

**VILLAGE OF ROCHESTER, ILLINOIS**

**ANNUAL FINANCIAL REPORT  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
APRIL 30, 2018**

Village of Rochester, Illinois  
For the Year Ended April 30, 2018

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# Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

To the President and Board of Trustees  
Village of Rochester, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund of the Village of Rochester, Illinois (the Village), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit includes 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 opinion.

### **Opinion**

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America 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 30 through 37 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 Valuations, Rates, Extensions and Collections on page 38 and the Schedule of Legal Debt Margin on page 39 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.

*Estes, Bridgewater & Ogden*

Certified Public Accountants  
Springfield, Illinois

September 26, 2018

Village of Rochester, Illinois  
**STATEMENT OF NET POSITION**  
April 30, 2018

Statement 1

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Assets and Deferred Outflows</u>			
<b>CURRENT ASSETS</b>			
Cash, cash equivalents and investments.....	\$ 917,228	\$ 1,363,195	\$ 2,280,423
Restricted cash and cash equivalents.....	819	-	819
Receivable, net			
Accounts .....	-	214,079	214,079
Property taxes .....	341,514	-	341,514
Other .....	169,009	-	169,009
Prepaid expenses.....	<u>31,012</u>	<u>17,294</u>	<u>48,306</u>
Total current assets .....	<u>1,459,582</u>	<u>1,594,568</u>	<u>3,054,150</u>
<b>NONCURRENT ASSETS</b>			
Capital assets			
Capital assets not being depreciated .....	101,434	59,918	161,352
Capital assets being depreciation, net.....	<u>1,066,998</u>	<u>5,807,633</u>	<u>6,874,631</u>
Total capital assets .....	<u>1,168,432</u>	<u>5,867,551</u>	<u>7,035,983</u>
Deferred charges			
Connection fees.....	<u>-</u>	<u>130,641</u>	<u>130,641</u>
Total noncurrent assets .....	<u>1,168,432</u>	<u>5,998,192</u>	<u>7,166,624</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	<u>300,775</u>	<u>109,035</u>	<u>409,810</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS.....</b>	<u>\$ 2,928,789</u>	<u>\$ 7,701,795</u>	<u>\$10,630,584</u>

(Continued)

	Governmental Activities	Business- Type Activities	Total
<u>Liabilities, Deferred Inflows and Net Position</u>			
<b>CURRENT LIABILITIES</b>			
Accounts payable.....	\$ -	\$ 87,020	\$ 87,020
Customer deposits payable.....	-	134,020	134,020
Accrued payroll .....	87,526	19,375	106,901
Accrued compensated absences payable.....	-	18,440	18,440
Accrued interest payable .....	-	16,764	16,764
Bonds payable, current portion.....	-	100,000	100,000
Notes payable, current portion .....	<u>6,664</u>	<u>58,574</u>	<u>65,238</u>
Total current liabilities.....	<u>94,190</u>	<u>434,193</u>	<u>528,383</u>
<b>NONCURRENT LIABILITIES</b>			
Bonds payable, net of current portion .....	-	1,230,000	1,230,000
Notes payable, net of current portion .....	21,774	383,627	405,401
Net pension liability.....	<u>538,816</u>	<u>178,606</u>	<u>717,422</u>
Total noncurrent liabilities.....	<u>560,590</u>	<u>1,792,233</u>	<u>2,352,823</u>
Total liabilities .....	<u>654,780</u>	<u>2,226,426</u>	<u>2,881,206</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Subsequent year's property tax .....	341,514	-	341,514
Deferred amount related to pension liability .....	<u>202,348</u>	<u>89,837</u>	<u>292,185</u>
Total deferred inflows.....	<u>543,862</u>	<u>89,837</u>	<u>633,699</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES.....</b>	<u>1,198,642</u>	<u>2,316,263</u>	<u>3,514,905</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	1,139,994	4,095,350	5,235,344
Restricted for			
Highways and streets .....	368,279	-	368,279
Arboretum project.....	2,186	-	2,186
Public safety .....	819	-	819
Unrestricted.....	<u>218,869</u>	<u>1,290,182</u>	<u>1,509,051</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 1,730,147</u>	<u>\$ 5,385,532</u>	<u>\$ 7,115,679</u>

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

Village of Rochester, Illinois  
**STATEMENT OF ACTIVITIES**  
For the Year Ended April 30, 2018

Statement 2

FUNCTIONS/PROGRAMS	Expenses	Services	Contributions	Activities	Activities	Total
<b>Primary Government:</b>						
Governmental activities:						
General government .....	(\$ 263,689)	\$ 19,010	\$ -	(\$ 244,679)	\$ -	(\$ 244,679)
Culture and recreation .....	( 136,520)	7,045	-	( 129,475)	-	( 129,475)
Public safety .....	( 774,889)	21,876	-	( 753,013)	-	( 753,013)
Highway and streets .....	( 310,024)	94,191	-	( 215,833)	-	( 215,833)
Total governmental activities.....	( 1,485,122)	142,122	-	( 1,343,000)	-	( 1,343,000)
Business-type activities:						
Water utility .....	( 1,018,374)	1,121,363	-	-	102,989	102,989
Sewer utility .....	( 825,025)	830,013	-	-	4,988	4,988
Interest expense .....	( 56,552)	-	-	-	( 56,552)	( 56,552)
Total business-type activities .....	( 1,899,951)	1,951,376	-	-	51,425	51,425
<b>Total Primary Government .....</b>	<b>(\$3,385,073)</b>	<b>\$2,093,498</b>	<b>\$ -</b>	<b>( 1,343,000)</b>	<b>51,425</b>	<b>( 1,291,575)</b>
<b>General Revenues:</b>						
Income taxes				333,479	-	333,479
Sales and use taxes				200,559	-	200,559
Property taxes				360,623	-	360,623
Other taxes				315,359	-	315,359
Investment income				6,933	2,507	9,440
Miscellaneous				123,574	697	124,271
Total general revenues				1,340,527	3,204	1,343,731
Change in net position				( 2,473)	54,629	52,156
Net position at beginning of year				1,732,620	5,330,903	7,063,523
Net position at end of year				\$1,730,147	\$5,385,532	\$7,115,679

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

Village of Rochester, Illinois  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
April 30, 2018

Statement 3

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
<b>ASSETS</b>				
Cash, cash equivalents.....	\$ 547,664	\$ 359,834	\$ 9,730	\$ 917,228
Restricted cash and cash equivalents .....	819	-	-	819
Receivables, net				
Property taxes .....	341,514	-	-	341,514
Other .....	160,564	8,445	-	169,009
Prepaid insurance .....	31,012	-	-	31,012
<b>TOTAL ASSETS.....</b>	<b><u>\$1,081,573</u></b>	<b><u>\$ 368,279</u></b>	<b><u>\$ 9,730</u></b>	<b><u>\$1,459,582</u></b>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<b>LIABILITIES</b>				
Accrued payroll .....	\$ 87,526	\$ -	\$ -	\$ 87,526
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied in current year .....	341,514	-	-	341,514
Tax revenue .....	10,595	-	-	10,595
Total deferred inflows of resources .....	352,109	-	-	352,109
Total liabilities and deferred inflows of resources .....	439,635	-	-	439,635
<b>FUND BALANCES</b>				
Nonspendable for prepaid items .....	31,012	-	-	31,012
Restricted .....	3,005	368,279	-	371,284
Assigned .....	-	-	9,730	9,730
Unassigned.....	607,921	-	-	607,921
Total fund balances.....	641,938	368,279	9,730	1,019,947
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b><u>\$1,081,573</u></b>	<b><u>\$ 368,279</u></b>	<b><u>\$ 9,730</u></b>	<b><u>\$1,459,582</u></b>

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



Village of Rochester, Illinois  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION**  
April 30, 2018

Statement 3

Total fund balances - governmental funds .....	\$1,019,947
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.....	1,168,432
Receivables applicable to governmental activities are not due and collectible in the current period and therefore are deferred in the governmental funds.....	10,595
Deferred outflows of resources related to pensions .....	300,775
Deferred inflows of resources related to pensions .....	( 202,348)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, is not reported as liabilities in the governmental funds. These activities consist of:	
Net pension liability.....	( 538,816)
Notes payable.....	( <u>28,438</u> )
Total net position - governmental activities .....	<u>\$1,730,147</u>

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

Village of Rochester, Illinois  
**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended April 30, 2018

Statement 4

	General Fund	Motor Fuel Tax Fund	Capital Improvement Fund	Total Governmental Funds
<b>REVENUES</b>				
Taxes.....	\$ 652,172	\$ -	\$ -	\$ 652,172
Intergovernmental.....	630,153	94,191	-	724,344
Fines and fees .....	37,516	-	-	37,516
Licenses and permits .....	8,510	-	-	8,510
Interest income .....	3,025	3,899	9	6,933
Miscellaneous .....	<u>125,479</u>	<u>-</u>	<u>-</u>	<u>125,479</u>
Total revenues.....	<u>1,456,855</u>	<u>98,090</u>	<u>9</u>	<u>1,554,954</u>
<b>EXPENDITURES</b>				
Current operation				
General government.....	190,688	-	-	190,688
Culture and recreation.....	136,520	-	-	136,520
Public safety.....	705,190	-	-	705,190
Highways and streets .....	265,526	20,800	-	286,326
Capital outlay.....	14,610	-	-	14,610
Debt service:				
Principal .....	6,387	-	-	6,387
Interest.....	<u>1,509</u>	<u>-</u>	<u>-</u>	<u>1,509</u>
Total expenditures.....	<u>1,320,430</u>	<u>20,800</u>	<u>-</u>	<u>1,341,230</u>
<b>NET CHANGE IN FUND BALANCES.....</b>	136,425	77,290	9	213,724
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>505,513</u>	<u>290,989</u>	<u>9,721</u>	<u>806,223</u>
<b>FUND BALANCES AT END OF YEAR .....</b>	<u>\$ 641,938</u>	<u>\$ 368,279</u>	<u>\$ 9,730</u>	<u>\$1,019,947</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2018

Total net change in fund balances - governmental funds.....	\$ 213,724
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year:	
Capital Outlays.....	14,610
Depreciation .....	( 107,648)
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds.....	6,387
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 .....	( 72,304)
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>57,242</u> )
Change in the net position - governmental activities .....	(\$ <u><u>2,473</u></u> )

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

Village of Rochester, Illinois  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
April 30, 2018

Statement 5

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>Assets and Deferred Outflows</u>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents.....	\$ 927,379	\$ 435,816	\$1,363,195
Accounts receivable .....	117,014	97,065	214,079
Prepaid expenses .....	<u>9,785</u>	<u>7,509</u>	<u>17,294</u>
Total current assets.....	<u>1,054,178</u>	<u>540,390</u>	<u>1,594,568</u>
<b>NONCURRENT ASSETS</b>			
Capital assets not being depreciated.....	59,918	-	59,918
Capital assets being depreciated, net.....	2,413,927	3,393,706	5,807,633
Deferred charges:			
Connection fees.....	<u>-</u>	<u>130,641</u>	<u>130,641</u>
Total noncurrent assets .....	<u>2,473,845</u>	<u>3,524,347</u>	<u>5,998,192</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	<u>54,522</u>	<u>54,513</u>	<u>109,035</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS .....</b>	<b><u>3,582,545</u></b>	<b><u>4,119,250</u></b>	<b><u>7,701,795</u></b>
<u>Liabilities and Net Position</u>			
<b>CURRENT LIABILITIES</b>			
Accounts payable .....	52,697	34,323	87,020
Customer deposits payable.....	134,020	-	134,020
Accrued payroll.....	10,216	9,159	19,375
Accrued compensated absences .....	9,220	9,220	18,440
Accrued interest payable .....	16,764	-	16,764
Bonds payable, current portion .....	100,000	-	100,000
Notes payable, current portion .....	<u>16,665</u>	<u>41,909</u>	<u>58,574</u>
Total current liabilities.....	<u>339,582</u>	<u>94,611</u>	<u>434,193</u>
<b>NONCURRENT LIABILITIES</b>			
Bonds payable, net of current portion .....	1,230,000	-	1,230,000
Notes payable, net of current portion .....	49,501	334,126	383,627
Net pension liability .....	<u>89,322</u>	<u>89,284</u>	<u>178,606</u>
Total noncurrent liabilities.....	<u>1,368,823</u>	<u>423,410</u>	<u>1,792,233</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	<u>44,896</u>	<u>44,941</u>	<u>89,837</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS.....</b>	<b><u>1,753,301</u></b>	<b><u>562,962</u></b>	<b><u>2,316,263</u></b>
<b>NET POSITION</b>			
Net investment in capital assets.....	1,077,679	3,017,671	4,095,350
Unrestricted .....	<u>751,565</u>	<u>538,617</u>	<u>1,290,182</u>
<b>TOTAL NET POSITION.....</b>	<b><u>\$1,829,244</u></b>	<b><u>\$3,556,288</u></b>	<b><u>\$5,385,532</u></b>

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

Village of Rochester, Illinois  
**STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 PROPRIETARY FUNDS**  
 For the Year Ended April 30, 2018

Statement 6

	Water Utility	Sewer Utility	Total
<b>OPERATING REVENUES</b>			
Metered water sales.....	\$ 951,059	\$ -	\$ 951,059
Sewer service.....	-	815,171	815,171
Water bond revenue .....	153,550	-	153,550
Connection fees.....	3,675	150	3,825
Penalty revenue .....	13,079	14,692	27,771
Miscellaneous.....	<u>697</u>	<u>-</u>	<u>697</u>
Total operating revenues.....	<u>1,122,060</u>	<u>830,013</u>	<u>1,952,073</u>
<b>OPERATING EXPENSES</b>			
Water purchased.....	601,533	-	601,533
Sewer flow charges .....	-	349,347	349,347
Salaries, taxes and benefits.....	206,990	204,618	411,608
Materials and supplies.....	34,794	16,758	51,552
Depreciation and amortization .....	85,678	145,033	230,711
Office supplies and expense.....	8,411	8,134	16,545
Insurance .....	9,224	8,086	17,310
Audit fees .....	5,250	5,250	10,500
Professional fees.....	28,409	23,036	51,445
Computer maintenance .....	1,650	1,650	3,300
Uniforms .....	628	654	1,282
Testing.....	2,708	174	2,882
Utilities and telephone.....	10,710	13,591	24,301
Dues.....	276	307	583
Repairs and maintenance.....	11,569	34,593	46,162
Drug screening .....	327	327	654
Miscellaneous.....	<u>10,217</u>	<u>13,467</u>	<u>23,684</u>
Total operating expenses.....	<u>1,018,374</u>	<u>825,025</u>	<u>1,843,399</u>
INCOME (LOSS) FROM OPERATIONS.....	<u>103,686</u>	<u>4,988</u>	<u>108,674</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income .....	1,924	583	2,507
Interest (expense) .....	( 47,149)	( 9,403)	( 56,552)
Total nonoperating revenues (expenses).....	( 45,225)	( 8,820)	( 54,045)
<b>CHANGE IN NET POSITION.....</b>	58,461	( 3,832)	54,629
NET POSITION AT BEGINNING OF YEAR.....	<u>1,770,783</u>	<u>3,560,120</u>	<u>5,330,903</u>
<b>NET POSITION AT END OF YEAR.....</b>	<u>\$1,829,244</u>	<u>\$3,556,288</u>	<u>\$5,385,532</u>

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

Village of Rochester, Illinois  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended April 30, 2018

Statement 7

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users .....	\$1,118,624	\$ 827,244	\$1,945,868
Payments for goods and services .....	( 715,645)	( 457,514)	( 1,173,159)
Payments to employees and benefits.....	( 194,289)	( 202,477)	( 396,766)
Net cash provided by (used for) operating activities .....	<u>208,690</u>	<u>167,253</u>	<u>375,943</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets .....	( 17,993)	( 43,981)	( 61,974)
Principal paid on revenue bonds and notes .....	( 111,255)	( 41,377)	( 152,632)
Interest paid on revenue bonds and notes.....	( 47,149)	( 9,403)	( 56,552)
Net cash provided by (used for) capital and related financing activities .....	( 176,397)	( 94,761)	( 271,158)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received .....	<u>1,924</u>	<u>583</u>	<u>2,507</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....</b>	<b>34,217</b>	<b>73,075</b>	<b>107,292</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>893,162</u>	<u>362,741</u>	<u>1,255,903</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ <u>927,379</u></b>	<b>\$ <u>435,816</u></b>	<b>\$ <u>1,363,195</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss) from operations.....	\$ 103,686	\$ 4,988	\$ 108,674
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization.....	85,678	145,033	230,711
Pension adjustment other than contributions .....	12,701	12,713	25,414
(Increase) decrease in assets:			
Accounts receivable.....	( 3,436)	( 2,769)	( 6,205)
Prepaid expenses .....	( 1,908)	368	( 1,540)
(Decrease) increase in liabilities			
Accounts payable.....	8,360	4,779	13,139
Customer deposits payable.....	1,855	-	1,855
Accrued liabilities.....	<u>1,754</u>	<u>2,141</u>	<u>3,895</u>
Net cash provided by (used for) operating activities.....	<u>\$ 208,690</u>	<u>\$ 167,253</u>	<u>\$ 375,943</u>

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

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 1 – 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.

**A. – 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.

**B. – 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.

**C. – 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 demonstrates the degree to which the direct expenses of a given function or segment is 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 applicants who 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.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. – 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 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.

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, telecommunications 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 the revenues and expenses related to operating and maintaining the Village's water operations.

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

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.



Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. – Basis of Accounting and Financial Statement Presentation - Continued**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 non-operating 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.

**E. – 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 governmental 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 1) not in a spendable form; or 2) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) 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, 2018, the Village has no committed fund balances.

Assigned – includes amounts that are constrained by the Village's intent to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by: 1) the Village's Board of Trustees itself; or 2) 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 BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. – 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, 2018, the Village's fund balance restrictions were for the following purposes:

Restricted purpose	
Highways and streets	\$368,279
Arboretum project	2,186
Public safety	<u>819</u>
	<u>\$371,284</u>

**F. – 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.

**G. – Cash and Cash Equivalents**

For the purposes 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.

**H. – 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 costs 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.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. – Capital Assets - Continued**

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

Buildings	40 years
Improvements	20 to 40 years
Equipment	3 to 7 years
Utility property and improvements	5 to 40 years
Infrastructure	10 to 40 years

**I – Investments**

Investments are stated at fair value based on quoted market prices at April 30, 2018. Non-negotiable certificates of deposit are reported at cost.

**J. – 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.

**K. – 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.

**L. – 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.

**M. – Deferred Inflows of Resources**

The Village reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Village will not recognize the related revenue until a future event occurs. The Village has two types of deferred inflows: net pension liability and property tax receivables recorded in the current year, but the revenue will be recorded in the subsequent year, as it is meant to finance the next fiscal year, and will be recognized in a future period.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**N. – 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 recognized 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.

**O. – Interfund Transactions**

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

**P. – 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, 2016.
- The annual tax levy ordinance for 2016 taxes received during fiscal year 2018 was passed December 2016.
- The first installment of property taxes was due to the County Collector in June 2017 and the second installment was due in September 2017.
- Significant amounts of property taxes for 2016 were distributed to the Village in June and September of 2017.

The 2017 taxes are intended to finance the 2018 fiscal year and are not considered available for current operations and are therefore shown as deferred revenue. The 2017 tax levy has not been recorded as a receivable at April 30, 2018. Although the tax attached as a lien on property as of January 1, 2018 the tax will not be levied until December 2018, and accordingly, is not measurable at April 30, 2018.

**Q. – 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.

**R. – 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.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 2 – 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.

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.

**A. – 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, 2018 were less than one year.

**B. – Credit Risk**

It is the policy of the Village to diversify its investments to the best of its availability based on the type of funds invested and cash flow needs of those funds. As of April 30, 2018, 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.

**C. – 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, 2018, none of the Village's bank or investment balance of \$2,284,152 was exposed to custodial credit risk.

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 3 – CAPITAL ASSETS**

A summary of changes in capital asset for the year ended April 30, 2018 is as follows:

	<u>Balances</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2018</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ <u>101,434</u>	\$ _____ -	\$ _____ -	\$ <u>101,434</u>
Total capital assets, not being depreciated	<u>101,434</u>	_____ -	_____ -	<u>101,434</u>
Capital assets, being depreciated:				
Buildings and improvements	1,217,596	-	-	1,217,596
Equipment	1,017,794	14,610	-	1,032,404
Other improvements	773,428	-	-	773,428
Infrastructure	<u>383,740</u>	_____ -	_____ -	<u>383,740</u>
Total capital assets being depreciated	<u>3,392,558</u>	<u>14,610</u>	_____ -	<u>3,407,168</u>
Less accumulated depreciation:				
Buildings and improvements	( 649,321)	( 28,078)	-	( 677,399)
Equipment	( 890,691)	( 50,805)	-	( 941,496)
Other improvements	( 562,220)	( 18,358)	-	( 580,578)
Infrastructure	( <u>130,290</u> )	( <u>10,407</u> )	_____ -	( <u>140,697</u> )
Total accumulated depreciation	( <u>2,232,522</u> )	( <u>107,648</u> )	_____ -	( <u>2,340,170</u> )
Total capital assets being depreciated, net	<u>1,160,036</u>	( <u>93,038</u> )	_____ -	<u>1,066,998</u>
Total capital assets, net	<u>\$1,261,470</u>	( <u>\$ 93,038</u> )	\$ _____ -	<u>\$1,168,432</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 3 – CAPITAL ASSETS - Continued**

	Balances May 1, 2017	Additions	Retirements	Balances April 30, 2018
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 19,335	\$ -	\$ -	\$ 19,335
Construction in progress	<u>509,435</u>	<u>8,992</u>	( <u>477,844</u> )	<u>40,583</u>
Total capital assets not being depreciated	<u>528,770</u>	<u>8,992</u>	( <u>477,844</u> )	<u>59,918</u>
Capital assets, being depreciated:				
Building	876,631	-	-	876,631
Water and sewer system	7,648,424	487,883	-	8,136,307
Water tower	829,403	-	-	829,403
Other improvements	6,578	-	-	6,578
Equipment	<u>295,063</u>	<u>42,943</u>	<u>-</u>	<u>338,006</u>
Total capital assets being depreciated	<u>9,656,099</u>	<u>530,826</u>	<u>-</u>	<u>10,186,925</u>
Less accumulated depreciation:				
Building	( 727,160)	( 1,801)	-	( 728,961)
Water and sewer system	( 2,779,243)	( 189,393)	-	( 2,968,636)
Water tower	( 399,763)	( 20,204)	-	( 419,967)
Other improvements	( 6,578)	-	-	( 6,578)
Equipment	<u>( 243,521)</u>	<u>( 11,629)</u>	<u>-</u>	<u>( 255,150)</u>
Total accumulated depreciation	<u>( 4,156,265)</u>	<u>( 223,027)</u>	<u>-</u>	<u>( 4,379,292)</u>
Total capital assets being depreciated, net	<u>5,499,834</u>	<u>307,799</u>	<u>-</u>	<u>5,807,633</u>
Total capital assets, net	<u>\$ 6,028,604</u>	<u>\$ 316,791</u>	( <u>\$ 477,844</u> )	<u>\$ 5,867,551</u>

Depreciation expense was charged to functions/programs of the Village for the fiscal year ended April 30, 2018 as follows:

Governmental activities:	
General government	\$ 62,604
Public safety	28,702
Highways and streets	<u>16,342</u>
	<u>\$ 107,648</u>
Business-type activities:	
Water utility	\$ 85,678
Sewer utility	<u>137,349</u>
	<u>\$ 223,027</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 4 – 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>141,225</u>
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Total water revenue	\$ <u>1,122,060</u>
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\$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>1,330,000</u>
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Future principal and interest payments on general obligation bonds (alternate revenue source) are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 100,000	\$ 44,705	\$ 144,705
2020	100,000	42,665	142,665
2021	105,000	40,295	145,295
2022	110,000	37,481	147,481
2023	115,000	34,214	149,214
2024-2028	650,000	142,419	792,419
2029	<u>150,000</u>	<u>6,255</u>	<u>156,255</u>
	<u>\$1,330,000</u>	<u>\$ 348,034</u>	<u>\$1,678,034</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.	\$ <u>51,946</u>
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Future principal and interest payments on this note payable are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 13,333	\$ 1,414	\$ 14,747
2020	13,737	1,010	14,747
2021	14,154	593	14,747
2022	<u>10,722</u>	<u>164</u>	<u>10,886</u>
	<u>\$ 51,946</u>	<u>\$ 3,181</u>	<u>\$ 55,127</u>



Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 4 – LONG-TERM OBLIGATIONS - Continued**

The Village entered into a lease to own arrangement with John Deer Financial Service for a backhoe to be shared between the General, Water and Sewer Funds.

\$69,650 (Backhoe) note payable,  
annual payments of \$15,792, including  
interest at 4.25%, through July 2021. \$ 56,877

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

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 13,328	\$ 2,464	\$ 15,792
2020	13,905	1,887	15,792
2021	14,507	1,285	15,792
2022	<u>15,137</u>	<u>655</u>	<u>15,792</u>
	<u>\$ 56,877</u>	<u>\$ 6,291</u>	<u>\$ 63,168</u>

During the year ending April 30, 2018, the Village borrowed \$400,000 for the purpose of building a pump station.

\$400,000 (Pump Station) note payable,  
annual payments including  
interest of 2.49%, through June 2026. \$ 361,817

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

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 38,577	\$ 8,446	\$ 47,023
2020	38,974	7,479	46,453
2021	39,356	6,523	45,879
2022	39,782	5,517	45,299
2023	40,191	4,521	44,712
2024-2027	<u>164,937</u>	<u>7,921</u>	<u>172,858</u>
	<u>\$ 361,817</u>	<u>\$ 40,407</u>	<u>\$ 402,224</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 4 – 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, 2018.

	Balance May 1, 2017	<u>Increases</u>	<u>Decreases</u>	Balance April 30, 2018
General obligation bonds	\$1,425,000	\$ -	\$ 95,000	\$1,330,000
Water tower note payable	65,007	-	13,061	51,946
Backhoe note payable	69,650	-	12,773	56,877
Pump station note payable	<u>400,000</u>	<u>-</u>	<u>38,183</u>	<u>361,817</u>
	<u>\$1,959,657</u>	<u>\$ -</u>	<u>\$ 159,017</u>	<u>\$1,800,640</u>

**NOTE 5 – 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](http://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 their final rate of earnings for the first 15 years of service credited, 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 BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 5 – 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 their 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
- ½ of the increase in the Consumer Price Index of the original pension amount.

**Employees Covered by Benefit Terms**

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	7
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	<u>19</u>
Total	<u>35</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 2017 was 12.65%. For the fiscal year ended April 30, 2018, the Village contributed \$106,434 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 the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

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

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 5 – RETIREMENT PLAN - Continued**

**Actuarial Assumptions**

The following are methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Price Inflation** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Retirement Age** was from the Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
- **Mortality** –
  - For **Non-Disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
  - For **Disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives.
  - For **Active Members**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Morality 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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.25-7.35%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 5 – RETIREMENT PLAN - Continued**

**Single Discount Rate**

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

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

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

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Position Liability <u>(a) – (b)</u>
Balances at December 31, 2016	\$ <u>3,361,725</u>	\$ <u>2,459,245</u>	\$ <u>902,480</u>
Changes for the year:			
Service cost	71,851	-	71,851
Interest on the Total Pension Liability	247,722	-	247,722
Difference between expected and actual experience of the Total Pension Liability	117,957	-	117,957
Changes in assumptions	( 111,494)	-	( 111,494)
Contributions – employer	-	102,607	( 102,607)
Contributions – employee	-	36,501	( 36,501)
Net investment income	-	420,296	( 420,296)
Benefit payments, including refunds of employee contributions	( 189,376)	( 189,376)	-
Other (Net Transfers)	<u>-</u>	<u>( 48,310)</u>	<u>48,310</u>
Net changes	<u>136,660</u>	<u>321,718</u>	( <u>185,058</u> )
Balances at December 31, 2017	\$ <u>3,498,385</u>	\$ <u>2,780,963</u>	\$ <u>717,422</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 5 – RETIREMENT PLAN - Continued**

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50% as well as what the plan's net pension liability would be if it were calculated using a Single discount Rate that is 1% lower or 1% higher:

	1% Lower <u>6.50%</u>	Current Discount <u>7.50%</u>	1% Higher <u>8.50%</u>
Net pension liability	\$ <u>1,146,705</u>	\$ <u>717,422</u>	\$ <u>363,301</u>

**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 \$106,434. At April 30, 2018, the Village reported net deferred outflows of resources related to pensions from the following sources:

Deferred amounts to be recognized in pension expense in the future periods	
Differences between expected and actual experience	\$ 287,863
Assumption changes	( 100,546)
Net difference between projected and actual earnings on pension plan investments	( <u>107,499</u> )
Total deferred amounts to be recognized in pension expense in future periods	79,818
Pension contributions made subsequent to the measurement date	<u>37,807</u>
Total deferred amounts related to pensions	\$ <u>117,625</u>

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

<u>Year Ending December 31,</u>	
2018	\$ 38,434
2019	38,436
2020	8,527
2021	( 15,456)
2022	<u>9,877</u>
Total	\$ <u>79,818</u>

Village of Rochester, Illinois  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended April 30, 2018

**NOTE 6 – RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of, damage to, or 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 transverse 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**



Village of Rochester, Illinois  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
 April 30, 2018

Calendar year ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Total Pension Liability</b>										
Service Cost	\$ 71,851	\$ 76,899	\$ 66,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	247,722	225,739	203,110	-	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	117,957	155,853	156,660	-	-	-	-	-	-	-
Assumption Changes	( 111,494)	( 11,443)	-	-	-	-	-	-	-	-
Benefit Payments and Refunds	( 189,376)	( 137,626)	( 119,012)	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	136,660	309,422	306,815	-	-	-	-	-	-	-
<b>Total Pension Liability - Beginning</b>	3,361,725	3,052,303	2,745,488	-	-	-	-	-	-	-
<b>Total Pension Liability - Ending (a)</b>	3,498,385	3,361,725	3,052,303	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	102,607	112,442	100,847	-	-	-	-	-	-	-
Employee Contributions	36,501	37,069	33,393	-	-	-	-	-	-	-
Pension Plan Net Investment Income	420,296	129,449	10,397	-	-	-	-	-	-	-
Benefit Payments and Refunds	( 189,376)	( 137,626)	( 119,012)	-	-	-	-	-	-	-
Other	( 48,310)	114,553	105,913	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	321,718	255,887	131,538	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - Beginning</b>	2,459,245	2,203,358	2,071,820	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	2,780,963	2,459,245	2,203,358	-	-	-	-	-	-	-
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	\$ 717,422	\$ 902,480	\$ 848,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	79.49%	73.15%	72.19%							
<b>Covered Valuation Payroll</b>	\$ 811,126	\$ 823,755	\$ 742,070							
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	88.45%	109.56%	114.40%							

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 CONTRIBUTIONS**  
 April 30, 2018

Calendar year ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 102,607	\$ 112,443	\$ 100,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	\$ 102,607	\$ 112,442	\$ 100,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	\$ 811,126	\$ 823,755	\$ 742,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	12.65%	13.65%	13.59%							

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate\***

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

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

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

**Other Information:**

Notes: There were no benefit changes during the year.

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

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  
 For the Year Ended April 30, 2018

Schedule 3

	Original and Final Budget	<u>Actual</u>
<b>REVENUES</b>		
<b>TAXES</b>		
Property .....	\$ 333,600	\$ 331,146
Road and bridge.....	40,000	29,478
Utility .....	225,000	230,696
Cable television .....	<u>60,000</u>	<u>60,852</u>
Total taxes .....	<u>658,600</u>	<u>652,172</u>
<b>INTERGOVERNMENTAL</b>		
Income tax .....	380,000	408,493
Video gaming tax .....	11,000	21,924
Sales tax .....	93,400	100,815
Use tax .....	95,000	97,034
Replacement tax .....	<u>2,000</u>	<u>1,887</u>
Total intergovernmental .....	<u>581,400</u>	<u>630,153</u>
<b>FINES AND FEES</b>		
Police fines.....	11,500	12,531
Building inspection fees .....	6,900	4,550
Park reservation fees.....	1,800	2,150
Athletic field reservation fees.....	4,800	4,895
Athletic field electricity reimbursement .....	900	1,090
DUI Equipment fines.....	500	350
Gas franchise fees.....	6,000	6,000
Other fines and fees .....	<u>3,900</u>	<u>5,950</u>
Total fines and fees .....	<u>36,300</u>	<u>37,516</u>
<b>LICENSES AND PERMITS</b> .....	<u>8,400</u>	<u>8,510</u>
<b>MISCELLANEOUS</b>		
Police receipts.....	8,300	8,995
School security .....	4,000	4,727
July 4 <sup>th</sup> revenue .....	12,100	20,010
Library		
Utilities reimbursements .....	3,800	3,797
Library maintenance reimbursements.....	16,500	11,772
Library insurance reimbursements.....	2,900	2,916
Traffic signal reimbursements .....	10,000	26,033
Ice Deli lease payment.....	1,900	1,958
Other miscellaneous .....	<u>7,300</u>	<u>45,271</u>
Total miscellaneous.....	<u>66,800</u>	<u>125,479</u>
<b>INVESTMENT INCOME</b> .....	<u>900</u>	<u>3,025</u>
Total revenues.....	<u>1,352,400</u>	<u>1,456,855</u>

(Continued)

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
 GENERAL FUND  
 For the Year Ended April 30, 2018

Schedule 3

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>EXPENDITURES</b>		
GENERAL GOVERNMENT		
Salaries.....	\$ 59,900	\$ 60,848
Health insurance .....	8,600	10,157
Other payroll expenditures .....	24,800	22,101
Travel and training.....	-	75
Legal fees.....	2,900	2,022
Professional services.....	15,500	46,775
Accounting and auditing fees .....	6,800	5,250
Building and grounds maintenance .....	20,600	13,608
Utilities and telephone .....	17,300	13,295
Office expenditures.....	7,500	4,024
General insurance .....	1,300	1,185
Computer administration and maintenance.....	1,700	1,757
Publications and subscriptions.....	3,700	920
Dues .....	800	-
Animal control.....	2,200	1,161
Drug screening.....	200	192
Equipment purchase .....	800	-
Miscellaneous .....	<u>18,000</u>	<u>7,318</u>
Total general government .....	<u>192,600</u>	<u>190,688</u>
CULTURE AND RECREATION		
Salaries.....	61,200	55,284
Building and grounds maintenance .....	19,900	3,725
Program expenditures.....	-	3,010
Fourth of July.....	24,000	22,585
Vehicle and equipment maintenance.....	11,500	8,690
Office expenditures.....	-	97
Gas and oil.....	3,000	4,022
Uniforms and supplies .....	-	442
Operating supplies .....	13,100	9,286
Drug screening.....	200	64
Portable sanitation .....	3,300	3,370
Park improvements .....	1,500	-
Miscellaneous .....	<u>38,900</u>	<u>29,893</u>
Total culture and recreation .....	<u>176,600</u>	<u>140,468</u>
PUBLIC SAFETY		
Salaries.....	427,800	436,577
Health insurance .....	47,500	58,672
Other payroll expenditures .....	113,400	106,907
Travel and training.....	14,000	10,596
Vehicle and equipment maintenance.....	25,000	44,061
Office expenditures.....	600	708
Gas and oil.....	<u>11,300</u>	<u>11,722</u>

(Continued)

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
 GENERAL FUND  
 For the Year Ended April 30, 2018

Schedule 3

	Original and Final Budget	Actual
<b>EXPENDITURES, Continued</b>		
PUBLIC SAFETY, Continued		
Computer administration and maintenance .....	\$ 2,000	\$ 1,462
Equipment purchase .....	20,500	-
Police candidate hiring .....	1,500	644
Uniforms and supplies .....	15,600	15,146
Crime prevention .....	1,800	-
Miscellaneous .....	<u>38,200</u>	<u>33,305</u>
Total public safety .....	<u>719,200</u>	<u>719,800</u>
HIGHWAYS AND STREETS		
Salaries .....	66,000	70,393
Health insurance .....	8,600	11,886
Other payroll expenditures .....	22,300	23,787
Travel and training .....	200	-
Building and grounds maintenance .....	4,500	2,620
Vehicle and equipment maintenance .....	31,800	51,111
Equipment purchase .....	5,500	-
Uniforms and supplies .....	7,800	9,047
Street maintenance .....	26,500	32,406
Office expenditures .....	100	142
Gas and oil .....	4,200	4,082
Drug screening .....	300	-
Miscellaneous .....	<u>73,900</u>	<u>64,000</u>
Total highways and streets .....	<u>251,700</u>	<u>269,474</u>
Total expenditures .....	<u>1,340,100</u>	<u>1,320,430</u>
<b>NET CHANGE IN FUND BALANCE .....</b>	<b>\$ <u>12,300</u></b>	<b>136,425</b>
<b>FUND BALANCE AT BEGINNING OF YEAR .....</b>		<b><u>505,513</u></b>
<b>FUND BALANCE AT END OF YEAR .....</b>		<b>\$ <u>641,938</u></b>

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**  
 MOTOR FUEL TAX FUND  
 For the Year Ended April 30, 2018

Schedule 4

	<u>Original and Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>		
Taxes .....	\$ 97,000	\$ 94,191
Investment income .....	<u>1,500</u>	<u>3,899</u>
Total revenues.....	<u>98,500</u>	<u>98,090</u>
<b>EXPENDITURES</b>		
Highway and street.....	<u>-</u>	<u>20,800</u>
<b>NET CHANGE IN FUND BALANCE .....</b>	<b><u>\$ 98,500</u></b>	<b>77,290</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>		<b><u>290,989</u></b>
<b>FUND BALANCE AT END OF YEAR.....</b>		<b><u>\$ 368,279</u></b>

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL**  
 (NON-GAAP)  
 WATER UTILITY FUND  
 For the Year Ended April 30, 2018

Schedule 5

	Original and Final Budget	Actual
<b>OPERATING REVENUES</b>		
Metered water sales.....	\$ 960,700	\$ 951,059
Connection fees.....	10,000	3,675
Penalty revenue .....	12,600	13,079
Water bond revenue .....	142,000	153,550
Miscellaneous.....	300	697
Total operating revenues .....	<u>1,125,600</u>	<u>1,122,060</u>
<b>OPERATING EXPENSES</b>		
Water purchased.....	663,000	601,533
Salaries, taxes and benefits .....	178,900	206,990
Materials and supplies.....	37,500	34,794
Office supplies and expense.....	10,500	8,411
Insurance .....	8,600	9,224
Audit fees .....	6,700	5,250
Professional fees.....	18,600	28,409
Computer maintenance .....	300	1,650
Uniforms .....	300	628
Testing.....	4,500	2,708
Utilities and telephone.....	5,900	10,710
Dues.....	400	276
Repairs and maintenance .....	315,900	29,562
Drug screening .....	300	327
Miscellaneous.....	8,800	10,217
Total operating expenses .....	<u>1,260,200</u>	<u>950,689</u>
Income (loss) from operations .....	( <u>134,600</u> )	<u>171,371</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income .....	1,700	1,924
Interest expense.....	( <u>49,200</u> )	( <u>47,149</u> )
Total nonoperating revenues (expenses) .....	( <u>47,500</u> )	( <u>45,225</u> )
Change in net position, budgetary basis .....	( \$ <u>182,100</u> )	126,146
<u>Reconciliation to statement of revenues, expenses and changes in net position</u>		
Depreciation and amortization .....		( 85,678 )
Purchase of capital assets .....		17,993
Net position at beginning of year .....		<u>1,770,783</u>
Net position at end of year .....		<u>\$1,829,244</u>

Village of Rochester, Illinois  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN NET POSITION – BUDGET AND ACTUAL**  
 (NON-GAAP)  
 SEWER UTILITY FUND  
 For the Year Ended April 30, 2018

Schedule 6

	Original and Final Budget	Actual
<b>OPERATING REVENUES</b>		
Sewer service .....	\$ 838,000	\$ 815,171
Connection fees.....	500	150
Penalty revenue .....	14,000	14,692
Total operating revenues .....	<u>852,500</u>	<u>830,013</u>
<b>OPERATING EXPENSES</b>		
Sewer flow charges .....	385,000	349,347
Salaries, taxes and benefits .....	179,000	204,618
Materials and supplies.....	39,500	33,811
Office supplies and expense.....	10,600	8,134
Insurance .....	8,600	8,086
Audit fees .....	6,700	5,250
Professional fees.....	319,500	23,036
Computer maintenance .....	300	1,650
Uniforms .....	300	654
Testing.....	1,500	174
Utilities and telephone.....	17,200	13,591
Dues.....	400	307
Repairs and maintenance .....	108,100	61,521
Drug screening .....	300	327
Miscellaneous.....	10,400	13,467
Total operating expenses .....	<u>1,087,400</u>	<u>723,973</u>
Income (loss) from operations.....	( 234,900)	<u>106,040</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income .....	700	583
Interest (expense) .....	( 9,400)	( 9,403)
Gain on disposal of fixed assets.....	300,000	-
Total nonoperating revenues (expenses) .....	<u>291,300</u>	<u>( 8,820)</u>
Change in net position, budgetary basis .....	\$ <u>56,400</u>	97,220
<u>Reconciliation to statement of revenues, expenses and changes in net position</u>		
Depreciation and amortization .....		( 145,033)
Purchase of capital assets.....		43,981
Net position at beginning of year .....		<u>3,560,120</u>
Net position at end of year.....		<u>\$3,556,288</u>



## **OTHER INFORMATION**

Village of Rochester, Illinois  
**ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS**  
 Tax Years 2017, 2016 and 2015

Schedule 7

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ASSESSED VALUATION.....</b>	<b><u>\$88,774,058</u></b>	<b><u>\$87,041,042</u></b>	<b><u>\$85,049,776</u></b>
<b>TAX RATES</b>			
General corporate.....	0.1787	0.1867	0.2257
Social Security .....	0.0730	0.0733	0.0451
Insurance .....	0.0637	0.0449	0.0451
Police Protection .....	0.0564	0.0592	0.0615
Audit.....	<u>0.0129</u>	<u>0.0192</u>	<u>0.0072</u>
	<b><u>0.3847</u></b>	<b><u>0.3833</u></b>	<b><u>0.3846</u></b>
<b>TAX EXTENSIONS</b>			
General corporate.....	\$ 158,639	\$ 162,506	\$ 191,957
Social Security .....	64,805	63,801	38,357
Insurance .....	56,549	39,081	38,357
Police Protection .....	50,069	51,528	52,306
Audit.....	<u>11,452</u>	<u>16,712</u>	<u>6,124</u>
Total extended	<b><u>\$ 341,514</u></b>	<b><u>\$ 333,628</u></b>	<b><u>\$ 327,101</u></b>
Total collected.....		<b><u>\$ 331,146</u></b>	<b><u>\$ 324,567</u></b>
Percentage collected.....		<u>99.26%</u>	<u>99.23%</u>
Collection of Village share of road and bridge tax.....		<b><u>\$ 29,478</u></b>	<b><u>\$ 37,841</u></b>

Village of Rochester, Illinois  
**SCHEDULE OF LEGAL DEBT MARGIN**  
April 30, 2018

Schedule 8

<b>ASSESSED VALUATION - 2017 TAX LEVY .....</b>		<b><u>\$88,774,058</u></b>
<b>STATUTORY DEBT LIMITATION (8.625% OF VALUATION).....</b>		<b>\$ 7,656,763</b>
Total debt		
General obligation (alternative revenue source) bonds.....	\$ 1,330,000	
Less alternate revenue source bonds .....	( <u>1,330,000</u> )	<u>-</u>
<b>TOTAL LEGAL DEBT MARGIN.....</b>		<b><u>\$ 7,656,763</u></b>