

VILLAGE OF ROCHESTER, ILLINOIS

ANNUAL FINANCIAL REPORT
AND
INDEPENDENT AUDITORS' REPORT

Year Ended April 30, 2016

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Independent Auditors' Report

To the Board of Trustees
Village of Rochester, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Rochester, Illinois (the Village), as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider 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 and each major fund of the Village of Rochester, Illinois, as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the Schedule of Changes in the Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and Budgetary Comparison Information on pages 42 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The accompanying Schedule of Assessed Valuation, Rates, Extensions and Collections on page 54 and the Schedule of Legal Debt Margin on page 55 have 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 thereon.

Eck, Schafar & Purke, LLP

Springfield, Illinois
October 17, 2016

Village of Rochester, Illinois
STATEMENT OF NET POSITION

April 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS			
Current assets			
Cash, cash equivalents and investments	\$ 626,018	\$ 1,228,780	\$ 1,854,798
Restricted cash and cash equivalents	559	-	559
Receivable, net			
Property taxes	335,192	-	335,192
Other	218,040	196,493	414,533
Prepaid expenses	33,602	11,112	44,714
Internal balances	<u>(791)</u>	<u>791</u>	<u>-</u>
Total current assets	1,212,620	1,437,176	2,649,796
Noncurrent assets			
Capital assets			
Capital assets not being depreciated	101,434	59,335	160,769
Capital assets being depreciated, net	<u>1,142,440</u>	<u>5,661,432</u>	<u>6,803,872</u>
Total capital assets	1,243,874	5,720,767	6,964,641
Deferred charges			
Connection fees	<u>-</u>	<u>146,009</u>	<u>146,009</u>
Total noncurrent assets	1,243,874	5,866,776	7,110,650
Deferred outflows of resources	<u>213,289</u>	<u>74,938</u>	<u>288,227</u>
Total assets and deferred outflows	<u>\$ 2,669,783</u>	<u>\$ 7,378,890</u>	<u>\$ 10,048,673</u>

The accompanying notes are an integral part of these financial statements.

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 5,166	\$ 70,368	\$ 75,534
Customer deposits payable	-	130,250	130,250
Accrued payroll	118,401	9,336	127,737
Accrued liabilities	-	29,872	29,872
Unearned revenue	335,192	-	335,192
Bonds payable, current portion	-	95,000	95,000
Notes payable, current portion	-	<u>12,559</u>	<u>12,559</u>
Total current liabilities	458,759	347,385	806,144
Noncurrent liabilities			
Bonds payable, net of current portion	-	1,425,000	1,425,000
Notes payable, net of current portion	-	65,060	65,060
Net pension liability	<u>621,168</u>	<u>218,248</u>	<u>839,416</u>
Total noncurrent liabilities	<u>621,168</u>	<u>1,708,308</u>	<u>2,329,476</u>
Total liabilities	<u>\$ 1,079,927</u>	<u>\$ 2,055,693</u>	<u>\$ 3,135,620</u>
NET POSITION			
Net investment in capital assets	\$ 1,243,874	\$ 4,123,148	\$ 5,367,022
Restricted for			
Highways and streets	196,296	-	196,296
Arboretum project	2,323	-	2,323
Public safety	559	-	559
Capital projects	-	385,977	385,977
Unrestricted	<u>146,804</u>	<u>814,072</u>	<u>960,876</u>
Total net position	<u>\$ 1,589,856</u>	<u>\$ 5,323,197</u>	<u>\$ 6,913,053</u>

Village of Rochester, Illinois

STATEMENT OF ACTIVITIES

Year Ended April 30, 2016

	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Expenses						
Governmental Activities						
General government	\$ 219,684	\$ 32,535	\$ -	\$ (187,149)	\$ -	(187,149)
Culture and recreation	207,151	5,026	-	(202,125)	-	(202,125)
Public safety	745,157	20,962	-	(724,195)	-	(724,195)
Highway and streets	265,006	101,583	-	(163,423)	-	(163,423)
	<u>1,436,998</u>	<u>160,106</u>	<u>-</u>	<u>(1,276,892)</u>	<u>-</u>	<u>(1,276,892)</u>
Business-Type Activities						
Water utility	893,609	1,018,854	-	-	125,245	125,245
Sewer utility	746,093	732,242	-	-	214,554	214,554
Interest expense	50,488	-	-	-	(50,488)	(50,488)
	<u>1,690,190</u>	<u>1,751,096</u>	<u>-</u>	<u>-</u>	<u>289,311</u>	<u>289,311</u>
	<u>\$ 3,127,188</u>	<u>\$ 1,911,202</u>	<u>\$ 228,405</u>	<u>(1,276,892)</u>	<u>289,311</u>	<u>(987,581)</u>
General Revenues and Transfers						
Income taxes				373,926	-	373,926
Sales and use taxes				176,895	-	176,895
Property taxes				319,085	-	319,085
Other taxes				335,739	-	335,739
Investment income				583	2,360	2,943
Miscellaneous				79,374	-	79,374
				<u>1,285,602</u>	<u>2,360</u>	<u>1,287,962</u>
Change in net position				8,710	291,671	300,381
Net position at beginning of year, as previously stated				1,991,365	5,175,658	7,167,023
Restatement due to new accounting principle				(410,219)	(144,132)	(554,351)
Net position at beginning of year, as restated				<u>1,581,146</u>	<u>5,031,526</u>	<u>6,612,672</u>
Net position at end of year				<u>\$ 1,589,856</u>	<u>\$ 5,323,197</u>	<u>\$ 6,913,053</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

BALANCE SHEET - GOVERNMENTAL FUNDS

April 30, 2016

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Capital Improvement</u>	<u>Total</u>
ASSETS				
Cash, cash equivalents and investments	\$ 406,155	\$ 187,656	\$ 32,207	\$ 626,018
Restricted cash and cash equivalents	559	-	-	559
Receivables, net				
Property taxes	335,192	-	-	335,192
Other	209,645	8,395	-	218,040
Prepaid insurance	33,602	-	-	33,602
Due from other funds	<u>-</u>	<u>245</u>	<u>-</u>	<u>245</u>
 Total assets	 <u>\$ 985,153</u>	 <u>\$ 196,296</u>	 <u>\$ 32,207</u>	 <u>\$ 1,213,656</u>
LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 5,166	\$ -	\$ -	\$ 5,166
Due to other funds	1,036	-	-	1,036
Accrued payroll	<u>118,401</u>	<u>-</u>	<u>-</u>	<u>118,401</u>
 Total liabilities	 124,603	 -	 -	 124,603
Deferred inflows of resources				
Property taxes levied in current year	335,192	-	-	335,192
Tax revenue	<u>80,958</u>	<u>-</u>	<u>-</u>	<u>80,958</u>
 Total deferred inflows	 416,150	 -	 -	 416,150
Fund balances				
Nonspendable for prepaid items	33,602	-	-	33,602
Restricted	2,882	196,296	-	199,178
Assigned	-	-	32,207	32,207
Unassigned	<u>407,916</u>	<u>-</u>	<u>-</u>	<u>407,916</u>
 Total fund balances	 <u>444,400</u>	 <u>196,296</u>	 <u>32,207</u>	 <u>672,903</u>
 Total liabilities, deferred outflows and fund balances	 <u>\$ 985,153</u>	 <u>\$ 196,296</u>	 <u>\$ 32,207</u>	 <u>\$ 1,213,656</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

April 30, 2016

Amounts reported for governmental activities in the
statement of net position are different because:

Total fund balances - governmental funds	\$ 672,903
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,243,874
Receivables applicable to governmental activities are not due and collectible in the the current period and therefore are deferred in the governmental funds.	80,958
Deferred outflows of resources related to pensions are not reported in the governmental funds since they do not provide current financial resources.	213,289
The net pension liability reported in the Statement of Net Position does not require the use of current financial resources and therefore, is not reported as a liability in governmental funds.	<u>(621,168)</u>
Total net position - governmental activities	<u>\$ 1,589,856</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended April 30, 2016

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Capital Improvement</u>	<u>Total</u>
Revenues				
Taxes	\$ 652,620	\$ -	\$ -	\$ 652,620
Intergovernmental	574,976	94,360	-	669,336
Fines and fees	43,651	-	-	43,651
Licenses and permits	9,420	-	-	9,420
Investment income	347	195	41	583
Miscellaneous	84,465	7,223	-	91,688
Total revenues	<u>1,365,479</u>	<u>101,778</u>	<u>41</u>	<u>1,467,298</u>
Expenditures				
Current operation				
General government	160,433	-	-	160,433
Culture and recreation	207,372	-	-	207,372
Public safety	722,807	-	-	722,807
Highways and streets	205,268	53,747	-	259,015
Capital outlay	<u>42,482</u>	<u>-</u>	<u>-</u>	<u>42,482</u>
Total expenditures	<u>1,338,362</u>	<u>53,747</u>	<u>-</u>	<u>1,392,109</u>
Excess of revenues over expenditures before other financing sources (uses)	27,117	48,031	41	75,189
Other financing sources (uses)				
Transfers (net)	<u>19,967</u>	<u>-</u>	<u>(19,967)</u>	<u>-</u>
Total other financing sources (uses)	<u>19,967</u>	<u>-</u>	<u>(19,967)</u>	<u>-</u>
Net change in fund balances	47,084	48,031	(19,926)	75,189
Fund balances at beginning of year	<u>397,316</u>	<u>148,265</u>	<u>52,133</u>	<u>597,714</u>
Fund balances at end of year	<u>\$ 444,400</u>	<u>\$ 196,296</u>	<u>\$ 32,207</u>	<u>\$ 672,903</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, 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, 2016

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

Net change in fund balances - governmental funds	\$ 75,189
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays, net of depreciation in the current period.	(47,230)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. This is the change in deferred revenue.	(21,589)
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.	<u>2,340</u>
Change in the net position-governmental activities	<u>\$ 8,710</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

April 30, 2016

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS			
Current assets			
Cash and cash equivalents	\$ 930,991	\$ 297,789	\$ 1,228,780
Accounts receivable	109,473	87,020	196,493
Prepaid expenses	5,556	5,556	11,112
Due from other funds	396	395	791
Total current assets	<u>1,046,416</u>	<u>390,760</u>	<u>1,437,176</u>
Noncurrent assets			
Capital assets not being depreciated	19,335	40,000	59,335
Capital assets being depreciated, net	2,542,987	3,118,445	5,661,432
Deferred charges			
Connection fees	-	146,009	146,009
Total noncurrent assets	<u>2,562,322</u>	<u>3,304,454</u>	<u>5,866,776</u>
Deferred outflows of resources	<u>37,469</u>	<u>37,469</u>	<u>74,938</u>
Total assets and deferred outflows	<u>\$ 3,646,207</u>	<u>\$ 3,732,683</u>	<u>\$ 7,378,890</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 44,382	\$ 25,986	\$ 70,368
Customer deposits payable	130,250	-	130,250
Accrued payroll	4,668	4,668	9,336
Accrued compensated absences	6,046	6,046	12,092
Accrued interest payable	17,780	-	17,780
Bonds payable, current portion	95,000	-	95,000
Notes payable, current portion	12,559	-	12,559
Total current liabilities	<u>310,685</u>	<u>36,700</u>	<u>347,385</u>
Noncurrent liabilities			
Bonds payable, net of current portion	1,425,000	-	1,425,000
Notes payable, net of current portion	65,060	-	65,060
Net pension liability	109,124	109,124	218,248
Total noncurrent liabilities	<u>1,599,184</u>	<u>109,124</u>	<u>1,708,308</u>
Total liabilities	<u>\$ 1,909,869</u>	<u>\$ 145,824</u>	<u>\$ 2,055,693</u>
NET POSITION			
Net investment in capital assets	\$ 1,042,322	\$ 3,158,445	\$ 4,200,767
Restricted for capital projects	385,977	-	385,977
Unrestricted	308,039	428,414	736,453
Total net position	<u>\$ 1,736,338</u>	<u>\$ 3,586,859</u>	<u>\$ 5,323,197</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS

Year Ended April 30, 2016

	Water Utility	Sewer Utility	Total
Operating revenues			
Metered water sales	\$ 847,712	\$ -	\$ 847,712
Sewer service	-	717,988	717,988
Water bond revenue	152,564	-	152,564
Connection fees	6,200	350	6,550
Penalty revenue	12,117	13,904	26,021
Miscellaneous	261	-	261
Total operating revenues	<u>1,018,854</u>	<u>732,242</u>	<u>1,751,096</u>
Operating expenses			
Water purchased	543,249	-	543,249
Sewer flow charges	-	336,108	336,108
Salaries, taxes and benefits	141,042	155,924	296,966
Materials and supplies	32,912	20,704	53,616
Depreciation and amortization	83,645	137,177	220,822
Office supplies and expense	895	5,858	6,753
Insurance	31,447	13,111	44,558
Audit fees	5,962	5,962	11,924
Professional fees	12,809	14,168	26,977
Computer maintenance	2,860	2,359	5,219
Uniforms	708	659	1,367
Testing	11,461	1,796	13,257
Utilities and telephone	8,647	18,023	26,670
Dues	604	146	750
Publications and subscriptions	193	11	204
Repairs and maintenance	13,177	32,362	45,539
Drug screening	316	-	316
Miscellaneous	3,682	1,725	5,407
Total operating expenses	<u>893,609</u>	<u>746,093</u>	<u>1,639,702</u>
Income (loss) from operations	125,245	(13,851)	111,394
Nonoperating revenues (expenses)			
Investment income	1,896	464	2,360
Grants	-	228,405	228,405
Interest expense	(50,488)	-	(50,488)
Total nonoperating revenues (expenses)	<u>(48,592)</u>	<u>228,869</u>	<u>180,277</u>
Change in net position	76,653	215,018	291,671
Net position at beginning of year, as previously stated	1,731,751	3,443,907	5,175,658
Restatement due to new accounting principle	(72,066)	(72,066)	(144,132)
Net position at beginning of year, restated	<u>1,659,685</u>	<u>3,371,841</u>	<u>5,031,526</u>
Net position at end of year	<u>\$ 1,736,338</u>	<u>\$ 3,586,859</u>	<u>\$ 5,323,197</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended April 30, 2016

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 1,018,518	\$ 727,031	\$ 1,745,549
Payments for goods and services	(664,605)	(445,665)	(1,110,270)
Payments to employees and benefits	<u>(136,721)</u>	<u>(151,603)</u>	<u>(288,324)</u>
Net cash flows from operating activities	217,192	129,763	346,955
Cash flows from noncapital financing activities			
Interfund proceeds (net)	(796)	(807)	(1,603)
Grant proceeds	<u>-</u>	<u>228,405</u>	<u>228,405</u>
Net cash flows from noncapital financing activities	(796)	227,598	226,802
Cash flows from capital and related financing activities			
Principal paid on revenue bonds and notes	(102,195)	-	(102,195)
Interest paid on revenue bonds and notes	(50,802)	-	(50,802)
Acquisition of capital assets	<u>(10,882)</u>	<u>(386,644)</u>	<u>(397,526)</u>
Net cash flows from capital and related financing activities	(163,879)	(386,644)	(550,523)
Cash flows from investing activities			
Interest received	<u>1,896</u>	<u>464</u>	<u>2,360</u>
Net cash flows from investing activities	1,896	464	2,360
Net change in cash and cash equivalents	54,413	(28,819)	25,594
Cash and cash equivalents at beginning of year	<u>876,578</u>	<u>326,608</u>	<u>1,203,186</u>
Cash and cash equivalents at end of year	<u>\$ 930,991</u>	<u>\$ 297,789</u>	<u>\$ 1,228,780</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED

Year Ended April 30, 2016

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Reconciliation of income from operations to net cash flows from operating activities			
Income (loss) from operations	\$ 125,245	\$ (13,851)	\$ 111,394
Adjustments to reconcile income (loss) from operations to cash flows from operating activities			
Depreciation and amortization	83,645	137,177	220,822
Decrease (increase) in assets			
Accounts receivable	(2,595)	(5,211)	(7,806)
Prepaid expenses	6,444	4,777	11,221
(Decrease) increase in liabilities			
Accounts payable	(2,129)	2,549	420
Customer deposits payable	2,260	-	2,260
Accrued liabilities	<u>4,322</u>	<u>4,322</u>	<u>8,644</u>
Net cash flows from operating activities	<u>\$ 217,192</u>	<u>\$ 129,763</u>	<u>\$ 346,955</u>

The accompanying notes are an integral part of these financial statements.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Rochester, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

1. Reporting Entity

The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS). The Village is considered to be a primary government as defined by GASB Statement No. 14, since it is legally separate and fiscally independent.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government. The Village has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Village's financial statements.

2. Fund Accounting

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applications that purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

4. Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Basis of Accounting and Financial Statement Presentation - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, telecommunication taxes, licenses and permits, charges for services, fines and forfeits, miscellaneous revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The Motor Fuel Tax Fund is used to account for revenues and expenditures related to street improvements and projects provided by motor fuel taxes received from the State of Illinois.

The Capital Improvement Fund is used to account for contributions and specific revenues and transfers from other Village funds and expenditures for various capital projects as the Trustees may designate.

The Village reports the following proprietary funds, which are major funds:

The Water Utility Fund is used to account for revenues and expenses related to operating and maintaining the Village's water operations.

The Sewer Utility Fund is used to account for revenues and expenses related to operating and maintaining the Village's sewer operations.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Basis of Accounting and Financial Statement Presentation - Continued

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for water and sewer sales and service. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

5. Fund Balances

Effective May 1, 2011, the Village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. In addition, GASB Statement No. 54 modified certain fund type definitions and provided guidance for classification of stabilization amounts on the face of the balance sheet.

Within the governmental fund types, the Village's fund balances are reported in one of the following classifications:

Nonspendable - includes amounts that cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Fund Balances - Continued

Restricted - includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village's highest level of decision-making authority rests with the Village's Board of Trustees. The Village passes formal resolutions to commit their fund balances. At April 30, 2016, the Village has no committed fund balances.

Assigned - Includes amounts that are constrained by the Village's intent to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the Village's Board of Trustees itself; or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's Board of Trustees has not authorized any other body or official to assign amounts for specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects), resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned.

Unassigned - includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Fund Balances - Continued

It is the Village's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

At April 30, 2016, the Village's fund balance restrictions were for the following purposes:

Restricted purpose	
Highways and streets	\$ 196,296
Arboretum project	2,323
Public safety	<u>559</u>
	<u>\$ 199,178</u>

6. Budgets and Budgetary Accounting

Annual budgets were adopted for all governmental and proprietary funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. The budget is prepared by fund, department, division and object for the general fund and the department/division level for other funds, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget may be amended by the governing body. The Board of Trustees approves all transfer amounts between departments for all funds. Expenditures may not legally exceed budgeted appropriations at the fund level.

7. Cash and Cash Equivalents

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

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Capital Assets

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Village records all capital items, which are individually greater than \$ 5,000, with a useful life of greater than one year, as capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Improvements	20 to 40
Equipment	3 to 7
Utility property and improvements	5 to 40
Infrastructure	10 to 40

9. Investments

Investments are stated at fair value based on quoted market prices at April 30, 2016. Non-negotiable certificates of deposit are reported at cost.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until that time. The Village's deferred outflows relate to deferred amounts to be recognized in pension expenses in future periods. This amount will be recognized over the next five years.

11. Deferred Charges

Deferred charges include connection fees related to connecting the Village's sewer system to the Springfield Metro Sanitary District. The connection fees are being amortized over the life of the sewer extension project.

12. Compensated Absences

Vested or accumulated vacation leave and vested sick leave are accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees.

13. Deferred and Unearned Revenue

In the governmental funds, deferred revenues represent amounts due, which are measurable, but not available. In the government-wide financial statements, unearned revenues represent the deferral of property tax receivables which are levied for a future period.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Long-term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statements of net position.

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

15. Interfund Transactions

Interfund services transactions are accounted for as revenues, expenditures or expenses. All other interfund transactions are reported as transfers.

16. Property Tax Calendar

The following information gives significant dates on the property tax calendar of the Village:

- The property tax lien date is January 1, 2014.
- The annual tax levy ordinance for 2014 taxes received during fiscal year 2016 was passed December 2014.
- The first installment of property taxes was due to the County Collector on June 2, 2015 and the second installment was due on September 1, 2015.
- Significant amounts of property taxes for 2014 were distributed to the Village in June and September of 2015.

The 2015 taxes are intended to finance the 2017 fiscal year and are not considered available for current operations and are therefore shown as deferred revenue. The 2015 tax levy has not been recorded as a receivable at April 30, 2016. Although the tax attached as a lien on property as of January 1, 2016 the tax will not be levied until December 2016, and accordingly, is not measurable at April 30, 2016.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

17. Concentration of Suppliers

The Village has an agreement with the City of Springfield, whereby the City of Springfield will supply water to and process sewage from the Village. The Village pays for actual water usage and sewage processed and is not required to purchase a minimum amount of water or process a minimum amount of sewage.

18. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

19. Subsequent Events

The Village assessed events that have occurred subsequent to April 30, 2016 through October 17, 2016, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village's Board of Trustees have adopted an investment policy to invest in instruments allowed by the Illinois Compiled Statutes (ILCS), which authorize the Village to make deposits/investments in insured commercial banks, saving and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

It is the policy of the Village to invest its funds in a manner which will provide the highest investment, return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy, in order of priority, are conformance with legal requirements, safety of principal, liquidity and return on investment.

1. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Currently the Village has a policy to not directly invest in securities maturing more than two years from the date of purchase.

The average maturities of investments in Illinois Funds as of April 30, 2016 were less than one year.

2. Credit Risk

It is the policy of the Village to diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. As of April 30, 2016, the Village is invested in a non-negotiable certificate of deposit and Illinois Funds.

The Illinois Funds (Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poor's upon the request of the Fund's management. The most recent money market rating issued by Standard and Poor's was AAAM. The fair value of the position in the Illinois Funds is the same as the value of the Fund shares. Illinois state statutes provide the Illinois state treasurer with regulatory oversight over the Fund.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

3. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of the depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

It is the policy of the Village to require collateralization on all funds held in banks or savings and loans above the insured limits provided by the FDIC. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be a minimum of 102 percent of market value of principal and accrued interest.

As of April 30, 2016, none of the Village's bank or investment balance of \$ 1,858,220 was exposed to custodial credit risk.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the year ended April 30, 2016 is as follows:

	<u>Balance</u> <u>May 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2016</u>
<u>Governmental Activities</u>				
Land	\$ 101,434	\$ -	\$ -	\$ 101,434
Total capital assets not being depreciated	101,434	-	-	101,434
Buildings and improvements	1,217,596	-	-	1,217,596
Equipment	976,476	42,482	-	1,018,958
Other improvements	773,428	-	-	773,428
Infrastructure	<u>383,740</u>	<u>-</u>	<u>-</u>	<u>383,740</u>
Total capital assets being depreciated	<u>3,351,240</u>	<u>42,482</u>	<u>-</u>	<u>3,393,722</u>
Total capital assets	3,452,674	42,482	-	3,495,156
Less accumulated depreciation				
Buildings and improvements	593,165	28,078	-	621,243
Equipment	933,425	32,869	-	966,294
Other improvements	525,504	18,358	-	543,862
Infrastructure	<u>109,476</u>	<u>10,407</u>	<u>-</u>	<u>119,883</u>
Total accumulated depreciation	<u>2,161,570</u>	<u>89,712</u>	<u>-</u>	<u>2,251,282</u>
Total capital assets being depreciated, net	<u>1,189,670</u>	<u>(47,230)</u>	<u>-</u>	<u>1,142,440</u>
Total capital assets, net of accumulated depreciation	<u>\$1,291,104</u>	<u>\$ (47,230)</u>	<u>\$ -</u>	<u>\$1,243,874</u>

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE C - CAPITAL ASSETS - Continued

	Balance May 1, 2015	Additions	Retirements	Balance April 30, 2016
<u>Business-Type Activities</u>				
Land	\$ 19,335	\$ -	\$ -	\$ 19,335
Construction in progress	<u>109,376</u>	<u>40,000</u>	<u>109,376</u>	<u>40,000</u>
Total capital assets not being depreciated	128,711	40,000	109,376	59,335
Building	876,631	-	-	876,631
Water and sewer system	7,181,523	466,901	-	7,648,424
Water tower	829,403	-	-	829,403
Other improvements	6,578	-	-	6,578
Equipment	<u>396,962</u>	<u>-</u>	<u>-</u>	<u>396,962</u>
Total capital assets being depreciated	<u>9,291,097</u>	<u>466,901</u>	<u>-</u>	<u>9,757,998</u>
Total capital assets	9,419,808	506,901	109,376	9,817,333
Less accumulated depreciation				
Building	723,558	1,801	-	725,359
Water and sewer system	2,396,973	191,135	-	2,588,108
Water tower	359,355	20,204	-	379,559
Other improvements	6,578	-	-	6,578
Equipment	<u>396,962</u>	<u>-</u>	<u>-</u>	<u>396,962</u>
Total accumulated depreciation	<u>3,883,426</u>	<u>213,140</u>	<u>-</u>	<u>4,096,566</u>
Total capital assets being depreciated, net	<u>5,407,671</u>	<u>253,761</u>	<u>-</u>	<u>5,661,432</u>
Total capital assets, net of accumulated depreciation	<u>\$5,536,382</u>	<u>\$ 293,761</u>	<u>\$ 109,376</u>	<u>\$5,720,767</u>

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE C - CAPITAL ASSETS - Continued

Depreciation expense was charged to functions/programs of the Village for the fiscal year ended April 30, 2016 as follows:

Governmental activities	
General government	\$ 59,568
Public safety	24,152
Highways and streets	<u>5,992</u>
	<u>\$ 89,712</u>
Business-Type activities	
Water utility	\$ 83,645
Sewer utility	<u>129,495</u>
	<u>\$ 213,140</u>

NOTE D - LONG-TERM OBLIGATIONS

Business-Type Activities

The Village has pledged future water utility revenue to repay \$ 1,700,000 in General Obligation Bonds issued in 2013 for the purpose of improving the Village's existing waterworks system. The bonds are payable from the water utility revenue collected by the Water Fund.

Total principal and interest payments	<u>\$ 138,250</u>
Total water revenue	<u>\$1,012,654</u>
\$ 1,700,000 General Obligations Bonds (alternative revenue source), Series 2013, payable through December 2028, interest is payable semiannually based on a 360- day year of twelve 30-day months, principal payments paid annually.	<u>\$1,520,000</u>

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE D - LONG-TERM OBLIGATIONS - Continued

Future principal and interest payments on the general obligation bonds (alternate revenue source) are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending April 30,			
2017	\$ 95,000	\$ 47,412	\$ 142,412
2018	95,000	46,225	141,225
2019	100,000	44,705	144,705
2020	100,000	42,665	142,665
2021	105,000	40,295	145,295
Thereafter	<u>1,025,000</u>	<u>186,155</u>	<u>1,211,155</u>
	<u>\$ 1,520,000</u>	<u>\$ 407,457</u>	<u>\$ 1,927,457</u>

In addition, the Village has a note payable for water tower repairs.

\$ 127,000 (Water Tower) note payable,
quarterly installments of \$ 3,687, including
interest at 3.00%, through December 22, 2021. \$ 77,619

Future principal and interest payments on this note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending April 30,			
2017	\$ 12,559	\$ 2,188	\$ 14,747
2018	12,940	1,807	14,747
2019	13,333	1,414	14,747
2020	13,737	1,010	14,747
2021	14,154	593	14,747
Thereafter	<u>10,896</u>	<u>164</u>	<u>11,060</u>
	<u>\$ 77,619</u>	<u>\$ 7,176</u>	<u>\$ 84,795</u>

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE D - LONG-TERM OBLIGATIONS - Continued

Following is a summary of the changes that occurred to the liabilities reported in the business-type activities of the Village for the year ended April 30, 2016:

	Balance May 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance April 30, <u>2016</u>
General obligation bonds	\$1,610,000	\$ -	\$ 90,000	\$1,520,000
Water tower note payable	<u>89,814</u>	<u>-</u>	<u>12,195</u>	<u>77,619</u>
	<u>\$1,699,814</u>	<u>\$ -</u>	<u>\$ 102,195</u>	<u>\$1,597,619</u>

NOTE E - INTERFUND TRANSACTIONS

Interfund receivable and payable balances at April 30, 2016 consist of:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Water Utility Fund	\$ 396	\$ -
Motor Fuel Tax Fund	245	-
Sewer Fund	395	-
General Fund	<u>-</u>	<u>1,036</u>
	<u>\$ 1,036</u>	<u>\$ 1,036</u>

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE F - RETIREMENT PLAN

IMRF Plan Description

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

Benefits Provided

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

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

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE F - RETIREMENT PLAN - Continued

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

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit items:

Retirees and beneficiaries currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>18</u>
Total	<u>30</u>

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2015 was 13.59%. For the fiscal year ended April 30, 2016, the Village contributed \$ 105,501 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 Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE F - RETIREMENT PLAN - Continued

Net Pension Liability

The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The actuarial cost method used was Entry Age Normal.
- The asset valuation method used was Market Value of Assets.
- The inflation rate was assumed to be 2.75%.
- Salary increases were expected to be 3.75% to 14.50%, including inflation.
- The investment rate of return was assumed to be 7.50%.
- Projected retirement age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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:

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE F - RETIREMENT PLAN - Continued

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17	7.59
Fixed Income	27	3.00
Real Estate	8	6.00
Alternative Investments	9	2.75-8.15
Cash Equivalents	<u>1</u>	2.25
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.47% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.47%.

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE F - RETIREMENT PLAN - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balance at December 31, 2014	\$ 2,745,488	\$ 2,099,062	\$ 646,426
Service cost	66,057	-	66,057
Interest on the total pension liability	203,110	-	203,110
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	156,660	-	156,660
Changes of assumptions	-	-	-
Contributions - employer	-	100,846	(100,846)
Contributions - employees	-	32,142	(32,142)
Net investment income	-	116,199	(116,199)
Benefit payments, including refunds of employee contributions	(119,012)	(119,012)	-
Other (net transfer)	-	(16,350)	16,350
Net changes	<u>306,815</u>	<u>113,825</u>	<u>192,990</u>
Balance at December 31, 2015	<u>\$ 3,052,303</u>	<u>\$ 2,212,887</u>	<u>\$ 839,416</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47% as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower <u>6.47%</u>	Current Discount <u>7.47%</u>	1% Higher <u>8.47%</u>
Net pension liability	<u>\$ 1,180,023</u>	<u>\$ 839,415</u>	<u>\$ 590,812</u>

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE F - RETIREMENT PLAN - Continued

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

For the year ended April 30, 2016, the Village recognized pension expense of \$ 102,351. At April 30, 2016, the Village reported deferred outflows of resources related to pensions from the following sources:

Deferred amounts to be recognized in pension expense in future periods	
Differences between expected and actual experience	\$ 132,012
Net difference between projected and actual earnings on pension plan investments	<u>119,626</u>
Total deferred amounts to be recognized in pension expense in future periods	251,638
Pension contributions made subsequent to the measurement date	<u>36,589</u>
Total deferred amounts related to pensions	<u>\$ 288,227</u>

Village of Rochester, Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

April 30, 2016

NOTE F - RETIREMENT PLAN - Continued

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

Year Ending <u>December 31,</u>	
2016	\$ 54,554
2017	54,554
2018	54,554
2019	54,556
2020	24,648
Thereafter	<u>8,772</u>
Total	<u>\$ 251,638</u>

NOTE G - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To insure against these losses, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool with transfers of risk. The Village pays an annual premium to IMLRMA for its coverage. The Village has not had significant reductions in insurance coverage during the year. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE H - RESTATEMENT DUE TO IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLE

During the year ended April 30, 2016, the Village implemented the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. The implementation of GASB Statement No. 68 resulted in the Village reducing beginning net position by \$ 554,351.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Rochester, Illinois

SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS

December 31, 2015

Total Pension Liability	
Service cost	\$ 66,057
Interest on the total pension liability	203,110
Changes of benefit terms	-
Difference between expected and actual experience of the total pension liability	156,660
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(119,012)</u>
Net change in total pension liability	306,815
Total pension liability at beginning of year	<u>2,745,488</u>
Total pension liability at end of year	3,052,303
Plan Fiduciary Net Position	
Contributions - employer	100,846
Contributions - employees	32,142
Net investment income	116,199
Benefit payments, including refunds of employee contributions	(119,012)
Other (net transfer)	<u>(16,350)</u>
Net change in plan fiduciary net position	113,825
Plan fiduciary net position at beginning of year	<u>2,099,062</u>
Plan fiduciary net position at end of year	<u>2,212,887</u>
Net pension liability	<u>\$ 839,416</u>
Plan fiduciary net position as a percentage of the total pension liability	72.50%
Covered valuation payroll	\$ 742,070
Net pension liability as a percentage of covered valuation payroll	113.12%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information is presented for those years for which information is available.

Village of Rochester, Illinois

SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2015

Calendar Year Ended <u>December 31,</u>	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a percentage of Covered Valuation Payroll
2015	\$ 100,847	\$ 100,847	\$ -	\$ 742,070	13.59%

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate *

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

Methods and assumptions used to determine 2015 contribution rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	28-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.
Other Information:	There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, information is presented for those years for which information is available.

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
General Fund

Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues			
Taxes			
Property	\$ 320,600	\$ 319,085	\$ (1,515)
Road and bridge	46,000	41,013	(4,987)
Utility	265,000	234,898	(30,102)
Cable television	<u>53,000</u>	<u>57,624</u>	<u>4,624</u>
Total taxes	684,600	652,620	(31,980)
Intergovernmental			
Income taxes	371,000	393,145	22,145
Video gaming	-	362	362
Sales and use tax	167,000	179,265	12,265
Replacement taxes	2,200	2,204	4
Grants	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Total intergovernmental	565,200	574,976	9,776
Fines and fees			
Police fines	13,700	15,203	1,503
Building inspection fees	6,500	8,515	2,015
Park reservation fees	1,300	1,340	40
Athletic field reservation fees	4,000	3,185	(815)
DUI Equipment fines	500	550	50
Gas franchise fees	6,000	6,000	-
Other fines and fees	<u>4,900</u>	<u>8,858</u>	<u>3,958</u>
Total fines and fees	36,900	43,651	6,751
Licenses and permits	6,500	9,420	2,920
Miscellaneous			
Police receipts	3,400	4,950	1,550
School security	5,000	3,195	(1,805)
Summer recreation revenue	15,800	17,950	2,150
July 4 th revenue	35,000	10,550	(24,450)
Library			
Utilities reimbursements	4,000	3,146	(854)
Library maintenance reimbursements	4,000	5,802	1,802
Traffic signal reimbursements	800	23,870	23,070
Ice Deli lease payment	1,900	1,915	15
Sale of equipment	3,000	-	(3,000)
Other miscellaneous	<u>7,000</u>	<u>13,087</u>	<u>6,087</u>
Total miscellaneous	79,900	84,465	4,565

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
General Fund - Continued

Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Investment income	\$ 200	\$ 347	\$ 147
Total revenues	1,373,300	1,365,479	(7,821)
Expenditures			
General government			
Salaries	54,500	52,318	(2,182)
Health insurance	7,300	9,077	1,777
Other payroll expenditures	13,700	25,885	12,185
Travel and training	1,100	154	(946)
Legal fees	7,500	2,887	(4,613)
Professional services	6,500	10,429	3,929
Accounting and auditing fees	7,000	5,962	(1,038)
Building and grounds maintenance	16,700	6,807	(9,893)
Utilities	11,200	9,634	(1,566)
Office expenditures	23,500	21,824	(1,676)
General insurance	3,000	3,678	678
Computer administration and maintenance	3,900	2,241	(1,659)
Publications and subscriptions	2,700	3,269	569
Dues	800	596	(204)
Animal control	800	2,044	1,244
Drug screening	3,600	98	(3,502)
Equipment purchase	25,000	18,070	(6,930)
Miscellaneous	5,800	3,530	(2,270)
Total general government	194,600	178,503	(16,097)
Culture and recreation			
Salaries	54,400	64,330	9,930
Other payroll expenditures	21,200	1,167	(20,033)
Building and grounds maintenance	4,800	7,105	2,305
Program expenditures	16,000	22,809	6,809
Fourth of July	45,000	22,668	(22,332)
Vehicle and equipment maintenance	13,800	13,783	(17)
Office expenditures	8,500	11,090	2,590
Gas and oil	3,800	3,867	67
Uniforms and supplies	300	577	277
Operating supplies	5,000	8,455	3,455
Drug screening	200	153	(47)
Portable sanitation	3,000	2,444	(556)

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
General Fund - Continued

Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Park improvements	\$ 7,700	\$ 5,458	\$ (2,242)
Miscellaneous	<u>34,300</u>	<u>43,466</u>	<u>9,166</u>
Total culture and recreation	218,000	207,372	(10,628)
 Public safety			
Salaries	449,600	462,321	12,721
Health insurance	64,500	58,432	(6,068)
Other payroll expenditures	131,100	116,219	(14,881)
Travel and training	16,000	15,167	(833)
Vehicle and equipment maintenance	31,000	23,827	(7,173)
Office expenditures	7,500	12,691	5,191
Gas and oil	20,000	11,202	(8,798)
Computer administration and maintenance	800	903	103
Equipment purchase	25,500	25,023	(477)
Police candidate hiring	2,000	573	(1,427)
Uniforms and supplies	13,700	9,483	(4,217)
Crime prevention	2,400	3,121	721
Miscellaneous	<u>1,200</u>	<u>8,257</u>	<u>7,057</u>
Total public safety	765,300	747,219	(18,081)
 Highways and streets			
Salaries	54,000	58,542	4,542
Health insurance	9,700	11,201	1,501
Other payroll expenditures	30,200	21,506	(8,694)
Travel and training	100	99	(1)
Building and grounds maintenance	4,000	9,323	5,323
Vehicle and equipment maintenance	14,500	6,123	(8,377)
Equipment purchase	15,000	21,176	6,176
Uniforms and supplies	9,000	16,134	7,134
Street maintenance	37,300	53,473	16,173
Office expenditures	3,000	315	(2,685)
Gas and oil	6,000	4,215	(1,785)
Drug screening	300	266	(34)
Miscellaneous	<u>1,300</u>	<u>2,895</u>	<u>1,595</u>
Total highways and streets	184,400	205,268	20,868

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
General Fund - Continued

Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Contingencies			
General	\$ 100,000	\$ -	\$ (100,000)
Total contingencies	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
 Total expenditures	 <u>1,462,300</u>	 <u>1,338,362</u>	 <u>(123,938)</u>
 Excess of revenues over expenditures before other financing sources (uses)	 (89,000)	 27,117	 116,117
Other financing sources (uses)			
Transfers (net)	<u>-</u>	<u>19,967</u>	<u>19,967</u>
Total other financing sources (uses)	<u>-</u>	<u>19,967</u>	<u>19,967</u>
 Net change in fund balance	 <u>\$ (89,000)</u>	 47,084	 <u>\$ 136,084</u>
 Fund balance at beginning of year		 <u>397,316</u>	
 Fund balance at end of year		 <u>\$ 444,400</u>	

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 Motor Fuel Tax Fund

Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues			
Taxes	\$ 89,700	\$ 94,360	\$ 4,660
Investment income	-	195	195
Miscellaneous	-	<u>7,223</u>	<u>7,223</u>
Total revenues	<u>89,700</u>	101,778	12,078
Expenditures			
Highways and streets	89,500	53,747	(35,753)
Contingencies			
General	<u>100,000</u>	-	<u>(100,000)</u>
Total expenditures	<u>189,500</u>	<u>53,747</u>	<u>(135,753)</u>
Net change in fund balance	<u>\$ (99,800)</u>	48,031	<u>\$ 147,831</u>
Fund balance at beginning of year		<u>148,265</u>	
Fund balance at end of year		<u>\$ 196,296</u>	

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
Water Utility Fund

Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating revenues			
Metered water sales	\$ 800,000	\$ 847,712	\$ 47,712
Connection fees	6,000	6,200	200
Penalty revenue	6,000	12,117	6,117
Water bond revenue	140,000	152,564	12,564
Miscellaneous	<u>100</u>	<u>261</u>	<u>161</u>
Total operating revenues	952,100	1,018,854	66,754
Operating expenses			
Water purchased	510,000	543,249	33,249
Salaries, taxes and benefits	140,500	141,042	542
Materials and supplies	34,900	32,912	(1,988)
Office supplies and expense	4,000	895	(3,105)
Insurance	26,300	31,447	5,147
Audit fees	7,000	5,962	(1,038)
Professional fees	7,000	12,809	5,809
Computer maintenance	4,100	2,860	(1,240)
Uniforms	300	708	408
Testing	17,100	11,461	(5,639)
Utilities and telephone	9,500	8,647	(853)
Dues	500	604	104
Publications and subscriptions	600	193	(407)
Repairs and maintenance	376,900	24,059	(352,841)
Drug screening	400	316	(84)
Miscellaneous	<u>5,300</u>	<u>3,682</u>	<u>(1,618)</u>
Total operating expenses	<u>1,144,400</u>	<u>820,846</u>	<u>(323,554)</u>
Income (loss) from operations	(192,300)	198,008	390,308

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
Water Utility Fund - Continued

April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Nonoperating revenues (expenses)			
Investment income	\$ 1,500	\$ 1,896	\$ 396
Interest expense	(153,700)	(50,488)	103,212
Contingency	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total nonoperating revenues (expenses)	<u>(252,200)</u>	<u>(48,592)</u>	<u>203,608</u>
 Change in net position, budgetary basis	 <u>\$ (444,500)</u>	 149,416	 <u>\$ 593,916</u>
Reconciliation to statement of revenues, expenses and changes in net position			
Depreciation and amortization		(83,645)	
Purchase of capital assets		<u>10,882</u>	
 Change in net position		 76,653	
Net position at beginning of year, as previously stated		1,731,751	
Restatement due to new accounting principle		<u>(72,066)</u>	
Net position at beginning of year, as restated		<u>1,659,685</u>	
Net position at end of year		<u>\$ 1,736,338</u>	

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
Sewer Utility Fund

Year Ended April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating revenues			
Sewer service	\$ 620,000	\$ 717,988	\$ 97,988
Connection fees	400	350	(50)
Penalty revenue	<u>6,000</u>	<u>13,904</u>	<u>7,904</u>
Total operating revenues	626,400	732,242	105,842
Operating expenses			
Sewer flow charges	300,000	336,108	36,108
Salaries, taxes and benefits	155,400	155,924	524
Materials and supplies	22,600	20,704	(1,896)
Office supplies and expense	8,200	5,858	(2,342)
Insurance	11,900	13,111	1,211
Audit fees	7,000	5,962	(1,038)
Professional fees	11,000	14,168	3,168
Computer maintenance	4,000	2,359	(1,641)
Uniforms	300	659	359
Testing	5,200	1,796	(3,404)
Utilities and telephone	15,900	18,023	2,123
Dues	100	146	46
Publications and subscriptions	900	11	(889)
Repairs and maintenance	907,500	419,006	(488,494)
Miscellaneous	<u>6,600</u>	<u>1,725</u>	<u>(4,875)</u>
Total operating expenses	<u>1,456,600</u>	<u>995,560</u>	<u>(461,040)</u>
Income (loss) from operations	(830,200)	(263,318)	566,882

Village of Rochester, Illinois

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
Sewer Utility Fund - Continued

April 30, 2016

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Nonoperating revenues (expenses)			
Investment income	\$ 500	\$ 464	\$ (36)
Grants	593,000	228,405	(364,595)
Contingency	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total nonoperating revenues (expenses)	<u>493,500</u>	<u>228,869</u>	<u>(264,631)</u>
 Change in net position, budgetary basis	 <u>\$ (336,700)</u>	 (34,449)	 <u>\$ 302,251</u>
Reconciliation to statement of revenues, expenses and changes in net position			
Depreciation and amortization		(137,177)	
Purchase of capital assets		<u>386,644</u>	
 Change in net position		 215,018	
Net position at beginning of year, as previously stated		3,443,907	
Restatement due to new accounting principle		<u>(72,066)</u>	
Net position at beginning of year, as restated		<u>3,371,841</u>	
Net position at end of year		<u>\$ 3,586,859</u>	

OTHER INFORMATION

Village of Rochester, Illinois

SCHEDULE OF ASSESSED VALUATIONS, RATES,
EXTENSIONS AND COLLECTIONS

For Tax Assessed in 2015, 2014, and 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed valuation	<u>\$ 85,049,776</u>	<u>\$ 83,830,322</u>	<u>\$ 81,518,431</u>
Tax rates			
General corporate	0.2257	0.2246	0.2158
Social security	0.0451	0.0448	0.0454
Insurance	0.0451	0.0448	0.0454
Police protection	0.0615	0.0611	0.0622
Audit	<u>0.0072</u>	<u>0.0071</u>	<u>0.0157</u>
Total tax rates	<u>0.3846</u>	<u>0.3824</u>	<u>0.3845</u>
Extensions			
General corporate	\$ 191,957	\$ 188,283	\$ 175,917
Social security	38,357	37,556	37,009
Insurance	38,357	37,556	37,009
Police protection	52,306	51,220	50,705
Audit	<u>6,124</u>	<u>5,952</u>	<u>12,798</u>
Total extensions	<u>\$ 327,101</u>	<u>\$ 320,567</u>	<u>\$ 313,438</u>
Tax collections			
Fiscal year ended April 30, 2016	\$ -	\$ 319,085	\$ -
Fiscal year ended April 30, 2015	<u>-</u>	<u>-</u>	<u>313,108</u>
Total tax collections	<u>\$ -</u>	<u>\$ 319,085</u>	<u>\$ 313,108</u>
Collection of Village share of road and bridge tax	<u>\$ -</u>	<u>\$ 41,013</u>	<u>\$ 45,987</u>

Village of Rochester, Illinois

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2016

Assessed valuation - 2015 tax levy	<u>\$ 85,049,776</u>
Statutory debt limitation (8.625% of valuation)	\$ 7,335,543
Total debt	
General obligation (alternative revenue source) bonds	1,520,000
Less alternative revenue source bonds	<u>(1,520,000)</u>
Total legal debt margin	<u>\$ 7,335,543</u>