	August 13, 2008
Date of Maturity	January 1, 2021
Authorized Issue	\$3,900,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 5.00%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable At	The Northern Trust Company
Purpose of Issuance	To refund G.O. Bonds, Series 1999; G.O. Bonds, Series 2000; and G.O. Bonds, Series 2003A

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 625,000	\$ 145,713	\$ 770,713	2012	\$ 78,325	2012	\$ 67,388
2013	720,000	122,176	842,176	2013	67,388	2013	54,788
2014	45,000	108,788	153,788	2014	54,788	2014	54,000
2015	-	108,000	108,000	2015	54,000	2015	54,000
2016	-	108,000	108,000	2016	54,000	2016	54,000
2017	-	108,000	108,000	2017	54,000	2017	54,000
2018	-	108,000	108,000	2018	54,000	2018	54,000
2019	-	108,000	108,000	2019	54,000	2019	54,000
2020	1,055,000	81,624	1,136,624	2020	54,000	2020	27,624
2021	1,105,000	27,624	1,132,624	2021	27,624	2021	-
	<u>\$ 3,550,000</u>	<u>\$ 1,025,925</u>	<u>\$ 4,575,925</u>		<u>\$ 552,125</u>		<u>\$ 473,800</u>

Village of Downers Grove
 Long-Term Debt Requirements
 General Obligation Refunding Bonds, Series 2009
 December 31, 2011

Date of Issue April 9, 2009
 Date of Maturity January 1, 2019
 Authorized Issue \$9,030,000
 Denomination of Bonds \$5,000
 Interest Rates 2.50% to 5.00%
 Interest Dates January 1 and July 1
 Principal Maturity Dates January 1
 Payable At The Northern Trust Company
 Purpose of Issuance To refund G.O. Bonds, Series 1998; and G.O. Bonds, Series 2003A

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ 1,070,000	\$ 248,250	\$ 1,318,250	2012	\$ 134,825	2012	\$ 113,425
2013	1,100,000	213,100	1,313,100	2013	113,425	2013	99,675
2014	1,130,000	182,400	1,312,400	2014	99,675	2014	82,725
2015	880,000	152,250	1,032,250	2015	82,725	2015	69,525
2016	910,000	124,263	1,034,263	2016	69,525	2016	54,738
2017	940,000	93,026	1,033,026	2017	54,738	2017	38,288
2018	970,000	58,388	1,028,388	2018	38,288	2018	20,100
2019	1,005,000	20,100	1,025,100	2019	20,100	2019	-
	<u>\$ 8,005,000</u>	<u>\$ 1,091,777</u>	<u>\$ 9,096,777</u>		<u>\$ 613,301</u>		<u>\$ 478,476</u>

Village of Downers Grove

Long-Term Debt Requirements
 General Obligation Refunding Bonds, Series 2010A
 December 31, 2011

Date of Issue	March 4, 2010
Date of Maturity	January 1, 2021
Authorized Issue	\$5,805,000
Denomination of Bonds	\$5,000
Interest Rates	2.0% to 5.0%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable at	The Northern Trust Company
Purpose of Issuance	To refund G.O. Bonds, Series 2000; and G.O. Bonds, Series 2001

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ -	\$ 238,700	\$ 238,700	2012	\$ 119,350	2012	\$ 119,350
2013	-	238,700	238,700	2013	119,350	2013	119,350
2014	255,000	235,513	490,513	2014	119,350	2014	116,163
2015	175,000	230,138	405,138	2015	116,163	2015	113,975
2016	160,000	225,550	385,550	2016	113,975	2016	111,575
2017	215,000	219,925	434,925	2017	111,575	2017	108,350
2018	200,000	213,200	413,200	2018	108,350	2018	104,850
2019	335,000	203,000	538,000	2019	104,850	2019	98,150
2020	1,545,000	165,400	1,710,400	2020	98,150	2020	67,250
2021	2,690,000	67,250	2,757,250	2021	67,250	2021	-
	<u>\$ 5,575,000</u>	<u>\$ 2,037,376</u>	<u>\$ 7,612,376</u>		<u>\$ 1,078,363</u>		<u>\$ 959,013</u>

Village of Downers Grove

Long-Term Debt Requirements
 General Obligation Refunding Bonds, Series 2010B
 December 31, 2011

Date of Issue	November 10, 2010
Date of Maturity	January 1, 2021
Authorized Issue	\$5,150,000
Denomination of Bonds	\$5,000
Interest Rates	3.0% to 4.0%
Interest Dates	January 1 and July 1
Principal Maturity Dates	January 1
Payable at	The Northern Trust Company
Purpose of Issuance	To refund G.O. Bonds, Series 2002

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Debt Service			Interest Due On			
	Principal	Interest	Totals	January 1	Amount	July 1	Amount
2012	\$ -	\$ 197,800	\$ 197,800	2012	\$ 98,900	2012	\$ 98,900
2013	-	197,800	197,800	2013	98,900	2013	98,900
2014	200,000	194,800	394,800	2014	98,900	2014	95,900
2015	380,000	186,100	566,100	2015	95,900	2015	90,200
2016	240,000	176,800	416,800	2016	90,200	2016	86,600
2017	580,000	161,600	741,600	2017	86,600	2017	75,000
2018	705,000	135,900	840,900	2018	75,000	2018	60,900
2019	845,000	104,900	949,900	2019	60,900	2019	44,000
2020	990,000	68,200	1,058,200	2020	44,000	2020	24,200
2021	1,210,000	24,200	1,234,200	2021	24,200	2021	-
	<u>\$ 5,150,000</u>	<u>\$ 1,448,100</u>	<u>\$ 6,598,100</u>		<u>\$ 773,500</u>		<u>\$ 674,600</u>

STATISTICAL SECTION

This part of the Village of Downers Grove's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	118-122
Revenue Capacity These schedules contain information to help the reader assess significant local revenue sources, the property tax and sales tax.	123-128
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	129-131
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	132-133
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	134-136

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF DOWNERS GROVE
NET ASSETS BY COMPONENT (in thousands)
Last Nine Fiscal Years

	2004	2005	2006	2006(A)	2007	2008	2009	2010	2011
Governmental Activities									
Invested in capital assets, net of related debt	\$ 62,467	\$ 63,898	\$ 61,598	\$ 65,925	\$ 66,275	\$ 70,743	\$ 66,960	\$ 64,610	\$ 69,272
Restricted	4,815	5,982	3,697	3,847	4,007	35,839	31,786	4,795	6,051
Unrestricted	8,171	11,963	15,822	17,532	19,581	(13,944)	(9,618)	24,820	25,138
Total Governmental Activities	75,453	81,843	81,117	87,304	89,863	92,637	89,127	94,225	100,461
Business-type Activities									
Invested in capital assets, net of related debt	24,031	25,531	25,370	25,213	25,279	29,197	32,272	32,691	32,663
Unrestricted	4,614	4,465	5,724	4,424	7,746	4,911	1,545	1,304	2,192
Total Business-type Activities	28,645	29,996	31,094	29,637	33,025	34,108	33,817	33,995	34,855
Primary Government									
Invested in capital assets, net of related debt	86,498	89,429	86,968	91,137	91,554	99,939	99,232	97,301	101,935
Restricted	4,815	5,982	3,697	3,847	4,007	35,839	31,786	4,795	6,051
Unrestricted	12,785	16,428	21,546	21,956	27,327	(9,033)	(8,073)	26,124	27,330
Total Primary Government	\$ 104,098	\$ 111,839	\$ 112,211	\$ 116,940	\$ 122,888	\$ 126,745	\$ 122,945	\$ 128,220	\$ 135,316

Notes

(A) The Village changed its fiscal year end from April 30 to December 31.

Data Source

Audited Financial Statements

VILLAGE OF DOWNERS GROVE
CHANGE IN NET ASSETS (in thousands)
Last Nine Fiscal Years

	2004	2005	2006	2006(A)	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
General government	\$ 3,939	\$ 626	\$ 4,418	\$ 4,263	\$ 5,637	\$ 6,360	\$ 4,841	\$ 5,362	\$ 5,971
Public works	8,478	9,717	9,669	8,362	11,041	13,561	15,701	11,855	13,867
Community development	1,452	1,565	1,686	2,469	4,200	3,229	2,805	2,539	2,458
Public safety	22,757	22,139	23,057	17,740	26,588	28,591	27,635	26,768	27,317
Community services	6,044	2,747	4,149	2,125	2,991	2,036	1,882	836	745
Interest and fiscal charges	2,657	1,881	1,836	1,283	2,010	2,349	2,956	2,774	2,514
Total Governmental Activities Expenses	45,327	38,675	44,815	36,242	52,467	56,126	55,820	50,134	52,872
Business-type Activities									
Waterworks	9,112	8,459	8,626	5,813	7,863	6,777	7,710	8,248	8,765
Parking	1,212	793	884	292	977	940	946	847	966
Transportation	671	540	-	-	-	-	-	-	-
Total Business-type Activities Expenses	10,995	9,792	9,510	6,105	8,840	7,717	8,656	9,095	9,731
Total Primary Government Expenses	56,322	48,467	54,325	42,347	61,307	63,843	64,476	59,229	62,603
Program Revenues									
Governmental Activities									
Charges for Services	2,765	762	1,006	2,152	1,577	1,793	2,052	1,576	1,567
General government	203	202	372	181	249	174	192	220	383
Public works	25	19	1,831	1,272	2,107	1,334	955	1,123	1,187
Community development	2,627	1,804	2,533	1,941	2,181	2,728	2,506	2,606	2,655
Public safety	3,016	2,506	878	863	825	1,045	1,059	793	848
Community services	2,038	1,708	1,552	1,198	1,898	1,844	374	206	617
Operating Grants and Contributions	170	617	428	249	1,216	2,810	1,582	1,611	2,976
Total Governmental Activities Program Revenues	10,844	7,618	8,600	7,856	10,053	11,728	8,720	8,135	10,233
Business-type Activities									
Charges for Services	8,696	10,134	8,696	5,440	7,799	7,372	7,473	8,143	9,475
Waterworks	756	856	1,013	699	1,289	1,209	1,242	1,287	1,298
Parking	391	213	-	-	-	-	-	-	-
Transportation	-	-	179	268	1	47	120	47	47
Operating Grants and Contributions	-	-	-	-	-	130	-	30	10
Total Business-type Activities Program Revenues	9,843	11,203	9,888	6,407	9,089	8,758	8,835	9,507	10,830
Total Primary Government Program Revenues	20,687	18,821	18,488	14,263	19,142	20,486	17,555	17,642	21,063

VILLAGE OF DOWNERS GROVE
CHANGE IN NET ASSETS (in thousands) (Continued)
Last Nine Fiscal Years

	2004	2005	2006	2006(A)	2007	2008	2009	2010	2011
Net Revenue (Expense)	\$ (34,483)	\$ (31,057)	\$ (36,215)	\$ (28,386)	\$ (42,414)	\$ (44,398)	\$ (47,100)	\$ (41,999)	\$ (42,639)
Governmental activities	(1,152)	1,411	378	302	249	1,041	180	412	1,099
Business-type activities	(35,635)	(29,646)	(35,837)	(28,084)	(42,165)	(43,357)	(46,920)	(41,587)	(41,540)
Total Primary Government Net Revenue (Expense)									
General Revenues and Other Changes in Net Assets									
Governmental Activities	12,679	8,993	10,237	10,648	10,868	14,079	14,819	16,609	17,298
Taxes	14,797	17,195	16,716	12,627	17,549	16,917	16,330	17,374	18,560
Property Sales	6,175	6,363	6,268	3,798	6,269	7,541	6,371	6,001	6,209
Utility Income	2,901	3,434	3,769	2,672	4,313	4,612	3,960	3,835	3,787
Other	174	1,992	2,867	1,254	2,496	2,588	2,127	2,285	2,330
Investment earnings	243	291	814	888	1,730	1,222	1,073	737	416
Miscellaneous	332	79	18	92	43	7	38	-	24
Special items	-	-	(4,684)	1,261	-	-	-	-	-
Transfers	100	100	181	1,930	178	208	570	256	250
Total Governmental Activities	37,401	38,447	36,186	35,170	43,446	47,174	43,288	47,097	48,874
Business-type Activities	39	39	203	170	304	250	99	22	10
Investment earnings	(5)	-	-	-	3,013	-	-	-	-
Miscellaneous	(100)	(100)	(181)	(1,930)	(178)	(208)	(570)	(256)	(250)
Transfers	(66)	(61)	22	(1,760)	3,139	42	(471)	(234)	(240)
Total Business-type Activities	37,335	38,386	36,208	33,410	46,585	47,216	44,817	46,863	48,634
Change in net assets									
Governmental activities	2,918	7,390	(29)	6,784	1,031	2,774	(1,813)	5,098	6,235
Business-type activities	(1,218)	1,350	400	(1,457)	3,388	1,083	(291)	178	859
Total Primary Government Change in Net Assets	\$ 1,700	\$ 8,740	\$ 371	\$ 5,327	\$ 4,419	\$ 3,857	\$ (2,104)	\$ 5,276	\$ 7,094

Notes

(A) The Village changed its fiscal year end from April 30 to December 31. The Village of Downers Grove implemented GASB S-34 in 2004

Data Source
Audited Financial Statements

VILLAGE OF DOWNERS GROVE
 FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
 Last Ten Fiscal Years

	2003	2004	2005	2006	2006(A)	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 127	\$ 121	\$ 104	\$ 194	\$ 99	\$ 89	\$ 89	\$ 66	\$ 2,026	\$ -
Unreserved	5,486	6,378	12,217	17,858	18,530	16,962	15,688	15,377	13,656	-
Nonspendable	-	-	-	-	-	-	-	-	-	2,043
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	15,141
Total General Fund	5,613	6,499	12,321	18,052	18,629	17,051	15,776	15,443	15,682	17,184
Reserved	81	4,113	5,479	5,493	5,741	5,908	-	-	-	-
Unreserved, reported in										
Debt Service Funds	-	-	-	-	-	-	714	856	259	-
Special Revenue Funds	4,726	-	(724)	(2,476)	(871)	(1,284)	1,681	1,275	2,850	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Capital Project Funds	2,861	-	1,352	1,227	445	5,524	31,668	27,701	23,031	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	6,051
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	19,534
Unassigned	-	-	-	-	-	-	-	-	-	(1,922)
Total All Other Governmental Funds	\$ 7,668	\$ 4,113	\$ 6,107	\$ 4,244	\$ 5,315	\$ 10,148	\$ 34,063	\$ 29,832	\$ 26,140	\$ 23,663

Notes

(A) The Village changed its fiscal year end from April 30 to December 31.

In 2011, the Village adopted GASB Statement No. 54.

Data Source
 Audited Financial Statements

VILLAGE OF DOWNERS GROVE
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (in thousands)
 Last Ten Fiscal Years

	2003	2004	2005	2006	2006(A)	2007	2008	2009	2010	2011
Revenues	\$ 11,532	\$ 14,797	\$ 17,195	\$ 16,716	\$ 12,627	\$ 17,549	\$ 16,917	\$ 16,330	\$ 17,374	\$ 18,559
Sales tax	8,611	10,357	8,993	10,237	10,648	10,868	14,079	14,819	16,609	17,298
Property tax	5,427	6,175	6,363	6,268	3,798	6,269	7,541	6,371	6,001	6,209
Utility tax	3,169	2,901	3,434	3,769	2,672	4,313	4,612	3,960	3,835	3,787
Income tax	1,083	1,660	1,483	1,917	1,434	2,839	2,586	2,127	2,284	2,331
Other taxes	1,882	2,254	1,708	2,036	1,326	2,091	1,345	1,148	1,439	1,518
Licenses and permits	2,974	2,647	2,117	2,821	1,224	2,098	3,184	1,748	1,754	3,513
Intergovernmental	4,346	5,100	3,026	3,737	3,071	4,123	4,065	4,565	3,773	4,096
Charges for services & fees	751	1,391	559	871	637	676	1,264	1,246	1,106	1,027
Fines & forfeitures	268	243	291	814	792	1,569	1,222	1,073	737	416
Investment income	334	445	279	104	114	99	1,469	207	63	79
Miscellaneous	40,377	47,970	45,448	49,290	38,343	52,494	58,286	53,595	54,976	58,833
Total revenues	6,599	5,805	2,222	4,474	3,649	5,027	6,008	4,536	4,662	5,296
Expenditures	7,966	8,304	8,182	7,693	7,135	8,920	9,934	10,881	7,816	8,902
General government	-	-	1,524	1,689	2,009	3,842	2,745	2,344	2,158	2,109
Public works	19,233	23,381	22,043	23,139	17,252	25,060	26,053	25,518	26,826	27,244
Community development	4,665	4,598	2,728	3,475	1,758	3,042	1,966	1,831	865	750
Public safety	5,565	9,159	7,048	1,659	2,031	10,216	11,095	9,433	8,347	7,939
Community services	5,145	631	4,828	668	4,518	765	1,000	1,245	4,810	5,140
Capital outlay	1,654	1,698	2,164	1,809	950	70	2,198	2,854	3,175	2,502
Debt service	50,827	53,576	50,739	44,606	39,302	56,942	60,999	58,642	58,660	59,882
Principal	(10,450)	(5,606)	(5,291)	4,684	(959)	(4,448)	(2,713)	(5,047)	(3,684)	(1,049)
Interest and fiscal charges	1,510	(84)	6,811	1,184	5,278	410	2,067	4,755	7,260	7,442
Total expenditures	(1,295)	184	(6,711)	(1,003)	(3,348)	(30)	(2,109)	(4,435)	(7,204)	(7,392)
Excess of Revenues over (under) Expenditures	10,500	5,922	14,450	-	-	-	28,900	9,030	10,955	(11,790)
Other Financing Sources (Uses)	-	-	(9,840)	-	-	-	(3,992)	(9,144)	(11,790)	-
Transfers in	-	-	35	-	-	-	481	239	1,009	-
Transfers out	-	-	-	49	1,275	-	7	38	-	24
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Payment to the refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Bond issue premium	-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	10,715	6,022	4,745	230	3,205	380	25,354	483	230	74
Net Change in Fund Balances	\$ 265	\$ 416	\$ (546)	\$ 4,914	\$ 2,246	\$ (4,068)	\$ 22,641	\$ (4,564)	\$ (3,454)	\$ (975)
Debt Service as a Percentage of Noncapital Expenditures	13.38%	4.35%	13.78%	5.55%	13.91%	5.15%	6.54%	7.87%	15.15%	14.71%

Notes
 (A) The Village changed its fiscal year end from April 30 to December 31.

Data Source
 Audited Financial Statements

VILLAGE OF DOWNERS GROVE
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2002	1,102,277,929	469,463,965	63,794,320	1,635,536,214	0.37	4,906,608,642	33.33%
2003	1,215,329,035	467,952,910	64,409,960	1,747,691,905	0.44	5,243,075,715	33.33%
2004	1,323,442,153	495,011,598	66,794,600	1,885,248,351	0.44	5,655,745,053	33.33%
2005	1,483,717,879	505,593,618	68,323,460	2,057,634,957	0.41	6,172,904,871	33.33%
2006	1,624,870,481	526,745,115	71,259,570	2,222,875,166	0.38	6,668,625,498	33.33%
2007	1,801,439,088	539,361,723	72,243,603	2,413,044,414	0.46	7,239,133,242	33.33%
2008	1,928,792,310	542,102,539	76,659,327	2,547,554,176	0.44	7,642,662,528	33.33%
2009	1,938,204,827	535,619,097	76,008,514	2,549,832,438	0.50	7,649,497,314	33.33%
2010	1,831,191,815	503,177,630	71,922,788	2,406,292,233	0.56	7,218,876,699	33.33%
2011	1,702,783,589	498,605,787	68,214,898	2,269,604,274	0.58	6,808,812,822	33.33%

Data Source
 Office of the County Clerk

Note : Property in the Village is reassessed each year. Property is assessed at 33% of actual value.

VILLAGE OF DOWNERS GROVE
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Levy Years

Tax Levy Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Village Direct Rates										
Corporate	0.0911	0.1341	0.1350	0.1237	0.1156	0.1146	0.1068	0.1264	0.1601	0.1697
Firefighter's Pension	0.0716	0.0749	0.0769	0.0764	0.0712	0.0427	0.0626	0.0785	0.0925	0.0945
Police Pension	0.0391	0.0509	0.0465	0.0532	0.0496	0.0479	0.0501	0.0676	0.0790	0.0698
Debt Service	0.0812	0.0494	0.0526	0.0429	0.0335	0.0330	0.0000	0.0000	0.0000	0.0000
Fire Protection	0.0845	0.1274	0.1283	0.1175	0.1100	0.1158	0.1138	0.1137	0.1205	0.1277
Stormwater	0.0000	0.0000	0.0000	0.0000	0.0000	0.1090	0.1090	0.1090	0.1104	0.1170
Total Direct Rate	0.3675	0.4367	0.4393	0.4137	0.3799	0.4630	0.4423	0.4952	0.5625	0.5787
Overlapping Rates										
Library District	0.2179	0.2109	0.2033	0.1942	0.1870	0.1795	0.1773	0.1832	0.1966	0.2136
Downers Grove Park District	0.3828	0.3489	0.3322	0.3188	0.3062	0.2932	0.2781	0.2699	0.2900	0.3077
Downers Grove Sanitary District	0.0366	0.0355	0.0339	0.0326	0.0316	0.0303	0.0301	0.0305	0.0336	0.0363
Special Service Area #1	0.0940	0.0813	0.0728	0.0619	0.0573	0.0000	0.0000	0.0000	0.0000	0.0000
Special Service Area #2	1.4089	1.5000	1.5000	1.5000	1.5000	1.4161	1.5000	1.5000	1.5000	1.5000
Special Service Area #3	0.5737	0.5071	0.4605	0.3655	0.3379	0.3315	0.3140	0.3151	0.3366	0.3345
Downers Grove Township	0.0324	0.0306	0.0290	0.0278	0.0268	0.0256	0.0254	0.0256	0.0281	0.0307
Downers Grove Township Road	0.0486	0.0459	0.0434	0.0416	0.0401	0.0382	0.0379	0.0382	0.0420	0.0439
DuPage County	0.2154	0.1999	0.1850	0.1791	0.1713	0.1651	0.1557	0.1554	0.1659	0.1773
DuPage County Forest Preserve	0.1534	0.1419	0.1358	0.1271	0.1303	0.1187	0.1206	0.1217	0.1321	0.1414
DuPage Airport Authority	0.0248	0.0230	0.0213	0.0198	0.0183	0.0170	0.0160	0.0148	0.0158	0.0169
College of DuPage	0.2179	0.2097	0.1972	0.1874	0.1929	0.1888	0.1858	0.2127	0.2349	0.2495
Grade School District No. 58	1.9765	1.8523	1.7721	1.7049	1.6523	1.5816	1.5713	1.6304	1.6991	1.8851
High School District No. 99	1.7204	1.6696	1.5914	1.5365	1.4884	1.4269	1.4214	1.4679	1.6105	1.7271

Data Source
Office of the County Clerk
Per \$100 of assessed value

VILLAGE OF DOWNERS GROVE
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	% of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Village Taxable Assessed Value
Hamilton Partners	\$ 38,969,856	1	1.72	\$ 83,391,040	1	4.73
PTA - K 225	21,336,490	2	0.94			
Real Estate Advisors	15,430,820	3	0.68			
Interventure Advisors LLC	12,613,060	4	0.56			
Bristol Club LP	12,578,120	5	0.55	9,397,750	8	0.53
Wells REIT II/Lincoln	12,044,410	6	0.53			
GLL BVK Properties	11,800,060	7	0.52			
MJH Downers Grove LLC	11,743,200	8	0.52			
Corridors I & II	11,637,230	9	0.51			
PBH Prentiss Creek LLC	11,541,810	10	0.51	12,108,010	7	0.69
Duke Realty Corp				26,842,570	2	1.52
CB Richards				15,462,170	3	0.88
BF Real Estate USILP				14,569,540	4	0.83
Alter Asset Management				13,109,330	5	0.74
Highland Landmark Investors				13,025,950	6	0.74
Arun Enterprises				9,272,490	9	0.53
Serbo Highland Oaks, Inc.				9,264,990	10	0.53
Total	\$ 159,695,056			\$ 206,443,840		

Note

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Office of the County Clerk

VILLAGE OF DOWNERS GROVE
PROPERTY TAX LEVIES AND COLLECTIONS (in thousands)
Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year of the Levy		Subsequent Collections	Total Amount	Percentage
		Amount	Percentage of Levy			
2002	6,243	6,389	100%	-	-	-
2003	7,867	7,855	99.85%	\$ 40	\$ 7,895	100%
2004	8,595	8,504	98.94%	54	8,558	99.57%
2005	8,745	8,731	99.84%	59	8,790	100%
2006	8,679	8,679	100%	63	8,706	100%
2007	11,148	11,116	99.71%	38	11,154	100%
2008	11,133	11,133	100%	0	11,133	100%
2009	12,478	12,478	100%	0	12,478	100%
2010	13,376	13,376	100%	0	13,376	100%
2011	12,983	*	*	*	*	*

Note

* First installment of property taxes due June 1, 2012
Subsequent collection data for levy year 2002 is unavailable.
Excludes library

Data Source

Office of the County Clerk

VILLAGE OF DOWNERS GROVE
TAXABLE SALES BY CATEGORY (in thousands)
Last Ten Calendar Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General merchandise	\$ 53,116	\$ 47,459	\$ 49,578	\$ 48,252	\$ 55,103	\$ 47,422	\$ 45,551	\$ 45,421	\$ 45,838
Food	113,092	103,275	101,978	101,077	105,643	108,625	108,175	117,287	119,168
Drinking and eating places	94,350	97,309	113,074	117,225	124,178	124,257	120,557	117,822	119,328
Apparel	15,866	15,946	23,499	24,471	24,913	23,659	25,415	26,835	26,010
Furniture and H.H. and radio	197,934	198,323	207,179	185,883	184,146	175,640	149,089	131,925	140,830
Lumber, building hardware	107,940	90,758	82,043	81,346	89,762	86,289	72,964	56,650	51,722
Automobile and filling stations	315,731	308,039	328,468	360,001	350,137	330,411	302,593	241,735	243,306
Drugs and miscellaneous retail	159,503	172,081	218,586	249,403	252,614	262,424	225,512	229,575	220,676
Agriculture and all others	100,193	97,199	110,567	102,824	121,891	131,947	122,317	99,973	111,240
Manufacturers	11,938	14,052	16,398	18,534	19,147	20,027	20,785	19,192	13,263
TOTAL	\$ 1,169,663	\$ 1,144,441	\$ 1,251,370	\$ 1,289,016	\$ 1,327,534	\$ 1,310,701	\$ 1,192,958	\$ 1,086,415	\$ 1,091,381

Data Source
Illinois Department of Revenue

VILLAGE OF DOWNERS GROVE
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Years

Year	Village Direct Rate	Total Sales Tax Rate
2002	1.00%	6.75%
2003	1.00%	6.75%
2004	1.50%	7.25%
2005	1.50%	7.25%
2006	1.50%	7.25%
2007	1.50%	7.25%
2008	1.75%	8.00%
2009	1.75%	8.00%
2010	2.00%	8.25%
2011	2.00%	8.25%

Data Source
Village and County Records

VILLAGE OF DOWNERS GROVE
RATIOS OF OUTSTANDING DEBT BY TYPE (in thousands)
Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income*		Per Capita*
	General Obligation Bonds	Note Payable	General Obligation Bonds	Note Payable		Personal Income*	Per Capita*	
2003	\$ 35,240	-	-	-	\$ 35,240	2.27%	\$ 716.86	
2004	43,180	\$ 55	\$ 3,410	\$ 2,550	49,195	3.16%	998.78	
2005	43,720	37	3,035	4,788	51,580	3.33%	1,050.64	
2006	43,070	18	2,650	4,788	50,526	3.26%	1,029.17	
2006(A)	38,570	-	2,650	4,788	46,008	2.97%	937.14	
2007	47,055	-	2,250	4,788	54,093	3.46%	1,091.84	
2008	71,055	-	1,835	4,788	77,678	4.96%	1,566.94	
2009	69,830	-	1,405	4,788	76,023	4.85%	1,530.22	
2010	64,690	-	955	4,788	70,433	3.50%	1,472.48	
2011	59,550	-	485	-	60,035	2.98%	1,255.10	

Notes

Details of the Village's outstanding debt can be found in the notes to the financial statements.

The Per Capita column is not in thousands.

(A) The Village changed its fiscal year end from April 30 to December 31.

* See the Schedule of Demographic and Economic Statistics on page 132 for personal income and population data.

VILLAGE OF DOWNERS GROVE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING (in thousands)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Taxable Assessed Value of Property*	Per Capita
2003	\$ 35,240	\$ -	\$ 35,240	0.67%	\$ 716.86
2004	46,590	103	46,487	0.82%	943.80
2005	46,755	529	46,226	0.75%	941.58
2006	45,720	263	45,457	0.68%	925.92
2006(A)	41,220	949	40,271	1.69%	766.31
2007	49,305	877	48,428	1.92%	930.63
2008	72,890	714	72,176	2.76%	1,418.94
2009	71,235	856	70,379	2.71%	1,388.34
2010	65,645	259	65,386	2.68%	1,347.00
2011	60,035	747	59,288	2.61%	1,239.31

Notes

Details of the Village's outstanding debt can be found in the notes to the financial statements.

The Per Capita column is not in thousands.

(A) The Village changed its fiscal year end from April 30 to December 31.

* See the Schedule of Assessed Value and estimated Actual Value of Taxable Property on page 121 for property value data.

VILLAGE OF DOWNERS GROVE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITES DEBT (in thousands)
December 31, 2011

Governmental Unit	Gross Debt	Percentage Debt Applicable to the Village of Downers Grove (1)	Village of Downers Grove Share of Debt
Village of Downers Grove	\$ 59,550	100.00%	\$ 59,550
DuPage County	225,515	5.88%	13,260
Dupage County Forest Preserve	199,537	5.88%	11,733
Dupage Water Commission	-	6.53%	-
Downers Grove Park District	13,645	97.72%	13,334
Downers Grove Public Library	3,485	98.00%	3,415
Schools			
Grade School			
District No. 44	15,353	4.53%	695
District No. 58	10,930	77.88%	8,512
District No. 61	3,720	10.15%	378
District No. 66	5,885	4.06%	239
District No. 68	4,893	5.08%	249
High School			
District No. 87	40,465	0.98%	397
District No. 99	74,679	49.54%	36,996
Unit School District			
District No. 201	4,310	0.57%	25
District No. 202	10,340	5.75%	595
Total Overlapping	<u>612,757</u>		<u>89,828</u>
Total Direct and Overlapping	<u>\$ 672,307</u>		<u>\$ 149,378</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village of Downers Grove to valuation of property subject to taxation in overlapping unit.

Data Source

Each applicable overlapping government

VILLAGE OF DOWNERS GROVE
 DEMOGRAPHIC AND ECONOMIC INFORMATION
 Last Ten Years

Calendar Year	(1) Population	Total Personal Income	(1) Per Capita Personal Income	(2) Unemployment Rate
2002	49,337	1,558,062,460	31,580	4.7%
2003	49,159	1,552,441,220	31,580	4.3%
2004	49,255	1,555,472,900	31,580	5.2%
2005	49,094	1,550,388,520	31,580	4.8%
2006	49,094	1,550,388,520	31,580	4.1%
2007	49,543	1,564,517,486	31,580	4.9%
2008	49,573	1,565,515,340	31,580	7.1%
2009	49,681	1,568,925,980	31,580	10.6%
2010	47,833	2,011,281,984	42,048	9.4%
2011	47,833	2,011,281,984	42,048	8.5%

Data Source

(1) U.S. Census, Census of population

(2) Bureau of Labor Statistics

VILLAGE OF DOWNERS GROVE
PRINCIPAL EMPLOYERS
Current Year and Five Years Ago

Employer	2011			2006		
	Rank	% of Total City Population	# of Employees	Rank	% of Total City Population	# of Employees
Advocate Good Samaritan Hospital	1	5.64%	2,700	1	5.09%	2,500
GCA Services	2	3.14%	1,500			
University Subscription Services/ Unique Mailing Svc Inc.	3	2.20%	1,050			
Midwestern University	4	2.09%	1,000	6	1.32%	650
Sara Lee Food & Beverage	4	2.09%	1,000			
Axion/may & Speh Inc.	5	1.46%	700	4	1.63%	800
DeVry Inc.	5	1.46%	700			
RR Donnelley & Sons Co.	6	1.25%	600	8	1.07%	525
Ftd. Inc.	7	1.05%	500	9	1.02%	500
Dover Corporation	8	0.84%	400			
Magnetrol	8	0.84%	400			
Hub Group, Inc.	9	0.63%	300			
Havi Global Solutions, LLC	10	0.73%	350			
Aramark Servicemaster				2	1.73%	850
Loyalty Life Insurance				3	1.72%	845
Armour Swift Eckrich				5	1.59%	775
Sentinel Technologies, Inc.				7	1.22%	600
Global Gear				10	1.02%	500

Data Source

Downers Grove Economic Development Corporation

VILLAGE OF DOWNERS GROVE
 FULL-TIME EQUIVALENT EMPLOYEES
 Last Nine Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government									
Legislative support	1.50	1.50	1.50	1.50	2.00	2.50	2.50	2.50	2.80
General management	6.00	5.50	4.50	4.80	5.50	6.00	6.60	4.60	5.60
Legal	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.00	4.00
Building services	9.00	9.00	8.75	8.75	9.25	9.25	9.25	8.25	8.00
Human resources	4.50	4.50	2.00	2.00	4.50	4.50	4.50	3.50	2.50
Information services	8.50	8.50	8.50	8.50	8.75	8.00	8.00	8.00	8.00
Finance	12.00	12.00	12.00	11.50	13.18	13.18	13.18	12.18	12.18
Public Works									
Public works administrative	5.50	4.50	3.75	5.00	5.00	4.00	4.00	4.00	4.00
Permits/Inspections	2.00	3.00	3.00	7.48	8.00	8.00	8.00	8.00	7.00
Engineering	5.50	5.50	5.50	5.50	5.50	5.50	5.50	4.50	3.50
Supplies	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public service response	3.50	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Forestry and grounds	9.50	8.50	8.50	8.50	8.75	8.75	8.75	8.75	8.75
Street construction	5.50	5.50	9.50	9.50	7.50	7.50	7.50	7.50	7.50
Stormwater management	7.50	10.50	11.00	5.50	7.50	7.50	7.50	7.50	7.50
Traffic	5.50	4.50	3.50	4.75	4.75	4.75	4.75	4.75	4.75
Transportation	4.00	4.40	4.40	4.40	4.40	4.40	4.20	4.20	3.20
Community Development									
Planning	8.00	8.66	6.00	7.38	5.00	5.00	3.00	3.00	3.00
Economic development	-	-	1.00	-	-	-	-	-	-
Code services	11.50	11.25	11.50	12.75	13.75	12.75	13.50	13.50	12.50
Public Safety									
Police									
Officers	76.60	76.60	76.60	81.00	81.00	81.00	81.00	78.00	78.00
Civilians	32.20	32.20	32.20	32.20	39.60	39.60	39.60	39.60	39.60
Fire									
Firefighters and officers	79.00	81.00	84.00	82.00	83.00	80.00	80.00	80.00	80.00
Civilians	8.50	9.00	9.50	9.50	9.50	9.50	8.75	8.75	8.75
Community Services									
Counseling and social services	4.10	4.10	3.60	3.35	4.13	4.13	3.90	1.25	1.25
Alcohol and tobacco control	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Public information	2.50	2.50	2.50	2.50	2.50	2.50	2.50	1.75	1.50
Cable television	3.50	3.00	3.50	3.50	5.25	5.25	3.75	3.75	3.75
Tourism and events	4.40	3.48	4.00	4.00	3.00	3.00	3.00	1.00	0.00

Note

Data from 2002 not available

Data Source

Village budget office

VILLAGE OF DOWNERS GROVE
OPERATING INDICATORS
Last Six Years

Function/Program	2006	2007	2008	2009	2010	2011
Public Safety						
Police						
Physical arrests	2,106	1,936	1,632	1,922	1,881	1,743
Parking violations	9,595	10,427	10,427	7,830	8,743	10,002
Traffic violations	12,414	11,133	11,335	12,235	11,811	10,684
Fire						
EMS calls	3,307	3,542	3,736	2,605	2,350	2,253
Fire calls	2,058	2,086	2,075	2,399	3,064	3,383
Fires extinguished	130	95	71	39	47	62
Community Development						
Permits issued	1,535	1,160	1,545	1,339	1,634	1,861
Inspections conducted	4,387	3,648	3,850	2,677	2,932	3,335
Water						
Water main breaks	133	87	70	62	67	78
Water pumped (gallons)	2,316,377,000	2,078,808,000	1,972,314,000	1,940,962,000	1,919,117,000	1,926,075,800
Average daily consumption	6,346,000	5,695,364	5,403,600	5,317,704	5,257,855	5,276,920
Peak daily consumption	11,754,000	10,761,000	8,403,000	7,358,000	8,974,000	9,465,000

Note

Data from 2002 to 2005 not available but the Village will collect the data going forward.

Data Source

Village budget office

VILLAGE OF DOWNERS GROVE
CAPITAL ASSETS STATISTICS
Last Five Years

Function/Program	2007	2008	2009	2010	2011
General Government					
Vehicles	8	7	7	8	8
Community Development					
Vehicles	9	7	7	5	5
Public Safety					
Police					
Stations	1	1	1	1	1
Vehicles/Equipment	55	53	49	48	43
Fire					
Fire stations	4	4	4	4	4
Vehicles/Equipment	35	35	35	36	34
Public Works					
Traffic signals	60	60	67	66	66
Vehicles/Equipment	84	86	84	81	84
Buses	8	7	7	7	6
Water					
Water mains (miles)	207	207	207	213	215
Fire hydrants	2,881	2,881	3,053	3,183	3,145
Vehicles/Equipment	10	10	10	11	10

Data Source

Various village departments
Prior year information is unavailable
The Village will obtain this information going forward

VILLAGE OF DOWNERS GROVE

COMMUNICATIONS FROM AUDITOR TO MANAGEMENT AND
THE VILLAGE BOARD

December 31, 2011

VILLAGE OF DOWNERS GROVE

INDEX

	<u>Page No.</u>
Two Way Auditor Communication Regarding Your Audit	1
Required Communication to those Charged with Governance	3
Informational Point	5
Appendix A – Management Representations	

TWO WAY AUDITOR COMMUNICATION REGARDING YOUR AUDIT

Statement on Auditing Standards (SAS) No. 114 establishes requirements and provides guidance to an auditor's communication with those charged with governance in relation to an audit of financial statements. The standard defines those charged with governance as the person(s) with responsibility for overseeing the strategic direction of the Village and obligations related to accountability of the Village. Most times in local government those charged with governance means the governing body.

Among other things, the SAS directs the auditor to communicate with those charged with governance –

- > The auditor's responsibilities under generally accepted auditing standards
- > An overview of the planned scope and timing of the audit; and
- > Significant findings from the audit.

Regarding the last bullet point, significant findings from the audit, the auditor should communicate:

- > The auditor's view about qualitative aspects of significant accounting practices
- > Significant difficulties, if any, encountered during the audit
- > Uncorrected misstatements
- > Disagreements with management, if any
- > Other findings or issues

Unless all of those charged with governance are involved in managing the Village, the following should also be communicated:

- > Material corrected misstatements
- > Representations the auditor is requesting from management
- > Managements consultations with other accountants
- > Significant issues, if any, arising from the audit, or subject of correspondence, with management.

How does this impact the Village? We are providing increased communications to you throughout the audit process. We have previously issued an additional letter to you covering the items noted above. The requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

In addition, as this audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements.
 - > Consider factors that affect the risks of material misstatement.
 - > Design tests of controls, when applicable, and substantive procedures.

TWO WAY AUDITOR COMMUNICATION REGARDING YOUR AUDIT (cont.)

- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the Village Board of Trustees has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the Village. Management has the responsibility for achieving the objectives of the Village.
- c. We need to know your views about your Village's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the Village concerning:

- a. The Village's internal control and its importance in the Village, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. We generally complete preliminary audit work after completion of the prior year's audit. Our final fieldwork is completed once management has prepared fully adjusted trial balances. After fieldwork, we wrap up our audit procedures at our office. Final copies of our report and other communications are issued after approval by your staff.

REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or (those charged with governance) of their responsibilities.

As part of the audit we obtained an understanding of the Village and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our management letter accompanying the December 31, 2010 audit.

QUALITATIVE ASPECTS OF THE VILLAGE'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 1 to the financial statements. The Village implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year 2011. The application of existing policies was not changed during fiscal year 2011. We noted no transactions entered into by the Village during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE (cont.)

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Depreciation expense
- Insurance claims payable
- Net pension asset and obligation
- Other post employment benefit obligation

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

AUDIT ADJUSTMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process. Matters underlying adjustments proposed by the auditor could potentially cause future financial statements to be materially misstated.

There were proposed adjustments which were immaterial to the Village's financial statements and, as such, were not adjusted. The first adjustment related to the accrual of salaries and wages earned by employees during the fiscal year 2011, but not paid until fiscal year 2012. The uncorrected misstatement resulted in Governmental Activities and General Fund liabilities and expenditures being understated by \$415,832 and \$18,270, respectively, and beginning net assets and fund balance being overstated by \$397,562. The second adjustment related to a receivable for reimbursement of construction costs being recorded in fiscal year 2011, but not in the prior fiscal year when the cost was incurred. The uncorrected misstatement resulted in Governmental Activities revenue and beginning net assets being understated by \$450,000.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

REQUIRED COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE (cont.)

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter, and attached as Appendix A to this report.

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the Village that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of for the year ended December 31, 2011, Baker Tilly Virchow Krause, LLP hereby confirms in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants, that we are, in our professional judgment, independent with respect to the Village and provided no services to the Village other than the audit of the current year's financial statements and the following:

- > Compiled TIF compliance reports

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

INFORMATIONAL POINT

GASB STATEMENT NO. 61: THE FINANCIAL REPORTING ENTITY: OMNIBUS

The Governmental Accounting Standards Board (GASB) has issued Statement No.61, which changes governmental financial reporting for component units. These changes will affect your financial statements for the year ended December 31, 2013, primarily the government-wide financial statements, and possibly the fund financial statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

INFORMATIONAL POINT (cont.)

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

We can assist you with determining how these new requirements will affect your financial statements.

Oak Brook, Illinois
May 31, 2012

Baker Tilly Unichow Krause, LLP



May 31, 2012

**COMMUNITY RESPONSE
CENTER**

630.434.CALL (2255)

CIVIC CENTER

801 Burlington Avenue
Downers Grove
Illinois 60515-4782
630.434.5500
TDD 630.434.5511
FAX 630.434.5571

**FIRE DEPARTMENT
ADMINISTRATION**

5420 Main Street
Downers Grove
Illinois 60515-4834
630.434.5980
FAX 630.434.5998

POLICE DEPARTMENT

825 Burlington Avenue
Downers Grove
Illinois 60515-4783
630.434.5600
FAX 630.434.5690

**PUBLIC WORKS
DEPARTMENT**

5101 Walnut Avenue
Downers Grove
Illinois 60515-4046
630.434.5460
FAX 630.434.5495

Baker Tilly Virchow Krause, LLP
1301 W. 22nd Street, Ste. 400
Oak Brook, IL 60523

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the Village of Downers Grove as of December 31, 2011 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Downers Grove and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all –
 - a. Financial records and related data (and all audit or relevant monitoring reports, if any, received from funding sources.)
 - b. Minutes of the meetings of the Village of Downers Grove Board, Downers Grove Police Pension Board, Downers Grove Fire Pension Board, and Downers Grove Library Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

5. We believe the effects of the two uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole. The first adjustment related to the accrual of salaries and wages earned by employees during the fiscal year 2011, but not paid until fiscal year 2012. The uncorrected misstatement resulted in Governmental Activities and General Fund liabilities and expenditures being understated by \$415,832 and \$18,270, respectively, and beginning net assets and fund balance being overstated by \$397,562. The second adjustment related to a receivable for reimbursement of construction costs being recorded in fiscal year 2011, but not in the prior fiscal year when the cost was incurred. The uncorrected misstatement resulted in Governmental Activities revenue and beginning net assets being understated by \$450,000. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
10. The Village of Downers Grove has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
11. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Village of Downers Grove is contingently liable.
 - c. All accounting estimates that could be material to the financial statements including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
12. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

13. There are no –
 - a. Violations or possible violations of budget ordinances, provisions of contracts and grant agreements, federal, state, and local laws or regulations including those pertaining to adopting and amending budgets, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
 - d. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - e. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - f. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
14. The Village of Downers Grove has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
15. The Village of Downers Grove has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
16. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
17. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
18. The financial statements properly classify all funds and activities.
19. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
20. Components of net assets (invested in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
21. Provisions for uncollectible receivables have been properly identified and recorded.
22. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

23. Revenues are appropriately classified in the statement of activities within program revenues and general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
24. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
25. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
26. The Village of Downers Grove has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
27. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
28. We have appropriately disclosed the Village of Downers Grove's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy. We have also disclosed our policy regarding how restricted and unrestricted fund balance is used when an expenditure is incurred for which both restricted and unrestricted fund balance is available, including the spending hierarchy for committed, assigned, and unassigned amounts.
29. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
30. We acknowledge our responsibility for presenting the introductory section, combining and individual fund financial statements and schedules, supplemental data, and the statistical section in accordance with accounting principles generally accepted in the United States of America, and we believe the introductory section, combining and individual fund financial statements and schedules, supplemental data, and the statistical section, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the introductory section, combining and individual fund financial statements and schedules, supplemental data, and the statistical section have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

May 31, 2012

Page 5

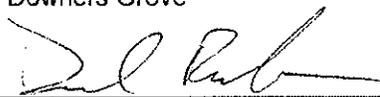
31. We assume responsibility for, and agree with, the findings of specialists in evaluating the net OPEB and net pension obligation and related actuarial valuation information and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
32. In regards to the nonattest services performed by you listed below, we have 1) made all management decisions and performed all management functions; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Compiled TIF financial statements

We have evaluated and classified any subsequent events as recognized or unrecognized through the date of this letter. To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

Village of Downers Grove

Signed: _____



Signed: _____

