



815.344.1300 mchenry
847.382.3366 barrington
847.336.6455 gurnee
www.edercasella.com

VILLAGE OF SPRING GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2018

eder, casella & co.

VILLAGE OF SPRING GROVE, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Spring Grove
Spring Grove, Illinois

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

VILLAGE OF SPRING GROVE

as of and for the year ended April 30, 2018, 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 of 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 Spring Grove as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Changes in the Employer's Net Pension Liability and Related Ratios, Schedules of Employer Contributions, Schedule of Funding Progress, and budgetary comparison information on pages 3 through 9 and 43 through 52 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.

Eder, Casella & Co.
EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
August 28, 2018

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SPRING GROVE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2018

As management of the Village of Spring Grove, Illinois (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Please find below highlights of fiscal year 2018:

- The assets and deferred outflows of resources of the Village exceed its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,323,357 (net position as of April 30, 2018). Of this amount, \$(860,571) represents a deficit unrestricted amount, and \$569,494 may be used to meet the Village's ongoing obligations to citizens and creditors for Business-Type Activities.
- Total net position decreased by \$32,912.
- At April 30, 2018, the Village's governmental funds reported combined ending fund balances of \$4,661,949, an increase of \$337,882 in comparison with the prior year. Of this amount, \$2,840,026 is available for spending at the Village's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,840,026, or 94.9% of total General Fund expenditures.
- The Village's total debt decreased by \$200,163.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Both perspectives (government-wide and fund level financial statements) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Village's accountability.

This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private business.

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include administration, public works, public safety, parks and recreation, and development. The business-type activities of the Village include Water and Sewer services.

The government-wide financial statements include only the Village itself (known as the primary government) and not the Village's Police Pension Fund which is a component unit of the Village.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Capital Fund, and the Motor Fuel Tax Fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. The other three funds include Police Special, Siren, and Special Service Area.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Proprietary Funds - The Village maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for the water and sewer services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer services.

The basic proprietary fund financial statements can be found on pages 16 through 18 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 19 and 20 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 42 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's appropriation to actual for the General and Motor Fuel Tax Funds. Required supplementary information can be found on pages 43 through 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,323,357 at April 30, 2018.

	Governmental Activities		Business-Type Activities		Total	
	4/30/2018	4/30/2017	4/30/2018	4/30/2017	4/30/2018	4/30/2017
Assets						
Current and Other Assets	\$ 5,858,107	\$ 5,457,746	\$ 851,778	\$ 614,373	\$ 6,709,885	\$ 6,072,119
Capital Assets	7,462,286	7,900,772	3,088,714	3,224,655	10,551,000	11,125,427
Total Assets	\$ 13,320,393	\$ 13,358,518	\$ 3,940,492	\$ 3,839,028	\$ 17,260,885	\$ 17,197,546
Deferred Outflows of Resources						
Pensions - IMRF	\$ 19,850	\$ 63,215	\$ -	\$ -	\$ 19,850	\$ 63,215
Total Deferred Inflows of Resources	\$ 19,850	\$ 63,215	\$ -	\$ -	\$ 19,850	\$ 63,215
Liabilities						
Long-Term Liabilities Outstanding	\$ 4,354,318	\$ 4,208,433	\$ 754,290	\$ 918,068	\$ 5,108,608	\$ 5,126,501
Other Liabilities	364,468	331,865	20,672	13,484	385,140	345,349
Total Liabilities	\$ 4,718,786	\$ 4,540,298	\$ 774,962	\$ 931,552	\$ 5,493,748	\$ 5,471,850
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	\$ 831,690	\$ 801,814	\$ 259,552	\$ -	\$ 1,091,242	\$ 801,814
Unavailable Revenue - Rental Income	-	-	2,060	-	2,060	-
Pensions - Police Pension	240,994	630,828	-	-	240,994	630,828
IMRF - Actuarial Report	129,334	-	-	-	129,334	-
Total Deferred Inflows of Resources	\$ 1,202,018	\$ 1,432,642	\$ 261,612	\$ -	\$ 1,463,630	\$ 1,432,642
Net Position						
Net Investment in Capital Assets	\$ 7,304,772	\$ 7,706,873	\$ 2,334,424	\$ 2,306,587	\$ 9,639,196	\$ 10,013,460
Restricted	1,544,732	1,377,809	-	-	1,544,732	1,377,809
Unrestricted	(1,430,065)	(1,635,889)	569,494	600,889	(860,571)	(1,035,000)
Total Net Position	\$ 7,419,439	\$ 7,448,793	\$ 2,903,918	\$ 2,907,476	\$ 10,323,357	\$ 10,356,269

The largest portion of the Village's net position (93.4%) reflects its investment in capital assets (e.g., land, construction in progress, buildings, vehicles, equipment, land improvements, water and sewer treatment system, infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (15%) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit of \$860,571.

The Village's net position decreased by \$32,912 during the current fiscal year.

Governmental Activities - Governmental activities decreased the Village's net position by \$29,354. Key elements of this decrease are as follows:

	Village of Spring Grove, Illinois' Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2018	4/30/2017	4/30/2018	4/30/2017	4/30/2018	4/30/2017
Revenues						
Program Revenues						
Charges for Services	\$ 470,080	\$ 401,299	\$ 222,305	\$ 179,080	\$ 692,385	\$ 580,379
Operating Grants and Contributions	62,820	53,299	-	-	62,820	53,299
Capital Grants and Contributions	-	37,123	-	-	-	37,123
General Revenues						
Property Taxes	786,483	782,436	85	129,670	786,568	912,106
Sales Taxes	614,118	610,005	-	-	614,118	610,005
Other Taxes	1,478,423	1,449,169	-	-	1,478,423	1,449,169
Other	152,385	(231,576)	29,626	30,090	182,011	(201,486)
Total Revenues	<u>\$ 3,564,309</u>	<u>\$ 3,101,755</u>	<u>\$ 252,016</u>	<u>\$ 338,840</u>	<u>\$ 3,816,325</u>	<u>\$ 3,440,595</u>
Expenses						
Administration	\$ 554,172	\$ 582,805	\$ -	\$ -	\$ 554,172	\$ 582,805
Public Works	1,204,195	1,305,002	-	-	1,204,195	1,305,002
Public Safety	1,483,013	1,611,457	-	-	1,483,013	1,611,457
Parks and Recreation	173,604	136,385	-	-	173,604	136,385
Development	119,998	164,343	-	-	119,998	164,343
Interest and Fees on Long-Term Debt	5,681	8,703	-	-	5,681	8,703
Water and Sewer	-	-	308,574	366,200	308,574	366,200
Total Expenses	<u>\$ 3,540,663</u>	<u>\$ 3,808,695</u>	<u>\$ 308,574</u>	<u>\$ 366,200</u>	<u>\$ 3,849,237</u>	<u>\$ 4,174,895</u>
Increase/(Decrease) in Net Position Before Transfers	\$ 23,646	\$ (706,940)	\$ (56,558)	\$ (27,360)	\$ (32,912)	\$ (734,300)
Transfers	(53,000)	(30,000)	53,000	30,000	-	-
Increase/(Decrease) in Net Position	<u>\$ (29,354)</u>	<u>\$ (736,940)</u>	<u>\$ (3,558)</u>	<u>\$ 2,640</u>	<u>\$ (32,912)</u>	<u>\$ (734,300)</u>
Net Position - Beginning of Year	7,448,793	8,123,930	2,907,476	2,904,836	10,356,269	11,028,766
Net Position Adjustment	-	61,803	-	-	-	61,803
Net Position - End of Year	<u>\$ 7,419,439</u>	<u>\$ 7,448,793</u>	<u>\$ 2,903,918</u>	<u>\$ 2,907,476</u>	<u>\$ 10,323,357</u>	<u>\$ 10,356,269</u>

- Charges for Services increased by \$68,781 due to an increase in collections from licenses, permits and fines.
- Public Works expenses decreased by \$100,807 due to lower spending on the road program.
- Public Safety expenses decreased by \$128,444 due to lower depreciation and cost controls.

Business-Type Activities - Business-type activities decreased the Village's net position by \$3,558. Key elements of this decrease are as follows:

- Property Taxes decreased by \$129,585 due to a change in the SSA levy. The difference will reverse in fiscal year 2019.
- Expenses decreased by \$57,624 due to reduced sewer connections that occurred in the current year.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,661,949, an increase of \$337,882 in comparison with the prior year. 61% of this total amount constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remainder of the fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been restricted or assigned for 1) maintenance of highways and streets (\$450,632); 2) future capital projects (\$753,608); 3) public safety (\$185,381); and 4) special service areas (\$432,302).

The General Fund is the chief operating fund of the Village. At April 30, 2018, unassigned fund balance of the General Fund was \$2,840,026. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 94.9% of total General Fund expenditures.

The fund balance of the Village's General Fund increased by \$23,159 during the year ended April 30, 2018.

Proprietary funds - The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at April 30, 2018 is \$569,494. The total decrease in net position for the Water and Sewer Fund was \$3,558. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

Fiduciary Funds (Police Pension Fund) – The Police Pension Fund net position increased from \$2,814,367 as of April 30, 2017 to \$2,983,392 as of April 30, 2018. This increase was due to an excess of investment earnings and contributions over pension benefits and administrative expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend the budget and appropriations ordinance during the year ended April 30, 2018, therefore, there are no differences between the original and final appropriations.

Significant differences between appropriations and actual revenues and expenditures are summarized as follows:

- The difference between appropriated revenues and actual revenues was \$75,078 (favorable). This was primarily due to more than expected revenues for state use taxes and fines and forfeitures.
- The difference between appropriated expenditures and actual expenditures was \$747,063 (favorable) and was mostly due to less than expected expenditures for personnel expenses, insurance, and revenue sharing in the administration function; fuel expenses, and road maintenance in the public works function; and personnel expenses, pension contribution, and contract services in the public safety function.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2018 amounts to \$10,551,000 (net of accumulated depreciation). This investment in capital assets include land, construction in progress, buildings, vehicles, equipment, land improvements, water and sewer treatment system, and infrastructure.

Village of Spring Grove, Illinois' Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	4/30/2018	4/30/2017	4/30/2018	4/30/2017	4/30/2018	4/30/2017
Land	\$ 2,298,119	\$ 2,298,119	\$ 9,273	\$ 9,273	\$ 2,307,392	\$ 2,307,392
Construction in Progress	8,982	-	-	-	8,982	-
Buildings	1,723,691	1,791,798	-	-	1,723,691	1,791,798
Vehicles	450,269	613,144	-	-	450,269	613,144
Equipment	102,538	177,938	5,591	8,814	108,129	186,752
Land Improvements	309,847	326,031	-	-	309,847	326,031
Water and Sewer Treatment System	-	-	113,729	120,621	113,729	120,621
Infrastructure	2,568,840	2,693,742	2,960,121	3,085,947	5,528,961	5,779,689
Total	\$ 7,462,286	\$ 7,900,772	\$ 3,088,714	\$ 3,224,655	\$ 10,551,000	\$ 11,125,427

Major capital asset events during the year ended April 30, 2018 included the following:

- A new 2018 Police Squad was purchased for \$38,383.
- A new 2017 Police Squad was purchased for \$44,520.
- The Village disposed of a squad car, three trucks, and other equipment during the fiscal year.

Additional information on the Village's capital assets can be found in note 3 on pages 27 and 28 of this report.

Long-Term Debt - At April 30, 2018, the Village had total debt outstanding of \$911,804. Of this amount, \$354,398 comprises debt backed by the full faith and credit of the Village. The remainder of the Village's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Village of Spring Grove, Illinois' Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	4/30/2018	4/30/2017	4/30/2018	4/30/2017	4/30/2018	4/30/2017
Thelen Park Loan	\$ 157,514	\$ 193,899	\$ -	\$ -	\$ 157,514	\$ 193,899
Revenue Bonds	-	-	557,406	672,480	557,406	672,480
Note Payable	-	-	196,884	245,588	196,884	245,588
Total	\$ 157,514	\$ 193,899	\$ 754,290	\$ 918,068	\$ 911,804	\$ 1,111,967

The Village's total debt decreased by \$200,163 (18%) during the year ended April 30, 2018. The key factor in this decrease was principal payments made on outstanding debt.

Additional information on the Village's long-term debt can be found in note 4 on pages 28 and 29 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The assessed valuation for 2017 is \$181,259,857, an increase of \$10,058,561 from the 2016 assessed valuation. This factor was considered in preparing the Village's budget for the 2019 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Committee Chairperson
Village of Spring Grove
7401 Meyer Road
Spring Grove, Illinois, 60081

BASIC FINANCIAL STATEMENTS

VILLAGE OF SPRING GROVE, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
APRIL 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,453,371	\$ 129,234	\$ 2,582,605
Investments	2,154,921	408,000	2,562,921
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Accounts Receivable	83,984	54,992	138,976
Property Taxes	805,405	259,552	1,064,957
Utility Taxes	58,212	-	58,212
Due from Other Governmental Units	302,214	-	302,214
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	2,307,101	9,273	2,316,374
Other Capital Assets, Net of Depreciation	5,155,185	3,079,441	8,234,626
TOTAL ASSETS	\$ 13,320,393	\$ 3,940,492	\$ 17,260,885
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions - IMRF	\$ 19,850	\$ -	\$ 19,850
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 19,850	\$ -	\$ 19,850
LIABILITIES			
Accounts Payable	\$ 19,107	\$ 14,152	\$ 33,259
Accrued Expenses	30,273	6,520	36,793
Bond Liability	24,500	-	24,500
Due to Developer	290,588	-	290,588
Non-Current Liabilities			
Due Within One Year	37,545	168,431	205,976
Due in More Than One Year	4,316,773	585,859	4,902,632
TOTAL LIABILITIES	\$ 4,718,786	\$ 774,962	\$ 5,493,748
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 831,690	\$ 259,552	\$ 1,091,242
Unavailable Revenue - Rental Income	-	2,060	2,060
Deferred Inflows Related to Pensions - Police Pension	240,994	-	240,994
Deferred Inflows Related to IMRF	129,334	-	129,334
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,202,018	\$ 261,612	\$ 1,463,630
NET POSITION			
Net Investment in Capital Assets	\$ 7,304,772	\$ 2,334,424	\$ 9,639,196
Restricted for:			
Highways and Streets	419,343	-	419,343
Capital Projects	520,356	-	520,356
Public Safety	182,320	-	182,320
Special Service Areas	422,713	-	422,713
Unrestricted/(Deficit)	(1,430,065)	569,494	(860,571)
TOTAL NET POSITION	\$ 7,419,439	\$ 2,903,918	\$ 10,323,357

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Administration	\$ 554,172	\$ 128,363	\$ -	\$ (425,809)	\$ -	\$ (425,809)
Public Works	1,204,195	-	54,276	(1,149,919)	-	(1,149,919)
Public Safety	1,483,013	238,599	8,544	(1,235,870)	-	(1,235,870)
Parks and Recreation	173,604	37,105	-	(136,499)	-	(136,499)
Development	119,998	66,013	-	(53,985)	-	(53,985)
Interest and Fees on Long-Term Debt	5,681	-	-	(5,681)	-	(5,681)
	<u>\$ 3,540,663</u>	<u>\$ 470,080</u>	<u>\$ 62,820</u>	<u>\$ (3,007,763)</u>	<u>\$ -</u>	<u>\$ (3,007,763)</u>
Business-Type Activities						
Water and Sewer	\$ 308,574	\$ 222,305	\$ -	\$ -	\$ (86,269)	\$ (86,269)
	<u>\$ 308,574</u>	<u>\$ 222,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86,269)</u>	<u>\$ (86,269)</u>
Total Primary Government	<u>\$ 3,849,237</u>	<u>\$ 692,385</u>	<u>\$ 62,820</u>	<u>\$ (3,007,763)</u>	<u>\$ (86,269)</u>	<u>\$ (3,094,032)</u>
		General Revenues				
		Taxes				
		Property Tax, Levied for General Purposes		\$ 786,483	\$ 85	\$ 786,568
		State Sales Tax		614,118	-	614,118
		State Income Tax		522,321	-	522,321
		State Use Tax		151,982	-	151,982
		State Motor Fuel Tax		147,530	-	147,530
		Utility Taxes		611,709	-	611,709
		Other Taxes		44,881	-	44,881
		Unrestricted Investment Earnings		44,348	5,761	50,109
		Gain/(Loss) on Sale of Capital Assets		(8,578)	-	(8,578)
		Miscellaneous		116,615	23,865	140,480
		Transfers		(53,000)	53,000	-
		Total General Revenues and Transfers		<u>\$ 2,978,409</u>	<u>\$ 82,711</u>	<u>\$ 3,061,120</u>
		Change in Net Position		\$ (29,354)	\$ (3,558)	\$ (32,912)
		Net Position - May 1, 2017		<u>7,448,793</u>	<u>2,907,476</u>	<u>10,356,269</u>
		Net Position - April 30, 2018		<u>\$ 7,419,439</u>	<u>\$ 2,903,918</u>	<u>\$ 10,323,357</u>

The Notes to Financial Statements are in integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2018

	General Fund	Capital Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 995,969	\$ 756,323	\$ 438,516	\$ 262,563	\$ 2,453,371
Investments	1,799,921	-	-	355,000	2,154,921
Receivables (Net of Allowance for Estimated Uncollectible Amounts)					
Accounts Receivable	83,984	-	-	-	83,984
Property Taxes	732,244	-	-	73,161	805,405
Utility Taxes	58,212	-	-	-	58,212
Due from Other Governmental Units	288,986	-	13,228	-	302,214
TOTAL ASSETS	\$ 3,959,316	\$ 756,323	\$ 451,744	\$ 690,724	\$ 5,858,107
LIABILITIES					
Accounts Payable	\$ 19,107	\$ -	\$ -	\$ -	\$ 19,107
Accrued Payroll	30,273	-	-	-	30,273
Interfund Balances	(3,707)	2,715	1,112	(120)	-
Bond Liability	24,500	-	-	-	24,500
Due to Developer	290,588	-	-	-	290,588
TOTAL LIABILITIES	\$ 360,761	\$ 2,715	\$ 1,112	\$ (120)	\$ 364,468
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	\$ 758,529	\$ -	\$ -	\$ 73,161	\$ 831,690
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 758,529	\$ -	\$ -	\$ 73,161	\$ 831,690
FUND BALANCES					
Restricted for:					
Highways and Streets	\$ -	\$ -	\$ 419,343	\$ -	\$ 419,343
Capital Projects	-	520,356	-	-	520,356
Public Safety	-	-	-	182,320	182,320
Special Service Areas	-	-	-	422,713	422,713
Assigned for:					
Highways and Streets	-	-	31,289	-	31,289
Capital Projects	-	233,252	-	-	233,252
Public Safety	-	-	-	3,061	3,061
Special Service Areas	-	-	-	9,589	9,589
Unassigned (Deficit)	2,840,026	-	-	-	2,840,026
TOTAL FUND BALANCES	\$ 2,840,026	\$ 753,608	\$ 450,632	\$ 617,683	\$ 4,661,949
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,959,316	\$ 756,323	\$ 451,744	\$ 690,724	\$ 5,858,107

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 APRIL 30, 2018

Total Fund Balances - Governmental Funds		\$ 4,661,949
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Capital Assets, net of accumulated depreciation		7,462,286
<p>Deferred pension costs in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Deferred Outflows - IMRF	\$ 19,850	
Deferred Inflows - Police Pension	(240,994)	
Deferred Inflows - IMRF	<u>(129,334)</u>	
		(350,478)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Net OPEB Liability	\$ (10,795)	
Bonds and Notes Payable	<u>(157,514)</u>	
		(168,309)
<p>Other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.</p>		
Net Pension Liability - IMRF	\$ (112,526)	
Net Pension Liability - Police Pension	<u>(4,073,483)</u>	
		<u>(4,186,009)</u>
Net Position of Governmental Activities		<u>\$ 7,419,439</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2018

	General Fund	Capital Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local Taxes					
Property Tax	\$ 712,436	\$ -	\$ -	\$ 74,047	\$ 786,483
Intergovernmental					
State Sales Tax	614,118	-	-	-	614,118
State Income Tax	522,321	-	-	-	522,321
State Replacement Tax	4,168	-	-	-	4,168
State Use Tax	151,982	-	-	-	151,982
State Motor Fuel Tax	-	-	147,530	-	147,530
Grants	8,544	-	46,695	-	55,239
Other Local Sources					
Utility Tax	611,709	-	-	-	611,709
Amusement Tax	40,713	-	-	-	40,713
Licenses and Permits	180,038	-	-	-	180,038
Fines and Forfeitures	228,299	4,145	-	11,900	244,344
Charges for Services	45,698	-	-	-	45,698
Interest	34,391	3,494	1,990	4,473	44,348
Rentals	7,014	2,784	-	-	9,798
Royalties	13,923	-	-	-	13,923
Miscellaneous					
Donations	-	7,156	-	425	7,581
Other Miscellaneous	31,524	2,000	4,450	3,030	41,004
	<u>\$ 3,206,878</u>	<u>\$ 19,579</u>	<u>\$ 200,665</u>	<u>\$ 93,875</u>	<u>\$ 3,520,997</u>
EXPENDITURES					
Current					
Administration	\$ 554,895	\$ -	\$ -	\$ -	\$ 554,895
Public Works	871,782	-	85,369	-	957,151
Public Safety	1,311,437	-	-	26,476	1,337,913
Parks and Recreation	65,418	-	-	-	65,418
Development	78,735	-	-	-	78,735
Capital Outlay	68,386	40,211	8,983	28,247	145,827
Debt Service					
Principal	36,385	-	-	-	36,385
Interest and Fees	5,681	-	-	-	5,681
	<u>\$ 2,992,719</u>	<u>\$ 40,211</u>	<u>\$ 94,352</u>	<u>\$ 54,723</u>	<u>\$ 3,182,005</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 214,159</u>	<u>\$ (20,632)</u>	<u>\$ 106,313</u>	<u>\$ 39,152</u>	<u>\$ 338,992</u>
OTHER FINANCING SOURCES/(USES)					
Proceeds from the Sale of Fixed Assets	\$ -	\$ 51,890	\$ -	\$ -	\$ 51,890
Transfers	(191,000)	138,000	18,405	(18,405)	(53,000)
	<u>\$ (191,000)</u>	<u>\$ 189,890</u>	<u>\$ 18,405</u>	<u>\$ (18,405)</u>	<u>\$ (1,110)</u>
NET CHANGE IN FUND BALANCES	\$ 23,159	\$ 169,258	\$ 124,718	\$ 20,747	\$ 337,882
FUND BALANCES - MAY 1, 2017	2,816,867	584,350	325,914	596,936	4,324,067
FUND BALANCES - APRIL 30, 2018	<u>\$ 2,840,026</u>	<u>\$ 753,608</u>	<u>\$ 450,632</u>	<u>\$ 617,683</u>	<u>\$ 4,661,949</u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 337,882

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Depreciation Expense	\$ (537,998)	
Capital Outlays	<u>108,091</u>	(429,907)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.

Gain/(Loss) on Sale of Capital Assets		(8,579)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Expense - IMRF	\$ 7,958	
Pension Expense - Police Pension	<u>26,907</u>	34,865

Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		<u>36,385</u>
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Change in Net Position of Governmental Activities		<u><u>\$ (29,354)</u></u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2018

	Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 129,234
Investments	408,000
Receivables (Net of Allowance for Estimated Uncollectible Amounts)	
Property Taxes	259,552
Accounts Receivable	54,992
	\$ 851,778
Non-Current Assets	
Capital Assets	
Land	\$ 9,273
Water and Sewer Treatment System	3,164,487
Water Tower	1,085,452
Well House	761,016
Infrastructure	137,853
Equipment	35,033
Less: Accumulated Depreciation	(2,104,400)
	\$ 3,088,714
TOTAL ASSETS	\$ 3,940,492
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 14,152
Accrued Interest	6,520
Bonds Payable - Current	168,431
	\$ 189,103
Non-Current Liabilities	
Bonds Payable (Net of Current Portion Shown Above)	\$ 585,859
TOTAL LIABILITIES	\$ 774,962
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	\$ 259,552
Unavailable Revenue - Rental Income	2,060
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 261,612
NET POSITION	
Net Investment in Capital Assets	\$ 2,334,424
Unrestricted/(Deficit)	569,494
TOTAL NET POSITION	\$ 2,903,918

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2018

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for Services	
Customer Fees	\$ 172,873
	\$ 172,873
OPERATING EXPENSES	
Office Expenses	\$ 2,203
Operating Expenses	147,451
Depreciation	135,941
	\$ 285,595
OPERATING INCOME/(LOSS)	\$ (112,722)
NON-OPERATING REVENUE/(EXPENSE)	
Connection Fees	\$ 49,432
Interest Income	5,761
Rental Income	23,865
Property Taxes	85
Interest Expense	(22,979)
	\$ 56,164
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ (56,558)
TRANSFERS (TO)/FROM OTHER FUNDS	53,000
CHANGE IN NET POSITION	\$ (3,558)
NET POSITION - MAY 1, 2017	2,907,476
NET POSITION - APRIL 30, 2018	\$ 2,903,918

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2018

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 168,301
Payments to Suppliers for Goods and Services	(141,056)
Net Cash Provided/(Used) by Operating Activities	\$ 27,245
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 53,000
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ 53,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection Fees	\$ 49,432
Interest Paid on Capital Debt	(24,389)
Principal Paid on Capital Debt	(163,778)
Other Receipts/(Payments)	26,010
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (112,725)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 5,761
Net Cash Provided/(Used) by Investing Activities	\$ 5,761
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (26,719)
CASH AND CASH EQUIVALENTS AND INVESTMENT BALANCE - MAY 1, 2017	563,953
CASH AND CASH EQUIVALENTS AND INVESTMENT BALANCE - APRIL 30, 2018	\$ 537,234
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ (112,722)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	135,941
Change in assets and liabilities:	
Receivables, net	(4,572)
Accounts Payable	8,598
Net Cash Provided by Operating Activities	\$ 27,245

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 APRIL 30, 2018

	Police Pension Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 63,282
Investments, at fair value	2,920,110
TOTAL ASSETS	\$ 2,983,392
 TOTAL LIABILITIES	 \$ -
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 \$ 2,983,392

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED APRIL 30, 2018

	<u>Police Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 338,500
Plan Members	48,380
Total Contributions	<u>\$ 386,880</u>
Investment Income	
Interest Income	\$ 116,252
Unrealized Gain/(Loss)	9,212
Realized Gain/(Loss)	7,556
Net Investment Income	<u>\$ 133,020</u>
TOTAL ADDITIONS	<u>\$ 519,900</u>
DEDUCTIONS	
Benefits	\$ 153,847
Refunds of Contributions	176,812
Administrative Expenses	20,216
TOTAL DEDUCTIONS	<u>\$ 350,875</u>
NET INCREASE/(DECREASE)	\$ 169,025
NET POSITION HELD IN TRUST FOR PENSION BENEFITS - MAY 1, 2017	<u>2,814,367</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS - APRIL 30, 2018	<u><u>\$ 2,983,392</u></u>

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF SPRING GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Village of Spring Grove, Illinois' (Village) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies established in GAAP and used by the Village are discussed below.

A. Reporting Entity

The accompanying financial statements comply with the provisions of GASB statements, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that the Police Pension Fund meets the above criteria. The Police Pension Fund is blended into the Village's primary government financial statements as a fiduciary fund although it remains a separate legal entity. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. Basic Financial Statements – Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's administration, public works, public safety, parks and recreation, and development services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, unrestricted investment earnings, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works, public safety, parks and recreation, and development) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

NOTES TO FINANCIAL STATEMENTS (Continued)

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, unrestricted investment earnings, etc.).

The Village does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

C. *Basic Financial Statements – Fund Financial Statements*

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 comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues and expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in one column in the fund financial statements.

1. 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. The Village reports these governmental funds and fund types:

- a. The General Fund is the Village's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Motor Fuel Tax Fund includes revenues from motor fuel tax and other state road grants along with the related expenditures.
- c. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of capital projects.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Fund Types

The focus of 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. The Village reports the following proprietary fund types:

- a. Enterprise Funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

3. Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Village's fiduciary fund is presented in the fiduciary fund financial statements by type (pension). Because, by definition, these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the Village, this fund is not incorporated into the government-wide statements.

D. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. *Accrual*

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. *Modified Accrual*

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. An exception was made to the 60 day recognition period for income tax revenues due to delayed payments from the State of Illinois. The exception was made to preserve the consistency of revenue recognition between years. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt, which is recognized when due and payable.

E. *Cash and Cash Equivalents*

The Village has defined cash and cash equivalents to include cash on hand, demand deposits, checking accounts, savings accounts, money market accounts, and short-term investments with an original maturity of less than three months.

F. *Investments*

Investments, including those reported in the police pension trust fund, are stated at fair value (quoted market price or the best available estimate).

G. *Receivables*

Property taxes receivable are recognized at the time they are levied. The property tax receivable allowance is equal to 0% of outstanding property taxes at April 30, 2018.

H. *Inventories*

It is the Village's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the value of resale or supply items on hand.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

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 funds or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land	No Depreciation
Buildings and Improvements	7 - 40 years
Vehicles	5 - 10 years
Equipment	3 - 20 years
Land Improvements	5 - 50 years
Infrastructure	20 - 30 years
Wastewater Treatment System	40 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets effective as of May 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheet and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource until that time.

L. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities and proprietary fund Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS (Continued)

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

M. *Government-Wide and Proprietary Fund Net Position*

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets – consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – consists of net position that is restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted Net Position – all other net positions are reported in this category.

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints:

- Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of a resolution of the Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by way of resolution. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g. a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. The Village has not delegated this authority to an appointed body or official. All assigned fund balances are the residual amounts of the fund.

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself.

NOTES TO FINANCIAL STATEMENTS (Continued)

- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

O. *Revenue Recognition*

Substantially all shared revenue is recorded during the period when received by the collecting authority, the State of Illinois. Income from investments, bank accounts, and unbilled usage receivables are recognized when earned. Licenses and permits, fines and forfeits, fees and refunds, charges for services (other than enterprise funds), miscellaneous and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received.

P. *Property Tax Calendar and Revenues*

The Village is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on January 1 of each year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts within one month after these dates.

Property taxes receivable and unavailable revenue recorded in these financial statements, in the amount of \$805,405 and \$259,552 in its governmental funds and its proprietary funds, respectively, are from the 2017 tax levy. The unavailable revenue is 100% of the 2017 levy, less allowance. These taxes are unavailable as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2018. The Village has determined that 100% of the amount collected for the 2016 levy is allocable for use in fiscal year 2018. Therefore, 100% of the amounts collected for the 2016 levy (\$786,568) are recorded in these financial statements as property taxes revenue.

Q. *Defining Operating Revenues and Expenses*

The Village's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's Water and Sewer Fund consist of charges for services (including permit fees) and the costs for providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

R. *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits with financial institutions are fully insured or collateralized by securities held in the Village's name.

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

NOTES TO FINANCIAL STATEMENTS (Continued)

Investments

As of April 30, 2018, the Village had the following investments:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 846,902	\$ 846,902	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered but does have regulatory oversight through the State of Illinois.

Interest Rate Risk – The Village’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments based on credit risk. The Village has no investment policy that would further limit its investment choices. As of April 30, 2018, the Village’s investments were rated as follows:

Investment	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor’s

Concentration of Credit Risk. The Village places no limit on the amount the Village may invest in any one issuer. More than 5% of the Village’s investments are in State Investment Pool (100%).

NOTE 3 - CAPITAL ASSETS

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

	Balance May 1, 2017	Increases	Decreases	Balance April 30, 2018
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 2,298,119	\$ -	\$ -	\$ 2,298,119
Construction in Progress	-	8,982	-	8,982
Total Capital Assets not being depreciated	\$ 2,298,119	\$ 8,982	\$ -	\$ 2,307,101
Other Capital Assets				
Buildings	\$ 2,983,726	\$ -	\$ -	\$ 2,983,726
Vehicles	1,902,625	82,903	140,722	1,844,806
Equipment	1,204,152	16,205	22,955	1,197,402
Land Improvements	417,705	-	-	417,705
Infrastructure	3,776,737	-	-	3,776,737
Total Other Capital Assets at Historical Cost	\$ 10,284,945	\$ 99,108	\$ 163,677	\$ 10,220,376
Less Accumulated Depreciation for				
Buildings	\$ 1,191,928	\$ 68,107	\$ -	\$ 1,260,035
Vehicles	1,289,481	237,200	132,144	1,394,537
Equipment	1,026,214	91,604	22,954	1,094,864
Land Improvements	91,674	16,184	-	107,858
Infrastructure	1,082,995	124,902	-	1,207,897
Total Accumulated Depreciation	\$ 4,682,292	\$ 537,997	\$ 155,098	\$ 5,065,191
Other Capital Assets, Net	\$ 5,602,653	\$ (438,889)	\$ 8,579	\$ 5,155,185
Governmental Activities Capital Assets, Net	\$ 7,900,772	\$ (429,907)	\$ 8,579	\$ 7,462,286

NOTES TO FINANCIAL STATEMENTS (Continued)

	Balance May 1, 2017	Increases	Decreases	Balance April 30, 2018
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 9,273	\$ -	\$ -	\$ 9,273
Total Capital Assets not being depreciated	\$ 9,273	\$ -	\$ -	\$ 9,273
Other Capital Assets				
Water and Sewer Treatment System	\$ 5,010,956	\$ -	\$ -	\$ 5,010,956
Equipment	35,033	-	-	35,033
Infrastructure	137,853	-	-	137,853
Total Other Capital Assets at Historical Cost	\$ 5,183,842	\$ -	\$ -	\$ 5,183,842
Less Accumulated Depreciation for				
Water and Sewer Treatment System	\$ 1,925,008	\$ 125,826	\$ -	\$ 2,050,834
Equipment	26,219	3,223	-	29,442
Infrastructure	17,232	6,892	-	24,124
Total Accumulated Depreciation	\$ 1,968,459	\$ 135,941	\$ -	\$ 2,104,400
Other Capital Assets, Net	\$ 3,215,383	\$ (135,941)	\$ -	\$ 3,079,442
Business-Type Activities Capital Assets, Net	\$ 3,224,656	\$ (135,941)	\$ -	\$ 3,088,715

Depreciation expense was charged to functions as follows:

Governmental Activities:

Administration	\$ 16,218
Public Works	242,101
Public Safety	187,716
Parks and Recreation	59,880
Development	32,082
Total Governmental Activities Depreciation Expense	<u>\$ 537,997</u>

Business-Type Activities:

Water and Sewer	\$ 135,941
Total Business-Type Activities Depreciation Expense	<u>\$ 135,941</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

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

	Balance May 1, 2017	Additions	Retirements	Balance April 30, 2018	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
Thelen Park Loan	\$ 193,899	\$ -	\$ 36,385	\$ 157,514	\$ 37,545
Total Bonds and Notes Payable	\$ 193,899	\$ -	\$ 36,385	\$ 157,514	\$ 37,545
Other Long-Term Obligations:					
Net Pension and OPEB Liabilities	\$ 4,014,534	\$ 182,270	\$ -	\$ 4,196,804	\$ -
Total Governmental Activities					
Long-Term Liabilities	\$ 4,208,433	\$ 182,270	\$ 36,385	\$ 4,354,318	\$ 37,545
Business-Type Activities					
Bonds Payable:					
Revenue Bonds	\$ 672,480	\$ -	\$ 115,074	\$ 557,406	\$ 118,173
Note Payable	245,588	-	48,704	196,884	50,258
Total Bonds Payable	\$ 918,068	\$ -	\$ 163,778	\$ 754,290	\$ 168,431
Business-Type Activities Long-Term Liabilities	\$ 918,068	\$ -	\$ 163,778	\$ 754,290	\$ 168,431

NOTES TO FINANCIAL STATEMENTS (Continued)

Bonds and notes payable consisted of the following at April 30, 2018:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities:				
Thelen Park Loan	2/1/2022	3.150%	\$ 362,034	\$ 157,514
Business-Type Activities:				
Revenue Bonds	7/1/2022	2.675%	\$ 2,000,000	\$ 557,406
Note Payable	11/1/2021	3.150%	470,559	196,884

At April 30, 2018 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2019	\$ 37,545	\$ 4,521	\$ 42,066
2020	38,742	3,324	42,066
2021	39,977	2,090	42,066
2022	41,251	815	42,066
	<u>\$ 157,514</u>	<u>\$ 10,750</u>	<u>\$ 168,264</u>

At April 30, 2018 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
2019	\$ 168,431	\$ 19,738	\$ 188,169
2020	173,215	14,953	188,168
2021	178,136	10,032	188,168
2022	169,230	4,971	174,201
2023	65,279	873	66,152
	<u>\$ 754,290</u>	<u>\$ 50,568</u>	<u>\$ 804,858</u>

NOTE 5 - INTERFUND BALANCES

Interfund balances at April 30, 2018 consisted of the following:

Due from General Fund to:	
Police Special Fund	\$ 120
Due to General Fund from:	
MFT Fund	\$ 1,112
Capital Fund	2,715
	<u>\$ 3,827</u>

All interfund balances resulted from a time lag between the dates that expenditures were incurred and reimbursed between funds.

NOTE 6 - DEFICIT FUND BALANCES

There were no funds which reflected a deficit fund balance as of April 30, 2018.

NOTE 7 - PROPERTY TAXES

The 2017 levy was passed by the Board on December 5, 2017. A summary of the assessed valuations, rates, and extensions for the years 2017, 2016, and 2015 follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Tax Year	2017		2016		2015	
Assessed Valuation	\$181,259,857		\$171,201,296		\$160,593,666	
	Rate	Extension	Rate	Extension	Rate	Extension
Corporate	0.1773	\$ 321,459	0.1945	\$ 333,053	0.2102	\$ 337,533
Police Pension	0.2028	367,526	0.1977	338,501	0.2067	332,000
	0.3801	\$ 688,985	0.3923	\$ 671,554	0.4169	\$ 669,533
Road and Bridge (from Townships)	-	\$ 43,259	-	\$ 42,104	-	\$ 41,391
Special Service Area #1	-	\$ 259,552	-	\$ -	0.6615	\$ 129,776
Special Service Area #8	-	21,675	-	25,500	-	25,500
Special Service Area #9	-	24,824	-	22,172	-	22,988
Special Service Area #11	-	2,786	-	4,272	-	4,272
Special Service Area #13	-	9,024	-	7,872	-	7,872
Special Service Area #15	-	10,324	-	7,801	-	7,801
Special Service Area #24	-	4,528	-	3,888	-	3,888
	-	\$ 332,713	-	\$ 71,505	0.6615	\$ 202,097

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no funds in which the expenditures exceeded the appropriations for the year ended April 30, 2018.

NOTE 9 - OPERATING LEASES

The Village leases copier and laptop equipment under operating leases. Total lease expense for fiscal year 2018 was \$6,898. Annual requirements to cover outstanding lease agreements at April 30, 2018 are:

Year Ending April 30	Total Payments
2019	\$ 11,582
2020	10,070
2021	4,684
	\$ 26,336

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *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.

B. *Benefits Provided*

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

NOTES TO FINANCIAL STATEMENTS (Continued)

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 ten 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.

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 ten 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.

C. *Employees Covered by Benefit Terms*

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2016, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	3	
Inactive plan members entitled to but not yet receiving benefits	6	
Active plan members	11	
Total	20	

D. *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 2017 was 10.27%. For the fiscal year ended April 30, 2018, the Village contributed \$56,937 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.

E. *Net Pension Liability*

The components of the net pension liability of the IMRF as of December 31, 2017, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$	1,649,731
IMRF Fiduciary Net Position		1,537,205
Village's Net Pension Liability		112,526
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		93%

NOTES TO FINANCIAL STATEMENTS (Continued)

See the Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

F. *Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Assumptions	
Inflation	2.50%
Salary Increases	3.39% - 14.25% including inflation
Interest Rate	7.50%
Asset Valuation Method	Market Value of Assets
Projected Retirement Age	Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016

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 2014). 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 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

G. *Long-Term Expected Rate of Return*

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, 2017:

Asset Class	Target Allocation	Projected Return
Equities	37.0%	6.85%
International Equities	18.0%	6.75%
Fixed Income	28.0%	3.00%
Real Estate	9.0%	5.75%
Alternatives	7.0%	
Private Equity		7.35%
Hedge Funds		5.05%
Commodities		2.65%
Cash Equivalents	1.0%	2.25%
	100.0%	

H. *Single Discount Rate*

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:

NOTES TO FINANCIAL STATEMENTS (Continued)

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 this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and resulting single discount rate is 7.50%.

I. *Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at December 31, 2016	\$ 1,597,689	\$ 1,304,506	\$ 293,183
Changes for the year:			
Service Cost	\$ 60,747	\$ -	\$ 60,747
Interest on the Total Pension Liability	119,964	-	119,964
Differences Between Expected and Actual Experience of the Total Pension Liability	(11,899)	-	(11,899)
Changes of Assumptions	(59,678)	-	(59,678)
Contributions - Employer	-	57,193	(57,193)
Contributions - Employee	-	25,060	(25,060)
Net Investment Income	-	215,721	(215,721)
Benefit Payments, including Refunds of Employee Contributions	(57,092)	(57,092)	-
Other (Net Transfer)	-	(8,183)	8,183
Net Changes	\$ 52,042	\$ 232,699	\$ (180,657)
Balances at December 31, 2017	\$ 1,649,731	\$ 1,537,205	\$ 112,526

J. *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% Decrease 6.50%	Current Single Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 399,852	\$ 112,526	\$ (116,795)

K. *Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended April 30, 2018, the Village recognized pension expense of \$48,979. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS (Continued)

Expense in Future Periods	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,388	\$ (19,388)
Changes of assumptions	-	53,962	(53,962)
Net difference between projected and actual earnings on pension plan investments	<u>37,813</u>	<u>93,797</u>	<u>(55,984)</u>
Total deferred amounts to be recognized in pension expense in future periods	\$ 37,813	\$ 167,147	\$ (129,334)
Pension contributions made subsequent to the measurement date	<u>19,850</u>	<u>-</u>	<u>19,850</u>
Total deferred amounts related to pensions	<u>\$ 57,663</u>	<u>\$ 167,147</u>	<u>\$ (109,484)</u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ (16,380)
2019	(16,381)
2020	(33,091)
2021	(34,556)
2022	(11,106)
Thereafter	<u>(17,820)</u>
	<u>\$ (129,334)</u>

NOTE 11 - POLICE PENSION PLAN

A. Plan Administration

Full-time police sworn personnel of the Village are covered by The Spring Grove Police Pension Fund of the Village of Spring Grove (Plan). Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IL CS 5/4-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a pension trust fund.

The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency. The Board consists of five elected or appointed members.

B. Plan Membership

Membership in the Plan consisted of the following at April 30, 2018, the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>7</u>
Total	<u><u>10</u></u>

C. Benefits Provided

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

NOTES TO FINANCIAL STATEMENTS (Continued)

D. Contributions

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Plan. For the year ended April 30, 2018 the Village's contribution was 55% of covered payroll.

E. Investment Policy

ILCS limit the Plan's investments to those allowable by ILCS and require the Plan's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Plan's investment policy authorizes the Plan to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Plan may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities.

The Plan's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	60.0%	1.4%
Large Capital Domestic Equity	28.0%	6.6%
Small Capital Domestic Equity	8.0%	8.5%
International Equity	4.0%	6.4%

ILCS limits the Plan's investments in equities to 65% of total assets of the fund. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio. The Estimated Annual Inflation Rate (CPI) assumption used is 2.5%. The long-term expected rate of return on the Plan's investments was determined using an asset allocation study conducted by the Plan's investment management firm in December of 2017 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Plan's target asset allocation as of December 31, 2017 are listed in the table above.

F. Investment Valuations

All Investments in the Plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30, 2018 for debt securities, equity securities and mutual funds.

G. Investment Concentrations

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Plan's investments.

NOTES TO FINANCIAL STATEMENTS (Continued)

H. *Investment Rate of Return*

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

I. *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Plan's deposits may not be returned to it. The Plan's investment policy requires all bank balances to be covered by federal depository insurance.

J. *Interest Rate Risk*

The following table presents the investments and maturities of the Plan's debt securities as of April 30, 2018.

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
Mutual Funds	\$ 1,203,026	\$ 1,203,026	\$ -	\$ -	\$ -
Fannie Mae	134,046	-	100,983	33,063	-
FFCB	557,537	-	48,303	460,843	48,391
FHLB	385,710	-	49,938	325,114	10,658
Tennessee Valley Auth.	73,200	-	-	73,200	-
American Express	19,100	-	19,100	-	-
Deere & CO	20,489	-	20,489	-	-
Idaho Power Co.	12,177	-	12,177	-	-
Target Corp	25,070	-	25,070	-	-
Simon Property Group Inc.	10,007	-	10,007	-	-
JPMorgan Chase	24,238	-	-	24,238	-
General Electric Corp	15,365	-	-	15,365	-
Apple Inc.	9,816	-	-	9,816	-
Pepsico Incorporate	18,904	-	-	-	18,904
US Treasury Notes	189,139	25,052	74,865	89,222	-
Municipal Bonds	222,286	-	56,165	87,343	78,778
	<u>\$ 2,920,110</u>	<u>\$ 1,228,078</u>	<u>\$ 417,097</u>	<u>\$ 1,118,204</u>	<u>\$ 156,731</u>

In accordance with its investment policy, the Plan limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Plan.

K. *Credit Risk*

The Plan limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government, and investment grade corporate bonds rated by at least one of the two largest rating services at the time of purchase. If subsequently downgraded below investment grade, the bonds must be liquidated by the manager from the portfolio within 90 days after being downgraded. However, certain fixed income securities are not rated. As of April 30, 2018, the Plan's investments were rated as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Investment	Credit Rating	Rating Source
Mutual Funds	NR	Standard and Poor's
Fannie Mae	AA+	Standard and Poor's
FFCB	AA+	Standard and Poor's
FHLB	AA+	Standard and Poor's
Tennessee Valley Auth.	AA+	Standard and Poor's
American Express	BBB+	Standard and Poor's
Deere & CO	A	Standard and Poor's
Idaho Power Co.	A-	Standard and Poor's
Target Corp	A	Standard and Poor's
Simon Property Group Inc.	A	Standard and Poor's
JPMorgan Chase	A-	Standard and Poor's
General Electric Corp	A	Standard and Poor's
Apple Inc.	AA+	Standard and Poor's
Pepsico Incorporate	A+	Standard and Poor's
US Treasury Notes	NR	Moody's Investors Service
Municipal Bonds	AAA - AA / Aaa - Aa3	Standard and Poor's / Moody's Investors Service

L. *Net Pension Liability*

The components of the net pension liability of the Plan as of April 30, 2018 calculated in accordance with GASB Statement No. 68 were as follows:

Total Pension Liability	\$ 7,056,875
Plan Fiduciary Net Position	2,983,392
Village's Net Pension Liability	4,073,483
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

M. *Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2018 using the following actuarial methods and assumptions.

Actuarial Valuation Date	April 30, 2018
Actuarial Cost Method	Entry Age Normal (Level %)
Assumptions	
Inflation	2.5%
Salary Increases (Includes COLA)	3.5% - 8.28%
Interest Rate	5%
Asset Valuation Method	Market Value

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2017 using improvement scale MP-2016. The other non-economic actuarial assumptions used in the April 30, 2018 valuation were based on a review of assumptions in the L&A 2016 study for Illinois Police Officers.

N. *Discount Rate*

The discount rate used in the determination of the Total Pension Liability was 4.85%, which is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion

NOTES TO FINANCIAL STATEMENTS (Continued)

of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

O. *Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at April 30, 2017	\$ 6,524,923	\$ 2,814,367	\$ 3,710,556
Changes for the year:			
Service Cost	\$ 222,453	\$ -	\$ 222,453
Interest on the Total Pension Liability	317,980	-	317,980
Differences Between Expected and Actual Experience of the Total Pension Liability	163,284	-	163,284
Changes of Assumptions	158,894	-	158,894
Contributions - Employer	-	338,500	(338,500)
Contributions - Employee	-	48,380	(48,380)
Net Investment Income	-	124,296	(124,296)
Benefit Payments, including Refunds of Employee Contributions	(330,659)	(330,659)	-
Administrative Expense	-	(11,492)	11,492
Net Changes	\$ 531,952	\$ 169,025	\$ 362,927
Balances at April 30, 2018	\$ 7,056,875	\$ 2,983,392	\$ 4,073,483

P. *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 4.85%, 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% Decrease 3.85%	Current Discount Rate 4.85%	1% Increase 5.85%
Employer Net Pension Liability	\$ 5,285,148	\$ 4,073,483	\$ 3,107,428

Q. *Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended April 30, 2018, the Village recognized pension expense of \$48,979. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 142,023	\$ 744,993	\$ (602,970)
Assumption changes	338,330	5,077	333,253
Net difference between projected and actual earnings on pension investments	28,723	-	28,723
Total deferred amounts to be recognized in pension expense in future periods	\$ 509,076	\$ 750,070	\$ (240,994)
Pension contributions made subsequent to the measurement date	-	-	-
Total deferred amounts related to pensions	\$ 509,076	\$ 750,070	\$ (240,994)

NOTES TO FINANCIAL STATEMENTS (Continued)

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

Year Ending April 30	Net Deferred Outflows of Resources
2019	\$ (50,115)
2020	(50,115)
2021	(56,883)
2022	(57,272)
2023	(53,760)
Thereafter	27,151
	<u>\$ (240,994)</u>

NOTE 12 - POST EMPLOYMENT BENEFIT COMMITMENTS – RETIREE PAID INSURANCE

A. *Plan Overview*

The Village provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides medical benefits to retirees and their covered eligible dependents. All active employees who retire directly from the Village and meet the eligibility criteria may participate, but at their own cost.

The Village is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Village or the retiree. Consequently, participating retirees are considered to receive a benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Village’s younger and statistically healthier active employees.

B. *Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements.

C. *Annual OPEB Cost and Net OPEB Obligation*

The Village’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the Village, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following shows the components of the Village’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Village’s net OPEB obligation to the plan:

Annual required contribution	\$ 6,335
Interest on net OPEB obligation	255
Adjustment to annual required contribution	<u>(212)</u>
Annual OPEB cost (expense)	\$ 6,378
Contributions made	<u>6,378</u>
Increase in net OPEB obligation	\$ -
Net OPEB obligation - beginning of year	10,795
Net OPEB obligation - end of year	<u>\$ 10,795</u>

The Village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2018	\$ 6,335	\$ 6,335	100%	\$ 10,795
4/30/2017	6,335	6,335	100%	10,795
4/30/2016	6,378	1,953	31%	10,795

D. *Funded Status and Funding Progress*

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. *Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The Actuarial Accrued Liability was determined using a 4% discount rate. At the valuation date, healthcare benefits were expected to increase 7.5% in 2014, trending down to 5.5% increases in 2018 and later years. Mortality assumptions were based on similar rates utilized for IMRF and Police Pension Funds. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized on an open, level percentage of pay. The remaining amortization period at April 30, 2018 was 26 years.

NOTE 13 - SOCIAL SECURITY

All employees, except full-time police officers, are covered under Social Security. The Village paid the total required contribution for the current fiscal year.

NOTE 14 - INTERFUND TRANSFERS

Interfund transfers for the year ended April 30, 2018 consisted of the following:

Transfers from General Fund to:	
Water and Sewer Fund	\$ 53,000
Capital Fund	138,000
Transfer from SSA Fund to:	
Motor Fuel Tax Fund	\$ 18,405

The transfer from the General Fund to the Water and Sewer Fund was made to cover operating expenses. The transfer from the General Fund to the Capital Fund was made to pay for assets purchased by the Capital Fund. The transfer from the SSA Fund to the Motor Fuel Tax Fund was made to reimburse the Motor Fuel Tax Fund for expenses that were paid for the Red Oak Road Program.

NOTE 15 - RISK MANAGEMENT

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Village is a member of the McHenry County Municipal Risk Management Agency (MCMRMA), a public entity risk pool through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the

NOTES TO FINANCIAL STATEMENTS (Continued)

members, acting as a single insurable unit. The relationship between the Village and MCMRMA is governed by a contract and by-laws that have been adopted by resolution of each unit’s governing body. The Village is contractually obligated to make all annual and supplementary contributions for MCMRMA, to report claims on a timely basis, cooperate with MCMRMA, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by MCMRMA. Members have a contractual obligation to fund any deficit of MCMRMA attributable to a membership year during which they were a member.

MCMRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. MCMRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

The Village participates in the Intergovernmental Personnel Benefit Cooperative.

Intergovernmental Personnel Benefit Cooperative (IPBC) is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain governmental, quasigovernmental, and nonprofit service entities. IPBC receives, processes, and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative, along with an alternate, from each member. In addition, there are two officers; a chairperson and a Treasurer. The Village does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors.

During the year ended April 30, 2018, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in any of the past three years. The Village is insured under a retrospectively-rated policy for workers’ compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2018, there were no significant adjustments in premiums based on actual experience.

NOTE 16 - CONTINGENCIES

The Village is not aware of any litigation which might have a material adverse effect on the Village’s financial position.

NOTE 17 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of governmental activities bonded debt to 8.625% of the most recent available equalized assessed valuation (EAV) of the Village.

2017 EAV	\$	181,259,857
	X	<u>8.625%</u>
Debt Margin	\$	15,633,663
Current Governmental Activities Debt		<u>(157,514)</u>
Remaining Debt Margin	\$	<u>15,476,149</u>

NOTE 18 - TAX ABATEMENT AGREEMENTS

In 2003, the Village entered into an economic incentive agreement with Jewel Food Stores, Inc. As a result of this agreement, in exchange for Jewel providing economic assistance in constructing a water tower, the Village rebates fifty percent of its share of sales tax collected by Jewel. The abatement ends

NOTES TO FINANCIAL STATEMENTS (Continued)

after 20 years, or when Jewel recoups the value of the water tower, whichever occurs first. In the fiscal year ending April 30, 2018, the Village rebated sales tax in the amount of \$139,984.

The Village is not subject to any tax abatement agreements entered into by other governmental entities.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SPRING GROVE, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
APRIL 30, 2018

	<u>4/30/2018 *</u>	<u>4/30/2017 *</u>	<u>4/30/2016 *</u>
TOTAL PENSION LIABILITY			
Service Cost	\$ 60,747	\$ 59,466	\$ 60,637
Interest on the Total Pension Liability	119,964	112,362	104,372
Differences Between Expected and Actual Experience	(11,899)	(9,147)	(3,407)
Changes of Assumptions	(59,678)	(2,627)	-
Benefit Payments, Including Refunds of Member Contributions	<u>(57,092)</u>	<u>(65,596)</u>	<u>(43,074)</u>
Net Change in Total Pension Liability	\$ 52,042	\$ 94,458	\$ 118,528
Total Pension Liability - Beginning	<u>1,597,689</u>	<u>1,503,231</u>	<u>1,384,703</u>
Total Pension Liability - Ending	<u>\$ 1,649,731</u>	<u>\$ 1,597,689</u>	<u>\$ 1,503,231</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 57,193	\$ 57,073	\$ 55,545
Contributions - Member	25,060	25,154	24,080
Net Investment Income	215,721	83,355	6,093
Benefit Payments, Including Refunds of Member Contributions	(57,092)	(65,596)	(43,074)
Other (Net Transfers)	<u>(8,183)</u>	<u>7,879</u>	<u>(46,304)</u>
Net Change in Plan Fiduciary Net Position	\$ 232,699	\$ 107,865	\$ (3,660)
Plan Net Position - Beginning	<u>1,304,506</u>	<u>1,196,641</u>	<u>1,200,301</u>
Plan Net Position - Ending	<u>\$ 1,537,205</u>	<u>\$ 1,304,506</u>	<u>\$ 1,196,641</u>
Village's Net Pension Liability	<u>\$ 112,526</u>	<u>\$ 293,183</u>	<u>\$ 306,590</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.18%	81.65%	79.60%
Covered-Valuation Payroll	\$ 556,896	\$ 558,987	\$ 535,112
Employer's Net Pension Liability as a Percentage of Covered-Valuation Payroll	20.21%	52.45%	57.29%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF SPRING GROVE, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
APRIL 30, 2018

	<u>4/30/2018 *</u>	<u>4/30/2017 *</u>	<u>4/30/2016 *</u>
Actuarial-Determined Contribution	\$ 57,193	\$ 57,073	\$ 55,545
Contributions in Relation to Actuarially-Determined Contribution	<u>57,193</u>	<u>57,073</u>	<u>55,545</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Valuation Payroll	\$ 556,896	\$ 558,987	\$ 535,112
Contributions as a Percentage of Covered-Valuation Payroll	10.27%	10.21%	10.38%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2017 Contribution Rate *

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.

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 26-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 3.5%

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 to 2013.

Mortality: RP-2014 Blue Collar Healthy Mortality Table, adjusted to match current IMRF experience. For disabled lives, 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.

*Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF SPRING GROVE, ILLINOIS
POLICE PENSION PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	4/30/2018	4/30/2017	4/30/2016	4/30/2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 222,453	\$ 211,860	\$ 192,048	\$ 244,858
Interest	317,980	328,937	322,278	307,104
Differences Between Expected and Actual Experience	163,284	(482,536)	(629,688)	-
Changes in Assumptions	158,894	(6,867)	324,689	-
Benefit Payments, Including Refunds of Member Contributions	(330,659)	(210,405)	(178,193)	(154,138)
Net Change in Total Pension Liability	<u>\$ 531,952</u>	<u>\$ (159,011)</u>	<u>\$ 31,134</u>	<u>\$ 397,824</u>
Total Pension Liability - Beginning	<u>6,524,923</u>	<u>6,683,934</u>	<u>6,652,800</u>	<u>6,254,976</u>
Total Pension Liability - Ending	<u>\$ 7,056,875</u>	<u>\$ 6,524,923</u>	<u>\$ 6,683,934</u>	<u>\$ 6,652,800</u>
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 338,500	\$ 332,000	\$ 332,003	\$ 295,297
Contributions - Member	48,380	51,014	51,533	56,429
Net Investment Income	124,296	128,317	83,344	51,935
Benefit Payments, Including Refunds of Member Contributions	(330,659)	(210,405)	(178,192)	(210,568)
Administrative Expenses	(11,492)	(10,651)	(10,587)	(6,341)
Net Change in Plan Fiduciary Net Position	<u>\$ 169,025</u>	<u>\$ 290,275</u>	<u>\$ 278,101</u>	<u>\$ 186,752</u>
Plan Net Position - Beginning	<u>2,814,367</u>	<u>2,524,092</u>	<u>2,245,991</u>	<u>2,059,239</u>
Plan Net Position - Ending	<u>\$ 2,983,392</u>	<u>\$ 2,814,367</u>	<u>\$ 2,524,092</u>	<u>\$ 2,245,991</u>
Village's Net Pension Liability	<u>\$ 4,073,483</u>	<u>\$ 3,710,556</u>	<u>\$ 4,159,842</u>	<u>\$ 4,406,809</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.28%	43.13%	37.76%	33.76%
Covered-Employee Payroll	\$ 525,988	\$ 594,671	\$ 580,059	\$ 411,705
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	774.44%	623.97%	717.14%	1070.38%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expenses	4.36%	4.85%	2.38%	2.00%

Note:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF SPRING GROVE, ILLINOIS
POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>4/30/2018</u>	<u>4/30/2017</u>	<u>4/30/2016</u>	<u>4/30/2015</u>
Actuarially-Determined Contribution	\$ 394,326	\$ 359,046	\$ 331,957	\$ 296,699
Contributions in Relation to Actuarially-Determined Contribution	<u>338,500</u>	<u>332,000</u>	<u>332,003</u>	<u>295,297</u>
Contribution Deficiency/(Excess)	<u>\$ 55,826</u>	<u>\$ 27,046</u>	<u>\$ (46)</u>	<u>\$ 1,402</u>
Covered-Employee Payroll	\$ 525,988	\$ 594,671	\$ 580,059	\$ 411,705
Contributions as a Percentage of Covered-Employee Payroll	64.36%	55.83%	57.24%	71.73%

Notes:

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF SPRING GROVE, ILLINOIS
 POST EMPLOYMENT BENEFIT COMMITMENTS
 SCHEDULE OF FUNDING PROGRESS
 APRIL 30, 2018

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2018	\$ -	\$ 61,243	\$ 61,243	0.00%	N/A	N/A
4/30/2017	-	61,243	61,243	0.00%	N/A	N/A
4/30/2016	-	61,243	61,243	0.00%	N/A	N/A

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2018

	Appropriated Amounts	Actual Amounts
	Original and Final	
REVENUES		
Local Taxes		
Property Tax	\$ 713,500	\$ 712,436
Intergovernmental		
State Sales Tax	603,000	614,118
State Income Tax	578,000	522,321
State Replacement Tax	4,000	4,168
State Use Tax	133,000	151,982
Grants	8,000	8,544
Other Local Sources		
Utility Tax	625,000	611,709
Amusement Tax	24,000	40,713
Licenses and Permits	171,000	180,038
Fines and Forfeitures	172,000	228,299
Charges for Services	52,500	45,698
Interest	20,300	34,391
Rentals	6,000	7,014
Royalties	6,000	13,923
Miscellaneous		
Other Miscellaneous	15,500	31,524
Total Revenues	\$ 3,131,800	\$ 3,206,878
EXPENDITURES		
Current		
Administration		
Personnel Salaries	\$ 234,000	\$ 190,750
Payroll Taxes	18,000	14,240
Retirement and Benefits	26,970	21,075
Contract Services	29,880	21,502
Professional Fees	84,000	51,367
Insurance	96,000	77,350
Dues and Subscriptions	9,000	7,474
Supplies	1,620	1,350
Printing	1,800	854
Office Expense	9,000	6,082
Communications	13,200	14,494
Special Events	10,200	7,602
Revenue Sharing	162,000	139,984
Miscellaneous Expenses	900	771
	\$ 696,570	\$ 554,895
Public Works		
Personnel Salaries	\$ 402,000	\$ 305,549
Payroll Taxes	30,600	23,228
Retirement and Benefits	97,500	68,580

See Accompanying Independent Auditor's Report

VILLAGE OF SPRING GROVE, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
 GENERAL FUND
 YEAR ENDED APRIL 30, 2018

	<u>Appropriated Amounts Original and Final</u>	<u>Actual Amounts</u>
EXPENDITURES (Continued)		
Current (Continued)		
Public Works (Continued)		
Contract Services	\$ 600	\$ 315
Engineering Fees	30,000	27,840
Fuel	24,000	17,514
Small Tools	4,200	2,510
Seminars and Dues	1,200	943
Supplies	15,000	10,453
Utilities	3,600	4,333
Maintenance and Repairs	177,600	177,749
Road Maintenance	277,200	186,941
Snowplowing	54,000	41,886
Communications	3,600	2,770
Miscellaneous Expenses	1,440	1,171
	<u>\$ 1,122,540</u>	<u>\$ 871,782</u>
Public Safety		
Personnel Salaries	\$ 763,920	\$ 659,310
Payroll Taxes	19,920	17,978
Retirement and Benefits	83,760	80,403
Pension Contribution	406,200	338,500
Contract Services	81,720	70,627
Professional Fees	61,200	52,148
Communications	21,600	8,523
Supplies	16,800	10,356
Conferences and Dues	7,200	6,150
Training and Education	9,600	7,071
Maintenance and Repairs	21,600	18,096
Printing	5,880	1,983
Office Expense	12,480	8,496
Fuel	30,000	21,255
Miscellaneous Expenses	16,800	10,541
	<u>\$ 1,558,680</u>	<u>\$ 1,311,437</u>
Parks and Recreation		
Personnel Salaries	\$ 29,520	\$ 21,469
Payroll Taxes	2,292	1,638
Instructional Fees	13,200	9,884
Supplies	7,320	4,488
Park Maintenance	19,200	18,750
Contract Services	9,000	6,663
Special Events	3,960	2,186
Utilities	1,200	340
Miscellaneous	240	-
	<u>\$ 85,932</u>	<u>\$ 65,418</u>

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VILLAGE OF SPRING GROVE, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2018

	Appropriated Amounts Original and Final	Actual Amounts
EXPENDITURES (Continued)		
Current (Continued)		
Development		
Personnel Salaries	\$ 63,600	\$ 46,891
Payroll Taxes	6,000	4,625
Retirement and Benefits	6,120	5,243
Contract Services	17,160	14,216
Communications	1,200	822
Maintenance and Repairs	300	1,073
Seminars and Dues	1,800	280
Supplies	1,440	775
Utilities	3,600	4,181
Miscellaneous Expenses	1,200	629
	\$ 102,420	\$ 78,735
Capital Outlay		
Public Safety	\$ 40,800	\$ 38,947
Parks and Recreation	23,640	20,258
Development	12,600	9,181
	\$ 77,040	\$ 68,386
Debt Service		
Principal	\$ 96,600	\$ 36,385
Interest and Fees	-	5,681
	\$ 96,600	\$ 42,066
Total Expenditures	\$ 3,739,782	\$ 2,992,719
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (607,982)	\$ 214,159
OTHER FINANCING SOURCES/(USES)		
Transfers	-	(191,000)
NET CHANGE IN FUND BALANCE	\$ (607,982)	\$ 23,159
FUND BALANCE - MAY 1, 2017	2,816,867	2,816,867
FUND BALANCE - APRIL 30, 2018	\$ 2,208,885	\$ 2,840,026

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VILLAGE OF SPRING GROVE, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
 MOTOR FUEL TAX FUND
 YEAR ENDED APRIL 30, 2018

	Appropriated Amounts Original and Final	Actual Amounts
REVENUES		
Intergovernmental		
State Motor Fuel Tax	\$ 140,000	\$ 147,530
Grants	58,000	46,695
Other Local Sources		
Interest	-	1,990
Miscellaneous		
Other Miscellaneous	-	4,450
Total Revenues	\$ 198,000	\$ 200,665
EXPENDITURES		
Current		
Public Works		
Motor Fuel Expenses	\$ 225,000	\$ 85,369
	\$ 225,000	\$ 85,369
Capital Outlay		
Public Works	\$ -	\$ 8,983
	\$ -	\$ 8,983
Total Expenditures	\$ 225,000	\$ 94,352
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (27,000)	\$ 106,313
OTHER FINANCING SOURCES/(USES)		
Transfers	-	18,405
NET CHANGE IN FUND BALANCE	\$ (27,000)	\$ 124,718
FUND BALANCE - MAY 1, 2017	325,914	325,914
FUND BALANCE - APRIL 30, 2018	\$ 298,914	\$ 450,632

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VILLAGE OF SPRING GROVE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2018

NOTE 1 - APPROPRIATIONS

Appropriations are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds except agency funds. All annual appropriations lapse at fiscal year-end.

Appropriated expenditures are controlled at the departmental level with the Finance Committee Chairperson's oversight. All transfers and any revisions that change the total expenditures not contemplated of any fund must be approved by the Board of Trustees. All appropriation amendments must be approved by the Board of Trustees.

The appropriation ordinance was approved on June 6, 2017 and was not amended.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2018, no fund presented as Required Supplementary Information had expenditures that exceeded the appropriations ordinance.