

VILLAGE OF RIVER FOREST, ILLINOIS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30, 2008

VILLAGE OF RIVER FOREST, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
APRIL 30, 2008**

Prepared by the Finance Department

**Chris D. Soriano, CPA
Director of Finance**

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October 16, 2008

**Village Board
of Trustees**

Frank M. Paris
President

Susan J. Conti
Trustee

Nancy C. Dillon
Trustee

Stephen J. Dudek
Trustee

Stephen Hoke
Trustee

Russell W. Nummer
Trustee

Patrick J. O'Brien
Trustee

Catherine M. Adduci
Village Clerk

Steven V. Gutierrez
Village Administrator

Honorable President,
Board of Trustees,
Village Administrator, and
The Citizens of Village of River Forest, Illinois

The Comprehensive Annual Financial Report (CAFR) of the Village of River Forest, Illinois, for the fiscal year ended April 30, 2008 is hereby submitted. This report fulfills state laws requiring general-purpose local governments to publish a complete set of audited financial statements at the end of each fiscal year. This report provides a wide view of the Village's financial activities for the 2008 fiscal year. Although addressed to the elected officials and citizens of the Village, this report has a number of other users. Foremost among these users are bondholders, financial institutions, credit rating agencies, educational institutions, and other governmental agencies. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and the component unit of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities are included.

The comprehensive annual financial report (CAFR) is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, contains this letter of transmittal, an organizational chart, and a list of the Village's principal elected and appointed officials. The financial section is comprised of management's discussion and analysis (which should be read in conjunction with this letter), basic financial statements, required supplementary information, and combining and individual fund financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The statistical section, which is unaudited, presents selected financial and demographic information, generally reported on a multi-year basis. Information required for continuing disclosure is also included in the statistical section. State Statutes require an annual audit by independent certified public accountants. The accounting firm of Wolf & Company, LLP was selected by the Village. The independent auditor's report is included in the financial section of this report.

The financial reporting entity defines what operations are considered to be part of the Village for external financial reporting purposes. The Governmental Accounting Standards Board (GASB) Statement No. 14, *Defining the Financial Reporting Entity*,

establishes the criteria used to define the reporting entity and the method of displaying component units. The GASB is an organization that establishes accounting and financial reporting standards for state and local governments in the United States. GASB Statement No. 34 significantly changed the required format for governmental statements in a number of ways. The most significant of these changes required that governments prepare entity-wide financial statements in addition to the fund-based financial statements that governments have traditionally prepared. This is required to present the financial position of a government and results of operations in a manner similar to that of a business. More information about the new financing reporting model is provided in Management's Discussion and Analysis (MD&A), located in the Financial Section of this report.

Profile of the Government

The Village of River Forest was incorporated on October 30, 1880 and operates under the Board/administrator form of government. Village of River Forest is a non home-rule community as defined by the Illinois Constitution. This form of government combines the leadership and policy-making skills of elected officials with the professional administrative training of the Village Administrator. Under this popular form of government, the elected representatives establish policies steering the Village's purpose, values, mission, and goals. It is the role of the Village Administrator to implement those policies in an efficient and effective manner.

Located approximately 10 miles west of the City of Chicago, River Forest has a land area of 2.5 square miles with approximately 32.2 miles of streets. The Village provides a full range of services to its citizens including police and fire protection; water and sewer utilities; planning and zoning; the construction and maintenance of streets and infrastructure; and general administrative services.

The financial reporting entity of the Village of River Forest is comprised of all the Funds of the primary government (i.e., the Village of River Forest as legally defined), and its component unit: the River Forest Public Library.

The Library was determined to be a component unit because, under the reporting entity criteria, the Library is fiscally dependent upon the Village. The Library is reported as a discrete presentation. As such, the Library in its entirety is reported in a separate column on the basic financial statements. This is to emphasize the fact that the Library is legally separate from the Village and to differentiate the Library's financial position and results of operations from those of the Village.

The Village Board is required to adopt a final budget no later than the close of the fiscal year. The Village maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Village's governing body. The level of budgetary control, or the level at which expenditures cannot legally exceed the budgeted amount, is established at the Fund level. Any budget revisions altering the total budget for a Fund must be approved by the Village Board of Trustees.

Local Economy

The development, growth, and progress of River Forest are reflected in the Village's residential houses. The residential houses have produced a stable tax base for the Village providing approximately 50% of the Village's revenues.

In other retail development news, the Village continues to move forward with the redevelopment of the River Forest Town Center located at the intersection of Harlem Avenue and Lake Street. Currently there are two kinds of TIF revenues in the River Forest Town Center namely, sales and property tax TIF. Current tenants include Walgreens, Starbucks, Ann Taylor, Whole Foods, Petco, Linen 'n Things and Panera Bread.

Accordingly, the Village actively works to recruit new and retain current businesses throughout the Village. Furthermore, River Forest's unemployment rate at 2.7% continues to be below the 2007 State of Illinois average of 5.0%. The Village's top employers include Concordia University with 778 employees, Dominican University with 540 employees, Jewel with 430 employees and Whole Foods with 200. The Village of River Forest is also a top employer with 104 full-and part-time employees.

Long-Term Financial Planning

The Village maintains an aggressive economic development strategy to preserve the favorable economic base currently enjoyed by the Village. With the growing commercial areas throughout the Village, staff is more proactive and responsive to the needs of its commercial businesses, and works to enhance communications between industry and government. The Administration Department promotes the Village as an excellent location for business due to diversified customers and good location. The Village continues to develop a plan for future commercial development.

The Village annually updates a 5-Year Capital Improvement Plan (CIP) to assist in budgetary preparation for large capital projects. For a project to be included in the CIP, it must involve the creation or purchase of a tangible asset with an original cost that exceeds \$10,000 for vehicles and equipment, \$50,000 for buildings, and \$100,000 for infrastructure and has a useful life of more than one year. Most projects in the CIP include infrastructure enhancements.

Relevant Financial Policies

The Village maintains a 3-month reserve of current year general fund budgeted expenditures. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Government and its agencies. The Village's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. These funds are invested in government securities and certificates of deposit.

The Village maintains a limited insurance program for liability coverage, workers' compensation, and health benefits for both employees and retirees. An integral part

of the Village's insurance program is an emphasis on loss prevention. A safety committee comprised of employee representatives from each department meets monthly to review accident and injury reports involving employees. This committee makes recommendations and suggestions to improve and promote workplace safety.

The Village participates in the Intergovernmental Risk Management Agency (IRMA), a consortium of 75 local municipalities and special service districts in northeastern Illinois, which have joined together to manage and fund their property/casualty/workers' compensation claims. All members also participate in a comprehensive risk management program. IRMA has fulfilled its members' goals of stabilizing future annual contribution rates, improving the quality of our risk management services, and offering one of the most comprehensive pool coverage programs that can be found anywhere for public entities.

Major Initiatives

For the Year. Fiscal Year 2008 was another successful year for infrastructure projects. The Lake Street beautification and improvement continued as the Village installed planters guard rails, new lighting, and landscaping of the entire section of the project. This project is part of the 3 phase project that started in 2006. This project is intended to strengthen, retain, and enhance Lake Street's role as the Village's gathering place and the center of the Village. The Village in 2006 received a grant of \$200,000 from the Illinois Department of Commerce and Economic Opportunity (DCEO) for the west entry section of the project. Federal and state grants continue to be pursued so that the Village can offer the best possible public services at the lowest cost.

For the Future. As the result of continuing economic uncertainties at home and abroad, the Village decided to reduce costs by deferring various purchases and projects. Despite these impediments, our community's leaders have committed themselves to preserving River Forest's quality of life. The Village will continue to invest in its future through various long term programs and policies that will ensure that the Village has a "proud heritage and bright future". In the coming year, the Village plans to modernize and improve existing infrastructure by:

- Continuing the enhancement and beautification of the Lake Street corridor, a Village TIF designated area;
- Continuation of the water meter replacement program;
- Maintenance and extending the flood berm along the Des Plaines River; and
- Parkway tree replacement affected by the emerald ash borer.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has established a Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program) for state and local governments. The Certificate

of Achievement is the highest form of recognition for excellence in government financial reporting. A Certificate of Achievement is valid for only one year.

In order to be awarded a Certificate of Achievement, the Village of River Forest must go beyond the minimum requirements of generally accepted accounting principles and prepared comprehensive annual financial report that evidences the spirit of transparency and full disclosure. The April 30, 2008 report satisfied both generally accepted accounting principles and applicable legal requirements.

I believe the Village's comprehensive annual financial report for the fiscal year ended April 30, 2008 meets the Certificate of Achievement Program's requirements, and I am submitting it to the GFOA to determine its eligibility for the certificate.

In closing, I would like to express my sincere gratitude to all members of the Finance Division who directly assisted and contributed to the preparation of the Comprehensive Annual Financial Report. In particular, I would like to acknowledge Nancy Caine, Accounting Supervisor.

I also wish to express my appreciation to the President, Board of Trustees, and the Village Administrator for their leadership and continued support which made the preparation of this report possible.

Respectfully submitted,



Chris D. Soriano, CPA
Director of Finance/Village Treasurer

VILLAGE OF River Forest, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2008

LEGISLATIVE

President

Frank M. Paris

Trustees

Susan J. Conti
Nancy C. Dillon
Stephen J. Dudek

Stephen Hoke
Russell W. Nummer
Patrick J. O'Brien

ADMINISTRATIVE

Steven V. Gutierrez, Village Administrator

Catherine M. Adduci, Village Clerk

Chris D. Soriano, Village Treasurer

Klein, Thorpe and Jenkins, Ltd., Village Attorney

DEPARTMENT HEADS

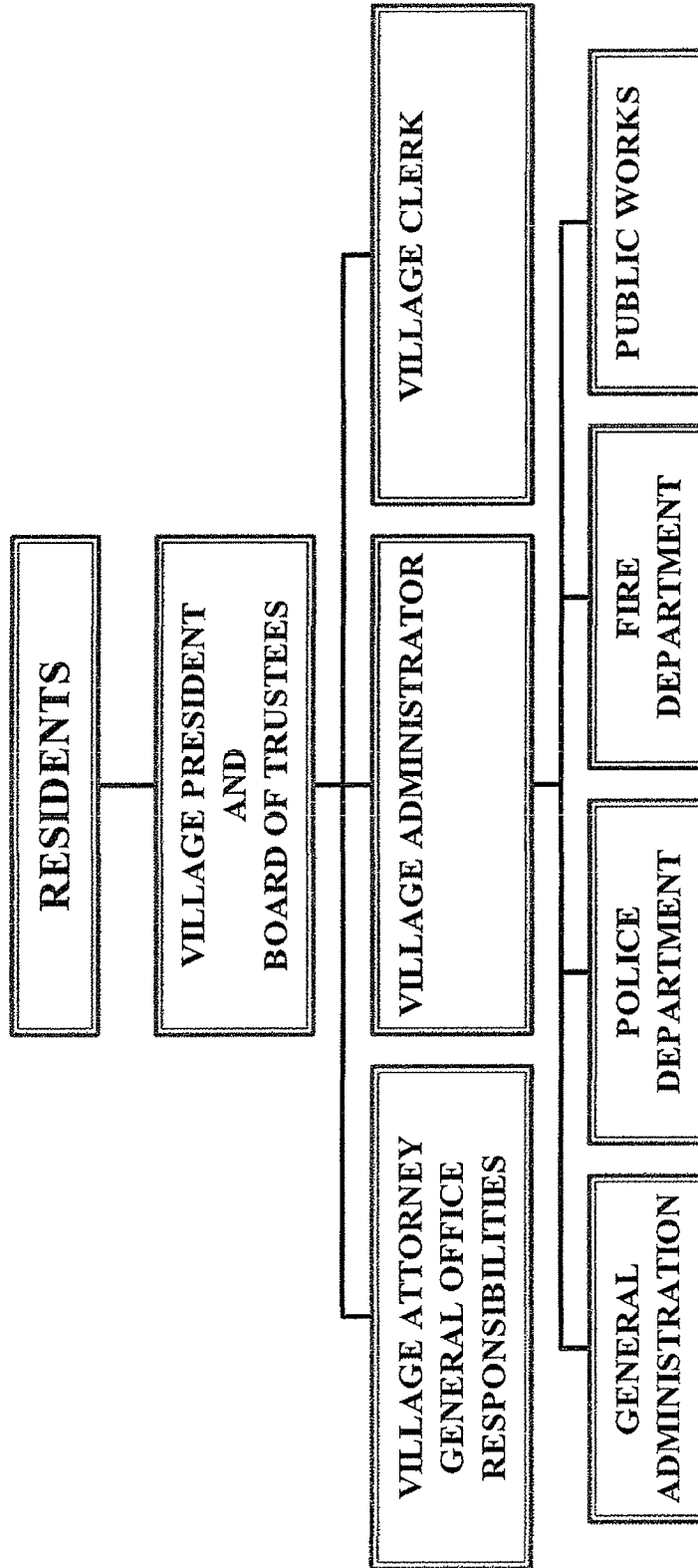
James Eggert
Fire

Nicholas Weiss
Police

Greg Kramer
Public Works

Chris Soriano
Finance

VILLAGE OF RIVER FOREST



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Honorable Village President and
Members of the Board of Trustees
Village of River Forest, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of River Forest, Illinois, as of and for the year ended April 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of River Forest, Illinois. Our responsibility is to express an opinion 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 above 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 River Forest, Illinois as of April 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 12, the Illinois Municipal Retirement Fund and Police and Firefighters' Pension Funds trend information, the budgetary comparison information, and notes to the required supplemental information on pages 55 through 62, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

