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VILLAGE OF RICHMOND, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED APRIL 30, 2016

eder, casella & co.

VILLAGE OF RICHMOND
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Richmond
Richmond, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of

VILLAGE OF RICHMOND

as of and for the year ended April 30, 2016, 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 Village'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 Village'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.

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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 Village of Richmond, as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 17 to the financial statements, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to these matters

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress, and budgetary comparison information on pages 3 through 8 and 37 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
August 22, 2016

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RICHMOND

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2016

As management of Village of Richmond (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities and deferred inflows of resources at April 30, 2016 by \$8,697,907 (net position). Of this amount, \$1,716,050 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$303,359.
- At April 30, 2016, the Village's governmental funds reported combined ending fund balances of \$1,222,245 , an increase of \$200,489 in comparison with the prior year.
- At April 30, 2016, the unassigned fund balance for the General Fund was \$815,914, an increase of \$145,417 in comparison with the prior year. Unassigned fund balance represents 61% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the difference 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 when comparing year to year results.

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

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

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be a major fund. Data from the other fund is presented as an other governmental fund because it is not considered to be a major fund.

The basic governmental fund financial statements can be found on pages 11 through 14 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer operation, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 15 through 17 of this report.

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

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

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

The notes to the financial statements can be found on pages 20 through 36 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's progress in meeting its obligation to provide as fully adequate as possible services to its citizens.

The Village adopts an annual appropriations ordinance for its General Fund. An appropriations comparison statement has been provided for the General Fund to demonstrate compliance with this appropriations ordinance.

Required supplementary information and the related notes can be found on pages 37 through 41 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities and deferred inflows of resources by \$8,697,907 at April 30, 2016.

By far the largest portion of the Village's net position (71%) reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Village of Richmond's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
ASSETS						
Current and Other Assets	\$ 2,043,269	\$ 1,652,880	\$ 1,117,441	\$ 819,857	\$ 3,160,710	\$ 2,472,737
Capital Assets	1,257,748	1,208,000	12,325,636	12,673,177	13,583,384	13,881,177
Total Assets	\$ 3,301,017	\$ 2,860,880	\$ 13,443,077	\$ 13,493,034	\$ 16,744,094	\$ 16,353,914
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pension Expense	\$ 95,544	\$ -	\$ -	\$ -	\$ 95,544	\$ -
Deferred Employer Pension Contributions	47,144	-	-	-	47,144	-
Total Deferred Outflows of Resources	\$ 142,688	\$ -	\$ -	\$ -	\$ 142,688	\$ -
LIABILITIES						
Long-Term Liabilities Outstanding	\$ 167,496	\$ 181,312	\$ 7,209,502	\$ 7,269,135	\$ 7,376,998	\$ 7,450,447
Other Liabilities	188,037	105,950	144,215	162,913	332,252	268,863
Total Liabilities	\$ 355,533	\$ 287,262	\$ 7,353,717	\$ 7,432,048	\$ 7,709,250	\$ 7,719,310
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	\$ 479,625	\$ 529,038	\$ -	\$ -	\$ 479,625	\$ 529,038
Total Deferred Inflows of Resources	\$ 479,625	\$ 529,038	\$ -	\$ -	\$ 479,625	\$ 529,038
NET POSITION						
Investment in Capital Assets	\$ 1,090,252	\$ 1,026,688	\$ 5,116,134	\$ 5,404,042	\$ 6,206,386	\$ 6,430,730
Restricted	337,841	276,517	437,630	250,942	775,471	527,459
Unrestricted	1,180,454	741,375	535,596	406,002	1,716,050	1,147,377
Total Net Position	\$ 2,608,547	\$ 2,044,580	\$ 6,089,360	\$ 6,060,986	\$ 8,697,907	\$ 8,105,566

An additional portion of the Village's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,716,050) may be used to meet the Village's ongoing obligations to citizens and creditors.

The Village's net position increased by \$303,359 during the year ended April 30, 2016.

Village of Richmond's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
Revenues						
Program Revenues						
Charges for Services	\$ 351,311	\$ 346,996	\$ 1,063,316	\$ 996,667	\$ 1,414,627	\$ 1,343,663
Operating Grants and Contributions	37,485	41,215	-	-	37,485	41,215
Capital Grants and Contributions	-	-	66,442	47,503	66,442	47,503
General Revenues						
Property Taxes	468,903	469,781	-	-	468,903	469,781
Other Taxes	854,400	839,122	-	-	854,400	839,122
Grants and Contributions not						
Restricted to Specific Activities	3,317	1,827	-	-	3,317	1,827
Unrestricted Investment Earnings	5,143	4,840	2,832	1,165	7,975	6,005
Gain/(Loss) on Sale of Capital Assets	9,120	264	5,455	-	14,575	264
Other	42,046	84,275	-	-	42,046	84,275
Total Revenues	<u>\$ 1,771,725</u>	<u>\$ 1,788,320</u>	<u>\$ 1,138,045</u>	<u>\$ 1,045,335</u>	<u>\$ 2,909,770</u>	<u>\$ 2,833,655</u>
Expenses						
General Government	\$ 349,883	\$ 386,000	\$ -	\$ -	\$ 349,883	\$ 386,000
Public Safety	604,251	501,962	-	-	604,251	501,962
Public Works and Transportation	245,061	345,146	-	-	245,061	345,146
Parks	52,247	30,838	-	-	52,247	30,838
Interest and Fees on Long-Term Debt	8,022	9,618	-	-	8,022	9,618
Water	-	-	449,862	1,057,306	449,862	1,057,306
Sewer	-	-	897,085	957,687	897,085	957,687
Total Expenses	<u>\$ 1,259,464</u>	<u>\$ 1,273,564</u>	<u>\$ 1,346,947</u>	<u>\$ 2,014,993</u>	<u>\$ 2,606,411</u>	<u>\$ 3,288,557</u>
Increase/(Decrease) in Net Position						
Before Transfers	\$ 512,261	\$ 514,756	\$ (208,902)	\$ (969,658)	\$ 303,359	\$ (454,902)
Transfers	(242,000)	(790,980)	242,000	790,980	-	-
Increase/(Decrease) in Net Position	<u>\$ 270,261</u>	<u>\$ (276,224)</u>	<u>\$ 33,098</u>	<u>\$ (178,678)</u>	<u>\$ 303,359</u>	<u>\$ (454,902)</u>
Net Position - Beginning	2,044,580	2,299,400	6,060,986	6,224,677	8,105,566	8,524,077
Net Position Adjustment	293,706	21,404	(4,724)	14,987	288,982	36,391
Net Position - Ending	<u>\$ 2,608,547</u>	<u>\$ 2,044,580</u>	<u>\$ 6,089,360</u>	<u>\$ 6,060,986</u>	<u>\$ 8,697,907</u>	<u>\$ 8,105,566</u>

Governmental activities - Governmental activities increased the Village's net position by \$270,261. In the prior fiscal year, governmental activities decreased the Village's net position by \$276,224. The difference between years is mostly attributable to an interfund transfer from the General Fund to the Water and Sewer Fund for expenses. In the prior year, the Village had to transfer a larger amount to cover the additional expenses for the water main break.

Business-type activities - Business-type activities increased the Village's net position by \$33,098. In the prior fiscal year, business-type activities decreased the Village's net position by \$178,678. An interfund transfer was made during fiscal year 2015 from the General Fund to the Water and Sewer Fund to cover expenses related to a water main break. The Village did not need to make such a large transfer in fiscal year 2016 in order to help the water and sewer fund cover their operating expenses.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

At April 30, 2016, the Village's governmental funds reported combined ending fund balances of \$1,222,245, an increase of \$200,489 in comparison with the prior year.

The General Fund is the chief operating fund of the Village. At April 30, 2016, unassigned fund balance of the General Fund was \$815,914. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 61% of total General Fund expenditures.

The fund balance of the Village's General Fund increased by \$169,176 during the year ended April 30, 2016.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$535,596. The total increase in net position for the Water and Sewer Fund was \$33,098. Factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

GENERAL FUND APPROPRIATIONS HIGHLIGHTS

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

- The difference between the budgeted revenues and the actual revenues was \$555,617 (unfavorable) and was primarily due to receiving less than expected revenue for By-Pass Grant Revenue.
- The difference between budgeted expenditures and actual expenditures was \$2,051,835 (favorable) and was primarily due to less than expected expenditures in general government and public safety. This was in turn primarily due to lower than expected personnel and contractual services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2016 amounts to \$13,583,384 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles, equipment, infrastructure, and water and sewer systems.

Village of Richmond's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
Land	\$ 219,500	\$ 179,500	\$ 98,975	\$ 98,325	\$ 318,475	\$ 277,825
Land Improvements	59,042	66,902	-	-	59,042	66,902
Buildings	762,488	765,736	-	-	762,488	765,736
Vehicles	110,346	94,941	-	-	110,346	94,941
Equipment	88,495	80,940	54,988	76,242	143,483	157,182
Infrastructure	17,877	19,981	-	-	17,877	19,981
Water and Sewer Systems	-	-	12,171,673	12,498,610	12,171,673	12,498,610
Total	\$ 1,257,748	\$ 1,208,000	\$ 12,325,636	\$ 12,673,177	\$ 13,583,384	\$ 13,881,177

Major capital asset events during the current fiscal year included the following:

- Salt Storage Barn - \$20,900
- Purchase of breathalyzer and fingerprinting/mugshot system - \$22,229
- Purchase of 2016 Ford Explorer - \$36,000

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

Long-term debt - At April 30, 2016, the Village had total debt outstanding of \$7,376,998. Of this amount, \$550,487 comprises debt backed by the full faith and credit of the Village. The remainder of the Village's debt (\$6,826,511) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Village of Richmond's Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
General Obligation Bonds	\$ 105,000	\$ 135,000	\$ -	\$ -	\$ 105,000	\$ 135,000
General Obligation Refunding Debt Certificates	-	-	360,000	410,000	360,000	410,000
Revenue Bonds	-	-	6,826,511	6,826,511	6,826,511	6,826,511
Notes Payable	51,000	30,000	-	-	51,000	30,000
Lease/Purchase Agreements	11,496	16,312	22,991	32,624	34,487	48,936
Total	\$ 167,496	\$ 181,312	\$ 7,209,502	\$ 7,269,135	\$ 7,376,998	\$ 7,450,447

The Village's total debt decreased by \$73,449 (1%) during the year ended April 30, 2016. The key factors in this decrease were principal payments made on the debt offset by a new note payable for the police vehicle.

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

ECONOMIC FACTORS AND NEXT YEAR'S APPROPRIATIONS AND RATES

- The Village is acting as local agency for a Bypass Phase One Road project, which will result in the Village being responsible for \$3,010,000 of primarily state and federal funded monies.
- The Village anticipates the income and expenses for the Village to remain consistent as compared to the prior year.

These factors were considered in preparing the Village's appropriations ordinance for the 2017 fiscal year.

REQUESTS FOR INFORMATION

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

Village President
 Village of Richmond
 5600 Hunter Drive
 Richmond, IL, 60071

BASIC FINANCIAL STATEMENTS

VILLAGE OF RICHMOND
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
APRIL 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,199,007	\$ 866,669	\$ 2,065,676
Receivables (Net of Allowance for Estimated Uncollectible Amounts)			
Property Taxes	478,725	-	478,725
Accounts	-	239,757	239,757
From Other Governmental Units	193,380	-	193,380
Prepaid Expenses	6,988	7,277	14,265
Due from Developers (Net of Allowance for Estimated Uncollectible Amounts of \$0)	9,486	-	9,486
Capital Assets			
Land, Construction in Progress, and Other Non-Depreciable Assets	219,500	98,975	318,475
Other Capital Assets, Net of Depreciation	1,038,248	12,226,661	13,264,909
Unamortized Bond Discount (Net of Accumulated Amortization)	-	3,738	3,738
Net Pension Asset	155,683	-	155,683
Total Assets	\$ 3,301,017	\$ 13,443,077	\$ 16,744,094
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Expense	\$ 95,544	\$ -	\$ 95,544
Deferred Employer Pension Contributions	47,144	-	47,144
Total Deferred Outflows of Resources	\$ 142,688	\$ -	\$ 142,688
LIABILITIES			
Accounts Payable	\$ 98,037	\$ 44,392	\$ 142,429
Accrued Payroll	24,025	9,953	33,978
Accrued Expenses	-	82,148	82,148
Customer Deposits	-	19,513	19,513
Due to Developers	3,414	-	3,414
Interfund Balances	11,791	(11,791)	-
Sales Tax Rebate	3,439	-	3,439
Road Bonds	830	-	830
Accrued Interest	2,321	-	2,321
Unearned Revenue	44,180	-	44,180
Non-Current Liabilities			
Due Within One Year	67,119	491,165	558,284
Due in More Than One Year	100,377	6,718,337	6,818,714
Total Liabilities	\$ 355,533	\$ 7,353,717	\$ 7,709,250
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 479,625	\$ -	\$ 479,625
Total Deferred Inflows of Resources	\$ 479,625	\$ -	\$ 479,625
NET POSITION			
Net Investment in Capital Assets	\$ 1,090,252	\$ 5,116,134	\$ 6,206,386
Restricted for:			
Streets and Roads	58,126	-	58,126
Social Security	124,498	-	124,498
Liability Insurance	59,998	-	59,998
Illinois Municipal Retirement Fund	95,219	-	95,219
Capital Projects	-	437,630	437,630
Unrestricted / (Deficit)	1,180,454	535,596	1,716,050
Total Net Position	\$ 2,608,547	\$ 6,089,360	\$ 8,697,907

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

VILLAGE OF RICHMOND
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 349,883	\$ 177,607	\$ 36,094	\$ -	\$ (136,182)	\$ -	\$ (136,182)
Public Safety	604,251	173,704	1,391	-	(429,156)	-	(429,156)
Public Works and Transportation	245,061	-	-	-	(245,061)	-	(245,061)
Parks	52,247	-	-	-	(52,247)	-	(52,247)
Interest and Fees on Long-Term Debt	8,022	-	-	-	(8,022)	-	(8,022)
	<u>\$ 1,259,464</u>	<u>\$ 351,311</u>	<u>\$ 37,485</u>	<u>\$ -</u>	<u>\$ (870,668)</u>	<u>\$ -</u>	<u>\$ (870,668)</u>
Business-Type Activities							
Water	\$ 449,862	\$ 345,926	\$ -	\$ 6,083	\$ -	\$ (97,853)	\$ (97,853)
Sewer	897,085	717,390	-	60,359	-	(119,336)	(119,336)
	<u>\$ 1,346,947</u>	<u>\$ 1,063,316</u>	<u>\$ -</u>	<u>\$ 66,442</u>	<u>\$ -</u>	<u>\$ (217,189)</u>	<u>\$ (217,189)</u>
Total Primary Government	<u>\$ 2,606,411</u>	<u>\$ 1,414,627</u>	<u>\$ 37,485</u>	<u>\$ 66,442</u>	<u>\$ (870,668)</u>	<u>\$ (217,189)</u>	<u>\$ (1,087,857)</u>
		General Revenues					
		Taxes					
					\$ 468,903	\$ -	\$ 468,903
					380,947	-	380,947
					189,954	-	189,954
					7,344	-	7,344
					49,101	-	49,101
					227,054	-	227,054
					3,317	-	3,317
					5,143	2,832	7,975
					9,120	5,455	14,575
					42,046	-	42,046
					(242,000)	242,000	-
					<u>\$ 1,140,929</u>	<u>\$ 250,287</u>	<u>\$ 1,391,216</u>
					\$ 270,261	\$ 33,098	\$ 303,359
					2,044,580	6,060,986	8,105,566
					293,706	(4,724)	288,982
					<u>\$ 2,608,547</u>	<u>\$ 6,089,360</u>	<u>\$ 8,697,907</u>

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 APRIL 30, 2016

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,107,242	\$ 91,765	\$ 1,199,007
Receivables (Net of Allowance for Estimated Uncollectible Amounts of \$0)			
Property Taxes	478,725	-	478,725
From Other Governmental Units	189,115	4,265	193,380
Prepaid Expenses	6,988	-	6,988
Due from Developers (Net of Allowance for Estimated Uncollectible Amounts of \$0)	9,486	-	9,486
Total Assets	<u><u>\$ 1,791,556</u></u>	<u><u>\$ 96,030</u></u>	<u><u>\$ 1,887,586</u></u>
LIABILITIES			
Accounts Payable	\$ 85,155	\$ 12,882	\$ 98,037
Accrued Payroll	24,025	-	24,025
Due to Developers	3,414	-	3,414
Interfund Balances	11,791	-	11,791
Sales Tax Rebate	3,439	-	3,439
Road Bonds	830	-	830
Unearned Revenue	44,180	-	44,180
Total Liabilities	<u><u>\$ 172,834</u></u>	<u><u>\$ 12,882</u></u>	<u><u>\$ 185,716</u></u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	\$ 479,625	\$ -	\$ 479,625
Total Deferred Inflows of Resources	<u><u>\$ 479,625</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 479,625</u></u>
FUND BALANCES			
Nonspendable			
Prepaid Expenses	\$ 6,988	\$ -	\$ 6,988
Restricted for:			
Social Security	124,498	-	124,498
Liability Insurance	59,998	-	59,998
Illinois Municipal Retirement Fund	95,219	-	95,219
Streets and Roads	-	58,126	58,126
Committed			
Sales Tax Trust Fund	36,480	-	36,480
Assigned for:			
Streets and Roads	-	25,022	25,022
Unassigned	815,914	-	815,914
Total Fund Balances	<u><u>\$ 1,139,097</u></u>	<u><u>\$ 83,148</u></u>	<u><u>\$ 1,222,245</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 1,791,556</u></u>	<u><u>\$ 96,030</u></u>	<u><u>\$ 1,887,586</u></u>

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 APRIL 30, 2016

Total Fund Balances - Governmental Funds		\$ 1,222,245
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 in the funds.		
Capital Assets, net of accumulated depreciation		1,257,748
Some assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Net Pension Asset		155,683
Deferred pension cost in governmental activities are not financial resources and therefore are not reported in the funds.		
Pension Expense/Revenue - IMRF		142,688
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Notes Payable	\$ (167,496)	
Accrued Interest on Long-Term Debt	<u>(2,321)</u>	
		<u>(169,817)</u>
Net Position of Governmental Activities		<u><u>\$ 2,608,547</u></u>

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local Taxes			
Property Tax	\$ 468,903	\$ -	\$ 468,903
Intergovernmental			
State Sales Tax	380,947	-	380,947
State Income Tax	189,954	-	189,954
State Replacement Tax	7,344	-	7,344
State Motor Fuel Tax	-	49,101	49,101
Grants	36,094	-	36,094
Other Local Sources			
Vehicle Stickers	27,111	-	27,111
Other Licenses and Permits	70,834	-	70,834
Fines and Forfeitures	110,907	-	110,907
Franchise Fees	79,662	-	79,662
Impact Fees	3,317	-	3,317
Interest	5,054	89	5,143
Hotel Tax	25,714	-	25,714
Utility Tax	137,065	-	137,065
Police Charges for Services	53,339	-	53,339
Gaming Tax	64,275	-	64,275
Miscellaneous			
Donations	1,391	-	1,391
Hall Rental Income	4,015	-	4,015
Other Miscellaneous	46,867	622	47,489
	<u>\$ 1,712,793</u>	<u>\$ 49,812</u>	<u>\$ 1,762,605</u>
EXPENDITURES			
Current			
General Government	\$ 376,369	\$ -	\$ 376,369
Public Safety	581,849	-	581,849
Public Works and Transportation	208,187	18,499	226,686
Parks	15,797	-	15,797
Capital Outlay	106,698	-	106,698
Debt Service			
Principal	49,815	-	49,815
Interest and Fees	8,022	-	8,022
	<u>\$ 1,346,737</u>	<u>\$ 18,499</u>	<u>\$ 1,365,236</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 366,056</u>	<u>\$ 31,313</u>	<u>\$ 397,369</u>
OTHER FINANCING SOURCES/(USES)			
Proceeds from Sale of Capital Assets	\$ 9,120	\$ -	\$ 9,120
Proceeds from Issuance of Long-Term Debt	36,000	-	36,000
Transfers	(242,000)	-	(242,000)
	<u>\$ (196,880)</u>	<u>\$ -</u>	<u>\$ (196,880)</u>
NET CHANGE IN FUND BALANCES	\$ 169,176	\$ 31,313	\$ 200,489
FUND BALANCES - MAY 1, 2015	968,378	51,835	1,020,213
FUND BALANCE ADJUSTMENT (Note 15)	<u>1,543</u>	<u>-</u>	<u>1,543</u>
FUND BALANCES - APRIL 30, 2016	<u>\$ 1,139,097</u>	<u>\$ 83,148</u>	<u>\$ 1,222,245</u>

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 200,489

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

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

Depreciation Expense	\$ (69,381)	
Capital Outlays	<u>119,129</u>	49,748

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

Proceeds from Sale of Capital Assets	\$ (9,120)	
Gain/(Loss) on Sale of Capital Assets	<u>9,120</u>	-

Long-term debt proceeds provide current financial resources to governmental funds and are therefore shown as a revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but issuing debt increases long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Loan Proceeds		(36,000)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension Expense		(27,695)
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Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.

Repayment of Long-Term Debt		49,816
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Employer Pension Contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements.

Employer Pension Contribution		<u>33,903</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 270,261</u></u>
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The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2016

	Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 866,669
Accounts Receivable (Net of Allowance for Estimated Uncollectible Accounts of \$1,000)	239,757
Prepaid Expenses	7,277
Interfund Balances	11,791
	\$ 1,125,494
Non-Current Assets	
Capital Assets	
Land	\$ 98,975
Equipment	239,627
Water and Sewer Systems	16,747,214
Less: Accumulated Depreciation	(4,760,180)
Unamortized Bond Discount (Net of Accumulated Amortization)	3,738
	\$ 12,329,374
Total Assets	\$ 13,454,868
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 44,392
Accrued Payroll	9,953
Accrued Expenses	82,148
Customer Deposits	19,513
Bonds and Notes Payable - Current	491,165
	\$ 647,171
Non-Current Liabilities	
Bonds and Notes Payable (Net of Current Portion Shown Above)	\$ 6,718,337
Total Liabilities	\$ 7,365,508
NET POSITION	
Net Investment in Capital Assets	\$ 5,116,134
Restricted for:	
Capital Projects	437,630
Unrestricted / (Deficit)	535,596
	535,596
Total Net Position	\$ 6,089,360

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2016

	<u>Enterprise Fund</u> <u>Water and Sewer</u>
OPERATING REVENUES	
Charges for Services	
Water Sales	\$ 277,659
Sewer Charges	652,484
Additional Unit Charge	92,254
Water Meter Sales	3,360
Penalties	10,248
Other	27,311
	\$ 1,063,316
OPERATING EXPENSES	
Water Department	
Personnel Salaries	\$ 116,424
Miscellaneous Personnel Expenses	47,366
Office Expenses	28,438
Operating Expenses	119,134
Depreciation	115,043
Sewer Department	
Personnel Salaries	135,800
Miscellaneous Personnel Expenses	54,773
Office Expenses	81,185
Operating Expenses	221,652
Depreciation	231,724
	\$ 1,151,539
OPERATING INCOME/(LOSS)	\$ (88,223)
NON-OPERATING REVENUE/(EXPENSE)	
Interest Income	\$ 2,832
Interest Expense	(194,360)
Amortization	(623)
Bond Fees	(425)
Gain/(Loss) on Sale of Fixed Assets	5,455
	\$ (187,121)
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ (275,344)
CAPITAL CONTRIBUTIONS	66,442
TRANSFERS (TO)/FROM OTHER FUNDS	242,000
CHANGE IN NET POSITION	\$ 33,098
NET POSITION - MAY 1, 2015	6,060,986
NET POSITION ADJUSTMENT (Note 15)	(4,724)
NET POSITION - APRIL 30, 2016	\$ 6,089,360

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED APRIL 30, 2016

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 1,023,445
Payments to Suppliers for Goods and Services	(436,769)
Payments to Employees for Services	(351,835)
Internal Activity - Payments to Other Funds	(24,574)
Other Receipts/(Payments)	27,311
Net Cash Provided/(Used) by Operating Activities	\$ 237,578
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	\$ 242,000
Net Cash Provided/(Used) by Non-Capital Financing Activities	\$ 242,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contributions	\$ 66,442
Purchase of Capital Assets	(650)
Interest Paid on Capital Debt	(194,360)
Principal Paid on Capital Debt	(59,633)
Bond Fees	(425)
Proceeds from Sale of Fixed Assets	6,879
Net Cash Provided/(Used) by Capital and Related Financing Activities	\$ (181,747)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents and Investments	\$ 2,832
Net Cash Provided/(Used) by Investing Activities	\$ 2,832
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 300,663
CASH AND CASH EQUIVALENTS BALANCE - MAY 1, 2015	566,006
CASH AND CASH EQUIVALENTS BALANCE - APRIL 30, 2016	\$ 866,669
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating Income/(Loss)	\$ (88,223)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	346,767
Change in assets and liabilities:	
Receivables, net	(15,911)
Interfund Balances	(24,574)
Prepaid Expenses	13,527
Accounts Payable	113
Accrued Payroll	2,528
Customer Deposits	3,351
Net Cash Provided/(Used) by Operating Activities	\$ 237,578

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUND
 APRIL 30, 2016

	Grant Recapture Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 515,132</u>
TOTAL ASSETS	<u>\$ 515,132</u>
LIABILITIES	<u>\$ -</u>
NET POSITION HELD IN TRUST	<u><u>\$ 515,132</u></u>

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

VILLAGE OF RICHMOND
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PRIVATE-PURPOSE TRUST FUND
 YEAR ENDED APRIL 30, 2016

	Grant Recapture Fund
ADDITIONS	
Investment Earnings	
Interest	\$ 597
Total Investment Earnings	\$ 597
TOTAL ADDITIONS	\$ 597
DEDUCTIONS	\$ -
NET INCREASE/(DECREASE)	\$ 597
NET POSITION HELD IN TRUST - MAY 1, 2015	514,535
NET POSITION HELD IN TRUST - APRIL 30, 2016	\$ 515,132

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

VILLAGE OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Reporting Entity*

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has determined that it has no component units. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

B. *Basic Financial Statements – Government-Wide Statements*

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

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works and transportation, parks, etc.) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basic Financial Statements – Government-Wide Statements (Continued)*

contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The Village does not allocate indirect costs.

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

C. *Basic Financial Statements – Fund Financial Statements*

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

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

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these governmental funds and fund types:

- a. The General Fund is the Village's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

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

2. Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Basic Financial Statements – Fund Financial Statements (Continued)*

2. Proprietary Fund Types (Continued)

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

3. Fiduciary Fund Types

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

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

D. *Basis of Accounting*

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

1. Accrual

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

2. Modified Accrual

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Cash and Cash Equivalents and Investments*

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

Separate bank accounts are maintained for all Village funds. Occasionally, certain cash accounts may incur overdrafts (deficits) in an account.

No Village fund had a cash overdraft at April 30, 2016.

Investments are stated at fair value. Fair value is determined by quoted market prices. Gains or losses on the sale of investments are recognized as they are incurred.

State statutes authorize the Village to invest in obligations of the U.S. Treasury, Certificates of Deposit, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool known as The Illinois Funds.

F. *Receivables and Revenue Recognition*

Property taxes receivable are recognized at the time they are levied. The property tax receivable allowance is equal to 0% of outstanding property taxes at April 30, 2016.

Substantially all other shared revenue is recorded during the period when received by the collecting authority, the State of Illinois.

Income from investments, bank accounts, and unbilled usage receivables are recognized when earned. Licenses and permits, fines and forfeitures, fees and refunds, charges for services (other than enterprise funds), miscellaneous and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received.

G. *Inventories and Prepaid Items*

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

Certain payments to vendors reflect costs applicable to future accounting periods and are reported on the consumption basis. Prepaid items are recorded in both the government-wide and fund financial statements.

H. *Interfund Activity*

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

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. *Capital Assets*

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	20 - 45 Years
Buildings	50 - 125 Years
Vehicles	5 - 10 Years
Equipment	5 - 20 Years
Infrastructure	20 Years
Water and Sewer Systems	50 Years

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

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

J. *Deferred Outflows and Inflows of Resources*

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

K. *Compensated Absences*

Vacation benefits are granted to employees in varying amounts to specified maximums depending on tenure with the Village. Sick leave is accumulated from year to year up to specified maximums, but is not paid upon termination. No compensated absence accrual is recorded because vacation benefits do not accumulate from year to year and sick leave is not paid upon termination.

L. *Long-Term Obligations*

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Long-Term Obligations (Continued)*

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

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

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

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

N. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. *Governmental Fund Balances (Continued)*

- Assigned (Continued)

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

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

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

O. *Property Tax Calendar and Revenues*

The Village is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied each calendar year on all taxable real property located in the Village on or before the last Tuesday in December. The 2015 levy was passed by the Board on November 5, 2015. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

P. *Defining Operating Revenues and Expenses*

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

Q. *Estimates*

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

Investments

As of April 30, 2016 the Village had the following investments:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	5 - 10	More Than 10
State Investment Pool	\$ 523,273	\$ 523,273	\$ -	\$ -	\$ -

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

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

Credit Risk. State law limits investments based on credit risk. The Village has an investment policy that would further limit its investment choices. As of April 30, 2016, the Village's investments were rated as follows:

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

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016 was as follows:

	Balance May 1, 2015	Increases	Decreases	Balance April 30, 2016
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 179,500	\$ 40,000	\$ -	\$ 219,500
Total Capital Assets not being depreciated	\$ 179,500	\$ 40,000	\$ -	\$ 219,500
Other Capital Assets				
Land Improvements	\$ 406,657	\$ -	\$ -	\$ 406,657
Buildings	1,215,607	20,900	-	1,236,507
Vehicles	194,829	36,000	12,500	218,329
Equipment	207,440	22,229	-	229,669
Infrastructure	42,064	-	-	42,064
Total Other Capital Assets at Historical Cost	\$ 2,066,597	\$ 79,129	\$ 12,500	\$ 2,133,226
Less Accumulated Depreciation				
Land Improvements	\$ 339,755	\$ 7,860	\$ -	\$ 347,615
Buildings	449,871	24,148	-	474,019
Vehicles	99,888	20,595	12,500	107,983
Equipment	126,500	14,674	-	141,174
Infrastructure	22,083	2,104	-	24,187
Total Accumulated Depreciation	\$ 1,038,097	\$ 69,381	\$ 12,500	\$ 1,094,978
Other Capital Assets, Net	\$ 1,028,500	\$ 9,748	\$ -	\$ 1,038,248
Governmental Activities Capital Assets, Net	\$ 1,208,000	\$ 49,748	\$ -	\$ 1,257,748

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance May 1, 2015	Increases	Decreases	Balance April 30, 2016
Business-Type Activities				
Capital Assets not being depreciated				
Land	\$ 98,325	\$ 650	\$ -	\$ 98,975
Total Capital Assets not being depreciated	<u>\$ 98,325</u>	<u>\$ 650</u>	<u>\$ -</u>	<u>\$ 98,975</u>
Other Capital Assets				
Equipment	\$ 249,127	\$ -	\$ 9,500	\$ 239,627
Water and Sewer Systems	16,747,214	-	-	16,747,214
Total Other Capital Assets at Historical Cost	<u>\$ 16,996,341</u>	<u>\$ -</u>	<u>\$ 9,500</u>	<u>\$ 16,986,841</u>
Less Accumulated Depreciation				
Equipment	\$ 172,885	\$ 19,830	\$ 8,076	\$ 184,639
Water and Sewer Systems	4,248,604	326,937	-	4,575,541
Total Accumulated Depreciation	<u>\$ 4,421,489</u>	<u>\$ 346,767</u>	<u>\$ 8,076</u>	<u>\$ 4,760,180</u>
Other Capital Assets, Net	<u>\$ 12,574,852</u>	<u>\$ (346,767)</u>	<u>\$ 1,424</u>	<u>\$ 12,226,661</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,673,177</u>	<u>\$ (346,117)</u>	<u>\$ 1,424</u>	<u>\$ 12,325,636</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:		
General Government		\$ 13,909
Public Safety		18,297
Public Works and Transportation		14,753
Parks		22,422
Total Governmental Activities Depreciation Expense		<u>\$ 69,381</u>
Business-Type Activities:		
Water		\$ 115,043
Sewer		231,724
Total Business-Type Activities Depreciation Expense		<u>\$ 346,767</u>

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2016 was as follows:

	Balance May 1, 2015	Additions	Retirements	Balance April 30, 2016	Amounts Due Within One Year
Governmental Activities					
Long-Term Debt					
Bonds Payable					
General Obligation Bonds					
Dated 2/23/09	\$ 135,000	\$ -	\$ 30,000	\$ 105,000	\$ 35,000
Note Payable Dated 9/15/14	30,000	-	15,000	15,000	15,000
Note Payable Dated 6/22/15	-	36,000	-	36,000	12,000
Lease/Purchase Agreements	16,312	-	4,816	11,496	5,119
Governmental Activities Long-Term Obligations	<u>\$ 181,312</u>	<u>\$ 36,000</u>	<u>\$ 49,816</u>	<u>\$ 167,496</u>	<u>\$ 67,119</u>
Business-Type Activities					
Long-Term Debt					
Bonds Payable					
General Obligation Refunding					
Debt Certificates Dated 5/8/02	\$ 410,000	\$ -	\$ 50,000	\$ 360,000	\$ 50,000
Revenue Bonds Dated 9/12/05	6,826,511	-	-	6,826,511	430,928
Lease/Purchase Agreement	32,624	-	9,633	22,991	10,237
Business-Type Activities Long-Term Obligations	<u>\$ 7,269,135</u>	<u>\$ -</u>	<u>\$ 59,633</u>	<u>\$ 7,209,502</u>	<u>\$ 491,165</u>

Bonds and notes payable consisted of the following at April 30, 2016:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM LIABILITY ACTIVITY (Continued)

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Governmental Activities:				
General Obligation Bonds Dated 2/23/09	2/1/2019	4.80%	\$ 300,000	\$ 105,000
Note Payable Dated 9/15/14	9/15/2018	3.00%	30,000	15,000
Note Payable Dated 6/22/15	6/22/2018	3.00%	36,000	36,000
Lease/Purchase Agreements Ford Truck	8/4/2018	1.20%	28,611	11,496
Business-Type Activities:				
General Obligation Refunding Debt Certificates Dated 5/8/02	12/1/2021	3.40% - 5.50%	890,000	360,000
Revenue Bonds Dated 9/12/05	6/5/2027	2.50%	6,826,511	6,826,511
Lease/Purchase Agreement	8/4/2018	1.20%	57,221	22,991

At April 30, 2016 the annual debt service requirements to service long-term debt attributable to governmental activities are:

Year Ending April 30	Principal	Interest	Total
2017	\$ 67,118	\$ 7,025	\$ 74,143
2018	52,440	4,338	56,778
2019	47,938	2,426	50,364
	<u>\$ 167,496</u>	<u>\$ 13,789</u>	<u>\$ 181,285</u>

At April 30, 2016 the annual debt service requirements to service long-term debt attributable to business-type activities are:

Year Ending April 30	Principal	Interest	Total
2017	\$ 491,165	\$ 177,664	\$ 668,829
2018	507,649	163,331	670,980
2019	514,761	148,559	663,320
2020	524,274	133,685	657,959
2021	540,954	118,412	659,366
2022	557,927	102,563	660,490
2023	500,201	86,129	586,330
2024	512,785	73,230	586,015
2025	525,684	60,004	585,688
2026	538,909	46,449	585,358
2027	552,465	32,551	585,016
2028	566,363	18,303	584,666
2029	580,611	3,697	584,308
2030	295,754	-	295,754
	<u>\$ 7,209,502</u>	<u>\$ 1,164,577</u>	<u>\$ 8,374,079</u>

NOTE 5 - INTERFUND BALANCES/TRANSFERS

Interfund balances at April 30, 2016 consisted of the following:

Due From	Due To	Amount
Water and Sewer Fund	General Fund	\$ 11,791

All interfund balances resulted from a time lag between the dates that (1) revenue was collected and remitted to appropriate funds and (2) expenditures were incurred and reimbursed between funds.

Interfund transfers for the year ended April 30, 2016 consisted of the following:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - INTERFUND BALANCES/TRANSFERS (Continued)

Transfer From	Transfer To	Amount
General Fund	Water and Sewer Fund	\$ 242,000

All interfund transfers resulted from the need to cover operating and debt expenses in the water and sewer fund.

NOTE 6 - DEFICIT FUND BALANCES

No Village fund reflected a deficit fund balance as of April 30, 2016.

NOTE 7 - PROPERTY TAXES

Property taxes receivable and unavailable revenue recorded in these financial statements, in the amount of \$479,625, are from the 2015 tax levy. The unavailable revenue is 100% of the 2015 levy, less allowance. These taxes are unavailable as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2016. The Village has determined that 100% of the amounts collected for the 2014 levy are allocable for use in fiscal year 2016. Therefore, 100% of the amounts collected for the 2014 levy (\$468,903) are recorded in these financial statements as property taxes revenue. A summary of the assessed valuations, rates and extensions for the years 2015, 2014, and 2013 follows:

TAX YEAR ASSESSED VALUATION	2015		2014		2013	
	Rate	Extension	Rate	Extension	Rate	Extension
		\$44,013,384		\$44,550,404		\$45,690,183
General	0.3985	\$ 175,393	0.4375	\$ 194,908	0.4288	\$ 195,909
Police Protection	0.3205	141,052	0.1912	85,188	0.1865	85,234
IMRF	0.0726	31,968	0.0781	34,813	0.0762	34,832
Audit	0.0418	18,419	0.0416	18,519	0.0406	18,529
Streets and Bridges	0.0000	-	0.0535	23,826	0.0526	24,028
Liability Insurance	0.0610	26,852	0.0603	26,852	0.0588	26,866
Social Security	0.1220	53,703	0.1205	53,705	0.1176	53,735
Worker's Compensation	0.0484	21,298	0.0478	21,298	0.0466	21,310
	<u>1.0649</u>	<u>\$ 468,685</u>	<u>1.0305</u>	<u>\$ 459,109</u>	<u>1.0077</u>	<u>\$ 460,443</u>
Road and Bridge (from Richmond Township)	-	\$ 10,039	-	\$ 10,052	-	\$ 9,867

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2016, the Village had no expenditures that exceeded the appropriations.

NOTE 9 - OPERATING LEASES, AS LESSEE

The Village, as lessee, leases a copier and a postage machine. Minimum annual rentals are as follows:

Year Ending April 30	Amount
2017	\$ 4,604
2018	3,436
2019	2,268
2020	2,268
2021	567
	<u>\$ 13,143</u>

Rental expense under this lease for the year ended April 30, 2016 was \$4,136.

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND

➤ **Plan Description**

The District'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 District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. 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. That report may be obtained on-line at www.imrf.org.

➤ **Benefits Provided**

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

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

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

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

➤ **Employees Covered by Benefit Terms**

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2015, the measurement date, the District's membership consisted of:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

➤ **Employees Covered by Benefit Terms (Continued)**

Retirees and beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	16
Active plan members	12
Total	37

➤ **Contributions**

As set by statute, the District’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 District’s annual contribution rate for calendar year 2014 was 6.88%. For the fiscal year ended April 30, 2016, the District contributed \$36,829 to the Plan. The District 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 components of the net pension liability of the IMRF as of December 31, 2015, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 1,736,629
IMRF Fiduciary Net Position	1,892,312
Village’s Net Pension Liability (Asset)	(155,683)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	108.96%

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

➤ **Actuarial Assumptions**

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions.

Assumptions	
Inflation	3.50%
Price Inflation	2.75%
Salary Increases	3.75% - 14.50% including inflation
Interest Rate	7.50%
Asset Valuation Method	Market value of assets
Projected Retirement Age	Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

➤ **Actuarial Assumptions** (Continued)

current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

➤ **Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Return
Equities	63.2%	7.60%
International Equities	2.6%	7.80%
Fixed Income	23.5%	3.00%
Real Estate	4.3%	6.15%
Alternatives	4.5%	
Private Equity		8.50%
Hedge Funds		5.25%
Commodities		2.75%
Cash	1.9%	2.25%
	100.0%	

➤ **Single Discount Rate**

The projection of cash flow used to determine this Single Discount Rate assumed that the Plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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).

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 - ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

➤ **Single Discount Rate (Continued)**

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.56%; and resulting single discount rate is 7.50%.

➤ **Discount Rate Sensitivity**

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.50% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability/(Asset)	\$ 96,064	\$ (155,683)	\$ (360,056)

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

For the year ended June 30, 2016, the District recognized pension expense of \$326,985. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Differences between expected and actual experience	\$ 33,728	\$ -	\$ 33,728
Assumption changes	41,512	-	41,512
Net difference between projected and actual earnings on pension investments	<u>20,304</u>	<u>-</u>	<u>20,304</u>
Total deferred amounts to be recognized in pension expense in future periods	\$ 95,544	\$ -	\$ 95,544
Pension contributions made subsequent to the measurement date	<u>47,144</u>	<u>-</u>	<u>47,144</u>
Total deferred amounts related to pensions	<u>\$ 142,688</u>	<u>\$ -</u>	<u>\$ 142,688</u>

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

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 29,790
2016	29,790
2017	29,790
2018	6,174
2019	-
Thereafter	-
Total	<u>\$ 95,544</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - RISK MANAGEMENT

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

The Village uses Arthur J. Gallagher. Arthur J. Gallagher is a brokerage firm so the Village now has different carriers for the different types of coverage.

During the year ended April 30, 2016, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2016, there were no significant adjustments in premiums based on actual experience. There have been no reductions in insurance coverage from the prior year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 12 - INTERGOVERNMENTAL AGREEMENTS

The Village entered into an intergovernmental agreement with the Federal Government, State of Illinois Department of Transportation (IDOT) and McHenry County (County) on March 4, 2008 to perform Phase I preliminary engineering for the Richmond bypass at an estimated cost of \$3,010,000. The Village will act as the lead agency in completing the necessary Phase I engineering. The agreement requires that the Federal Government, IDOT and the County contribute \$2,536,500, \$236,650, and \$118,425, respectively, towards the preliminary engineering plan bypass, with the Village contributing the remaining \$118,425. Since 2011, the Village has recognized a total of \$680,122 of the Federal Government's contribution and reported expenses relating to the project for these same amounts. During the year ended April 30, 2016, the Village recognized revenue and expenses of \$35,336.

NOTE 13 - CONSTRUCTION IN PROGRESS

The Village has no construction projects that are in progress as of April 30, 2016.

NOTE 14 - LEGAL DEBT LIMITATION

The State of Illinois limits the amount of indebtedness to 8.625% of the most recent available equalized assessed valuation (EAV) of the township. The township's legal debt limitation is as follows:

2015 EAV		\$	44,013,384
Rate			8.625%
Debt Margin		\$	3,796,154
Current Debt	\$	7,376,998	
Less: Long-Term Debt not subject to limit		(6,826,511)	
			550,487
Remaining Debt Margin		\$	3,245,667

NOTE 15 - FUND BALANCE/NET POSITION ADJUSTMENT

The Village had the following prior period adjustments:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 15 - FUND BALANCE/NET POSITION ADJUSTMENT (Continued)

	General Fund Net Position	Water and Sewer Fund Net Position
Correct balance for prior year decrease in septic receiving accrual and customer prepayments		\$ (4,724)
Correct Balance for prior year increase to the Due to Developer account	\$ 1,543	
Change in accounting principal for Illinois Municipal Retirement Fund Pension Liability	292,163	
Total Prior Period Adjustment	\$ 293,706	\$ (4,724)

The prior period correction for the Water and Sewer fund was to correct the beginning balance of the septic receiving account and to adjust to the correct balance for the customer prepayment account. The prior period correction for the General Fund was to increase the Due to Developer account to the correct balance. The change in accounting principal is discussed below in Note 17.

NOTE 16 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through August 22, 2016, the date on which the financial statements were available to be issued.

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended April 30, 2016, the Village has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The implementation of GASB Statement No. 68 and GASB Statement No. 71 required a restatement for prior year net positions for the pension funds. As a result, the beginning net position increased by \$292,163.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RICHMOND
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
APRIL 30, 2016

	4/30/2016
TOTAL PENSION LIABILITY	
Service Cost	\$ 45,850
Interest	116,081
Differences Between Expected and Actual Experience	44,807
Changes in Assumptions	55,147
Benefit Payments, Including Refunds of Member Contributions	(100,161)
Net Change in Total Pension Liability	\$ 161,724
 Total Pension Liability - Beginning	 1,574,905
Total Pension Liability - Ending	\$ 1,736,629
 PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 32,385
Contributions - Member	23,875
Net Investment Income	109,769
Benefit Payments, Including Refunds of Member Contributions	(100,161)
Other	5,003
Net Change in Plan Fiduciary Net Position	\$ 70,871
 Plan Net Position - Beginning	 1,821,441
Plan Net Position - Ending	\$ 1,892,312
 District's Net Pension Liability	 \$ (155,683)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.96%
 Covered-Employee Payroll	 \$ 470,709
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 -33.07%

* This information presented is based on the actuarial valuation performed as of the December 31, 2014 year end.

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

VILLAGE OF RICHMOND
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
APRIL 30, 2016

	4/30/2016 *
Actuarial Determined Contribution	\$ 32,385
Contributions in Relation to Actuarially Determined Contribution	32,385
Contribution Deficiency/(Excess)	\$ -
Covered-Employee Payroll	\$ 470,709
Contributions as a Percentage of Covered-Employee Payroll	6.88%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2014 Contribution Rate *

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 29-year closed period

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

Wage Growth: 4%

Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 4.40% to 16%, 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

Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection

*Based on Valuation Assumptions used in the December 31, 2012 actuarial valuation; note two year lag between valuation and rate setting.

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

VILLAGE OF RICHMOND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2016

	Appropriated Amounts	Actual Amounts
	Original and Final	Actual Amounts
REVENUES		
Local Taxes		
Property Tax	\$ 469,544	\$ 468,903
Intergovernmental		
State Sales Tax	383,218	380,947
State Income Tax	171,904	189,954
State Replacement Tax	5,369	7,344
Grants	713,600	36,094
Other Local Sources		
Vehicle Stickers	25,800	27,111
Other Licenses and Permits	61,075	70,834
Fines and Forfeitures	106,141	110,907
Franchise Fees	80,829	79,662
Impact Fees	1,163	3,317
Interest	3,821	5,054
Hotel Tax	19,689	25,714
Utility Tax	143,507	137,065
Police Charges for Services	32,740	53,339
Video Gaming Tax	38,160	64,275
Miscellaneous		
Donations	390	1,391
Hall Rental Income	900	4,015
Other Miscellaneous	10,560	46,867
	<u>\$ 2,268,410</u>	<u>\$ 1,712,793</u>
EXPENDITURES		
Current		
General Government		
Personnel Services	\$ 241,021	\$ 148,721
Contractual Services	1,387,919	209,204
Commodities	8,243	4,187
Other Expenses	41,855	14,257
	<u>\$ 1,679,038</u>	<u>\$ 376,369</u>
Public Safety		
Personnel Services	\$ 589,493	\$ 456,656
Contractual Services	143,200	94,611
Commodities	57,900	29,434
Other Expenses	11,500	1,148
	<u>\$ 802,093</u>	<u>\$ 581,849</u>
Public Works and Transportation		
Personnel Services	\$ 177,774	\$ 76,828
Contractual Services	342,359	99,651
Commodities	55,613	30,490
Other Expenses	1,500	1,218
	<u>\$ 577,246</u>	<u>\$ 208,187</u>

See Accompanying Independent Auditor's Report

VILLAGE OF RICHMOND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - APPROPRIATIONS AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2016

	Appropriated Amounts	Actual Amounts
	Original and Final	
EXPENDITURES (Continued)		
Current (Continued)		
Parks		
Personnel Services	\$ 16,163	\$ 6,179
Contractual Services	12,750	7,803
Commodities	3,750	1,581
Other Expenses	600	234
	\$ 33,263	\$ 15,797
Total Current	\$ 3,091,640	\$ 1,182,202
Capital Outlay		
General Government	\$ 2,775	\$ 971
Public Safety	109,998	66,432
Public Works and Transportation	86,250	25,205
Parks	21,150	14,090
	\$ 220,173	\$ 106,698
Debt Service		
Principal	\$ 74,760	\$ 49,815
Interest and Fees	11,999	8,022
	\$ 86,759	\$ 57,837
Total Expenditures	\$ 3,398,572	\$ 1,346,737
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,130,162)	\$ 366,056
OTHER FINANCING SOURCES/(USES)		
Proceeds from Sale of Capital Assets	\$ 25,000	\$ 9,120
Proceeds from Issuance of Long-Term Debt	-	36,000
Transfers	(383,286)	(242,000)
	\$ (358,286)	\$ (196,880)
NET CHANGE IN FUND BALANCES	\$ (1,488,448)	\$ 169,176
FUND BALANCES - MAY 1, 2015	968,378	968,378
FUND BALANCE ADJUSTMENT (Note 15)	-	1,543
FUND BALANCES - APRIL 30, 2016	\$ (520,070)	\$ 1,139,097

See Accompanying Independent Auditor's Report

VILLAGE OF RICHMOND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2016

NOTE 1 - APPROPRIATIONS

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

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

The appropriation was approved on April 16, 2015 and was not amended.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended April 30, 2016, no fund presented as Required Supplementary Information had expenditures that exceeded the appropriations.