

# Village of Forreston

Forreston, Illinois

## Annual Financial Report

April 30, 2018



# Village of Forreston, Illinois

April 30, 2018

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# Village of Forreston, Illinois

April 30, 2018

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## **Independent Auditor's Report**

To the Board of Trustees  
Village of Forreston  
Forreston, Illinois

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Forreston, Illinois, as of and for the year ended April 30, 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 from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Forreston, Illinois as of April 30, 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 discussion and analysis and required supplementary information on pages 3 through 8 and 39 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

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

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

*Wipac LLP*

Rockford, Illinois  
November 20, 2018

## **Management Discussion and Analysis**

# Village of Forreston, Illinois

## Management Discussion and Analysis

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As management of the Village of Forreston, Illinois, (the "Village") we offer the readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Forreston, Illinois for the fiscal year ended April 30, 2018.

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

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

### **Using This Financial Report**

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

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

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

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

# Village of Forreston, Illinois

## Management Discussion and Analysis

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

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

### **Fund Financial Statements**

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

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

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

# Village of Forreston, Illinois

## Management Discussion and Analysis

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### Condensed Financial Information

Net position is summarized in the table below.

#### Condensed Statement of Net Position as of April 30, 2017 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Current Assets	\$1,310,081	\$1,245,313	\$ 594,706	\$ 486,494	\$1,904,787	\$1,731,807
Capital Assets (Net)	813,411	793,583	4,638,880	4,587,045	5,452,291	5,380,628
Deferred outflows	<u>60,444</u>	<u>45,062</u>	<u>-</u>	<u>-</u>	<u>60,444</u>	<u>45,062</u>
Total Assets and Deferred outflows	<u>2,183,936</u>	<u>2,083,958</u>	<u>5,233,586</u>	<u>5,073,539</u>	<u>7,417,522</u>	<u>7,157,497</u>
Current Liabilities	33,830	25,837	217,746	134,935	251,576	160,772
Noncurrent Liabilities	191,879	85,591	2,384,778	2,265,660	2,576,657	2,351,251
Deferred Inflows	<u>214,983</u>	<u>284,752</u>	<u>-</u>	<u>-</u>	<u>214,983</u>	<u>284,752</u>
Total Liabilities and Deferred Inflows	<u>440,692</u>	<u>396,180</u>	<u>2,384,778</u>	<u>2,400,595</u>	<u>3,043,216</u>	<u>2,796,775</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	813,411	793,583	2,254,102	2,202,267	3,067,513	2,995,850
Restricted	369,270	386,486	-	-	369,270	386,486
Unrestricted	<u>560,563</u>	<u>507,709</u>	<u>376,960</u>	<u>470,677</u>	<u>937,523</u>	<u>978,386</u>
Total Net Position	<u>\$1,743,244</u>	<u>\$1,687,778</u>	<u>\$2,631,062</u>	<u>\$2,672,944</u>	<u>\$4,374,306</u>	<u>\$4,360,722</u>

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

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

# Village of Forreston, Illinois

## Management Discussion and Analysis

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### **Condensed Financial Information (Continued)**

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

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

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

### **Condensed Statement of Activities For Fiscal Years Ending April 30, 2017 and 2018**

	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b><u>Total</u></b>	
	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b><u>Revenues</u></b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 32,152	\$ 24,535	\$ 592,026	\$ 588,614	\$ 624,178	\$ 613,149
Operating Grants & Contributions	51,541	44,844	-	-	51,541	44,844
Capital Grants & Contributions	19,200	24,454	-	-	19,200	24,454
<b>General Revenues:</b>						
Property Taxes	219,987	233,523	-	-	219,987	233,523
Other Taxes	290,728	329,114	-	-	290,728	329,114
Other General Revenues	<u>2,292</u>	<u>15,269</u>	<u>46,617</u>	<u>41,303</u>	<u>48,909</u>	<u>56,572</u>
Total Revenues	<u>615,900</u>	<u>671,739</u>	<u>638,643</u>	<u>629,917</u>	<u>1,254,543</u>	<u>1,301,656</u>

# Village of Forreston, Illinois

## Management Discussion and Analysis

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### Condensed Financial Information (Continued)

<u>Expenses</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Program Expenses:						
General Government	165,035	221,774	-	-	165,035	221,774
Public Safety	168,947	192,782	-	-	168,947	192,782
Public Works	240,821	239,420	619,798	588,035	860,619	827,455
Culture & Recreation	<u>73,644</u>	<u>73,229</u>	<u>-</u>	<u>-</u>	<u>73,644</u>	<u>73,229</u>
Total Expenses	<u>648,447</u>	<u>727,205</u>	<u>619,798</u>	<u>588,035</u>	<u>1,268,245</u>	<u>1,315,240</u>
Transfers	<u>(7,040)</u>	<u>-</u>	<u>7,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(39,587)	(55,466)	25,885	41,882	(13,702)	(13,584)
Net Position-Beginning	<u>1,782,831</u>	<u>1,743,244</u>	<u>2,605,177</u>	<u>2,631,062</u>	<u>4,388,008</u>	<u>4,374,306</u>
Net Position-Ending	<u>\$1,743,244</u>	<u>\$1,687,778</u>	<u>\$2,631,062</u>	<u>\$2,672,944</u>	<u>\$4,374,306</u>	<u>\$4,360,722</u>

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

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

The Statement of Activities reflects an overall decrease in the net position of \$13,584. An increase in revenues over expenses was realized for business type activities while a decrease in revenues over expenses was realized and for governmental activities.

GASB Statement No. 34 affects the Village's reporting model, but not the day-to-day operations or the budgeting process of the Village. In considering the Village's financial position at April 30, 2018, of key importance is the fund balance in the operating funds. Fund balances in the other fund types are limited in use according to the source of revenue.

# Village of Forreston, Illinois

## Management Discussion and Analysis

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### **Capital Assets/Long Term Debt**

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

During the fiscal year the Village purchased a mower for \$7,975 and Village Books software for \$16,000 with funds from the general and water and sewer funds and an additional \$166,147 of expenses for sewer line extending for development. Please refer to Note (1) and Note (4) for further information on capital assets.

The Village paid principal and interest payment of \$166,103 on the Illinois Environmental Protection Agency loan. Please refer to Note (6) for further information on long-term debt.

### **Budgetary Highlights**

The Village adopted the budget (annual appropriation ordinance) in April of 2017. The budget for all funds is prepared on the cash basis of accounting. This is the same basis used in budgetary comparisons. This allows for comparability between budget and actual amounts.

### **Factors or Conditions Impacting Future Periods**

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

### **Contacting the Village's Financial Management**

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

## **Basic Financial Statements**

# Village of Forreston, Illinois

## Statement of Net Position

April 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 954,889	\$ 419,426	\$ 1,374,315
Investments	61,857	-	61,857
Receivables:			
Property tax	186,864	-	186,864
State of Illinois	38,974	-	38,974
Utility users, less allowance of \$-0-	-	67,068	67,068
Prepaid items	2,729	-	2,729
Total current assets	1,245,313	486,494	1,731,807
Noncurrent assets:			
Capital assets not being depreciated	274,905	20,700	295,605
Capital assets (net of accumulated depreciation)	518,678	4,566,345	5,085,023
Total capital assets	793,583	4,587,045	5,380,628
Total assets	2,038,896	5,073,539	7,112,435
<b>Deferred Outflows of Resources</b>			
Deferred outflows of pension resources	45,062	-	45,062
Total deferred outflows of resources	45,062	-	45,062
<b>Liabilities</b>			
Current liabilities			
Accounts payable	6,382	8,316	14,698
Accrued payroll	5,843	2,760	8,603
Compensated absences	13,612	4,741	18,353
Current portion of IEPA loan payable	-	119,118	119,118
Total current liabilities	25,837	134,935	160,772
Noncurrent liabilities:			
Net pension liability	85,591	-	85,591
IEPA loan payable	-	2,265,660	2,265,660
Total noncurrent liabilities	85,591	2,265,660	2,351,251
Total liabilities	111,428	2,400,595	2,512,023
<b>Deferred Inflows of Resources</b>			
Deferred inflows of pension resources	97,888	-	97,888
Property taxes	186,864	-	186,864
Total deferred inflows of resources	284,752	-	284,752
<b>Net Position</b>			
Net investment in capital assets	793,583	2,202,267	2,995,850
Restricted	386,486	-	386,486
Unrestricted	507,709	470,677	978,386
Total net position	\$ 1,687,778	\$ 2,672,944	\$ 4,360,722

See accompanying notes to financial statements.

# Village of Forreston, Illinois

## Statement of Activities

For the Year ended April 30, 2018

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 221,774	\$ 17,372	\$ -	\$ 15,954
Public safety	192,782	4,580	-	8,500
Public works	239,420	-	36,921	-
Culture and recreation	73,229	2,583	7,923	-
<b>Total governmental activities</b>	<b>\$ 727,205</b>	<b>\$ 24,535</b>	<b>\$ 44,844</b>	<b>\$ 24,454</b>
Business-type activities:				
Water and Sewer	\$ 588,035	\$ 588,614	\$ -	\$ -
<b>Total business -type activities</b>	<b>\$ 588,035</b>	<b>\$ 588,614</b>	<b>\$ -</b>	<b>\$ -</b>
General revenues:				
Taxes:				
Property taxes				
Other				
Unrestricted investment earnings				
Loss on disposal of asset				
Miscellaneous				
<b>Total general revenues</b>				
Transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (188,448)	\$ -	\$ (188,448)
(179,702)	-	(179,702)
(202,499)	-	(202,499)
(62,723)	-	(62,723)
<hr/>		
(633,372)	-	(633,372)
<hr/>		
-	579	579
<hr/>		
-	579	579
<hr/>		
233,523	-	233,523
329,114	-	329,114
6,324	1,941	8,265
-	-	-
8,945	39,362	48,307
577,906	41,303	619,209
<hr/>		
-	-	-
<hr/>		
(55,466)	41,882	(13,584)
1,743,244	2,631,062	4,374,306
<hr/>		
\$ 1,687,778	\$ 2,672,944	\$ 4,360,722
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# Village of Forreston, Illinois

## Balance Sheet Governmental Funds

April 30, 2018

	General Fund	Insurance Fund	IMRF Fund	Library Component Unit
<b>Assets</b>				
Cash and cash equivalents	\$ 650,266	\$ 32,721	\$ 32,610	\$ 56,162
Investments	-	-	-	61,857
Receivables:				
Property taxes	40,351	37,000	35,000	25,500
State of Illinois	31,332	-	-	-
Other	-	-	-	-
Prepaid items	-	2,729	-	-
<b>Total assets</b>	<b>\$ 721,949</b>	<b>\$ 72,450</b>	<b>\$ 67,610</b>	<b>\$ 143,519</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,319	\$ 917	\$ -	\$ 55
Accrued expenses	4,743	-	-	488
<b>Total liabilities</b>	<b>10,062</b>	<b>917</b>	<b>-</b>	<b>543</b>
<b>Deferred Inflows of Resources</b>				
Property taxes	40,351	37,000	35,000	25,500
<b>Total deferred inflows of resources</b>	<b>40,351</b>	<b>37,000</b>	<b>35,000</b>	<b>25,500</b>
<b>Fund Balances</b>				
Nonspendable	-	2,729	-	-
Restricted	14,527	31,804	32,610	117,476
Assigned, reported in				
General fund	259,928	-	-	-
Unassigned, reported in:				
General fund	397,081	-	-	-
<b>Total fund balances</b>	<b>671,536</b>	<b>34,533</b>	<b>32,610</b>	<b>117,476</b>
<b>Total liabilities and fund balances</b>	<b>\$ 721,949</b>	<b>\$ 72,450</b>	<b>\$ 67,610</b>	<b>\$ 143,519</b>

Social Security Fund	Motor Fuel Tax Fund	Other Government Funds	Total Government Funds
\$ 45,257	\$ 45,066	\$ 92,807	\$ 954,889
-	-	-	61,857
26,600	-	22,413	186,864
-	3,310	4,332	38,974
-	-	-	-
-	-	-	2,729
<u>\$ 71,857</u>	<u>\$ 48,376</u>	<u>\$ 119,552</u>	<u>\$ 1,245,313</u>
\$ -	\$ -	\$ 91	\$ 6,382
612	-	-	5,843
<u>612</u>	<u>-</u>	<u>91</u>	<u>12,225</u>
26,600	-	22,413	186,864
<u>26,600</u>	<u>-</u>	<u>22,413</u>	<u>186,864</u>
-	-	-	2,729
44,645	48,376	97,048	386,486
-	-	-	259,928
-	-	-	397,081
<u>44,645</u>	<u>48,376</u>	<u>97,048</u>	<u>1,046,224</u>
<u>\$ 71,857</u>	<u>\$ 48,376</u>	<u>\$ 119,552</u>	<u>\$ 1,245,313</u>

# Village of Forreston, Illinois

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

April 30, 2018

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Total fund balances - governmental funds	\$ 1,046,224
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The net book value of the capital assets as reported.	793,583
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Deferred outflows related to pensions	45,062
Long-term liabilities, not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(13,612)
Deferred inflows related to pensions	(97,888)
Net pension liability	(85,591)
<hr/>	
Total net position - governmental activities	<u>\$ 1,687,778</u>

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# Village of Forreston, Illinois

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

For the Year ended April 30, 2018

	General Fund	Insurance Fund	IMRF Fund
<b>Revenues</b>			
Taxes	\$ 377,637	\$ 61,053	\$ 35,030
Motor Fuel Tax allotment	-	-	-
Licenses, fees, and permits	17,372	-	-
Fines	4,580	-	-
Donations and grants	8,500	-	-
Other	13,145	166	197
<b>Total revenues</b>	<b>421,234</b>	<b>61,219</b>	<b>35,227</b>
<b>Expenditures</b>			
General government	71,150	47,597	14,246
Public safety	153,860	-	10,730
Public works	165,299	-	5,614
Culture and recreation	-	-	2,063
Capital expenditures	80,431	-	-
<b>Total expenditures</b>	<b>470,740</b>	<b>47,597</b>	<b>32,653</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(49,506)</b>	<b>13,622</b>	<b>2,574</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(49,506)</b>	<b>13,622</b>	<b>2,574</b>
<b>Fund balances, beginning</b>	<b>721,042</b>	<b>20,911</b>	<b>30,036</b>
<b>Fund balances, ending</b>	<b>\$ 671,536</b>	<b>\$ 34,533</b>	<b>\$ 32,610</b>

Library Component Unit	Social Security Fund	Motor Fuel Tax Fund	Other Government Funds	Total Government Funds
\$ 28,180	\$ 27,746	\$ -	\$ 32,991	\$ 562,637
-	-	36,921	-	36,921
728	-	-	-	18,100
1,855	-	-	-	6,435
7,923	-	-	-	16,423
869	243	228	421	15,269
<u>39,555</u>	<u>27,989</u>	<u>37,149</u>	<u>33,412</u>	<u>655,785</u>
-	10,717	-	9,150	152,860
-	8,072	-	-	172,662
-	4,223	54,279	-	229,415
43,951	-	-	8,319	54,333
-	-	-	-	80,431
<u>43,951</u>	<u>23,012</u>	<u>54,279</u>	<u>17,469</u>	<u>689,701</u>
<u>(4,396)</u>	<u>4,977</u>	<u>(17,130)</u>	<u>15,943</u>	<u>(33,916)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(4,396)	4,977	(17,130)	15,943	(33,916)
<u>121,872</u>	<u>39,668</u>	<u>65,506</u>	<u>81,105</u>	<u>1,080,140</u>
<u>\$ 117,476</u>	<u>\$ 44,645</u>	<u>\$ 48,376</u>	<u>\$ 97,048</u>	<u>\$ 1,046,224</u>

# Village of Forreston, Illinois

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

For the Year ended April 30, 2018

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Net change in fund balances - Governmental funds	\$ (33,916)
Amounts reported for governmental activities in the statement of activities are different because:	
Net compensated absences expense in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(210)
Some expenses reported in the statement of activities do not require use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in net pension liability and deferred pension resources	(1,512)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeded the capitalized assets in the period.	(19,828)
<u>Change in net position of governmental activities</u>	<u>\$ (55,466)</u>

# Village of Forreston, Illinois

## Statement of Net Position Proprietary Fund

April 30, 2018

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### **Assets**

Cash and cash equivalents	\$ 419,426
Investments	-
Receivables - State of Illinois	-
Accounts receivable - utility users	67,068
Total current assets	486,494
Fixed assets, net of accumulated depreciation	4,587,045
Total assets	5,073,539

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### **Liabilities**

Accounts payable	8,316
Accrued wages	2,760
Compensated absences	4,741
Current portion of IEPA loan payable	119,118
Total current liabilities	134,935
IEPA loan payable	2,265,660
Total liabilities	2,400,595

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### **Net Position**

Net Investment in capital assets	2,202,267
Unrestricted	470,677
Total net position	\$ 2,672,944

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# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Business-type Activities Enterprise Fund
<hr/>	
<b>Operating revenues</b>	
Sewer revenue	\$ 391,516
Water revenue	187,255
Miscellaneous	9,843
Total operating revenues	588,614
<hr/>	
<b>Operating expenses</b>	
Personnel services	137,754
Contractual services	53,392
Commodities	115,517
Other expenses	748
Depreciation	231,298
Total operating expenses	538,709
<hr/>	
Operating income	49,905
<hr/>	
<b>Nonoperating revenues (expenses)</b>	
Interest income	1,941
Miscellaneous income	39,362
Interest expense	(49,326)
Total nonoperating revenues (expenses)	(8,023)
<hr/>	
Income before transfers	41,882
<hr/>	
Transfers in	-
Transfers (out)	-
<hr/>	
Change in net position	41,882
Total net position, beginning	2,631,062
Total net position, ending	\$ 2,672,944

# Village of Forreston, Illinois

## Statement of Cash Flows Proprietary Funds

Year ended April 30, 2018

	Business-type Activities Enterprise Fund
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 593,217
Payments to suppliers	(286,877)
Payments to employees	(105,686)
Net cash provided by operating activities	200,654
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers from other funds	-
Net cash provided by noncapital financing activities	-
<b>Cash Flows From Capital and Related Financing Activities</b>	
Interest on loan payable	(49,326)
Principal payments on IEPA note payable	(116,777)
Purchase of fixed assets	(179,463)
Net cash used by capital and related financing activities	(345,566)
<b>Cash Flows From Investing Activities</b>	
Miscellaneous	39,362
Interest on investments	1,941
Net cash provided by (used in) investing activities	41,303
Net decrease in cash and cash equivalents	(103,609)
Cash and cash equivalents, beginning of year	523,035
Cash and cash equivalents, end of year	\$ 419,426

See accompanying notes to financial statements.

# Village of Forreston, Illinois

## Statement of Cash Flows (Continued) Proprietary Funds

Year ended April 30, 2018

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	Business-type Activities Enterprise Fund
<b><i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i></b>	
Net operating income	\$ 49,905
Adjustment to reconcile net operating loss to net cash provided by operating activities:	
Depreciation expense	231,298
Change in assets and liabilities:	
Decrease (increase) in utility accounts receivable	4,603
Decrease (increase) in receivables	-
(Decrease) increase in accounts payable	(83,352)
(Decrease) increase in accrued wages	(1,662)
(Decrease) increase in compensated absences	(138)
<b>Net cash provided by operating activities</b>	<b>\$ 200,654</b>

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies**

#### **Reporting Entity**

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

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

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

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

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

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Financial Statement Presentation**

##### **Government Wide, Fund Financial Statements and Basis of Accounting**

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

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

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

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

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Financial Statement Presentation (Continued)**

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

The following fund types are used by the Village:

#### **Governmental Funds**

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

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

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

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

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Proprietary Funds**

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's internal service funds are charges to employees for insurance coverage. Operating expenses for internal service funds include the administrative expenses and insurance premiums. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Village reports the following major governmental funds:

#### **General Fund**

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

#### **Insurance Fund**

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **IMRF Fund**

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

#### **Library Fund**

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

#### **Social Security Fund**

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

#### **Motor Fuel Tax Fund**

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

The major proprietary fund is:

#### **Water & Sewer Fund**

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

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

#### **Capital Assets**

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Capital Assets (Continued)

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

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

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

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

#### Property Taxes

The Village is responsible for assessing taxes, whereas the County in which the Village resides is responsible for collection and distributing taxes in accordance with enabling state legislation. Property taxes become a lien on January 1 of the levy year and may be paid in two equal installments. The tax levy year reported in the financial statements for April 30, 2018 is 2016. The first installment was due on or before June 9, 2017 and the second installment was due on or before September 8, 2017. The Village receives significant distributions approximately one month after the due date. Delinquent accounts are charged interest at 1-1/2% per month for residential and 1% per month for farm. The 2016 and 2017 tax levies ordinances were adopted on December 7, 2016 and December 4, 2017, respectively. The 2017 property tax levy has been deferred at April 30, 2018, as it was budgeted for fiscal year 2019.

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Budgets and Budgetary Accounting**

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

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

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

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

#### **Deposits and Investments**

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

#### **Compensated Absences**

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

#### **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond April 30, 2018, are recorded as prepaid items. Prepaid items recorded in governmental funds do not represent current resources that are available for appropriation and, thus, an equivalent portion of fund balance is reserved.

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Interfund Activity**

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

#### **Receivables - Utility Users**

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

#### **Estimates**

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

#### **Deferred Outflows/Inflows of Resources**

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

#### **Pensions**

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### **Fund Balance**

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

Below are definitions of the how these balances are reported.

#### ***Nonspendable Fund Balance***

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The government has \$2,729 that is nonspendable at year end.

#### ***Restricted Fund Balance***

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

#### ***Committed Fund Balance***

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

#### ***Assigned Fund Balance***

The assigned fund balance classification refers to amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The government has \$259,928 that are assigned for capital projects at year end.

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 1 Summary of Significant Accounting Policies (Continued)**

#### ***Unassigned Fund Balance***

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund totaling \$397,081.

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

### **Note 2 Common Bank Account**

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

Occasionally certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Village Board. A deficit in one fund restricts the cash available for use by other funds in the same common accounts. As of April 30, 2018, there were no overdrafts in the accounts.

### **Note 3 Deposits and Investments**

**Deposits.** At year end, the Village's carrying amount of deposits was \$1,436,172 and the bank balance was \$1,456,802. Of the bank balance, \$1,450,021, was covered by federal depository insurance or by collateral held by the Village's agent in the Village's name.

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be recovered. As of April 30, 2018 \$6,781 of the Village's balance was exposed to custodial credit risk and was uninsured and uncollateralized.

**Investments.** As of April 30, 2018, the Village's investments are in certificates of deposits which for financial statement purposes, are shown as investments. For note disclosure purposes certificates of deposits are included in the deposits above.

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### Note 3 Deposits and Investments (Continued)

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

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

### Note 4 Capital Assets

As allowed by GASB 34, the Village has decided to record infrastructure assets prospectively beginning with fiscal year 2005. The governmental activities capital asset activity for the year ended April 30, 2018 follows:

	Balance May 1, <u>2017</u>	<u>Additions</u>	<u>Reduction</u>	Balance April 30, <u>2018</u>
Capital assets not being depreciated:				
Land	\$ 265,917	\$ 8,988	\$ -	\$ 274,905
Total capital assets not being depreciated	<u>265,917</u>	<u>8,988</u>	<u>-</u>	<u>274,905</u>
Capital assets being depreciated:				
Buildings & Improvements	825,695	6,966	-	832,661
Equipment & Vehicles	<u>425,069</u>	<u>10,658</u>	<u>9,530</u>	<u>426,197</u>
Total capital assets being depreciated	<u>1,250,764</u>	<u>17,624</u>	<u>9,530</u>	<u>1,258,858</u>
Less: Accumulated Depreciation	<u>703,270</u>	<u>46,440</u>	<u>9,530</u>	<u>740,180</u>
Total Governmental Type Fixed Assets - net	<u>\$ 813,411</u>	<u>\$(19,828)</u>	<u>\$ -</u>	<u>\$ 793,583</u>

# Village of Forreston, Illinois

## Notes to Financial Statements

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### Note 4 Capital Assets (Continued)

The business-type activities capital asset activity for the year ended April 30, 2018 follows:

	Balance May 1, 2017	Additions	Reduction	Balance April 30, 2018
Capital assets not being depreciated:				
Land	\$ 20,700	\$ -	\$ -	\$ 20,700
Construction in progress	<u>114,078</u>	<u>-</u>	<u>114,078</u>	<u>-</u>
Total capital assets not being depreciated	<u>134,778</u>	<u>-</u>	<u>114,078</u>	<u>20,700</u>
Capital assets being depreciated:				
Buildings & Improvements	5,154,606	280,225	-	5,434,831
Equipment & Vehicles	<u>284,148</u>	<u>13,316</u>	<u>8,045</u>	<u>289,419</u>
Total capital assets being depreciated	<u>5,438,754</u>	<u>293,541</u>	<u>8,045</u>	<u>5,724,250</u>
Less: Accumulated Depreciation	<u>934,652</u>	<u>231,298</u>	<u>8,045</u>	<u>1,157,905</u>
Total Business Type Fixed Assets - net	<u>\$4,638,880</u>	<u>\$ 62,243</u>	<u>\$114,078</u>	<u>\$4,587,045</u>

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

**Governmental activities:**

General government	\$29,703
Park	4,287
Library	<u>12,450</u>

Total depreciation expense, governmental activities \$46,440

**Business-type activities:**

Water and Sewer Operations	<u>\$231,298</u>
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# Village of Forreston, Illinois

## Notes to Financial Statements

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### Note 5 Restricted Fund Balances

The Village has fund balances restricted for the following:

Insurance	\$ 31,804
Historical Purposes	11,527
Community-wide Celebrations	3,000
IMRF	32,610
Library	117,476
Social Security	44,645
Motor Fuel Tax	48,376
Park	61,296
Band	5,735
Civil Defense	4,724
Audit	15,819
Business Development	<u>9,474</u>
Total	<u><u>\$386,486</u></u>

### Note 6 Long-Term Debt

#### IEPA Loan

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

Annual debt service requirements including \$438,975 of interest are as follows:

<b>Fiscal Year ending April 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Annual Debt Service</u></b>
2019	\$ 119,118	\$ 46,985	\$ 166,103
2020	121,506	44,597	166,103
2021	123,942	42,161	166,103
2022	126,427	39,676	166,103
2023	128,962	37,141	166,103
2024 – 2028	684,649	145,867	830,516
2029 – 2033	756,090	74,426	830,516
2034 – 2035	<u>324,084</u>	<u>8,122</u>	<u>332,206</u>
Total	<u><u>\$2,384,778</u></u>	<u><u>\$438,975</u></u>	<u><u>\$2,823,753</u></u>

# Village of Forreston, Illinois

## Notes to Financial Statements

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### Note 6 Long-Term Debt (Continued)

#### Changes in Long-Term Debt

The following is a summary of Long-Term Debt transactions of the Village of Forreston for the year ending April 30, 2018.

	<u>May 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>April 30, 2018</u>
Business-type activities:				
IEPA loan	<u>\$2,501,555</u>	<u>\$ -</u>	<u>\$116,777</u>	<u>\$2,384,778</u>

The Village is subject to a debt limitation of 8.625% of its assessed valuation of \$15,000,241. As of April 30, 2018, the Village had \$1,293,771 of remaining legal debt margin.

### Note 7 Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to protect against such risks of loss, the Village purchases insurance coverage through Illinois Counties Risk Management Trust. The deductibles in effect through these policies as of April 30, 2018 range from \$0 - \$2,500. During the year ended April 30, 2018, there were no significant reductions in coverage. Also, there have been no settlements which have exceeded insurance coverage in the past three years. Potentially the Village could be assessed additional premiums for its share of any losses of the pool. Historically, the Village has not been assessed any additional premiums.

### Note 8 Other Postemployment Benefits

The Village has evaluated its potential other postemployment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of April 30, 2018.

### Note 9 Expenditures Over Appropriations

The Village is required by statute to file an Appropriations Ordinance each fiscal year. Per Statutes of Illinois, expenditures may not legally exceed their appropriations. During the fiscal year ending April 30, 2018, the following fund had expenditures in excess of appropriations:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Variance</u>
Social Security Fund	\$20,000	\$23,708	\$3,708

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 10 Impact of Pending Accounting Principles**

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

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

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

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

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

# Village of Forreston, Illinois

## Notes to Financial Statements

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### **Note 10 Impact of Pending Accounting Principles (Continued)**

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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

### **Note 11 Pension Plan**

**IMRF Plan Description** – The Village’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent 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](http://www.imrf.org).

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

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

# Village of Forreston, Illinois

## Notes to Financial Statements

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### Note 11 Pension Plan (Continued)

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

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

**Employees Covered by the Benefit Terms** - At the December 31st 2017 valuation date, the following employees were covered by the benefit terms:

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

**Contributions** – As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2017 was 11.84%. For the fiscal year ended April 30, 2018, the Village contributed \$32,653 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

# Village of Forreston, Illinois

## Notes to Financial Statements

### Note 11 Pension Plan (Continued)

**Actuarial Assumptions** – The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.39% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- **Mortality** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	16%	6.75%
Fixed Income	29%	3.00%
Real Estate	8%	5.75%
Alternative Investments	8%	2.65 – 7.35%
Cash Equivalents	1%	2.25%
Total	100%	

# Village of Forreston, Illinois

## Notes to Financial Statements

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### Note 11 Pension Plan (Continued)

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

### Changes in Net Pension Liability

	<b>Pension Liability (A)</b>	<b>Plan Net Position (B)</b>	<b>Net Pension Liability (A)-(B)</b>
<b>Balance at December 31, 2016</b>	\$1,005,502	\$813,623	\$191,879
<b>Changes for the year:</b>			
Service costs	26,256	-	26,256
Interest on total pension liability	74,835	-	74,835
Difference between expected and actual experience of the total pension liability	(2,922)	-	(2,922)
Changes in assumptions	(32,587)	-	(32,587)
Contributions - employer	-	31,763	(31,763)
Contributions - employees	-	12,072	(12,072)
Net investment income	-	144,757	(144,757)
Benefit payments – net of refunds of employee contributions	(41,667)	(41,667)	-
Other changes (net transfer)	-	(16,722)	16,722
Net changes	23,915	130,203	(106,288)
<b>Balances at December 31, 2017</b>	\$1,029,417	\$943,826	\$ 85,591

**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:

# Village of Forreston, Illinois

## Notes to Financial Statements

### Note 11 Pension Plan (Continued)

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Net pension liability	\$195,265	\$85,591	\$(7,970)

**Pension Expense, 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 \$33,275. At April 30, 2018, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows Of Resources	Deferred Inflows Of Resources
<i>Deferred amounts to be recognized in pension expense in future periods:</i>		
Differences between expected and actual experience	\$4,598	\$2,643
Changes in assumptions	386	27,820
Net difference between projected and actual earnings on pension plan investments	29,633	67,425
Total deferred amounts to be recognized in pension expense in future periods	34,617	97,888
Pension contributions made subsequent to the measurement date	10,445	-
Total deferred amounts related to pensions	\$45,062	\$97,888

The Village reported \$10,445 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2019.

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

Year Ending April 30	Net Deferred Outflows of Resources
2019	\$(11,097)
2020	(11,392)
2021	(21,840)
2022	(18,942)
2023	0
	<u>\$(63,271)</u>

## **Required Supplementary Information**

# Village of Forreston, Illinois

Required Supplementary Information

Multiyear Schedule of Changes in Net Pension Liability and  
Related Ratios - Illinois Municipal Retirement Fund (IMRF)

Last 10 Calendar Years

(schedule to be built prospectively from 2015)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Calendar year ending December 31,										
Total pension liability:										
Service cost	\$ 26,256	\$ 28,354	\$ 26,020							
Interest on the total pension liability	74,835	69,447	64,456							
Benefit changes	-	-	-							
Difference between expected and actual experience	(2,922)	10,050	(1,732)							
Assumption changes	(32,587)	(6,339)	1,631							
Benefit payments and refunds	(41,667)	(30,521)	(13,759)							
Net change in total pension liability	23,915	70,991	76,616							
Total pension liability - beginning	1,005,502	934,511	857,895							
Total pension liability - ending (a)	\$ 1,029,417	\$ 1,005,502	\$ 934,511							
Plan fiduciary net position:										
Employer contributions	\$ 31,763	\$ 34,204	\$ 34,925							
Employee contributions	12,072	18,596	11,274							
Pension plan net investment income	144,757	38,906	3,511							
Benefit payments and refunds	(41,667)	(30,521)	(13,759)							
Other	(16,722)	40,071	(9,539)							
Net change in plan fiduciary net position	130,203	101,256	26,412							
Plan fiduciary net position - beginning	813,623	712,367	685,955							
Plan fiduciary net position - ending (b)	\$ 943,826	\$ 813,623	\$ 712,367							
Net pension liability(asset) - Ending (a) - (b)	\$ 85,591	\$ 191,879	\$ 222,144							
Plan fiduciary net position as a percentage of total pension liability	91.69%	80.92%	76.23%							
Covered valuation payroll	\$ 268,268	\$ 265,152	\$ 250,534							
Net pension liability as a percentage of covered valuation payroll	31.91%	72.37%	88.67%							

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

See accompanying notes to required supplementary information.

# Village of Forreston, Illinois

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

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

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<b>Fiscal Year Ending April 30,</b>	<b>Actuarially Determined Contribution*</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
2016	\$35,591	\$35,591	\$0	\$261,368	13.62%
2017	33,500	33,500	0	264,783	12.65%
2018	32,653	32,653	0	280,825	11.63%

\*Estimated based on 11.20% 2018 calendar year contribution rate, 11.84% 2017 calendar year contribution rate, and covered payroll of \$280,825

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 39,069	\$ 39,069	\$ 38,915	\$ (154)
Sales tax	112,000	112,000	101,183	(10,817)
State income tax	146,046	146,046	153,168	7,122
Local use tax	36,584	36,584	37,511	927
Replacement tax	8,927	8,927	9,767	840
Video gaming tax	10,000	10,000	12,995	2,995
Road and bridge tax	23,000	23,000	23,806	806
<b>Total taxes</b>	<b>375,626</b>	<b>375,626</b>	<b>377,345</b>	<b>1,719</b>
Licenses, fees, and permits:				
Building permit fees	2,000	2,000	3,509	1,509
Liquor license fees	1,900	1,900	108	(1,792)
Trailer court fees	420	420	410	(10)
Franchise fees	12,500	12,500	13,345	845
<b>Total licenses, fees, and permits</b>	<b>16,820</b>	<b>16,820</b>	<b>17,372</b>	<b>552</b>
<b>Fines</b>	<b>10,000</b>	<b>10,000</b>	<b>4,580</b>	<b>(5,420)</b>
Other revenue:				
Investment	3,800	3,800	4,235	435
Miscellaneous	13,000	13,000	17,410	4,410
<b>Total other</b>	<b>16,800</b>	<b>16,800</b>	<b>21,645</b>	<b>4,845</b>
<b>Total revenues</b>	<b>\$ 419,246</b>	<b>\$ 419,246</b>	<b>\$ 420,942</b>	<b>\$ 1,696</b>

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures</b>				
General government:				
Personal services:				
Salaries - full-time/part-time	\$ 15,250	\$ 15,250	\$ 15,960	\$ 710
Salaries - elected officials	16,320	16,320	15,600	(720)
Salaries - appointed officials	3,700	3,700	3,700	-
Health insurance	-	-	-	-
Total personal services	35,270	35,270	35,260	(10)
Contractual services:				
Maintenance - buildings	20,000	20,000	4,304	(15,696)
Maintenance - equipment	1,000	1,000	622	(378)
GIS Services	815	815	863	48
Training and travel	500	500	610	110
Postage	500	500	482	(18)
Advertising	1,200	1,200	882	(318)
Data Processing Services	1,000	1,000	463	(537)
Computer software	8,000	8,000	8,000	-
Legal Services	20,000	20,000	8,354	(11,646)
Ordinance codification	4,500	4,500	4,547	47
Dues	500	500	480	(20)
Telephone	550	550	699	149
Historical Fund	-	-	-	-
Total contractual services	58,565	58,565	30,306	(28,259)
Commodities:				
Operating supplies	1,500	1,500	1,494	(6)
Other:				
Miscellaneous expense	2,000	2,000	2,908	908
Capital outlay:				
Office equipment	1,500	1,500	1,197	(303)
Total general government	98,835	98,835	71,165	(27,670)

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>				
Public Safety:				
Personnel services:				
Salaries	110,736	110,736	108,765	(1,971)
Health insurance	37,730	37,730	36,476	(1,254)
Total personnel services	148,466	148,466	145,241	(3,225)
Contractual services:				
Maintenance - vehicles	2,000	2,000	271	(1,729)
Telephone	1,200	1,200	1,549	349
Animal shelter maintenance	100	100	113	13
Maintenance- Equipment	2,000	2,000	1,463	(537)
Training	1,000	1,000	742	(258)
Total contractual services	6,300	6,300	4,138	(2,162)
Commodities:				
Uniforms	-	-	-	-
Supplies	1,000	1,000	208	(792)
Gas and oil	7,000	7,000	7,429	429
Programs	-	-	-	-
Total commodities	8,000	8,000	7,637	(363)
Capital Outlay:				
Equipment	2,000	2,000	520	(1,480)
Total public safety	164,766	164,766	157,536	(7,230)
Highways and streets:				
Personal services:				
Salary - Superintendent of Public Works	24,288	24,288	25,222	934
Salaries - full time	29,120	29,120	30,232	1,112
Salaries - snow removal and part-time	10,080	10,080	2,945	(7,135)
Health insurance	21,664	21,664	21,170	(494)
Total personal services	85,152	85,152	79,569	(5,583)

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>				
Highways and Streets (Continued)				
Contractual services:				
Maintenance - buildings	500	500	180	(320)
Maintenance - vehicles	5,000	5,000	2,167	(2,833)
Maintenance - equipment	2,000	2,000	2,018	18
Maintenance - streets	15,000	15,000	16,755	1,755
Snow removal	-	-	-	-
Tree removal and replacement	6,000	6,000	5,065	(935)
Telephone	700	700	648	(52)
Utilities	-	-	-	-
Street lighting	17,000	17,000	21,477	4,477
Parking lot rental	1,700	1,700	1,700	-
Engineering services	8,000	8,000	2,298	(5,702)
<b>Total contractual services</b>	<b>55,900</b>	<b>55,900</b>	<b>52,308</b>	<b>(3,592)</b>
Commodities:				
Gas and oil	10,000	10,000	7,150	(2,850)
Miscellaneous expense	500	500	282	(218)
Tools	3,000	3,000	3,368	368
Maintenance supply - buildings	1,000	1,000	189	(811)
Maintenance supply - snow control	7,000	7,000	3,802	(3,198)
Maintenance supply - streets	30,000	30,000	14,664	(15,336)
Maintenance supply - vehicles and equipment	6,000	6,000	9,991	3,991
<b>Total commodities</b>	<b>57,500</b>	<b>57,500</b>	<b>39,446</b>	<b>(18,054)</b>
<b>Total highways and streets</b>	<b>198,552</b>	<b>198,552</b>	<b>171,323</b>	<b>(27,229)</b>
Contingencies	-	-	-	-
Capital expenditures	189,000	189,000	78,369	(110,631)
<b>Total expenditures</b>	<b>\$ 651,153</b>	<b>\$ 651,153</b>	<b>\$ 478,393</b>	<b>\$ (172,760)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	\$ -	\$ -	\$ -	\$ -

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 56,556	\$ 56,556	\$ 61,053	\$ 4,497
Other revenue:				
Investment income	100	100	166	66
<b>Total revenues</b>	<b>\$ 56,656</b>	<b>\$ 56,656</b>	<b>\$ 61,219</b>	<b>\$ 4,563</b>
<b>Expenditures</b>				
General government:				
Contractual services:				
General liability insurance	\$ 55,000	\$ 55,000	\$ 44,424	\$ (10,576)
Unemployment insurance	500	500	644	144
<b>Total expenditures</b>	<b>\$ 55,500</b>	<b>\$ 55,500</b>	<b>\$ 45,068</b>	<b>\$ (10,432)</b>
<b>Other Financing Sources (uses)</b>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	\$ -	\$ -	\$ -	\$ -

# Village of Forreston, Illinois

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

Year ended April 30, 2018

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	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 37,019	\$ 37,019	\$ 35,030	\$ (1,989)
Other revenue:				
Investment income	150	150	197	47
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>\$ 37,169</b>	<b>\$ 37,169</b>	<b>\$ 35,227</b>	<b>\$ (1,942)</b>
<b>Expenditures</b>				
General government:				
IMRF contributions	\$ 33,000	\$ 33,000	\$ 32,653	\$ (347)
Other financing sources (uses):				
Operating transfers in	\$ -	\$ -	\$ -	\$ -

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 26,300	\$ 26,300	\$ 26,180	\$ (120)
Replacement taxes	1,700	1,700	2,000	300
Other revenue:				
Investment income	1,500	1,500	834	(666)
Charges for services	4,200	4,200	2,583	(1,617)
Grants and contributions	11,807	11,807	7,923	(3,884)
Miscellaneous income	3,000	3,000	35	(2,965)
<b>Total revenues</b>	<b>\$ 48,507</b>	<b>\$ 48,507</b>	<b>\$ 39,555</b>	<b>\$ (8,952)</b>
<b>Expenditures</b>				
Culture and recreation:				
Personal services	\$ 23,447	\$ 23,447	\$ 22,714	\$ (733)
Supplies and expenses	34,207	34,207	15,725	(18,482)
Repairs and maintenance	11,840	11,840	2,194	(9,646)
Utilities	3,000	3,000	3,836	836
Miscellaneous	500	500	141	(359)
<b>Total expenditures</b>	<b>\$ 72,994</b>	<b>\$ 72,994</b>	<b>\$ 44,610</b>	<b>\$ (28,384)</b>

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 21,594	\$ 21,594	\$ 25,022	\$ 3,428
Replacement taxes	2,670	2,670	2,724	54
Other revenue:				
Investment income	200	200	243	43
<b>Total revenues</b>	<b>\$ 24,464</b>	<b>\$ 24,464</b>	<b>\$ 27,989</b>	<b>\$ 3,525</b>
<b>Expenditures</b>				
General government:				
Personal services:				
Employer payroll taxes	\$ 20,000	\$ 20,000	\$ 23,708	\$ 3,708
<b>Total expenditures</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 23,708</b>	<b>\$ 3,708</b>

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Motor Fuel Tax allotment	\$ 37,235	\$ 37,235	\$ 36,777	\$ (458)
Other revenue:				
Investment income	350	350	228	(122)
<b>Total revenues</b>	<b>\$ 37,585</b>	<b>\$ 37,585</b>	<b>\$ 37,005</b>	<b>\$ (580)</b>
<b>Expenditures</b>				
Public works	\$ 75,000	\$ 75,000	\$ 54,279	\$ (20,721)
<b>Total expenditures</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	<b>\$ 54,279</b>	<b>\$ (20,721)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	\$ -	\$ -	\$ -	\$ -

# Village of Forreston, Illinois

## Notes to Required Supplementary Information

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### **Note 1 Budgets**

The term "budget" used throughout the financial statements represents the estimated revenues and appropriations as set forth in the Village's annual appropriation ordinance adopted for the fiscal year ended April 30, 2018.

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

# Village of Forreston, Illinois

## Notes to Required Supplementary Information

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### **Note 2 Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate for IMRF \***

#### **Valuation date:**

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

#### **Methods and Assumptions Used to Determine 2017 Contribution Rates:**

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years)>
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for the non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

#### **Other Information:**

Notes There were no benefit changes during the year.

*\* Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation*

# Village of Forreston, Illinois

## Notes to Required Supplementary Information

April 30, 2018

	Final Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
<b>General Fund</b>				
<b>Revenues</b>				
Taxes	\$ 375,626	\$ 377,345	\$ 292	\$ 377,637
Licenses, fees, and permits	16,820	17,372	-	17,372
Fines	10,000	4,580	-	4,580
Other revenue	16,800	21,645	-	21,645
Total revenues	419,246	420,942	292	421,234
<b>Expenditures</b>				
General government	97,335	69,968	1,182	71,150
Public safety	162,766	157,016	(3,156)	153,860
Highways and streets	198,552	171,323	(6,024)	165,299
Capital outlay	3,500	80,086	345	80,431
Other	-	-	-	-
Total expenditures	462,153	478,393	(7,653)	470,740
Excess (deficiency) of revenues over expenditures	\$ (42,907)	\$ (57,451)	\$ 7,945	\$ (49,506)
<b>Social Security</b>				
<b>Revenues</b>				
Taxes:				
Property and replacement taxes	\$ 24,264	\$ 27,746	\$ -	\$ 27,746
Other revenue:				
Investment income	200	243	-	243
Total revenues	24,464	27,989	-	27,989
<b>Expenditures</b>				
General government:				
Social security and Medicare	20,000	23,708	(696)	23,012
Excess (deficiency) of revenues over expenditures	\$ 4,464	\$ 4,281	\$ 696	\$ 4,977

# Village of Forreston, Illinois

## Notes to Required Supplementary Information

April 30, 2018

	Final Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
<b>Insurance</b>				
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 56,556	\$ 61,053	\$ -	\$ 61,053
Other revenue:				
Investment income	100	166	-	166
Total revenues	56,656	61,219	-	61,219
<b>Expenditures</b>				
General government:				
Contractual services:				
General liability insurance	55,000	44,424	2,529	46,953
Unemployment insurance	500	644	-	644
Total expenditures	55,500	45,068	2,529	47,597
Excess (deficiency) of revenues over expenditures	\$ 1,156	\$ 16,151	\$ (2,529)	\$ 13,622
<b>IMRF</b>				
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 37,019	\$ 35,030	\$ -	\$ 35,030
Other revenue:				
Investment income	150	197	-	197
Total revenues	37,169	35,227	-	35,227
<b>Expenditures</b>				
General government:				
IMRF contributions	33,000	32,653	-	32,653
Excess (deficiency) of revenues over expenditures	\$ 4,169	\$ 2,574	\$ -	\$ 2,574

# Village of Forreston, Illinois

## Notes to Required Supplementary Information

April 30, 2018

	Final Budget	Actual on Cash Basis	Adjustments to GAAP Basis	Actual on GAAP Basis
<b>Motor Fuel Tax Fund</b>				
<b>Revenues</b>				
Taxes:				
Motor fuel tax allotment	\$ 37,235	\$ 36,777	\$ 144	\$ 36,921
Other revenue:				
Investment income	350	228	-	228
Total revenues	37,585	37,005	144	37,149
<b>Expenditures</b>				
Public works	75,000	54,279	-	54,279
Total expenditures	75,000	54,279	-	54,279
Excess (deficiency) of revenues over expenditures	\$ (37,415)	\$ (17,274)	\$ 144	\$ (17,130)
<b>Library (Component Unit)</b>				
<b>Revenues</b>				
Taxes	\$ 28,000	\$ 28,180	\$ -	\$ 28,180
Licenses, fees, and permits	1,200	728	-	728
Fines	3,000	1,855	-	1,855
Donations and grants	11,807	7,923	-	7,923
Other	4,500	869	-	869
Total revenues	48,507	39,555	-	39,555
<b>Expenditures</b>				
Culture and recreation	72,994	44,610	(659)	43,951
Excess (deficiency) of revenues over expenditures	\$ (24,487)	\$ (5,055)	\$ 659	\$ (4,396)

## **Other Supplementary Information**

# Village of Forreston, Illinois

## Combining Balance Sheet General Fund

April 30, 2018

	Total General Funds	General Fund	Capital Development Fund
<b>Assets</b>			
Cash and savings	\$ 650,266	\$ 390,338	\$ 259,928
Investments, at cost	-	-	-
Receivables:			
Property taxes	40,351	40,351	-
State of Illinois	31,332	31,332	-
Other	-	-	-
<b>Total assets</b>	<b>\$ 721,949</b>	<b>\$ 462,021</b>	<b>\$ 259,928</b>
<b>Liabilities</b>			
Accounts payable	\$ 5,319	\$ 5,319	\$ -
Accrued expenses	4,743	4,743	-
Compensated absences	-	-	-
<b>Total liabilities</b>	<b>10,062</b>	<b>10,062</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Property taxes	40,351	40,351	-
<b>Total deferred inflows of resources</b>	<b>40,351</b>	<b>40,351</b>	<b>-</b>
<b>Fund Balances</b>			
Restricted	14,527	14,527	-
Assigned, reported in General fund	259,928	-	259,928
Unassigned, reported in General fund	397,081	397,081	-
<b>Total fund balances</b>	<b>671,536</b>	<b>411,608</b>	<b>259,928</b>
<b>Total liabilities and fund equity</b>	<b>\$ 721,949</b>	<b>\$ 462,021</b>	<b>\$ 259,928</b>

# Village of Forreston, Illinois

## Combining Balance Sheet Nonmajor Governmental Funds

April 30, 2018

	Total Non-major Governmental Funds	Park Fund
<b>Assets</b>		
Cash and savings	\$ 92,807	\$ 61,387
Investments	-	-
Receivables:		
Property taxes	22,413	11,250
State of Illinois	4,332	-
<b>Total assets</b>	<b>\$ 119,552</b>	<b>\$ 72,637</b>
<b>Liabilities</b>		
Accounts payable	\$ 91	\$ 91
<b>Total liabilities</b>	<b>91</b>	<b>91</b>
<b>Deferred Inflows of Resources</b>		
Property taxes	22,413	11,250
<b>Total deferred inflows of resources</b>	<b>22,413</b>	<b>11,250</b>
<b>Fund Balances</b>		
Restricted	97,048	61,296
<b>Total fund balances</b>	<b>97,048</b>	<b>61,296</b>
<b>Total liabilities, deferred inflows and fund equity</b>	<b>\$ 119,552</b>	<b>\$ 72,637</b>

Band Fund	Civil Defense Fund	Audit Fund	Business Development District Fund
\$ 5,735	\$ 4,724	\$ 15,819	\$ 5,142
-	-	-	-
800	362	10,001	-
-	-	-	4,332
<u>\$ 6,535</u>	<u>\$ 5,086</u>	<u>\$ 25,820</u>	<u>\$ 9,474</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
800	362	10,001	-
800	362	10,001	-
5,735	4,724	15,819	9,474
<u>5,735</u>	<u>4,724</u>	<u>15,819</u>	<u>9,474</u>
<u>\$ 6,535</u>	<u>\$ 5,086</u>	<u>\$ 25,820</u>	<u>\$ 9,474</u>

# Village of Forreston, Illinois

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

Year ended April 30, 2018

	Total Nonmajor Governmental Funds	Park Fund
<b>Revenues</b>		
Taxes	\$ 23,517	\$ 10,843
Intergovernmental	9,474	-
Donations and grants	-	-
Other revenue	421	284
Total revenues	33,412	11,127
<b>Expenditures</b>		
General government	9,150	-
Culture and recreation	8,319	7,119
Capital outlay	-	-
Total expenditures	17,469	7,119
Excess (deficiency) of revenues over expenditures	15,943	4,008
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses):	-	-
Net changes in fund balances	15,943	4,008
Fund balances, beginning	81,105	57,288
Fund balance, ending	\$ 97,048	\$ 61,296

Band Fund	Civil Defense Fund	Audit Fund	Business Development District Fund
\$ 801	\$ 363	\$ 11,510	\$ -
-	-	-	9,474
-	-	-	-
28	23	86	-
829	386	11,596	9,474
-	-	9,150	-
1,200	-	-	-
-	-	-	-
1,200	-	9,150	-
(371)	386	2,446	9,474
-	-	-	-
-	-	-	-
-	-	-	-
(371)	386	2,446	9,474
6,106	4,338	13,373	-
\$ 5,735	\$ 4,724	\$ 15,819	\$ 9,474