

Village of Hainesville, Illinois

Annual Financial Report

April 30, 2018

Village of Hainesville, Illinois
Annual Financial Report
April 30, 2018

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Financial Section

Independent Auditor's Report

Independent Auditor's Report

Board of Trustees
Village of Hainesville, 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 for the Village of Hainesville, Illinois, as of and for the year ended April 30, 2018, and the related notes to the basic financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Hainesville, Illinois, as of April 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information as listed in the table of contents 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 response to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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The supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Oakbrook Terrace, Illinois
August 29, 2018

Management's Discussion and Analysis

VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS

April 30, 2018

The Village of Hainesville’s (the “Village”) Management’s Discussion and Analysis (“MD&A”) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village’s financial activity, (3) identify changes in the Village’s financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it in conjunction with the Village’s financial statements.

Financial Highlights

- The assets and deferred outflows of the Village exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$16,821,562 (*net position*). Of this amount, \$3,612,262 (*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 \$59,018. This was largely due to an increase of water consumption. Total depreciation expense for the year was \$306,047.
- As of the close of the current fiscal year, the Village’s governmental funds reported combined fund balances of \$2,985,693. Of this amount, \$1,792,162 is available for spending at the Village’s discretion (*unassigned fund balance*). This represented 107% of total General Fund expenditures during the current year.
- Overall, the Village’s long-term obligations, including the net pension liability decreased by \$127,624 during the current fiscal year. The prior year debt of \$453,442 was decreased by payments of outstanding principal and other changes in the net pension liability.

USING THE FINANCIAL SECTION OF THE COMPREHENSIVE ANNUAL REPORT

The financial statements’ focus is on both the Village as a whole (government-wide) and on the major and nonmajor individual funds. The perspectives (government-wide, major fund and nonmajor funds) allow the user to address relevant questions, broaden the basis for comparison (year-to-year or government-to-government) and enhance the Village’s accountability.

VILLAGE OF HAINESVILLE, ILLINOIS MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Government-Wide Financial Statements

The government-wide financial statements (see pages 14 and 15) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (see page 14) is designed to be similar to bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 15) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the Village's basic services, including public safety, public works and administration. Property taxes, shared state sales and income taxes, and local utility and franchise taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Water and Sewer), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation familiar. The focus is on major funds, rather than fund types.

The Governmental Funds Statements (see pages 16 to 20) are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the Budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

While the totals of the Proprietary Fund Financial Statements (see pages 21 to 23) are the same as the Business-type column on the Government-wide Financial Statement, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 17 and 19). The flow of current financial resources will reflect loan proceeds and interfund transfers as other financing sources as well as capital expenditures and loan principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the Governmental Activities column (in the government-wide statements).

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 3,474.8	3,363.7	966.6	844.1	4,441.4	4,207.8
Capital Assets	6,365.2	6,508.3	6,945.9	7,062.3	13,311.1	13,570.6
Total Assets	9,840.0	9,872.0	7,912.5	7,906.4	17,752.5	17,778.4
Deferred Outflows of Resources	7.7	20.7	0.8	2.1	8.5	22.8
Liabilities						
Current Liabilities	95.8	97.6	54.8	43.4	150.6	141.0
Other Liabilities	100.1	187.6	196.7	245.3	296.8	432.9
Total Liabilities	195.9	285.2	251.5	288.7	447.4	573.9
Deferred Inflows of Resources	488.3	462.8	3.7	2.0	492.0	464.8
Net Position						
Net Investment in Capital Assets Restricted for Maintenance of Roadways and Special Service Area	6,231.4	6,326.7	6,778.7	6,852.9	13,010.1	13,179.6
Unrestricted	199.2	274.5			199.2	274.5
	2,732.9	2,543.5	879.4	764.9	3,612.3	3,308.4
Total Net Position	\$ 9,163.5	9,144.7	7,658.1	7,617.8	16,821.6	16,762.5

For more detailed information, see the Statement of Net Position (page 14).

The largest portion of the Village's net position (77%) reflects an investment in capital assets (e.g., land, buildings, equipment, improvements and construction in progress), less any depreciation and outstanding debt used to acquire those assets. The Village uses these capital assets to provide service to citizens; consequently, these assets are not available for spending. The second largest portion (21%) is unrestricted net position. 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. The remaining net position (2%) is restricted for maintenance of roadways and capital projects.

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital Assets – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital Assets – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested capital assets and an increase in related net debt, which will not change the invested in capital assets, net of debt.

Spending of Non-borrowed Current Assets on New Capital Assets – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and investment in capital assets, net of debt.

Current Year Impacts

The Village's \$59,018 current year increase in combined net position (which is the Village's bottom line) was the result of the governmental activities net position increasing by \$18,786 and the business-type activities net position increasing by \$40,232. The General Fund balance increased by \$65,206. The Village continues to spend down the General Fund with Village-wide improvements and reducing outstanding debt. Within the business-type activities account, the water rate increase has allowed most of the additional revenue to be placed within the Water and Sewer Capital Reserve Fund (via interfund transfers) for future infrastructure improvements. The Motor Fuel Tax Fund decrease was \$89,202 due to the spending of MFT funds for road resurfacing within the Village. The Capital Water and Sewer Project Fund increased \$158,000, as more funds were designated to be placed within this fund for future expenditures.

The balance of unrestricted net position, \$3,612,262, may be used to meet the Village's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

Changes in Net Position

The following chart shows the revenue and expenses of the governmental and business-type activities.

**Table 2: Statement of Changes in Net Position
Fiscal Years Ended April 30, 2018 and 2017
(in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 101.6	62.6	1,116.4	1,088.4	1,218.0	1,151.0
Operating Grants and Contributions	102.8	126.2			102.8	126.2
General Revenues:						
Property Taxes	441.2	440.3			441.2	440.3
Utility Taxes	103.8	104.9			103.8	104.9
Franchise Taxes	240.3	226.8			240.3	226.8
Income Taxes	335.6	347.7			335.6	347.7
Sales and Use Taxes	453.6	419.9			453.6	419.9
Other Taxes	0.3	0.3			0.3	0.3
Investment Income	20.4	7.3			20.4	7.3
Total Revenues	1,799.6	1,736.0	1,116.4	1,088.4	2,916.0	2,824.4
Expenses						
General Government	691.4	474.0			691.4	474.0
Public Safety	865.4	848.4			865.4	848.4
Public Works	437.7	516.4			437.7	516.4
Interest on Long-Term Debt	4.3	5.5			4.3	5.5
Water & Sewer			697.2	633.0	697.2	633.0
Streets & Sanitation			160.9	156.0	160.9	156.0
Total Expenses	1,998.8	1,844.3	858.1	789.0	2,856.9	2,633.3
Change in Net Position Before Transfers	(199.2)	(108.3)	258.3	299.4	59.1	191.1
Transfers	218.0	250.0	(218.0)	(250.0)		
Change in Net Position	18.8	141.7	40.3	49.4	59.1	191.1
Net Position, Beginning	9,144.7	9,003.0	7,617.8	7,568.4	16,762.5	16,571.4
Net Position, Ending	\$ 9,163.5	9,144.7	7,658.1	7,617.8	16,821.6	16,762.5

Increase/Decrease in Village Approved Rates – While certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fees, building fees, etc.)

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

There are eight basic impacts on revenues and expenses as reflected below.

Normal Impacts

Revenues:

Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in Village Board Approved Rates – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fee, building fees, etc.)

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) such as certain recurring revenues (state-shared revenue, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – Market conditions may cause investment income to fluctuate.

Expenses:

Introduction of New Programs – Within the functional expenditure categories (Public Safety, Public Works, General Government, etc.), individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – Changes in service demand may cause the Village to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the most significant of the Village’s operating costs.

Salary Increases (annual adjustments/merit) – The ability to attract and retain (employees) resources requires the Village to strive to approach a competitive salary structure in the marketplace.

Inflation – While overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuels and repair parts. Some functions may experience commodity specific increases.

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

Current Year Impacts

Governmental Activities

Revenue:

For the fiscal year ended April 30, 2018, revenues from the governmental activities totaled \$1,799,553. Property tax revenues are the Village's largest revenue source, coming in at \$441,182, with state income tax of \$335,586 and sales and use tax receipts of \$453,581. Franchise and utility taxes are \$240,366 and \$103,798, respectively.

Expenses:

For the fiscal year ended April 30, 2018, expenses for governmental activities totaled \$1,998,767. The largest expense for the Village is in the public safety function. The police contract expense increased from \$775,654 in 2017 to \$790,197 in 2018.

Business-type Activities

Revenue:

For the fiscal year ended April 30, 2018, revenues from the business-type activities totaled \$1,116,368, this is up from \$1,088,407 in 2017. The Village did raise water rates in 2017. The revenue increase in 2018 is due primarily to increases in consumption.

The major revenue source is Charges for Services to operate the Public Works Funds, which include Water and Sewer and Sanitation Services for residents.

Expenses:

For the fiscal year ended April 30, 2018, expenses for business-type activities totaled \$858,136 including depreciation and amortization of \$143,416.

The Public Works Fund follows the same strict spending guidelines imposed on the Governmental Funds.

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS

Governmental Funds

At April 30, 2018, the governmental funds (as presented on the Balance Sheet on page 16) reported a combined fund balance of \$2,985,693. The General Fund balance increased by \$65,206. The Village continues to spend down the General Fund with Village-wide improvements and reducing outstanding debt. Within the business-type activities account, the water rate increase has allowed most of the additional revenue to be placed within the Water and Sewer Capital Reserve Fund (via interfund transfers) for future infrastructure improvements. Fund balance of the Water and Sewer Capital Reserve Fund increased by \$158,000 to get to an ending fund balance of \$696,326 at year end. The Motor Fuel Tax Fund decrease was \$89,202 due to the spending of MFT funds for road resurfacing within the Village.

General Fund Budgetary Highlights

The 2018 fiscal year budget, as originally approved by the Village Board, was not amended during the current year. Below is a table that reflects the original and actual revenues and expenditures for the General Fund.

**Table 3: General Fund Budgetary Highlights
Fiscal Year Ended April 30, 2018
(in thousands)**

	Original/Final Budget	Actual
Revenues		
Taxes	\$ 788.0	764.4
Intergovernmental	816.1	789.4
Other	99.6	130.6
Total	<u>1,703.7</u>	<u>1,684.4</u>
Expenditures		
General Government	502.1	434.6
Public Safety	866.6	865.5
Public Works	270.3	259.6
Debt Service	57.4	52.2
Capital Outlay	67.3	67.3
Total	<u>1,763.7</u>	<u>1,679.2</u>
Excess (Deficiency) of Revenues over Expenditures	(60.0)	5.2
Transfers in	<u>60.0</u>	<u>60.0</u>
Net Change in Fund Balance	<u>\$ (0.0)</u>	<u>65.2</u>

The General Fund’s actual revenues were under budget by \$19,343 (1.1%), while actual expenditures were \$67,487 (13.4%) less than the budgeted amount. Intergovernmental revenues received were under

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONT.)**

budget by \$26,669 (3.3%), property taxes were under by \$23,680 (3.0%). The General Fund budgeted expenditure variances were primarily due to the continued spending reductions in the General Government.

Capital Assets

At the end of Fiscal Year 2018, the Village had a combined total of capital assets of \$13,311,123 invested in a broad range of capital assets including land, buildings, vehicles, water mains, storm sewers and sanitary sewer lines (see Table 4 below).

**Table 4: Schedule of Capital Assets, Net of Depreciation
April 30, 2018
(in thousands)**

	Governmental Activities	Business-type Activities	Total
Land	\$ 3,919.4	178.6	4,098.0
Construction in Progress		120.0	120.0
Buildings and Improvements	1,311.5		1,311.5
Land Improvements	199.7		199.7
Office Furniture and Equipment	18.0		18.0
Other Assets	42.0	46.9	88.9
Infrastructure	874.6		874.6
Water and Sewer System		4,907.5	4,907.5
Storm System		1,692.9	1,692.9
	<u>\$ 6,365.2</u>	<u>6,945.9</u>	<u>13,311.1</u>

**Table 5: Change in Capital Assets
Fiscal Year Ended April 30, 2018
(in thousands)**

	Governmental Activities	Business-type Activities	Total
Beginning Balance, net	\$ 6,508.3	7,062.3	13,570.6
Disposals Depreciable Assets			
Additions	19.5	27.0	46.5
Depreciation Expense	(162.6)	(143.4)	(306.0)
Ending Balance	<u>\$ 6,365.2</u>	<u>6,945.9</u>	<u>13,311.1</u>

See Note 3 for additional information of the Village’s capital assets.

**VILLAGE OF HAINESVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)**

Debt Outstanding

The Village of Hainesville had total long-term debt and loans payable of \$301,051 as of April 30, 2018. Long-term debt is comprised of a bank note payable and an IEPA loan. During the year, \$90,086 of long-term debt was paid down.

The Public Works Facility bank loan is for property currently being used as a Public Works Facility and houses Public Works trucks and equipment. The IEPA loan is for the installation of the Route 120 Watermain Extension Project and the North Street/Hainesville Road Watermain Extension Project.

Additional information on the Village's long-term bonded debt can be found in the Note 4 to the basic financial statements.

Economic Factors

During fiscal year 2018 with the interest rates increase, the Village invested a total of \$1 million in four separate negotiable certificates of deposit. Each \$250,000 CD is FDIC insured and mature at staggered dates. When the CD matures, the interest earned is being used to pay down the Public Works Building loan and a new \$250,000 CD will be opened up for further investments. The revenues had a slight increase in General, Sales and Use Tax. The revenues from business-type activities increased by approximately 2.6% mainly due to the Lake County Sewer Sanitary rate increase which were passed through to that entity. The Village expenses increased from last year due to completed budgeted capital expenditure items for this fiscal year.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Kelly Hensley, Village Treasurer, Village of Hainesville, 100 North Hainesville Road, Hainesville, Illinois 60030.

Basic Financial Statements

Village of Hainesville, Illinois
Statement of Net Position
April 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,118,157	\$ 573,730	\$ 2,691,887
Investments	747,110	250,000	997,110
Receivables			
Property taxes	451,754	-	451,754
Other taxes	127,840	-	127,840
Intergovernmental	8,443	-	8,443
Accrued interest	3,125	-	3,125
Customer accounts	18,361	142,891	161,252
Total current assets	<u>3,474,790</u>	<u>966,621</u>	<u>4,441,411</u>
Capital Assets			
Land	3,919,359	298,580	4,217,939
Other capital assets, net of depreciation	2,445,826	6,647,358	9,093,184
Total capital assets	<u>6,365,185</u>	<u>6,945,938</u>	<u>13,311,123</u>
Total assets	<u>9,839,975</u>	<u>7,912,559</u>	<u>17,752,534</u>
Deferred Outflows of Resources			
Outflows related to pensions	7,679	784	8,463
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	18,706	42,028	60,734
Deferred revenue	18,637	-	18,637
Compensated absences payable	9,301	-	9,301
Current portion of long-term debt			
Note payable - bank	49,173	-	49,173
IEPA loan	-	12,819	12,819
Total current liabilities	<u>95,817</u>	<u>54,847</u>	<u>150,664</u>
Noncurrent Liabilities			
Note payable - bank	84,597	-	84,597
IEPA loan	-	154,462	154,462
Net pension liability	15,466	1,580	17,046
Special customer credit	-	40,682	40,682
Total noncurrent liabilities	<u>100,063</u>	<u>196,724</u>	<u>296,787</u>
Total liabilities	<u>195,880</u>	<u>251,571</u>	<u>447,451</u>
Deferred Inflows of Resources			
Inflows related property taxes	451,754	-	451,754
Inflows related to pensions	36,501	3,729	40,230
Total deferred inflows of resources	<u>488,255</u>	<u>3,729</u>	<u>491,984</u>
Net Position			
Net investment in capital assets	6,231,415	6,778,657	13,010,072
Restricted for maintenance of roadways and special service area	199,228	-	199,228
Unrestricted	2,732,876	879,386	3,612,262
Total net position	<u>\$ 9,163,519</u>	<u>\$ 7,658,043</u>	<u>\$ 16,821,562</u>

Village of Hainesville, Illinois
Statement of Activities
Year Ended April 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities						
General government	\$ 691,405	\$ 101,581	\$ 8,669	\$ (581,155)	\$ -	\$ (581,155)
Public safety	865,447	-	-	(865,447)	-	(865,447)
Public works	437,657	-	94,166	(343,491)	-	(343,491)
Interest on long-term debt	4,258	-	-	(4,258)	-	(4,258)
Total governmental activities	<u>1,998,767</u>	<u>101,581</u>	<u>102,835</u>	<u>(1,794,351)</u>	<u>-</u>	<u>(1,794,351)</u>
Business-Type Activities						
Water & Sewer	697,207	947,320	-	-	250,113	250,113
Streets & Sanitation	160,929	169,048	-	-	8,119	8,119
Total business-type activities	<u>858,136</u>	<u>1,116,368</u>	<u>-</u>	<u>-</u>	<u>258,232</u>	<u>258,232</u>
Total	<u>\$ 2,856,903</u>	<u>\$ 1,217,949</u>	<u>\$ 102,835</u>	<u>(1,794,351)</u>	<u>258,232</u>	<u>(1,536,119)</u>
General Revenues						
Taxes						
Property				441,182	-	441,182
Utility				103,798	-	103,798
Franchise				240,366	-	240,366
Intergovernmental revenue						
Income tax				335,586	-	335,586
Sales and use taxes				453,581	-	453,581
Replacement tax				258	-	258
Unrestricted investment earnings				20,366	-	20,366
Transfers				218,000	(218,000)	-
Total general revenues and transfers				<u>1,813,137</u>	<u>(218,000)</u>	<u>1,595,137</u>
Change in Net Position				18,786	40,232	59,018
Net Position, Beginning of Year				<u>9,144,733</u>	<u>7,617,811</u>	<u>16,762,544</u>
Net Position, End of Year				<u>\$ 9,163,519</u>	<u>\$ 7,658,043</u>	<u>\$ 16,821,562</u>

Village of Hainesville, Illinois
Governmental Funds Balance Sheet
April 30, 2018

	General Fund	Water and Sewer Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 976,350	\$ 696,326	\$ 445,481	\$ 2,118,157
Investments	747,110	-	-	747,110
Receivables				
Property taxes	430,754	-	21,000	451,754
Other taxes	127,840	-	-	127,840
Intergovernmental	-	-	8,443	8,443
Accrued interest	3,125	-	-	3,125
Permits	18,361	-	-	18,361
	<u>\$ 2,303,540</u>	<u>\$ 696,326</u>	<u>\$ 474,924</u>	<u>\$ 3,474,790</u>
Total assets				
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 13,654	\$ -	\$ -	\$ 13,654
Accrued payroll	5,052	-	-	5,052
Deferred revenue	18,637	-	-	18,637
Total liabilities	<u>37,343</u>	<u>-</u>	<u>-</u>	<u>37,343</u>
Deferred Inflows of Resources				
Unavailable property tax revenue	430,754	-	21,000	451,754
Fund Balances				
Restricted				
Maintenance of roadways	-	-	165,152	165,152
Maintenance of special service area	-	-	34,076	34,076
Committed for capital purposes	-	696,326	254,696	951,022
Assigned for capital purposes	43,281	-	-	43,281
Unassigned	1,792,162	-	-	1,792,162
Total fund balances	<u>1,835,443</u>	<u>696,326</u>	<u>453,924</u>	<u>2,985,693</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,303,540</u>	<u>\$ 696,326</u>	<u>\$ 474,924</u>	<u>\$ 3,474,790</u>

Village of Hainesville, Illinois
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Year Ended April 30, 2018

Total Fund Balances - Governmental Funds	\$ 2,985,693
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 governmental funds.	6,365,185
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position.	(28,822)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. These activities consist of	
Compensated absences payable	(9,301)
Net pension liability	(15,466)
Notes payable	(133,770)
Net Position of Governmental Activities	\$ 9,163,519

Village of Hainesville, Illinois
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2018

	General Fund	Water and Sewer Capital Reserve	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 764,352	\$ -	\$ 20,994	\$ 785,346
Intergovernmental	789,425	-	94,166	883,591
Fees, licenses and permits	70,473	-	-	70,473
Investment income	20,366	-	-	20,366
Miscellaneous	39,777	-	-	39,777
Total revenues	<u>1,684,393</u>	<u>-</u>	<u>115,160</u>	<u>1,799,553</u>
Expenditures				
Current				
General government	434,619	-	203,584	638,203
Public safety	865,447	-	-	865,447
Public works	259,635	-	-	259,635
Total current expenditures	<u>1,559,701</u>	<u>-</u>	<u>203,584</u>	<u>1,763,285</u>
Debt service				
Principal	47,896	-	-	47,896
Interest	4,258	-	-	4,258
Total debt service	<u>52,154</u>	<u>-</u>	<u>-</u>	<u>52,154</u>
Capital outlay				
Total expenditures	<u>67,332</u>	<u>-</u>	<u>28,634</u>	<u>95,966</u>
Total expenditures	<u>1,679,187</u>	<u>-</u>	<u>232,218</u>	<u>1,911,405</u>
Excess (Deficiency) of Revenues Over Expenditures	5,206	-	(117,058)	(111,852)
Other Financing Sources				
Transfers in	60,000	158,000	-	218,000
Net Change in Fund Balance	65,206	158,000	(117,058)	106,148
Fund Balance, Beginning of Year	<u>1,770,237</u>	<u>538,326</u>	<u>570,982</u>	<u>2,879,545</u>
Fund Balance, End of Year	<u>\$ 1,835,443</u>	<u>\$ 696,326</u>	<u>\$ 453,924</u>	<u>\$ 2,985,693</u>

Village of Hainesville, Illinois
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended April 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 106,148
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays are reported as expenditures in the governmental funds, but assets acquired are reported in the statement of net position.	19,459
Depreciation is not considered an expenditure in the governmental funds.	(162,631)
Repayment of principal on long-term debt is an expenditure in governmental funds, but reduces long-term liabilities in the statement of net position.	47,896
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. These activities consist of	
Change in deferred outflows related to pensions	(13,058)
Change in compensated absences	(912)
Change in deferred inflows related to pensions	(16,495)
Change in net pension liability	38,379
Change in Net Position of Governmental Activities	\$ 18,786

Village of Hainesville, Illinois
General Fund
Statement of Revenues, Expenditures and Change in
Fund Balance – Budget and Actual
Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance From Final Budget Over (Under)
Revenues			
Taxes	\$ 788,032	\$ 764,352	\$ (23,680)
Intergovernmental	816,094	789,425	(26,669)
Fees, licenses and permits	69,310	70,473	1,163
Interest income	8,000	20,366	12,366
Miscellaneous	22,300	39,777	17,477
Total revenues	<u>1,703,736</u>	<u>1,684,393</u>	<u>(19,343)</u>
Expenditures			
General government			
Personnel	206,580	203,600	(2,980)
Contractual services	179,965	166,585	(13,380)
Commodities	49,309	43,618	(5,691)
Capital outlay	66,252	20,816	(45,436)
Total general government	<u>502,106</u>	<u>434,619</u>	<u>(67,487)</u>
Public safety			
Police protection			
Contractual services	866,615	865,447	(1,168)
Public works			
Personnel	71,308	80,311	9,003
Contractual services	161,649	151,179	(10,470)
Commodities	37,368	28,145	(9,223)
Total public works	<u>270,325</u>	<u>259,635</u>	<u>(10,690)</u>
Total current expenditures	1,639,046	1,559,701	(79,345)
Debt service	57,400	52,154	(5,246)
Capital outlay	67,290	67,332	42
Total expenditures	<u>1,763,736</u>	<u>1,679,187</u>	<u>(84,549)</u>
Excess (Deficiency) of Revenues Over Expenditures	(60,000)	5,206	65,206
Other Financing Sources			
Transfers in	60,000	60,000	-
Net Change in Fund Balance	<u>\$ -</u>	65,206	<u>\$ 65,206</u>
Fund Balance, Beginning of Year		<u>1,770,237</u>	
Fund Balance, End of Year		<u>\$ 1,835,443</u>	

Village of Hainesville, Illinois
Public Works Fund
Proprietary Fund Statement of Net Position
April 30, 2018

Assets

Current Assets

Cash and cash equivalents	\$ 573,730
Investments	250,000
Accounts receivable	142,891
Total current assets	966,621

Noncurrent Assets

Land	298,580
Capital assets at cost	9,087,171
Less accumulated depreciation	(2,439,813)
Total noncurrent assets	6,945,938
Total assets	7,912,559

Deferred Outflows of Resources

Outflows related to pensions	784
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Liabilities

Current Liabilities

Accounts payable	40,078
Water deposits	1,950
IEPA loan	12,819
Total current liabilities	54,847

Noncurrent Liabilities

IEPA loan	154,462
Net pension liability	1,580
Special customer credit	40,682
Total noncurrent liabilities	196,724
Total liabilities	251,571

Deferred Inflows of Resources

Inflows related to pensions	3,729
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Net Position

Net investment in capital assets	6,778,657
Unrestricted	879,386
Total net position	\$ 7,658,043

Village of Hainesville, Illinois
Public Works Fund
Proprietary Fund Statement of Revenues, Expenses
and Changes in Net Position
Year Ended April 30, 2018

Operating Revenues		
Charges for services		\$ 1,116,368
Operating Expenses		
Operations		710,324
Depreciation		143,416
Total operating expenses		<u>853,740</u>
Operating Income		262,628
Nonoperating Expenses		
Interest expense and executory costs		<u>(4,396)</u>
Income Before Transfers		258,232
Transfers		
Transfers out		<u>(218,000)</u>
Change in Net Position		40,232
Net Position, Beginning of Year		<u>7,617,811</u>
Net Position, End of Year		<u><u>\$ 7,658,043</u></u>

Village of Hainesville, Illinois
Public Works Fund
Proprietary Fund Statement of Cash Flows
Year Ended April 30, 2018

Cash received from customers	\$ 1,122,846
Cash payments to suppliers for services	(629,606)
Cash payments to employees for services	(71,105)
Net cash provided by operating activities	422,135
 Noncapital Financing Activities	
Transfers - out to other funds	(218,000)
Interest expense and executory costs	(4,396)
Purchase of investments	(250,000)
Net cash used in noncapital financing activities	(472,396)
 Capital and Related Financing Activities	
Purchase of capital assets	(27,009)
Principal paid on IEPA loan	(42,190)
Net cash used in capital and related financing activities	(69,199)
 Net Change in Cash and Cash Equivalents	 (119,460)
 Cash and Cash Equivalents, Beginning of Year	 693,190
 Cash and Cash Equivalents, End of Year	 \$ 573,730
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 262,628
Items not requiring cash	
Depreciation	143,416
Changes in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivable	8,038
Deferred outflows of resources	1,334
Accounts payable	10,885
Compensated absences	(71)
Water deposits	(300)
Special customer credit	(1,560)
Net pension liability	(3,921)
Deferred inflows of resources	1,686
Net cash provided by operating activities	\$ 422,135

Village of Hainesville, Illinois

Notes to Basic Financial Statements

April 30, 2018

Note 1: Summary of Significant Accounting Policies

The Village of Hainesville, Illinois (Village) was organized in 1847 and operates under a President-Trustee form of government. The Village provides the following services as authorized by its governing board: police, streets and sanitation, water and sewer, public improvements, community development and general and administrative services. Police services were contracted to the Village of Grayslake in July 2010.

The accounting and reporting policies of the Village included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is described below.

Reporting Entity

The reporting entity includes the governing board and all related organizations for which the Village is financially accountable.

The Village has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the Village appoints a majority of the organization's Governing Board and is able to control the operation, and whether financial benefits are received or financial burdens imposed.

The Village has determined that no other outside agency meets the above criteria; therefore, no other agency has been included as a component unit in the Village's financial statements.

Basis of Presentation

The Village's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government-wide statement of activities reflects both the direct expenses and net cost of each function of the Village's governmental activities and business-type

Village of Hainesville, Illinois

Notes to Basic Financial Statements

April 30, 2018

activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the Village.

Fund Financial Statements

The financial transactions of the Village are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and presented as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statements of net position, and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

The Village has reported three categories of program revenues in the statement of activities: (1) charges for services, (2) program-specific operating grants and contributions and (3) program-specific capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from the Village's general revenues. For identifying the function to which program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Eliminations have been made in the statement of net position to remove the “grossing-up” effect on assets and liabilities within the governmental activities column for amounts reported in the individual funds as interfund receivables and payables and advances. Similarly, operating transfers between funds have been eliminated in the statement of activities.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Taxpayer-assessed taxes, gross receipts and sales taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. The Village considers all revenues available if they are collected within 60 days after year end. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All other revenue items are considered measurable and available only when cash is received by the Village. Expenditures are recorded on an accrual basis except for expenditures for insurance and similar services extending over more than one accounting period, which are accounted for as expenditures in the period covered.

Nonexchange transactions, in which the Village receives value without directly giving equal in return, include income, sales and property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the Village must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the Village on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

All proprietary funds are accounted for on a flow of economic resources measurement focus and are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Proprietary funds separate all activity into two categories: operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods. Nonoperating revenues and expenses entail all other activity not included in operating revenues and expenses. Nonoperating revenues and expenses include capital and noncapital financing activities and investing activities.

Differences occur from the manner in which the governmental activities and the government-wide financial statements are prepared due to the inclusion of capital asset and long-term debt activity. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Village's governmental funds:

The Village reports the following major governmental funds:

The **General Fund** is the general operating fund of the Village. It is used to account for the revenues and expenditures used in providing services in the Village except those required to be accounted for in other funds.

The **Water and Sewer Capital Reserve Fund** is used to account for costs which are solely for capital expenditures for the proprietary unit. Funding is provided by transfers from the General and Public Works Funds.

The Village reports the following nonmajor governmental funds:

The **Motor Fuel Tax Fund** is used to account for proceeds of State Motor Fuel Tax distributions and related costs which are to be used solely for street and highway construction and maintenance.

The **Special Service Area Fund** is used to account for proceeds from the collection of property taxes and related costs which are to be used solely for the maintenance of the Cranberry Lake area.

The **Capital Projects Reserve Fund** is used to account for costs which are solely for capital expenditures for general governmental purposes. Funding is provided by transfers from the General Fund.

Proprietary Fund

Proprietary funds are used to account for the ongoing operations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income.

The Village's proprietary fund is classified as an enterprise fund, and is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Village Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

The Village reports the following major proprietary fund:

The **Public Works Fund** is used to account for activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. This Fund includes sanitation and water and sewer services to residents.

Capital Assets

Capital outlays are recorded as expenditures in the fund financial statements of the governmental funds and as assets in the government-wide financial statements to the extent the Village's capitalization threshold of \$10,000 is met. Depreciation is recorded on general capital assets in the government-wide statements using the straight-line method and the following estimated useful lives:

Buildings and building improvements	50 years
Machinery and equipment	5 - 25 years
Furniture and fixtures	7 - 20 years
Land improvements	20 - 30 years
Water and sewer system	65 years
Infrastructure	15 - 30 years

To the extent the Village's capitalization policy of \$10,000 is met, capital outlays of the proprietary funds are recorded as capital assets and depreciated in both the fund financial statements and the government-wide financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Contributed capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Cash and Investments

Investments held by the Village which are short-term highly liquid investments having a remaining maturity of one year or less at the date of purchase are reported by the Village at amortized cost. All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization. Unrealized gains and losses are recognized for those investments valued at fair value. The investment with the State Treasurer's Illinois Funds is at fair value, which is the same value as the pool shares. The State Statute requires the State Treasurer's Illinois Funds to comply with the Illinois Public Funds Investment Act (30 ILCS 235).

The Village will invest in accordance with the guidelines provided in the Illinois Compiled Statutes, Chapter 30, Section 235/2 and Chapter 5, Section 220/15. Appropriate investments include:

1. Interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits that are direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation (FDIC)

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

2. Bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the full faith and credit of the United States of America
3. Bonds, notes, debentures, or other similar obligations of the United States of America or its agencies
4. Short-term obligations of United States corporations (commercial paper) with assets over \$500,000,000 if (a) such obligations are rated in the three highest classifications established by at least two standard rating services and mature not later than 180 days from the purchase date, (b) such purchases do not exceed 10% of the corporation's outstanding obligations and (c) such purchases do not exceed more than one-third of the Village's portfolio
5. Money market mutual funds registered under the *Investment Company Act of 1940*, provided that the portfolio of any such money market mutual fund is limited to obligations of the U.S. Government or its agencies
6. State of Illinois Funds

Investments in repurchase agreements and derivative securities are not permitted, per the Village's investment policy.

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any 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 with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net positions that do not meet the definitions of "restricted" "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Fund Statements

Governmental fund balances are displayed as follows:

Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

Restricted – Consists of fund balances with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village that originally created the commitment.

Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned by the Village Treasurer. Assignments may take place after the end of the reporting period.

Unassigned – Includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

Long-Term Obligations

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums, if any, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types 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.

Village of Hainesville, Illinois

Notes to Basic Financial Statements

April 30, 2018

Property Taxes

Property taxes for 2017 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments on or about June 1, 2018 and September 1, 2018. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy to reflect actual collection experience. As the 2017 tax levy is used to fund operations of the 2018-2019 fiscal year, the revenue is reported as unavailable in the government-wide and fund financial statements at April 30, 2018, and is presented as deferred inflows of resources.

Accumulated Unpaid Compensated Absences

The Village reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Deferred Outflows/Inflows of Resources

The Village reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. The Village has an item that qualifies for reporting in this category, the outflows related to pensions, which represents pension items that will be recognized in future periods.

The Village also reports deferred inflows of resources on its statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has two items that qualify for reporting in this category, deferred inflows related to property taxes levied in 2017 to finance fiscal year 2018-2019 operations and deferred inflows related to pensions, which represents pension items that will be recognized in future periods.

Taxes for which there is an enforceable legal claim as of April 30, 2018, but which were not considered available, have been recorded as deferred inflows of resources in the funds statements.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets, deferred outflows of resources, liabilities and deferred inflows of resources to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Budgetary Data

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the general purpose financial statements:

- (1) Within or before the first quarter of each fiscal year, the Board of Trustees adopts the annual budget and appropriation ordinance.
- (2) The budget document is available for public inspection for at least ten days prior to the Board of Trustees' public hearing and the passage of the annual budget and appropriation ordinance. The Board of Trustees is also required to hold at least one public hearing on the appropriation ordinance.
- (3) Subsequent to the enactment of the annual budget and appropriation ordinance, the Board of Trustees has the authority to make any necessary adjustments to the budget. There were no budget adjustments made during the year.

For each fund, total fund expenditures may not legally exceed the budgeted amounts. All appropriations lapse at the fiscal year-end.

The budget was prepared on the modified accrual basis of accounting; the same basis used in the preparation of the Village's general purpose financial statements.

Excess of Expenditures Over Budget/Deficit Fund Balance

There were no funds that had expenditures in excess of budget for the year ended April 30, 2018.

There were no funds that had a deficit in fund balance at April 30, 2018.

Pensions

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

Note 2: Cash and Investments

Cash

The carrying amount of cash was \$1,794,278 at April 30, 2018, while the bank balances were \$1,930,185. Bank balances were either insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, or collateralized with securities of the U.S. Government or with letters of

Village of Hainesville, Illinois

Notes to Basic Financial Statements

April 30, 2018

credit issued by the Federal Home Loan Bank held in the Village's name by financial institutions acting as the Village's agent.

Investments

Illinois Statutes authorize the Village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds Investment Pool.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

The Illinois Funds Money Market Fund is an external investment pool developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Illinois State Treasurer, who has regulatory oversight for the pool. The Fund is not registered with the SEC but does operate in a manner consistent with Rule 2a-7 of the *Investment Company Act of 1940*. The fair value of the positions in the pool is the same as the value of the pool shares. At year end, the Village had \$897,609 in Illinois Funds earning a 1.725% return. Illinois Funds is not subject to custodial credit risk. The Fund issues a publicly available financial report. That report may be obtained by writing to the Office of the State Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson Street, Springfield, Illinois 62702.

Interest rate risk is the risk that market interest rate changes will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with investment policies adopted by the Village complying with state statutes. As of April 30, 2018, The Illinois Funds Money Market was rated AAAM by Standard & Poor's.

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities in the possession of an outside party. State law does not require collateralization of investments.

It is the policy of the Village to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in overconcentration in a security, maturity, issuer or class of securities. The Village accomplishes this through avoiding overconcentration in a specific issuer, business sector or fund, investing in securities with varying maturities and continuously investing a portion of the portfolio in readily available funds to ensure the appropriate liquidity is maintained.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

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

Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Negotiable certificates of deposit	\$ 997,110	\$ 498,940	\$ 498,170	\$ -	\$ -

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value of assets measured on a recurring basis at April 30, 2018, is as follows:

Investment Type	Investments Measured at Fair Value		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable certificates of deposit	\$ -	\$ 997,110	\$ -

Negotiable certificates of deposit are classified in Level 2 of the fair value hierarchy and are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Note 3: Capital Assets

A summary of changes in the Village's capital assets for the period May 1, 2017 through April 30, 2018, is as follows:

Governmental Activities

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 3,919,359	\$ -	\$ -	\$ 3,919,359
Capital assets being depreciated				
Buildings and building improvements	1,696,489	-	-	1,696,489
Land improvements	328,243	-	-	328,243
Office furniture and equipment	127,743	-	33,600	94,143
Police equipment	21,314	-	-	21,314
Other assets	209,663	-	21,926	187,737
Infrastructure	2,430,436	19,459	-	2,449,895
Total capital assets being depreciated	4,813,888	19,459	55,526	4,777,821
Less accumulated depreciation	2,224,890	162,631	55,526	2,331,995
Total capital assets being depreciated, net	2,588,998	(143,172)	-	2,445,826
Governmental activities, capital assets, net	\$ 6,508,357	\$ (143,172)	\$ -	\$ 6,365,185

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Business-Type Activities

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated				
Land	\$ 178,580	\$ -	\$ -	\$ 178,580
Construction in progress	120,000	-	-	120,000
Total capital assets not being depreciated	<u>298,580</u>	<u>-</u>	<u>-</u>	<u>298,580</u>
Capital assets being depreciated				
Water and sewer system	6,667,508	27,009	-	6,694,517
Storm system	2,244,330	-	-	2,244,330
Other assets	148,324	-	-	148,324
Total capital assets being depreciated	9,060,162	27,009	-	9,087,171
Less accumulated depreciation	<u>2,296,397</u>	<u>143,416</u>	<u>-</u>	<u>2,439,813</u>
Total capital assets being depreciated, net	<u>6,763,765</u>	<u>(116,407)</u>	<u>-</u>	<u>6,647,358</u>
Business-type activities, capital assets, net	<u>\$ 7,062,345</u>	<u>\$ (116,407)</u>	<u>\$ -</u>	<u>\$ 6,945,938</u>

Depreciation Expense

Depreciation expense for the Village's Governmental Activities was charged to governmental functions as follows:

General government	\$ 58,500
Public works	<u>104,131</u>
	<u>\$ 162,631</u>

Depreciation expense for the Village's Business-Type Activities was charged as follows:

Water & Sewer	\$ 143,416
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Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Note 4: Long-Term Obligations

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable - bank	\$ 181,666	\$ -	\$ 47,896	\$ 133,770	\$ 49,173
Compensated absences	8,389	3,009	2,097	9,301	9,301
Net pension liability	53,845	-	38,379	15,466	-
	<u>\$ 243,900</u>	<u>\$ 3,009</u>	<u>\$ 88,372</u>	<u>\$ 158,537</u>	<u>\$ 58,474</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
IEPA loan	\$ 209,471	\$ -	\$ 42,190	\$ 167,281	\$ 12,819
Compensated absences	71	-	71	-	-
Net pension liability	5,501	-	3,921	1,580	-
	<u>\$ 209,542</u>	<u>\$ -</u>	<u>\$ 42,261</u>	<u>\$ 167,281</u>	<u>\$ 12,819</u>

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

Note Payable – Bank

\$243,803 installment note payable to State Bank of the Lakes for the purchase of a building, dated December 2015, due in monthly installments of \$4,346 including interest at 2.63%, matures January 2021.

Illinois IEPA Loan

Illinois EPA Water Pollution Control Revolving Fund approved a loan on December 15, 2011, for an amount of which \$259,553 including accrued interest has been drawn, due in semi-annual installments of \$8,293 commencing May 1, 2013 through May 1, 2032, including interest fixed at 2.2950%. The loan was issued to finance the installation of the Route 120 Watermain Extension Project and will be repaid from the Water & Sewer revenues in the Public Works Fund. The May 1, 2018 payment was made on April 30.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Debt Service Requirements to Maturity – Governmental Activities

Year Ending April 30	Note Payable	
	Principal	Interest
2019	\$ 49,173	\$ 2,981
2020	50,497	1,657
2021	34,100	347
	\$ 133,770	\$ 4,985

Debt Service Requirements to Maturity – Business-Type Activities

Year Ending April 30	IEPA	
	Principal	Interest
2019	\$ 12,819	\$ 3,766
2020	13,115	3,470
2021	13,418	3,167
2022	13,728	2,858
2023	14,044	2,541
2024 - 2028	75,237	7,689
2029 - 2032	24,920	588
	\$ 167,281	\$ 24,079

Note 5: Risk Management

The Village is currently participating in the Risk Management Association (IMLRMA), a public entity risk pool managed by the Illinois Municipal League. The Village pays an annual premium to IMLRMA for workers compensation insurance and for all common liability and property coverage. Premiums have been displayed as expenditures in appropriate funds.

Financial information of IMLRMA may be obtained from its administration office:

I.M.L./Risk Management
500 East Capital Avenue
P.O. Box 5180
Springfield, Illinois 62705

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Note 6: Motor Fuel Tax Allotment

Under current procedures, the allotments of the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved by the Department of Transportation, State of Illinois. Accordingly, the fund balance of the Motor Fuel Tax Fund is reported as Restricted for Maintenance of Roadways.

Note 7: Intergovernmental Agreements

The Village has entered into an agreement with School District 46. It has agreed to abate and waive fees and charges associated with providing water service to the elementary school for \$170,000. As of the fiscal year end, the School District had a remaining credit balance of \$40,682.

Note 8: Interfund Transactions

The following were interfund transfers during the year ended April 30, 2018:

Transfers Out	Transfers In	Amount
Public Works Fund	General Fund	\$ 60,000
Public Works Fund	Water & Sewer Capital Reserve Fund	158,000
		\$ 218,000

The Village Board passed an ordinance authorizing the \$60,000 permanent transfer to go into the General Fund for budgeted items.

The Public Works Fund's transfers consist of \$158,000 to the Water & Sewer Capital Reserve Fund to be used for capital expenditures.

Note 9: Defined Benefit Pension Plan

Plan Description

The Village's agent multiple-employer defined benefit pension plan for regular employees provides retirement and disability benefits, postemployment increases and death benefits to plan members and beneficiaries. The Village's plan is administered by the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Benefits Provided

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

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 8 years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

Employees Covered by Benefit Terms

As of December 31, 2017, the measurement date for the net pension liability, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to but not yet receiving benefits	3
Current employees	5
	9
	9

Contributions

As set by statute, the Village’s plan members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village’s annual contribution rate for calendar 2017 was 9.93%. For the year ended April 30, 2018, the Village contributed \$24,449 to the plan. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Investments

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	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equities	37%	6.85%
International equities	18%	6.75%
Fixed income	28%	3.00%
Alternatives	7%	2.65 - 7.35%
Real estate	9%	5.75%
Short-term	1%	2.25%
	<u>100%</u>	

Net Pension Liability

The Village's net pension liability at April 30, 2018, was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability as of April 30, 2018, is \$17,046.

Actuarial Assumptions

The following are the methods and assumptions used to determine the net pension liability as of December 31, 2017:

Actuarial valuation date	December 31, 2017
Measurement date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%, including inflation
Investment rate of return	7.50%
Asset valuation method	Market value of assets

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Retirement age is based on Experienced-Based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

For nondisabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for nondisabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

A single discount rate (SDR) of 7.50% (7.50% in prior year) was used to measure the total pension liability. The projection of cash flows used to determine the SDR 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, beginning of year	\$ 408,002	\$ 348,656	\$ 59,346
Changes for the year			
Service cost	28,046	-	28,046
Interest	31,645	-	31,645
Differences between expected and actual experience	(1,451)	-	(1,451)
Changes of assumptions	(11,421)	-	(11,421)
Contributions - employer	-	24,381	(24,381)
Contributions - employee	-	11,058	(11,058)
Net investment income	-	56,127	(56,127)
Benefit payments, including refunds of employees contributions	(190)	(190)	-
Administrative expenses	-	-	-
Other (net transfer)	-	(2,447)	2,447
Net changes	46,629	88,929	(42,300)
Balance, end of year	\$ 454,631	\$ 437,585	\$ 17,046

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Village's net pension liability	\$ 89,872	\$ 17,046	\$ (42,372)

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2018, the Village recognized pension expense of \$14,762. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	2018	
	(a) Deferred Outflows of Resources	(b) Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,889
Changes of assumptions	-	10,198
Net difference between projected and actual earnings on pension plan investments	-	13,143
Pension contributions made subsequent to the measurement date	8,463	-
Total	\$ 8,463	\$ 40,230

Contributions subsequent to the December 31, 2017 measurement date through April 30, 2018, of \$8,463, included in deferred outflows of resources, will be reported as a reduction of the net pension liability at April 30, 2019.

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

Year Ending April 30,	Amount
2019	\$ (8,939)
2020	(8,940)
2021	(13,018)
2022	(9,256)
2023	(77)
Thereafter	-
	\$ (40,230)

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IMRF Financial Report – Schedule of Changes in Fiduciary Net Position by Employer.

Note 10: Commitments and Contingencies

Village of Hainesville entered into a contract with the Village of Grayslake police in July 2010. Grayslake shall provide all police, law enforcement and public safety related services to Hainesville. A second contract was entered into for providing dispatch services. Both contracts were extended in January 2018. Hainesville agrees to pay Grayslake an annual fee for police and dispatch services through fiscal year 2024-25. Future annual minimum payments as of April 30, 2018, are as follows:

Fiscal Year	Police Services	Dispatch Services	Total
2019	\$ 793,106	\$ 71,028	\$ 864,134
2020	793,106	71,028	884,998
2021	793,106	71,028	884,998
2022	801,037	71,738	884,998
2023	809,047	72,455	884,998
2024-2025	1,648,561	147,639	928,328
	\$ 5,637,963	\$ 504,916	\$ 5,332,454

Expense for the year ended April 30, 2018, was \$790,197 for Police services and \$71,028 for Dispatch Services.

Note 11: GASB Future Pronouncements

The Government Accounting Standards Board (GASB) has issued the following statement, which will impact the Village:

GASB Statement No. 87, *Leases* (GASB 87) establishes a single approach to accounting for and reporting leases by state and local governments. The standard addresses the reporting for governments that are lessors or lessees. GASB 87 is effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

While not effective in the short term, the Village will begin assessing the potential impact on the financial statements of this standard, and begin the process of communicating the impact with those charged with governance and other stakeholders, where appropriate.

Village of Hainesville, Illinois
Notes to Basic Financial Statements
April 30, 2018

Note 12: Subsequent Events

On August 28th, 2018, the Village Board approved the Real Estate Sales Contract for the purchase of 83 W Belvidere Road. The purchase price shall be \$232,500 less the \$10,000.00 earnest money already paid. The original approved Real Estate Sales Contract expired. The purchaser will develop this property with a restaurant in accordance with a Special Use Permit granted by the Village board on August 7, 2018. The Village shall grant a total of \$55,000 as Village Incentive to the owner for reimbursing for certain costs of the Project. This will be payable in two installments each at \$27,500.00 and payable at one year from and after Project completion and two years from and after Project completion as long as the Owner has continuously operated the restaurant at the Property.

Required Supplementary Information

Village of Hainesville, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information
Schedule of Changes in the Village's Net Pension Liability
and Related Ratios
April 30, 2018

	2018	2017	2016
Total pension liability			
Service cost	\$ 28,046	\$ 23,855	\$ 24,879
Interest	31,645	27,848	26,755
Differences between expected and actual experience	(1,451)	(2,540)	(27,622)
Changes of assumptions	(11,421)	(627)	(1,261)
Benefit payments including refunds of member contributions	(190)	(813)	(16,403)
Net change in total pension liability	46,629	47,723	6,348
Total pension liability - beginning	408,002	360,279	353,931
Total pension liability - ending	<u>\$ 454,631</u>	<u>\$ 408,002</u>	<u>\$ 360,279</u>
Plan fiduciary net position			
Contributions - Village	\$ 24,381	\$ 23,322	\$ 21,937
Contributions - members	11,058	18,972	9,802
Net investment income	56,127	20,286	1,529
Benefit payments including refunds of member contributions	(190)	(813)	(16,403)
Other (net transfer)	(2,447)	(1,171)	(26,884)
Net change in plan fiduciary net position	88,929	60,596	(10,019)
Plan net position - beginning	348,656	288,060	298,079
Plan net position - ending	<u>437,585</u>	<u>348,656</u>	<u>288,060</u>
Village's net pension liability	<u>\$ 17,046</u>	<u>\$ 59,346</u>	<u>\$ 72,219</u>
Plan fiduciary net position as a percentage of the total pension liability	96.25%	85.45%	79.95%
Covered employee payroll	\$ 245,563	\$ 216,344	\$ 217,831
Village's net pension liability as a percentage of covered employee payroll	6.94%	27.43%	33.15%

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

Information in this schedule has been determined as of the Village's measurement date (December 31) of the net pension liability.

**Combining and Individual Fund
Financial Statements and Schedules**

Governmental Fund Types

Village of Hainesville, Illinois
General Fund
Schedule of Revenues – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Taxes			
Property	\$ 424,594	\$ 420,188	\$ (4,406)
Utility	103,000	103,798	798
Franchise	260,438	240,366	(20,072)
Total taxes	<u>788,032</u>	<u>764,352</u>	<u>(23,680)</u>
Intergovernmental			
Income tax	372,488	335,586	(36,902)
Sales and use taxes	443,306	453,581	10,275
Personal property replacement tax	300	258	(42)
Total intergovernmental	<u>816,094</u>	<u>789,425</u>	<u>(26,669)</u>
Fees, Licenses and Permits			
Fines and forfeitures	1,400	282	(1,118)
Other licenses	36,910	37,527	617
Building permits and inspections	31,000	32,664	1,664
Total fees, licenses and permits	<u>69,310</u>	<u>70,473</u>	<u>1,163</u>
Interest Income			
	<u>8,000</u>	<u>20,366</u>	<u>12,366</u>
Miscellaneous			
Contributions	20,000	8,669	(11,331)
Miscellaneous	2,300	31,108	28,808
Total miscellaneous	<u>22,300</u>	<u>39,777</u>	<u>17,477</u>
 Total revenues	 <u>\$ 1,703,736</u>	 <u>\$ 1,684,393</u>	 <u>\$ (19,343)</u>

Village of Hainesville, Illinois
General Fund
Schedule of Expenditures – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
General Government			
Personnel			
Wages	\$ 169,300	\$ 167,979	\$ (1,321)
Payroll taxes	14,000	13,939	(61)
Personnel benefits	8,280	8,280	-
Retirement benefits	15,000	13,402	(1,598)
Total personnel	<u>206,580</u>	<u>203,600</u>	<u>(2,980)</u>
Contractual services			
Maintenance	35,195	38,058	2,863
Professional services	107,430	94,127	(13,303)
Insurance	28,000	27,301	(699)
Professional development	4,905	2,811	(2,094)
Communication	4,435	4,288	(147)
Total contractual services	<u>179,965</u>	<u>166,585</u>	<u>(13,380)</u>
Commodities			
Office supplies and expenses	22,219	16,760	(5,459)
Computer services and supplies	12,351	11,796	(555)
Other	14,739	15,062	323
Total commodities	<u>49,309</u>	<u>43,618</u>	<u>(5,691)</u>
Total current expenditures	<u>435,854</u>	<u>413,803</u>	<u>(22,051)</u>
Capital outlay	6,000	3,088	(2,912)
Other	60,252	17,728	(42,524)
Total general government	<u>502,106</u>	<u>434,619</u>	<u>(67,487)</u>
Public Safety			
Police protection			
Contractual services			
Dispatching	76,415	75,250	(1,165)
Police contract	790,200	790,197	(3)
Total contractual services	<u>866,615</u>	<u>865,447</u>	<u>(1,168)</u>

(Cont.)

Village of Hainesville, Illinois
General Fund
Schedule of Expenditures – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Public Works			
Street Division			
Personnel			
Wages	\$ 58,308	\$ 66,793	\$ 8,485
Payroll taxes	4,700	4,873	173
Personnel benefits	3,000	3,000	-
Retirement benefits	5,300	5,645	345
Total personnel	<u>71,308</u>	<u>80,311</u>	<u>9,003</u>
Contractual services			
Maintenance	151,649	141,380	(10,269)
Engineering	10,000	9,799	(201)
Total contractual services	<u>161,649</u>	<u>151,179</u>	<u>(10,470)</u>
Commodities			
Street lighting	4,000	3,835	(165)
Equipment rental	5,700	2,686	(3,014)
Julie locates and messages	250	922	672
Maintenance supplies	10,000	8,572	(1,428)
Professional development	5,900	4,252	(1,648)
Office supplies	7,018	6,164	(854)
Other	4,500	1,714	(2,786)
Total commodities	<u>37,368</u>	<u>28,145</u>	<u>(9,223)</u>
Total current expenditures	<u>270,325</u>	<u>259,635</u>	<u>(10,690)</u>
Capital outlay			
Tree planting	67,290	67,332	42
Debt service			
Principal	53,000	47,896	(5,104)
Interest	4,400	4,258	(142)
Total debt service	<u>57,400</u>	<u>52,154</u>	<u>(5,246)</u>
Total public works	<u>395,015</u>	<u>379,121</u>	<u>(15,894)</u>
Total expenditures	<u>\$ 1,763,736</u>	<u>\$ 1,679,187</u>	<u>\$ (84,549)</u>

Village of Hainesville, Illinois
Nonmajor Governmental Funds
Combining Balance Sheet
April 30, 2018

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	Total Nonmajor Governmental Funds
	Motor Fuel Tax	Special Service Area	Capital Projects Reserve	
Assets				
Cash	\$ 156,709	\$ 34,076	\$ 254,696	\$ 445,481
Property tax receivable	-	21,000	-	21,000
Intergovernmental receivable	8,443	-	-	8,443
Total assets	<u>\$ 165,152</u>	<u>\$ 55,076</u>	<u>\$ 254,696</u>	<u>\$ 474,924</u>
Deferred Inflows of Resources and Fund Balances				
Unavailable property taxes	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ 21,000</u>
Fund Balances				
Restricted for				
Maintenance of roadways	165,152	-	-	165,152
Maintenance of special service area	-	34,076	-	34,076
Committed to				
Capital purposes	-	-	254,696	254,696
Total fund balances	<u>165,152</u>	<u>34,076</u>	<u>254,696</u>	<u>453,924</u>
Total deferred inflows of resources and fund balances	<u>\$ 165,152</u>	<u>\$ 55,076</u>	<u>\$ 254,696</u>	<u>\$ 474,924</u>

Village of Hainesville, Illinois
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2018

	Special Revenue Funds		Capital Project Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax	Special Service Area	Capital Projects Reserve	
Revenues				
Property taxes	\$ -	\$ 20,994	\$ -	\$ 20,994
Intergovernmental	94,166	-	-	94,166
Total revenues	94,166	20,994	-	115,160
Expenditures				
Maintenance	183,368	6,983	13,024	203,375
Capital outlay	-	-	28,634	28,634
Other	-	104	105	209
Total expenses	183,368	7,087	41,763	232,218
Net Change in Fund Balances	(89,202)	13,907	(41,763)	(117,058)
Fund Balance, Beginning of Year	254,354	20,169	296,459	570,982
Fund Balance, End of Year	\$ 165,152	\$ 34,076	\$ 254,696	\$ 453,924

Village of Hainesville, Illinois
Motor Fuel Tax Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Revenues			
Motor fuel tax	\$ 95,000	\$ 94,166	\$ (834)
Expenditures			
Maintenance	<u>201,080</u>	<u>183,368</u>	<u>(17,712)</u>
Change in Fund Balance	<u><u>\$ (106,080)</u></u>	<u>(89,202)</u>	<u><u>16,878</u></u>
Fund Balance, Beginning of Year		<u>254,354</u>	
Fund Balance, End of Year		<u><u>\$ 165,152</u></u>	

Village of Hainesville, Illinois
Special Service Area Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Revenues			
Property taxes - SSA	\$ 21,000	\$ 20,994	\$ (6)
Expenditures			
Maintenance	13,950	6,983	(6,967)
Other	-	104	104
Total expenditures	<u>13,950</u>	<u>7,087</u>	<u>(6,863)</u>
Change in Fund Balance	<u>\$ 7,050</u>	13,907	<u>\$ 6,857</u>
Fund Balance, Beginning of Year		<u>20,169</u>	
Fund Balance, End of Year		<u>\$ 34,076</u>	

Village of Hainesville, Illinois
Capital Projects Reserve Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Year Ended April 30, 2018

	Final Budget	Actual	Variance From Final Budget Over (Under)
Expenditures			
Capital outlay	\$ 47,473	\$ 28,634	\$ (18,839)
Street maintenance	15,034	13,024	(2,010)
Other	-	105	105
Total expenditures	<u>62,507</u>	<u>41,763</u>	<u>(20,744)</u>
Change in Fund Balance	<u>\$ (62,507)</u>	(41,763)	<u>\$ 20,744</u>
Fund Balance, Beginning of Year		<u>296,459</u>	
Fund Balance, End of Year		<u>\$ 254,696</u>	

Village of Hainesville, Illinois
Capital Projects Fund – Water & Sewer (Major Fund)
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Transfer in	<u>\$ -</u>	\$ 158,000	<u>\$ 158,000</u>
Fund Balance, Beginning of Year		<u>538,326</u>	
Fund Balance, End of Year		<u>\$ 696,326</u>	

Proprietary Fund Types

Village of Hainesville, Illinois
Public Works Funds
Combining Schedule of Revenues, Expenses
and Changes in Net Position
Year Ended April 30, 2018

	<u>Sanitation</u>	<u>Water & Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 169,048	\$ 947,320	\$ 1,116,368
Operating Expenses			
Personnel service	-	70,133	70,133
Contractual services	159,295	436,140	595,435
Commodities	-	33,108	33,108
Capital outlay	1,634	10,014	11,648
Operating expenses before depreciation	<u>160,929</u>	<u>549,395</u>	<u>710,324</u>
Depreciation	<u>-</u>	<u>143,416</u>	<u>143,416</u>
Total operating expenses	<u>160,929</u>	<u>692,811</u>	<u>853,740</u>
Operating Income	8,119	254,509	262,628
Nonoperating Expenses			
Interest expense and executory costs	<u>-</u>	<u>(4,396)</u>	<u>(4,396)</u>
Income Before Transfer	8,119	250,113	258,232
Transfers			
Transfers out	<u>-</u>	<u>(218,000)</u>	<u>(218,000)</u>
Change in Net Position	<u>\$ 8,119</u>	<u>\$ 32,113</u>	40,232
Net Position			
Beginning			<u>7,617,811</u>
Ending			<u>\$ 7,658,043</u>

Village of Hainesville, Illinois
Sanitation Fund
Schedule of Revenues and Expenses – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Operating Revenues			
Charges for services			
Garbage charges	\$ 169,100	\$ 169,048	\$ (52)
Operating Expenses			
Contractual services			
Garbage contract	161,000	159,295	(1,705)
Commodities			
Utility system	41,900	-	(41,900)
Capital outlay			
Equipment	1,800	1,634	(166)
Total operating expenses	<u>204,700</u>	<u>160,929</u>	<u>(43,771)</u>
Operating Income (Loss)	<u>\$ (35,600)</u>	<u>\$ 8,119</u>	<u>\$ 43,719</u>

Village of Hainesville, Illinois
Water & Sewer Fund
Schedule of Revenues and Expenses – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Operating Revenues			
Charges for services			
Water sales	\$ 601,150	\$ 597,596	\$ (3,554)
Sewer charges	321,250	334,791	13,541
Investment income	1,000	-	(1,000)
Miscellaneous	15,140	14,933	(207)
Total operating revenues	<u>938,540</u>	<u>947,320</u>	<u>8,780</u>
Operating Expenses Excluding Depreciation			
Personnel			
Wages	78,272	60,691	(17,581)
Payroll taxes	6,300	4,694	(1,606)
Personnel benefits	2,280	228	(2,052)
Retirement benefits	7,600	4,520	(3,080)
Total personnel	<u>94,452</u>	<u>70,133</u>	<u>(24,319)</u>
Contractual services			
Accounting services	10,000	10,000	-
Engineering services	10,000	1,950	(8,050)
Legal services	2,000	1,200	(800)
Insurance	11,300	11,061	(239)
Water and lift station services	45,790	44,866	(924)
Maintenance services	40,343	22,196	(18,147)
Water disposal	308,850	312,050	3,200
Electric services	25,000	23,897	(1,103)
Water billing services	1,240	8,345	7,105
Professional development	1,400	575	(825)
Total contractual services	<u>455,923</u>	<u>436,140</u>	<u>(19,783)</u>
Commodities			
Maintenance supplies	6,100	4,087	(2,013)
Miscellaneous office expenses	3,200	2,871	(329)
Communication	5,850	5,234	(616)
Office supplies	22,100	15,349	(6,751)
Computer software and support	3,948	4,687	739
Other	200	880	680
Total commodities	<u>41,398</u>	<u>33,108</u>	<u>(8,290)</u>
Total current expenses	<u>591,773</u>	<u>539,381</u>	<u>(52,392)</u>

Village of Hainesville, Illinois
Water & Sewer Fund
Schedule of Revenues and Expenses – Budget and Actual
Year Ended April 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance From Final Budget Over (Under)</u>
Capital outlay			
Watermain improvements	\$ 39,308	\$ -	\$ (39,308)
Utilities	10,080	10,014	(66)
Total capital outlay	<u>49,388</u>	<u>10,014</u>	<u>(39,374)</u>
Operating expenses before depreciation	641,161	549,395	(91,766)
Depreciation	<u>-</u>	<u>143,416</u>	<u>(143,416)</u>
Total operating expenses	<u>641,161</u>	<u>692,811</u>	<u>51,650</u>
Operating Income	<u><u>\$ 297,379</u></u>	<u><u>\$ 254,509</u></u>	<u><u>\$ (42,870)</u></u>

Supplemental Information

Village of Hainesville, Illinois
Comparative Tax Data
Last Ten Levy Years
(UNAUDITED)

Tax Levy Year	2017	2016	2015	2014
Assessed Valuation	<u>\$ 62,445,359</u>	<u>\$ 57,969,180</u>	<u>\$ 53,070,606</u>	<u>\$ 52,811,974</u>
Tax Rates				
Corporate	0.171	0.179	0.188	0.189
Police protection	<u>0.519</u>	<u>0.549</u>	<u>0.600</u>	<u>0.600</u>
Total tax rates	<u><u>0.690</u></u>	<u><u>0.728</u></u>	<u><u>0.788</u></u>	<u><u>0.789</u></u>
Tax Extensions				
Corporate	\$ 106,500	\$ 103,794	\$ 100,000	\$ 100,000
Police protection	324,254	318,000	318,424	316,871
SSA	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>
Total tax extensions	<u><u>\$ 451,755</u></u>	<u><u>\$ 442,794</u></u>	<u><u>\$ 439,424</u></u>	<u><u>\$ 437,871</u></u>
Collections	\$ -	\$ 438,701	\$ 437,604	\$ 436,801
Collection Rate	-	99.08%	99.59%	99.76%

2013	2012	2011	2010	2009	2008
<u>\$ 55,735,833</u>	<u>\$ 61,909,340</u>	<u>\$ 74,523,547</u>	<u>\$ 85,623,172</u>	<u>\$ 89,598,982</u>	<u>\$ 92,261,700</u>
0.216	0.194	0.163	0.132	0.152	0.143
<u>0.600</u>	<u>0.600</u>	<u>0.600</u>	<u>0.555</u>	<u>0.548</u>	<u>0.534</u>
<u>0.816</u>	<u>0.794</u>	<u>0.763</u>	<u>0.687</u>	<u>0.700</u>	<u>0.677</u>
\$ 120,389	\$ 120,104	\$ 121,473	\$ 113,023	\$ 136,190	\$ 131,934
334,415	371,456	447,141	475,209	491,002	492,677
<u>20,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,120</u>
<u>\$ 475,265</u>	<u>\$ 491,560</u>	<u>\$ 568,614</u>	<u>\$ 588,231</u>	<u>\$ 627,193</u>	<u>\$ 646,732</u>
\$ 474,338	\$ 489,879	\$ 566,331	\$ 587,900	\$ 625,960	\$ 645,127
99.80%	99.66%	99.60%	99.94%	99.80%	99.75%