

Village of Forreston

Forreston, Illinois

Annual Financial Report

April 30, 2017

Village of Forreston, Illinois

April 30, 2017

Table of Contents

Independent Auditor's Report	1 - 2
Management Discussion and Analysis	3 - 8
Basic Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet - Government Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Change in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position - Proprietary Fund	15
Statement of Revenues, Expenses, and Changes in the Net Position - Proprietary Fund	16
Statement of Cash Flows - Proprietary Fund	17 - 18
Notes to Financial Statements	19 - 38

Village of Forreston, Illinois

April 30, 2017

Table of Contents

Required Supplementary Information

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund (IMRF) Last 10 Calendar Years	39
Illinois Municipal Retirement Fund (IMRF) Multiyear Schedule of Contributions Last 10 Fiscal Years	40
General Fund: Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis)	41 - 44
Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis) - Insurance Fund	45
Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis) - IMRF Fund	46
Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis) - Library Component Unit	47
Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis) - Social Security Fund	48
Schedule of Revenues and Expenditures - Budget to Actual (Budgetary Basis) - Motor Fuel Tax Fund	49
Notes to Required Supplementary Information	50 - 54

Other Supplementary Information

Combining Balance Sheet – General Fund	55
Combining Balance Sheet - Nonmajor Governmental Funds	56
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	57



Independent Auditor's Report

To the Board of Trustees
Village of Forreston
Forreston, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Forreston, Illinois, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Forreston, Illinois as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and required supplementary information on pages 3 through 8 and 39 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forreston, Illinois' basic financial statements. The additional schedules listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet – General fund and the combining nonmajor fund financial statements are the responsibility of the management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Wipfli LLP

Freeport, Illinois
December 5, 2017

Management Discussion and Analysis

Village of Forreston, Illinois

Management Discussion and Analysis

As management of the Village of Forreston, Illinois, (the "Village") we offer the readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Forreston, Illinois for the fiscal year ended April 30, 2017.

The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34. The Village implemented the requirements of GASB Statement No. 34 in the fiscal year ending April 30, 2005.

The MD&A is provided at the beginning of the report to provide an overview of the Village's financial position and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the financial statements, notes to the financial statements, required and other supplementary information.

Using This Financial Report

The financial section of this annual report consists of four parts - Independent Auditor's Reports, required supplementary information which includes the MD&A (this section), the basic financial statements, and other supplementary information. GASB 34 requires comparative data between the prior and current year. The basic financial statements include two kinds of statements that present different views of the Village:

Government-Wide Financial Statements

The first two statements are government-wide financial statements (see pages 9 - 10) that provide both short term and long term information about the Village's overall financial status, similar to a private sector business. In the government-wide financial statements the Village's activities are shown in two categories - governmental and business type activities. The Village's basic services are public safety, water and sewer services, street maintenance, public library services, park and recreation and general government services. Current operations of these activities are largely financed with property taxes, income taxes, sales taxes, and user fees. Large capital projects are usually financed with bond issues.

The statement of net position (see page 9) presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. To assess the overall health of the Village you need to consider additional non-financial factors such as the condition of the Village's buildings and facilities.

Village of Forreston, Illinois

Management Discussion and Analysis

The statement of activities (see page 10) presents information showing how the government's net position changed during the most recent fiscal year. The financial statements for all Governmental fund types are prepared under the modified accrual basis of accounting, whereby revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the accrual basis of accounting when related fund liability is incurred.

The financial statement for the enterprise type (proprietary fund) is accounted for using the accrual basis of accounting (see pages 15 - 18). Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred. Unbilled Water and Sewerage Fund utility service receivables are recorded at year end.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds - not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, while others are established to control and manage money for particular purposes or to show that the Village is properly using certain revenues.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each. By doing so, readers may better understand the long-term impact of the Village'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 the comparison between governmental funds and governmental activities.

The Village maintains ten individual governmental funds which include the Forreston Public Library which is a component unit of the Village and one combined business type fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and the changes in fund balances for all these funds. The general fund is the major general operating fund of the Village.

The Village adopts annual budgets for all major governmental funds and certain other funds. A budgetary comparison statement has been provided for the major governmental funds only, which is in compliance with GASB Statement No. 34.

Village of Forreston, Illinois

Management Discussion and Analysis

Condensed Financial Information

Net position is summarized in the table below.

Condensed Statement of Net Position as of April 30, 2016 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Current Assets	\$1,359,792	\$1,310,081	\$ 610,121	\$ 594,706	\$1,969,913	\$1,904,787
Capital Assets (Net)	827,951	813,411	4,742,262	4,638,880	5,570,213	5,452,291
Deferred outflows	<u>50,722</u>	<u>60,444</u>	<u>-</u>	<u>-</u>	<u>50,722</u>	<u>60,444</u>
Total Assets and Deferred outflows	<u>2,238,465</u>	<u>2,183,936</u>	<u>5,352,383</u>	<u>5,233,586</u>	<u>7,590,848</u>	<u>7,417,522</u>
Current Liabilities	35,497	33,830	245,651	217,746	281,148	251,576
Noncurrent Liabilities	222,144	191,879	2,501,555	2,384,778	2,723,699	2,576,657
Deferred Inflows	<u>197,993</u>	<u>214,983</u>	<u>-</u>	<u>-</u>	<u>197,993</u>	<u>214,983</u>
Total Liabilities and Deferred Inflows	<u>455,634</u>	<u>440,692</u>	<u>2,747,206</u>	<u>2,384,778</u>	<u>3,202,840</u>	<u>3,043,216</u>
Net Position:						
Net Investment in Capital Assets	827,951	813,411	2,240,707	2,254,102	3,068,658	3,067,513
Restricted	380,650	369,270	-	-	380,650	369,270
Unrestricted	<u>574,230</u>	<u>560,563</u>	<u>364,470</u>	<u>376,960</u>	<u>938,700</u>	<u>937,523</u>
Total Net Position	<u>\$1,782,831</u>	<u>\$1,743,244</u>	<u>\$2,605,177</u>	<u>\$2,631,062</u>	<u>\$4,388,008</u>	<u>\$4,374,306</u>

For more detailed information see the Statement of Net Position (page 9).

The Village's largest asset group this year is the capital assets. The capital asset group includes land, land improvements, buildings, building improvements, equipment, and technology.

Village of Forreston, Illinois

Management Discussion and Analysis

Condensed Financial Information (Continued)

The Village's net position consists of net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents assets which have restrictions determined by an outside party.

Unrestricted net position represents net position that has not been restricted by an outside party. This includes funds that the Village Board has designated for specific uses as well as amounts that are contractually committed for goods and services.

Revenues, expenses, and changes in net position are summarized in the table below:

Condensed Statement of Activities For Fiscal Years Ending April 30, 2016 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 28,229	\$ 32,152	\$ 543,409	\$ 592,026	\$ 571,638	\$ 624,178
Operating Grants & Contributions	40,379	51,541	-	-	40,379	51,541
Capital Grants & Contributions	10,650	19,200	275,000	-	285,650	19,200
General Revenues:						
Property Taxes	213,362	219,987	-	-	213,362	219,987
Other Taxes	315,050	290,728	-	-	315,050	290,728
Other General Revenues	<u>7,205</u>	<u>2,292</u>	<u>8,613</u>	<u>46,617</u>	<u>15,818</u>	<u>48,909</u>
Total Revenues	<u>614,875</u>	<u>615,900</u>	<u>827,022</u>	<u>638,643</u>	<u>1,441,897</u>	<u>1,254,543</u>

Village of Forreston, Illinois

Management Discussion and Analysis

Condensed Financial Information (Continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<u>Expenses</u>						
Program Expenses:						
General Government	170,962	165,035	-	-	170,962	165,035
Public Safety	175,747	168,947	-	-	175,747	168,947
Public Works	243,302	240,821	453,955	619,798	697,257	860,619
Culture & Recreation	<u>79,713</u>	<u>73,644</u>	<u>-</u>	<u>-</u>	<u>79,713</u>	<u>73,644</u>
Total Expenses	<u>669,724</u>	<u>648,447</u>	<u>453,955</u>	<u>619,798</u>	<u>1,123,679</u>	<u>1,268,245</u>
Transfers	<u>-</u>	<u>(7,040)</u>	<u>-</u>	<u>7,040</u>	<u>-</u>	<u>-</u>
Change in Net Position	(54,849)	(39,587)	373,067	25,885	318,218	(13,702)
Net Position-Beginning	<u>1,837,680</u>	<u>1,782,831</u>	<u>2,232,110</u>	<u>2,605,177</u>	<u>4,069,790</u>	<u>4,388,008</u>
Net Position-Ending	<u>\$1,782,831</u>	<u>\$1,743,244</u>	<u>\$2,605,177</u>	<u>\$2,631,062</u>	<u>\$4,388,008</u>	<u>\$4,374,306</u>

Major sources of operating revenues for the Village's governmental funds include: Property taxes, state/federal grants, and general state taxes. The major source of operating revenue of the business type/proprietary fund are water and sewer user fees.

Management's Analysis of the Village's Overall Financial Position and Results of Operations

The Statement of Activities reflects an overall decrease in the net position of \$13,702. An increase in revenues over expenses was realized for business type activities while a decrease in revenues over expenses was realized and for governmental activities.

GASB Statement No. 34 affects the Village's reporting model, but not the day-to-day operations or the budgeting process of the Village. In considering the Village's financial position at April 30, 2017, of key importance is the fund balance in the operating funds. Fund balances in the other fund types are limited in use according to the source of revenue.

Village of Forreston, Illinois

Management Discussion and Analysis

Capital Assets/Long Term Debt

The Village has decided to record infrastructure assets prospectively beginning with the fiscal year 2005.

During the fiscal year the Village purchased a Tandem Dump Truck for \$22,105 with funds from the general and water and sewer funds and a 2016 Dodge Ram Police Squad for \$23,068 plus equipment for the squad of \$9,492 from capital development general funds. As of yearend, the Village had incurred expenses of \$114,078 for sewer line extending for development. Please refer to Note (1) and Note (4) for further information on fixed assets.

The Village paid principal and interest payment of \$162,415 on the Illinois Environmental Protection Agency 20 year loan. Please refer to Note (6) for further information on long-term debt.

Budgetary Highlights

The Village adopted the budget (annual appropriation ordinance) in April of 2016. The budget for all funds is prepared on the cash basis of accounting. This is the same basis used in budgetary comparisons. This allows for comparability between budget and actual amounts.

Factors or Conditions Impacting Future Periods

Financial and budget planning is directly related to and supportive of the Village's strategic plan and operational needs. The Village's financial outlook is influenced by factors such as: the economy, employment, and commercial and residential growth.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Village Hall, 102 S. Walnut Avenue, P.O. Box 206, Forreston, IL 61030

Basic Financial Statements

Village of Forreston, Illinois

Statement of Net Position

April 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,000,930	\$ 523,035	\$ 1,523,965
Investments	61,091	-	61,091
Receivables:			
Property tax	209,513	-	209,513
State of Illinois	34,206	-	34,206
Utility users, less allowance of \$-0-	-	71,671	71,671
Prepaid items	4,341	-	4,341
Total current assets	1,310,081	594,706	1,904,787
Noncurrent assets:			
Capital assets not being depreciated	265,917	134,778	400,695
Capital assets (net of accumulated depreciation)	547,494	4,504,102	5,051,596
Total capital assets	813,411	4,638,880	5,452,291
Total assets	2,123,492	5,233,586	7,357,078
Deferred Outflows of Resources			
Deferred outflows of pension resources	60,444	-	60,444
Total deferred outflows of resources	60,444	-	60,444
Liabilities			
Current liabilities			
Accounts payable	6,445	91,668	98,113
Accrued payroll	13,983	4,422	18,405
Compensated absences	13,402	4,879	18,281
Current portion of IEPA loan payable	-	116,777	116,777
Total current liabilities	33,830	217,746	251,576
Noncurrent liabilities:			
Net pension liability	191,879	-	191,879
IEPA loan payable	-	2,384,778	2,384,778
Total noncurrent liabilities	191,879	2,384,778	2,576,657
Total liabilities	225,709	2,602,524	2,828,233
Deferred Inflows of Resources			
Deferred inflows of pension resources	5,470	-	5,470
Property taxes	209,513	-	209,513
Total deferred inflows of resources	214,983	-	214,983
Net Position			
Net investment in capital assets	813,411	2,137,325	2,950,736
Restricted	369,270	-	369,270
Unrestricted	560,563	493,737	1,054,300
Total net position	\$ 1,743,244	\$ 2,631,062	\$ 4,374,306

See accompanying notes to financial statements.

Village of Forreston, Illinois

Statement of Activities

For the Year ended April 30, 2017

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 165,035	\$ 19,514	\$ -	\$ -
Public safety	168,947	9,996	-	19,200
Public works	240,821	-	36,651	-
Culture and recreation	73,644	2,642	14,890	-
Total governmental activities	\$ 648,447	\$ 32,152	\$ 51,541	\$ 19,200
Business-type activities:				
Water and Sewer	\$ 619,798	\$ 592,026	\$ -	\$ -
Total business -type activities	\$ 619,798	\$ 592,026	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
Other				
Unrestricted investment earnings				
Loss on disposal of asset				
Miscellaneous				
Total general revenues				
Transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (145,521)	\$ -	\$ (145,521)
(139,751)	-	(139,751)
(204,170)	-	(204,170)
(56,112)	-	(56,112)
(545,554)	-	(545,554)
-	(27,772)	(27,772)
-	(27,772)	(27,772)
219,987	-	219,987
290,728	-	290,728
6,456	2,105	8,561
(9,097)	-	(9,097)
4,933	44,512	49,445
513,007	46,617	559,624
(7,040)	7,040	-
(39,587)	25,885	(13,702)
1,782,831	2,605,177	4,388,008
\$ 1,743,244	\$ 2,631,062	\$ 4,374,306

Village of Forreston, Illinois

Balance Sheet Governmental Funds

April 30, 2017

	General Fund	Insurance Fund	IMRF Fund	Library Component Unit
Assets				
Cash and cash equivalents	\$ 707,831	\$ 16,570	\$ 30,036	\$ 61,928
Investments	-	-	-	61,091
Receivables:				
Property taxes	38,858	61,000	35,000	24,557
State of Illinois	31,040	-	-	-
Other	-	-	-	-
Prepaid items	-	4,341	-	-
Total assets	\$ 777,729	\$ 81,911	\$ 65,036	\$ 147,576
Liabilities				
Accounts payable	\$ 6,301	\$ -	\$ -	\$ -
Accrued expenses	11,528	-	-	1,147
Total liabilities	17,829	-	-	1,147
Deferred Inflows of Resources				
Property taxes	38,858	61,000	35,000	24,557
Total deferred inflows of resources	38,858	61,000	35,000	24,557
Fund Balances				
Nonspendable	-	4,341	-	-
Restricted	14,513	16,570	30,036	121,872
Assigned, reported in				
General fund	336,750	-	-	-
Unassigned, reported in:				
General fund	369,779	-	-	-
Total fund balances	721,042	20,911	30,036	121,872
Total liabilities and fund balances	\$ 777,729	\$ 81,911	\$ 65,036	\$ 147,576

Social Security Fund	Motor Fuel Tax Fund	Other Government Funds	Total Government Funds
\$ 40,976	\$ 62,340	\$ 81,249	\$ 1,000,930
-	-	-	61,091
26,601	-	23,497	209,513
-	3,166	-	34,206
-	-	-	-
-	-	-	4,341
<u>\$ 67,577</u>	<u>\$ 65,506</u>	<u>\$ 104,746</u>	<u>\$ 1,310,081</u>
\$ -	\$ -	\$ 144	\$ 6,445
1,308	-	-	13,983
<u>1,308</u>	<u>-</u>	<u>144</u>	<u>20,428</u>
26,601	-	23,497	209,513
<u>26,601</u>	<u>-</u>	<u>23,497</u>	<u>209,513</u>
-	-	-	4,341
39,668	65,506	81,105	369,270
-	-	-	336,750
-	-	-	369,779
<u>39,668</u>	<u>65,506</u>	<u>81,105</u>	<u>1,080,140</u>
<u>\$ 67,577</u>	<u>\$ 65,506</u>	<u>\$ 104,746</u>	<u>\$ 1,310,081</u>

Village of Forreston, Illinois

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

April 30, 2017

Total fund balances - governmental funds	\$ 1,080,140
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The net book value of the capital assets as reported.	813,411
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Deferred outflows related to pensions	60,444
Long-term liabilities, not due and payable in the current period and therefore are not reported in the funds. Compensated absences	(13,402)
Deferred inflows related to pensions	(5,470)
Net pension liability	(191,879)
<hr/>	
Total net position - governmental activities	<u>\$ 1,743,244</u>

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Village of Forreston, Illinois

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

For the Year ended April 30, 2017

	General Fund	Insurance Fund	IMRF Fund
Revenues			
Taxes	\$ 346,411	\$ 55,060	\$ 36,040
Motor Fuel Tax allotment	-	-	-
Licenses, fees, and permits	19,514	-	-
Fines	9,996	-	-
Donations and grants	19,200	-	-
Other	9,028	106	176
Total revenues	404,149	55,166	36,216
Expenditures			
General government	73,463	53,592	14,063
Public safety	145,023	-	10,449
Public works	169,583	-	6,644
Culture and recreation	-	-	2,133
Capital expenditures	59,928	-	-
Total expenditures	447,997	53,592	33,289
Excess (deficiency) of revenues over expenditures	(43,848)	1,574	2,927
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	(7,040)	-	-
Total other financing sources (uses)	(7,040)	-	-
Net change in fund balances	(50,888)	1,574	2,927
Fund balances, beginning	771,930	19,337	27,109
Fund balances, ending	\$ 721,042	\$ 20,911	\$ 30,036

Library Component Unit	Social Security Fund	Motor Fuel Tax Fund	Other Government Funds	Total Government Funds
\$ 27,873	\$ 23,647	\$ -	\$ 21,684	\$ 510,715
-	-	36,651	-	36,651
809	-	-	-	20,323
1,833	-	-	-	11,829
14,890	-	-	-	34,090
859	220	333	667	11,389
46,264	23,867	36,984	22,351	624,997
-	10,365	-	11,250	162,733
-	7,701	-	-	163,173
-	4,896	55,889	-	237,012
44,623	-	-	10,337	57,093
-	-	-	-	59,928
44,623	22,962	55,889	21,587	679,939
1,641	905	(18,905)	764	(54,942)
-	-	-	-	-
-	-	-	-	(7,040)
-	-	-	-	(7,040)
1,641	905	(18,905)	764	(61,982)
120,231	38,763	84,411	80,341	1,142,122
\$ 121,872	\$ 39,668	\$ 65,506	\$ 81,105	\$ 1,080,140

Village of Forreston, Illinois

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

April 30, 2017

Excess (deficiency) of revenues and other sources over (under) expenditures disbursed and other uses - Governmental funds	\$ (61,982)
Amounts reported for governmental activities in the statement of activities are different because:	
Net compensated absences expense in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	1,127
The statement of activities reports losses arising from the disposal of capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital asset.	(9,097)
Some expenses reported in the statement of activities do not require use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in net pension liability and deferred pension resources	35,808
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeded the capitalized assets in the period.	(5,443)
<u>Change in net position of governmental activities</u>	<u>\$ (39,587)</u>

Village of Forreston, Illinois

Statement of Net Position Proprietary Fund

April 30, 2017

Assets

Cash and cash equivalents	\$ 523,035
Investments	-
Receivables - State of Illinois	-
Accounts receivable - utility users	71,671
Total current assets	594,706
Fixed assets, net of accumulated depreciation	4,638,880
Total assets	5,233,586

Liabilities

Accounts payable	91,668
Accrued wages	4,422
Compensated absences	4,879
Current portion of IEPA loan payable	116,777
Total current liabilities	217,746
IEPA loan payable	2,384,778
Total liabilities	2,602,524

Net Position

Net Investment in capital assets	2,137,325
Unrestricted	493,737
Total net position	\$ 2,631,062

Village of Forreston, Illinois

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund

Year ended April 30, 2017

	Business-type Activities Enterprise Fund
Operating revenues	
Sewer revenue	\$ 390,509
Water revenue	187,977
Miscellaneous	13,540
Total operating revenues	592,026
Operating expenses	
Personnel services	128,652
Contractual services	103,580
Commodities	103,036
Other expenses	1,871
Depreciation	232,196
Total operating expenses	569,335
Operating income	22,691
Nonoperating revenues (expenses)	
Interest income	2,105
Miscellaneous income	44,512
Interest expense	(50,463)
Total nonoperating revenues (expenses)	(3,846)
Income before transfers	18,845
Transfers in	7,040
Transfers (out)	-
Change in net position	25,885
Total net position, beginning	2,605,177
Total net position, ending	\$ 2,631,062

Village of Forreston, Illinois

Statement of Cash Flows Proprietary Funds

Year ended April 30, 2017

	Business-type Activities Enterprise Fund
<i>Cash Flows From Operating Activities</i>	
Receipts from customers	\$ 700,357
Payments to suppliers	(271,257)
Payments to employees	(98,612)
Net cash provided by operating activities	330,488
<i>Cash Flows From Noncapital Financing Activities</i>	
Transfers from other funds	7,040
Net cash provided by noncapital financing activities	7,040
<i>Cash Flows From Capital and Related Financing Activities</i>	
Interest on loan payable	(50,463)
Principal payments on IEPA note payable	(111,952)
Purchase of fixed assets	(128,814)
Net cash used by capital and related financing activities	(291,229)
<i>Cash Flows From Investing Activities</i>	
Miscellaneous	44,512
Interest on investments	2,105
Net cash provided by (used in) investing activities	46,617
Net increase in cash and cash equivalents	92,916
Cash and cash equivalents, beginning of year	430,119
Cash and cash equivalents, end of year	\$ 523,035

See accompanying notes to financial statements.

Village of Forreston, Illinois

Statement of Cash Flows (Continued) Proprietary Funds

Year ended April 30, 2017

	Business-type Activities Enterprise Fund
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i>	
Net operating income	\$ 22,691
Adjustment to reconcile net operating loss to net cash provided by operating activities:	
Depreciation expense	232,196
Change in assets and liabilities:	
Decrease (increase) in utility accounts receivable	(4,354)
Decrease (increase) in receivables	112,685
(Decrease) increase in accounts payable	(30,071)
(Decrease) increase in accrued wages	(1,272)
(Decrease) increase in compensated absences	(1,387)
Net cash provided by operating activities	\$ 330,488

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Reporting Entity

The Village operates under a Board of Trustees form of government and provides services to the public such as public safety, health services, water and sewer system, streets and general administrative services.

The accounting policies of the Village conform to generally accepted principles as applicable to governments. The Village of Forreston's financial statements include the accounts of all Village operations that are controlled by or dependent on the Village. Control or dependence is determined by financial interdependency, selection of governing board, designation of management, accountability for fiscal matters and ability to significantly influence operations.

In evaluating how to define the government, for financial reporting purposes, the Village has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities.

The Forreston Public Library is a component unit of the Village of Forreston. The Library maintains a separate Board of Directors as well as separate checking and investment accounts. The Public Library is located within the Village limits and is available to all residents of the Village. Funding for the Library is provided by property taxes which are levied by the Village and collected by the County in which the Village and Library reside. The Village Clerk enters the Library fund activity into the Village general ledger on a monthly basis.

A separate set of financial statements is not prepared for the component unit.

This report includes all of the funds, account groups and component units of the Village (the primary government). It includes all activities considered to be part of (controlled by or dependent on) the Village as set forth under GAAP criteria.

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

Government Wide, Fund Financial Statements and Basis of Accounting

The government wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Earnings on investments, not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and enterprise funds.

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. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Governmental fund financial statements are reported using the modified accrual basis method of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Village has elected to take exception to this assumption for income tax revenue remitted by the State. Due to the State being late with these payments, the Village considers those amounts applicable to the current fiscal year to be available if they have been vouchered by the State and will be paid after the 60 day period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The following is a description of the governmental funds of the Village:

General Fund - The General Fund is the general operating fund of the Village. It is used for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of capital items.

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Proprietary Funds

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on pricing policy designed to recover similar costs.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 Village's internal service funds are charges to employees for insurance coverage. Operating expenses for internal service funds include the administrative expenses and insurance premiums. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Village reports the following major governmental funds:

General Fund

The general fund is the general operating fund of the Village. It is used to account for all the financial resources except those required to be accounted for in another fund. The general fund also includes the capital development fund which by definition of *GASB 54* is combined with the general fund for reporting purposes.

Insurance Fund

This fund records the receipt of property taxes levied for the Village's insurance expenditures and the associated insurance expense.

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

IMRF Fund

This fund records the revenue of property taxes levied for the Village employee's pensions and the associated expenditures.

Library Fund

This fund accounts for revenues and expenditures associated with the library.

Social Security Fund

This fund records the receipt of property taxes levied for the Village employee's social security and Medicare expenditures.

Motor Fuel Tax Fund

This fund records the receipts of the Village's share of state gasoline taxes. These funds are then expended for the maintenance of roads and bridges. State of Illinois law requires separate accounting for such revenues and expenditures.

The major proprietary fund is:

Water & Sewer Fund

This fund accounts for the provision of water treatment and distribution to the residential and commercial users of the Village.

Under the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Village may report any governmental or enterprise fund (but not internal service funds or fiduciary funds) as a major fund if the government's officials believe the fund is "particularly important to financial statement users". The Village has chosen to include the Insurance, IMRF, Library Component Unit, Social Security and Motor Fuel Tax Funds as major funds even though the fund calculations do not classify them as major funds. The Village views these funds particularly important to the financial users.

Fixed Assets

Capital assets, which include buildings, land improvements, construction in progress and equipment are reported in the government-wide financial statements. The Village defines capital assets as assets with initial individual costs of \$5,000 or more for equipment, \$10,000 for vehicles and \$20,000 for streets. The cost of infrastructure has been capitalized and depreciated beginning in Fiscal Year 2005. Infrastructure includes roads, bridges, curbs, sidewalks, lighting systems, gutters, draining systems and the water and sewer system. Such assets are recorded at historical cost if purchased or constructed. Donated assets are stated at estimated fair market value

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fixed Assets (Continued)

as of the date of acquisition. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, except construction in progress, are being depreciated using the straight line method over the following useful lives:

Appliances and Tools, Book Collections, Office Equipment	5 years
Grounds Equipment, Building Improvements (carpeting)	
Vehicles under 13,000 gross vehicle weight	7 years
Equipment (radio communications, heavy construction)	
Vehicles over 13,000 gross vehicle weight, Street Improvements	10 years
Equipment (outdoors), Building Improvements (air & heating)	
Building improvements (roofing), Land Improvements (structure)	20 years
Sewerage Treatment Plants, Water & Sewer Works, Storm Sewer	25 years
Building Improvements (electrical & plumbing),	
Land Improvements (ground)	30 years
Buildings and Paved Streets	40 years

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

Property Taxes

The Village is responsible for assessing taxes, whereas the County in which the Village resides is responsible for collection and distributing taxes in accordance with enabling state legislation. Property taxes become a lien on January 1 of the levy year and may be paid in two equal installments. The tax levy year reported in the financial statements for April 30, 2017 is 2015. The first installment was due on or before June 17, 2016 and the second installment was due on or before September 2, 2016. The Village receives significant distributions approximately one month after the due date. Delinquent accounts are charged interest at 1-1/2% per month for residential and 1% per month for farm. The 2015 and 2016 tax levies ordinances were adopted on December 1, 2015 and December 7, 2016, respectively. The 2016 property tax levy has been deferred at April 30, 2017, as it was budgeted for fiscal year 2018.

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The term "budget" used throughout the financial statements refers to the appropriated expenditures and budgeted revenues as set forth in the Village's annual budget and appropriation ordinance.

Budgetary comparisons presented in the accompanying financial statements are prepared on the cash basis method of accounting which is in violation of generally accepted accounting principles but which is allowed under the Illinois Revised Statutes for Municipalities.

Unexpended budgeted amounts lapse at the end of each year. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line items.

Budgeted amounts are as originally adopted, or as amended by the Village Board of Trustees. Annual budgets are adopted for all funds.

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at cost, which approximates market. The Village has adopted a written investment policy as required by Section 2.5 of the Public Funds Investment Act.

Compensated Absences

The Village's employees are granted sick leave and vacation days. Unused sick days may be accumulated to a maximum of ten and unused vacation days may accumulate to a maximum of five.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond April 30, 2017, are recorded as prepaid items. Prepaid items recorded in governmental funds do not represent current resources that are available for appropriation and, thus, an equivalent portion of fund balance is reserved.

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Interfund Activity

Interfund activity is reported as either loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government wide financial statements.

Receivables - Utility Users

Cycle billing procedures are followed in charging consumers for water and sewer treatment. Billings are issued on a monthly basis with all of the users billed each month. Receivables at year-end consist of amounts actually billed less payments received plus an estimate of the unbilled amount due from the date of the last cycle billing to year end. The Village considers all utility users' receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required at this time.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

Below are definitions of the how these balances are reported.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The government has \$4,341 that is nonspendable at year end.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. See Note 5 for the government’s restricted fund balances at year end.

Committed Fund Balance

The government commits fund balance by making motions or passing resolution to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The government has no balances that are committed at year end.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The government has \$336,750 that are assigned for capital projects at year end.

Village of Forreston, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund totaling \$369,779.

Unless specifically identified, expenditures act to reduce first restricted balances, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Note 2 Common Bank Account

Separate bank accounts are not maintained for all Village Funds; instead, certain funds maintain their uninvested cash balances in a common bank account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Village Board. A deficit in one fund restricts the cash available for use by other funds in the same common accounts. As of April 30, 2017, there were no overdrafts in the accounts.

Note 3 Deposits and Investments

Deposits. At year end, the Village's carrying amount of deposits was \$1,585,056 and the bank balance was \$1,638,494. Of the bank balance, \$1,633,843, was covered by federal depository insurance or by collateral held by the Village's agent in the Village's name.

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be recovered. As of April 30, 2017 \$4,651 of the Village's balance was exposed to custodial credit risk and was uninsured and uncollateralized.

Investments. As of April 30, 2017, the Village's investments are in certificates of deposits which for financial statement purposes, are shown as investments. For note disclosure purposes certificates of deposits are included in the deposits above.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village has no specific policy on the interest rate risk at year end.

Village of Forreston, Illinois

Notes to Financial Statements

Note 3 Deposits and Investments (Continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Village has no investments in any one issuer that represent 5% or more of the total Village's investments.

Foreign Currency Risk: The Village has no foreign currency risk for investments at year end.

Note 4 Fixed Assets

Capital assets, which include buildings, land improvements, construction in progress and equipment are reported in the government-wide financial statements. Assets are recorded at historical cost if purchased or constructed. Donated assets are stated at estimated fair market value as of the date of acquisition. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized.

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

As allowed by GASB 34, the Village has decided to record infrastructure assets prospectively beginning with fiscal year 2005. The governmental activities capital asset activity for the year ended April 30, 2017 follows:

	<u>Balance May 1, 2016</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance April 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 265,917	\$ -	\$ -	\$ 265,917
Total capital assets not being depreciated	<u>265,917</u>	<u>-</u>	<u>-</u>	<u>265,917</u>
Capital assets being depreciated:				
Buildings & Improvements	825,695	-	-	825,695
Equipment & Vehicles	<u>415,708</u>	<u>39,928</u>	<u>30,567</u>	<u>425,069</u>
Total capital assets being depreciated	<u>1,241,403</u>	<u>39,928</u>	<u>30,567</u>	<u>1,250,764</u>
Less: Accumulated Depreciation	<u>679,369</u>	<u>45,371</u>	<u>21,470</u>	<u>703,270</u>
Total Governmental Type Fixed Assets - net	<u>\$ 827,951</u>	<u>\$(5,443)</u>	<u>\$ 9,097</u>	<u>\$ 813,411</u>

Village of Forreston, Illinois

Notes to Financial Statements

Note 4 Fixed Assets (Continued)

The business-type activities capital asset activity for the year ended April 30, 2017 follows:

	Balance May 1, 2016	Additions	Reduction	Balance April 30, 2017
Capital assets not being depreciated:				
Land	\$ 20,700	\$ -	\$ -	\$ 20,700
Construction in progress	<u>-</u>	<u>114,078</u>	<u>-</u>	<u>114,078</u>
Total capital assets not being depreciated	<u>20,700</u>	<u>114,078</u>	<u>-</u>	<u>134,778</u>
Capital assets being depreciated:				
Buildings & Improvements	5,154,606	-	-	5,154,606
Equipment & Vehicles	<u>269,412</u>	<u>14,736</u>	<u>-</u>	<u>284,148</u>
Total capital assets being depreciated	<u>5,424,018</u>	<u>14,736</u>	<u>-</u>	<u>5,438,754</u>
Less: Accumulated Depreciation	<u>702,456</u>	<u>232,196</u>	<u>-</u>	<u>934,652</u>
Total Business Type Fixed Assets - net	<u>\$4,742,262</u>	<u>\$(103,382)</u>	<u>\$ -</u>	<u>\$4,638,880</u>

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

Governmental activities:

General government	\$28,633
Park	4,288
Library	<u>12,450</u>

Total depreciation expense, governmental activities \$45,371

Business-type activities:

Water and Sewer Operations	<u>\$232,196</u>
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Construction Commitments

The Village has an active construction project for a sewer line as of April 30, 2017. The project at year end had a remaining commitment of \$142,859

Village of Forreston, Illinois

Notes to Financial Statements

Note 5 Restricted Fund Balances

The Village has fund balances restricted for the following:

Insurance	\$ 16,570
Historical Purposes	11,513
Community-wide Celebrations	3,000
IMRF	30,036
Library	121,872
Social Security	39,668
Motor Fuel Tax	65,506
Park	57,288
Band	6,106
Civil Defense	4,338
Audit	<u>13,373</u>
Total	<u>\$369,270</u>

Note 6 Long-Term Debt

IEPA Loan

On October 6, 2014, the Village entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section in the anticipated amount of \$2,800,000 for the rehabilitation/upgrade of the wastewater treatment plant. The note bears a fixed interest rate of 1.995%. The term of the loan is for 20 years with semi-annual repayments that began in 2016.

Annual debt service requirements including \$488,302 of interest are as follows:

Fiscal Year ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Debt Service</u>
2018	\$ 116,777	\$ 49,326	\$ 166,103
2019	119,118	46,985	166,103
2020	121,506	44,597	166,103
2021	123,942	42,161	166,103
2022	126,427	39,676	166,103
2023 – 2027	671,191	159,325	830,516
2028 – 2032	741,229	89,287	830,516
2033 – 2035	<u>481,365</u>	<u>16,945</u>	<u>498,310</u>
Total	<u>\$2,501,555</u>	<u>\$488,302</u>	<u>\$2,989,857</u>

Village of Forreston, Illinois

Notes to Financial Statements

Note 6 Long-Term Debt (Continued)

Changes in Long-Term Debt

The following is a summary of Long-Term Debt transactions of the Village of Forreston for the year ending April 30, 2017.

	<u>May 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>April 30, 2017</u>
Business-type activities:				
IEPA loan	<u>\$2,613,507</u>	<u>\$ -</u>	<u>\$111,952</u>	<u>\$2,501,555</u>

The Village is subject to a debt limitation of 8.625% of its assessed valuation of \$14,445,302. As of April 30, 2017, the Village had \$1,245,907 of remaining legal debt margin.

Note 7 Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to protect against such risks of loss, the Village purchases insurance coverage through Illinois Counties Risk Management Trust. The deductibles in effect through these policies as of April 30, 2017 range from \$0 - \$2,500. During the year ended April 30, 2017, there were no significant reductions in coverage. Also, there have been no settlements which have exceeded insurance coverage in the past three years. Potentially the Village could be assessed additional premiums for its share of any losses of the pool. Historically, the Village has not been assessed any additional premiums.

Note 8 Other Postemployment Benefits

The Village has evaluated its potential other postemployment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of April 30, 2017.

Note 9 Expenditures Over Appropriations

The Village is required by statute to file an Appropriations Ordinance each fiscal year. Per Statutes of Illinois, expenditures may not legally exceed their appropriations. During the fiscal year ending April 30, 2017, the following fund had expenditures in excess of appropriations:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
Motor Fuel Tax Fund	\$45,000	\$55,889	\$10,889

Village of Forreston, Illinois

Notes to Financial Statements

Note 10 Interfund transfers

Below are the interfund transfers as of April 30, 2017:

	<u>Transfers In</u>	<u>Transfers out</u>
Governmental funds:		
General Fund	\$ -	\$7,040
Business-type funds:		
Water and Sewer	<u>7,040</u>	<u>-</u>
	<u>\$7,040</u>	<u>\$7,040</u>

The purpose of the transfer was to purchase a fixed asset.

Note 11 Impact of Pending Accounting Principles

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses issues regarding the presentation of payroll related measures in requirement supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of an entity's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018.

Village of Forreston, Illinois

Notes to Financial Statements

Note 11 Impact of Pending Accounting Principles (Continued)

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Note 12 Pension Plan

IMRF Plan Description – The Village’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided – IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Village of Forreston, Illinois

Notes to Financial Statements

Note 12 Pension Plan (Continued)

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by the Benefit Terms - At the December 31st 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	2
Active employees	8
<hr/>	
Total	15

Contributions – As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 12.90%. For the fiscal year ended April 30, 2017, the Village contributed \$33,289 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability – The Village's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Village of Forreston, Illinois

Notes to Financial Statements

Note 12 Pension Plan (Continued)

Actuarial Assumptions – The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65 – 7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Village of Forreston, Illinois

Notes to Financial Statements

Note 12 Pension Plan (Continued)

Single Discount Rate – A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in Net Pension Liability

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A)-(B)
Balance at December 31, 2015	\$934,511	\$712,367	\$222,144
Changes for the year:			
Service costs	28,354	-	28,354
Interest on total pension liability	69,447	-	69,447
Difference between expected and actual experience of the total pension liability	10,050	-	10,050
Changes in assumptions	(6,339)	-	(6,339)
Contributions - employer	-	34,204	(34,204)
Contributions - employees	-	18,596	(18,596)
Net investment income	-	38,906	(38,906)
Benefit payments – net of refunds of employee contributions	(30,521)	(30,521)	-
Other changes (net transfer)	-	40,071	(40,071)
Net changes	70,991	101,256	(30,265)
Balances at December 31, 2016	\$1,005,502	\$813,623	\$191,879

Village of Forreston, Illinois

Notes to Financial Statements

Note 12 Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Village’s proportionate share of the net Pension liability	\$304,458	\$191,879	\$96,381

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2017, the Village recognized pension expense of \$33,289. At April 30, 2017, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows Of Resources	Deferred Inflows Of Resources
<i>Deferred amounts to be recognized in pension expense in future periods:</i>		
Differences between expected and actual experience	\$7,324	\$850
Changes in assumptions	801	4,620
Net difference between projected and actual earnings on pension plan investments	42,764	-
Total deferred amounts to be recognized in pension expense in future periods	50,889	5,470
Pension contributions made subsequent to the measurement date	9,555	-
Total deferred amounts related to pensions	\$60,444	\$5,470

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended April 30:	Net Deferred outflows of Resources
2018	\$14,112
2019	14,115
2020	13,820
2021	3,372
2022	-
	<u>\$45,419</u>

Required Supplementary Information

Village of Forreston, Illinois

Required Supplementary Information
 Multiyear Schedule of Changes in Net Pension Liability and
 Related Ratios - Illinois Municipal Retirement Fund (IMRF)
 Last 10 Calendar Years
 (schedule to be built prospectively from 2015)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$ 28,354	\$ 26,020								
Interest on the total pension liability	69,447	64,456								
Benefit changes	-	-								
Difference between expected and actual experience	10,050	(1,732)								
Assumption changes	(6,339)	1,631								
Benefit payments and refunds	(30,521)	(13,759)								
Net change in total pension liability	70,991	76,616								
Total pension liability - beginning	934,511	857,895								
Total pension liability - ending (a)	\$ 1,005,502	\$ 934,511								
Plan fiduciary net position:										
Employer contributions	\$ 34,204	\$ 34,925								
Employee contributions	18,596	11,274								
Pension plan net investment income	38,906	3,511								
Benefit payments and refunds	(30,521)	(13,759)								
Other	40,071	(9,539)								
Net change in plan fiduciary net position	101,256	26,412								
Plan fiduciary net position - beginning	712,367	685,955								
Plan fiduciary net position - ending (b)	\$ 813,623	\$ 712,367								
Net pension liability(asset) - Ending (a) - (b)	\$ 191,879	\$ 222,144								
Plan fiduciary net position as a percentage of total pension liability	80.92%	76.23%								
Covered valuation payroll	\$ 265,152	\$ 250,534								
Net pension liability as a percentage of covered valuation payroll	72.37%	88.67%								

The Village implemented GASB Statement No. 68 in April, 2016.

Village of Forreston, Illinois

Multiyear Schedule of Contributions (IMRF)
Last 10 Fiscal Years
Required Supplementary Information

Illinois Municipal Retirement Fund (IMRF)
Multiyear Schedule of Contributions
Last 10 Fiscal Years

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2016	\$35,591	\$35,591	\$0	\$261,368	13.62%
2017	33,500	33,500	0	264,783	12.65%

Village of Forreston, Illinois

General Fund
 Schedule of Revenues and Expenditures
 Budget to Actual (Budgetary Basis)
 Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Property taxes	\$ 37,993	\$ 37,993	\$ 37,690	\$ (303)
Sales tax	112,000	112,000	88,525	(23,475)
State income tax	147,492	147,492	137,678	(9,814)
Local use tax	33,981	33,981	35,329	1,348
Replacement tax	11,318	11,318	12,700	1,382
Video gaming tax	10,000	10,000	12,265	2,265
Road and bridge tax	23,222	23,222	23,070	(152)
Total taxes	376,006	376,006	347,257	(28,749)
Licenses, fees, and permits:				
Building permit fees	1,500	1,500	2,324	824
Liquor license fees	1,900	1,900	4,375	2,475
Trailer court fees	420	420	420	-
Franchise fees	12,000	12,000	12,395	395
Total licenses, fees, and permits	15,820	15,820	19,514	3,694
Fines	10,000	10,000	9,996	(4)
Other revenue:				
Investment	2,475	2,475	4,477	2,002
Miscellaneous	12,850	12,850	23,751	10,901
Total other	15,325	15,325	28,228	12,903
Total revenues	\$ 417,151	\$ 417,151	\$ 404,995	\$ (12,156)

Village of Forreston, Illinois

General Fund (Continued)
 Schedule of Revenues and Expenditures
 Budget to Actual (Budgetary Basis)
 Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures				
General government:				
Personal services:				
Salaries - full-time/part-time	\$ 13,940	\$ 13,940	\$ 17,383	\$ 3,443
Salaries - elected officials	16,320	16,320	16,108	(212)
Salaries - appointed officials	3,700	3,700	3,238	(462)
Health insurance	-	-	-	-
Total personal services	33,960	33,960	36,729	2,769
Contractual services:				
Maintenance - buildings	20,000	20,000	4,362	(15,638)
Maintenance - equipment	1,000	1,000	462	(538)
GIS Services	815	815	815	-
Training and travel	500	500	75	(425)
Postage	500	500	339	(161)
Advertising	700	700	2,020	1,320
Data Processing Services	500	500	762	262
Computer software	2,000	2,000	1,011	(989)
Legal Services	20,000	20,000	21,077	1,077
Ordinance codification	2,000	2,000	-	(2,000)
Dues	500	500	480	(20)
Telephone	550	550	540	(10)
Historical Fund	1,500	1,500	-	(1,500)
Total contractual services	50,565	50,565	31,943	(18,622)
Commodities:				
Operating supplies	2,000	2,000	1,022	(978)
Other:				
Miscellaneous expense	2,500	2,500	2,720	220
Capital outlay:				
Office equipment	2,500	2,500	860	(1,640)
Total general government	91,525	91,525	73,274	(18,251)

Village of Forreston, Illinois

General Fund (Continued)
 Schedule of Revenues and Expenditures
 Budget to Actual (Budgetary Basis)
 Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
Public Safety:				
Personnel services:				
Salaries	109,696	109,696	99,434	(10,262)
Health insurance	40,800	40,800	33,626	(7,174)
Total personnel services	150,496	150,496	133,060	(17,436)
Contractual services:				
Maintenance - vehicles	2,100	2,100	811	(1,289)
Telephone	1,200	1,200	1,430	230
Animal shelter maintenance	100	100	-	(100)
Maintenance- Equipment	2,000	2,000	680	(1,320)
Training	1,000	1,000	521	(479)
Total contractual services	6,400	6,400	3,442	(2,958)
Commodities:				
Uniforms	100	100	85	(15)
Supplies	1,000	1,000	847	(153)
Gas and oil	8,000	8,000	6,184	(1,816)
Programs	5,000	5,000	-	(5,000)
Total commodities	14,100	14,100	7,116	(6,984)
Capital Outlay:				
Equipment	2,000	2,000	-	(2,000)
Total public safety	172,996	172,996	143,618	(29,378)
Highways and streets:				
Personal services:				
Salary - Superintendent of Public Works	24,288	24,288	26,152	1,864
Salaries - full time	27,456	27,456	26,208	(1,248)
Salaries - snow removal and part-time	10,080	10,080	10,453	373
Health insurance	21,024	21,024	19,956	(1,068)
Total personal services	82,848	82,848	82,769	(79)

Village of Forreston, Illinois

General Fund (Continued) Schedule of Revenues and Expenditures Budget to Actual (Budgetary Basis) Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
Highways and Streets (Continued)				
Contractual services:				
Maintenance - buildings	1,000	1,000	456	(544)
Maintenance - vehicles	5,000	5,000	451	(4,549)
Maintenance - equipment	4,000	4,000	1,023	(2,977)
Maintenance - streets	15,000	15,000	12,450	(2,550)
Snow removal	5,000	5,000	1,679	(3,321)
Tree removal and replacement	6,000	6,000	9,600	3,600
Telephone	700	700	572	(128)
Utilities	1,000	1,000	252	(748)
Street lighting	17,000	17,000	18,594	1,594
Tree trimming donation expenditures	-	-	-	-
Sidewalk donation expenditure	-	-	-	-
Parking lot rental	1,700	1,700	1,700	-
Engineering services	2,000	2,000	3,148	1,148
Total contractual services	58,400	58,400	49,925	(8,475)
Commodities:				
Gas and oil	10,000	10,000	5,702	(4,298)
Miscellaneous expense	500	500	231	(269)
Tools	2,000	2,000	746	(1,254)
Maintenance supply - buildings	1,000	1,000	977	(23)
Maintenance supply - snow control	7,000	7,000	4,305	(2,695)
Maintenance supply - streets	20,000	20,000	12,551	(7,449)
Maintenance supply - vehicles and equipment	6,000	6,000	6,495	495
Total commodities	46,500	46,500	31,007	(15,493)
Total highways and streets	187,748	187,748	163,701	(24,047)
Contingencies	1,000	1,000	-	(1,000)
Capital expenditures	30,000	30,000	59,928	29,928
Total expenditures	\$ 483,269	\$ 483,269	\$ 440,521	\$ (42,748)
Other Financing Sources (Uses)				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	\$ -	\$ -	\$ (7,040)	\$ 7,040

See accompanying notes to required supplementary information.

Village of Forreston, Illinois

Insurance Fund
 Schedule of Revenues and Expenditures
 Budget to Actual (Budgetary Basis)
 Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Property taxes	\$ 55,000	\$ 55,000	\$ 55,060	\$ 60
Other revenue:				
Investment income	10	10	106	96
Total revenues	\$ 55,010	\$ 55,010	\$ 55,166	\$ 156
Expenditures				
General government:				
Contractual services:				
General liability insurance	\$ 60,000	\$ 60,000	\$ 53,599	\$ (6,401)
Unemployment insurance	1,000	1,000	294	(706)
Total expenditures	\$ 61,000	\$ 61,000	\$ 53,893	\$ (7,107)
Other Financing Sources (uses)				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	\$ -	\$ -	\$ -	\$ -

Village of Forreston, Illinois

IMRF Fund
 Schedule of Revenues and Expenditures
 Budget to Actual (Budgetary Basis)
 Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Property taxes	\$ 36,000	\$ 36,000	\$ 36,040	\$ 40
Other revenue:				
Investment income	20	20	176	156
Miscellaneous	-	-	-	-
Total revenues	\$ 36,020	\$ 36,020	\$ 36,216	\$ 196
Expenditures				
General government:				
IMRF contributions	\$ 35,000	\$ 35,000	\$ 33,289	\$ (1,711)
Other financing sources (uses):				
Operating transfers in	\$ -	\$ -	\$ -	\$ -

Village of Forreston, Illinois

Library Component Unit
 Schedule of Revenues and Expenditures
 Budget to Actual (Budgetary Basis)
 Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Property taxes	\$ 25,611	\$ 25,611	\$ 25,420	\$ (191)
Replacement taxes	1,700	1,700	2,453	753
Other revenue:				
Investment income	1,500	1,500	725	(775)
Charges for services	4,200	4,200	2,642	(1,558)
Grants and contributions	21,807	21,807	14,890	(6,917)
Miscellaneous income	3,100	3,100	134	(2,966)
Total revenues	\$ 57,918	\$ 57,918	\$ 46,264	\$ (11,654)
Expenditures				
Culture and recreation:				
Personal services	\$ 23,447	\$ 23,447	\$ 22,027	\$ (1,420)
Supplies and expenses	46,207	46,207	15,774	(30,433)
Repairs and maintenance	11,340	11,340	3,958	(7,382)
Utilities	3,000	3,000	2,757	(243)
Miscellaneous	1,000	1,000	104	(896)
Total expenditures	\$ 84,994	\$ 84,994	\$ 44,620	\$ (40,374)

Village of Forreston, Illinois

Social Security Fund
 Schedule of Revenues and Expenditures
 Budget to Actual (Budgetary Basis)
 Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Property taxes	\$ 20,999	\$ 20,999	\$ 21,023	\$ 24
Replacement taxes	2,668	2,668	2,624	(44)
Other revenue:				
Investment income	20	20	220	200
Total revenues	\$ 23,687	\$ 23,687	\$ 23,867	\$ 180
Expenditures				
General government:				
Personal services:				
Employer payroll taxes	\$ 24,700	\$ 24,700	\$ 22,969	\$ (1,731)
Total expenditures	\$ 24,700	\$ 24,700	\$ 22,969	\$ (1,731)

Village of Forreston, Illinois

Motor Fuel Tax Fund Schedule of Revenues and Expenditures Budget to Actual (Budgetary Basis) Required Supplementary Information

Year ended April 30, 2017

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Motor Fuel Tax allotment	\$ 37,451	\$ 37,451	\$ 36,776	\$ (675)
Other revenue:				
Investment income	40	40	333	293
Total revenues	\$ 37,491	\$ 37,491	\$ 37,109	\$ (382)
Expenditures				
Public works	\$ 45,000	\$ 45,000	\$ 55,889	\$ 10,889
Total expenditures	\$ 45,000	\$ 45,000	\$ 55,889	\$ 10,889
Other Financing Sources (Uses)				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	\$ -	\$ -	\$ -	\$ -

Village of Forreston, Illinois

Notes to Required Supplementary Information

Note 1 Budgets

The term "budget" used throughout the financial statements represents the estimated revenues and appropriations as set forth in the Village's annual appropriation ordinance adopted for the fiscal year ended April 30, 2017.

Financial statements in the fund financial section of this report are prepared on the modified accrual basis while the budget is prepared on the cash basis. Due to this, the amounts shown on the Schedule of Revenues and Expenditures – Budget to Actual (Budgetary Basis) do not match the amounts shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Proprietary Funds. On pages 52 - 54 are reconciliations of the GAAP basis to cash basis for budgetary purposes.

Village of Forreston, Illinois

Notes to Required Supplementary Information

Note 2 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate for IMRF *

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years)>
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for the non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes There were no benefit changes during the year.

** Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation*

Village of Forreston, Illinois

Notes to Required Supplementary Information

April 30, 2017

	Final Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
General Fund				
Revenues				
Taxes	\$ 376,006	\$ 347,257	\$ (846)	\$ 346,411
Licenses, fees, and permits	15,820	19,514	-	19,514
Fines	10,000	9,996	-	9,996
Other revenue	15,325	28,228	-	28,228
Total revenues	417,151	404,995	(846)	404,149
Expenditures				
General government	89,025	72,414	1,049	73,463
Public safety	170,996	143,618	1,405	145,023
Highways and streets	187,748	163,701	5,882	169,583
Capital outlay	4,500	60,788	(860)	59,928
Other	1,000	-	-	-
Total expenditures	453,269	440,521	7,476	447,997
Excess (deficiency) of revenues over expenditures	\$ (36,118)	\$ (35,526)	\$ (8,322)	\$ (43,848)
Social Security				
Revenues				
Taxes:				
Property and replacement taxes	\$ 23,667	\$ 23,647	\$ -	\$ 23,647
Other revenue:				
Investment income	20	220	-	220
Total revenues	23,687	23,867	-	23,867
Expenditures				
General government:				
Social security and Medicare	24,700	22,969	(7)	22,962
Excess (deficiency) of revenues over expenditures	\$ (1,013)	\$ 898	\$ 7	\$ 905

Village of Forreston, Illinois

Notes to Required Supplementary Information

April 30, 2017

	Final Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
Insurance				
Revenues				
Taxes:				
Property taxes	\$ 55,000	\$ 55,060	\$ -	\$ 55,060
Other revenue:				
Investment income	10	106	-	106
Total revenues	55,010	55,166	-	55,166
Expenditures				
General government:				
Contractual services:				
General liability insurance	60,000	53,599	(301)	53,298
Unemployment insurance	1,000	294	-	294
Total expenditures	61,000	53,893	(301)	53,592
Excess (deficiency) of revenues over expenditures	\$ (5,990)	\$ 1,273	\$ 301	\$ 1,574
IMRF				
Revenues				
Taxes:				
Property taxes	\$ 36,000	\$ 36,040	\$ -	\$ 36,040
Other revenue:				
Investment income	20	176	-	176
Total revenues	36,020	36,216	-	36,216
Expenditures				
General government:				
IMRF contributions	35,000	33,289	-	33,289
Excess (deficiency) of revenues over expenditures	\$ 1,020	\$ 2,927	\$ -	\$ 2,927

Village of Forreston, Illinois

Notes to Required Supplementary Information

April 30, 2017

	Final Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
Motor Fuel Tax Fund				
Revenues				
Taxes:				
Motor fuel tax allotment	\$ 37,451	\$ 36,776	\$ (125)	\$ 36,651
Other revenue:				
Investment income	40	333	-	333
Total revenues	37,491	37,109	(125)	36,984
Expenditures				
Public works	45,000	55,889	-	55,889
Total expenditures	45,000	55,889	-	55,889
Excess (deficiency) of revenues over expenditures	\$ (7,509)	\$ (18,780)	\$ (125)	\$ (18,905)

Library (Component Unit)

Revenues				
Taxes	\$ 27,311	\$ 27,873	\$ -	\$ 27,873
Licenses, fees, and permits	1,200	809	-	809
Fines	3,000	1,833	-	1,833
Donations and grants	21,807	14,890	-	14,890
Other	4,600	859	-	859
Total revenues	57,918	46,264	-	46,264
Expenditures				
Culture and recreation	84,994	44,620	3	44,623
Excess (deficiency) of revenues over expenditures	\$ (27,076)	\$ 1,644	\$ (3)	\$ 1,641

Other Supplementary Information

Village of Forreston, Illinois

Combining Balance Sheet General Fund

April 30, 2017

	Total General Funds	General Fund	Capital Development Fund
Assets			
Cash and savings	\$ 707,831	\$ 371,081	\$ 336,750
Investments, at cost	-	-	-
Receivables:			
Property taxes	38,858	38,858	-
State of Illinois	31,040	31,040	-
Other	-	-	-
Total assets	\$ 777,729	\$ 440,979	\$ 336,750
Liabilities			
Accounts payable	\$ 6,301	\$ 6,301	\$ -
Accrued expenses	11,528	11,528	-
Compensated absences	-	-	-
Total liabilities	17,829	17,829	-
Deferred Inflows of Resources			
Property taxes	38,858	38,858	-
Total deferred inflows of resources	38,858	38,858	-
Fund Balances			
Restricted	14,513	14,513	-
Assigned, reported in General fund	336,750	-	336,750
Unassigned, reported in General fund	369,779	369,779	-
Total fund balances	721,042	384,292	336,750
Total liabilities and fund equity	\$ 777,729	\$ 440,979	\$ 336,750

Village of Forreston, Illinois

Combining Balance Sheet Nonmajor Governmental Funds

April 30, 2017

	Total Non-major Governmental Funds	Park Fund
Assets		
Cash and savings	\$ 81,249	\$ 57,432
Investments, at cost	-	-
Receivables:		
Property taxes	23,497	10,834
Total assets	\$ 104,746	\$ 68,266
Liabilities		
Accounts payable	\$ 144	\$ 144
Total liabilities	144	144
Deferred Inflows of Resources		
Property taxes	23,497	10,834
Total deferred inflows of resources	23,497	10,834
Fund Balances		
Restricted	81,105	57,288
Total fund balances	81,105	57,288
Total liabilities, deferred inflows and fund equity	\$ 104,746	\$ 68,266

Band Fund	Civil Defense Fund	Audit Fund
\$ 6,106	\$ 4,338	\$ 13,373
-	-	-
801	362	11,500
<u>\$ 6,907</u>	<u>\$ 4,700</u>	<u>\$ 24,873</u>
\$ -	\$ -	\$ -
-	-	-
801	362	11,500
801	362	11,500
6,106	4,338	13,373
<u>6,106</u>	<u>4,338</u>	<u>13,373</u>
<u>\$ 6,907</u>	<u>\$ 4,700</u>	<u>\$ 24,873</u>

Village of Forreston, Illinois

Combining Schedule of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Governmental Funds

Year ended April 30, 2017

	Total Nonmajor Governmental Funds	Park Fund
Revenues		
Taxes	\$ 21,684	\$ 10,509
Intergovernmental	-	-
Donations and grants	-	-
Other revenue	667	532
Total revenues	22,351	11,041
Expenditures		
General government	11,250	-
Culture and recreation	10,337	9,137
Capital outlay	-	-
Total expenditures	21,587	9,137
Excess (deficiency) of revenues over expenditures	764	1,904
Other Financing Sources (Uses)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses):	-	-
Net changes in fund balances	764	1,904
Fund balances, beginning	80,341	55,384
Fund balance, ending	\$ 81,105	\$ 57,288

Band Fund	Civil Defense Fund	Audit Fund
\$ 801	\$ 363	\$ 10,011
-	-	-
-	-	-
31	21	83
832	384	10,094
-	-	11,250
1,200	-	-
-	-	-
1,200	-	11,250
(368)	384	(1,156)
-	-	-
-	-	-
-	-	-
(368)	384	(1,156)
6,474	3,954	14,529
\$ 6,106	\$ 4,338	\$ 13,373