



VILLAGE OF PECATONICA, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2018



SIKICH.COM

VILLAGE OF PECATONICA, ILLINOIS
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1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees
Village of Pecatonica, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Pecatonica, Illinois (the Village) as of and for the year ended April 30, 2018 and the related notes to 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 the modified cash basis of accounting described in Note 1e; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Pecatonica, Illinois as of April 30, 2018 and the respective changes in financial position and, where applicable, cash flows - modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1e.

Basis of Accounting

We draw attention to Note 1e of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Information

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

The supplementary information and combining and individual fund financial statements and schedules are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, combining and individual fund financial statements and schedules, except for the Illinois Municipal Retirement Fund schedule of changes in the employer's net pension liability and related ratios and schedule of employer contributions, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Illinois Municipal Retirement Fund schedule of changes in the employer's net pension liability and related ratios and schedule of employer contributions, and supplemental data 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 assurance on these schedules.

Sikich LLP

Naperville, Illinois
October 19, 2018

BASIC FINANCIAL STATEMENTS

VILLAGE OF PECATONICA, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,195,291	\$ 2,522,204	\$ 3,717,495
Restricted cash and cash equivalents	-	126,703	126,703
Capital assets not being depreciated	-	126,271	126,271
Capital assets being depreciated (net of accumulated depreciation)	701,619	8,490,439	9,192,058
Total assets	1,896,910	11,265,617	13,162,527
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	-	12,743	12,743
Total deferred outflows of resources	-	12,743	12,743
Total assets and deferred outflows of resources	1,896,910	11,278,360	13,175,270
LIABILITIES			
Meter deposits	-	62,994	62,994
Noncurrent liabilities			
Due within one year	4,853	328,530	333,383
Due in more than one year	-	3,461,241	3,461,241
Total liabilities	4,853	3,852,765	3,857,618
NET POSITION			
Net investment in capital assets	696,766	4,839,682	5,536,448
Restricted	490,893	126,703	617,596
Unrestricted	704,398	2,459,210	3,163,608
TOTAL NET POSITION	\$ 1,892,057	\$ 7,425,595	\$ 9,317,652

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 248,687	\$ 34,647	\$ -	\$ -
Streets	350,402	21,462	-	-
Public safety	229,929	4,777	-	-
Public works	13,025	-	55,826	-
Interest and fiscal charges	263	-	-	-
Total governmental activities	842,306	60,886	55,826	-
Business-Type Activities				
Water, sewer and refuse	979,403	1,360,273	-	-
Total business-type activities	979,403	1,360,273	-	-
TOTAL PRIMARY GOVERNMENT	\$ 1,821,709	\$ 1,421,159	\$ 55,826	\$ -

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (214,040)	\$ -	\$ (214,040)
	(328,940)	-	(328,940)
	(225,152)	-	(225,152)
	42,801	-	42,801
	(263)	-	(263)
	(725,594)	-	(725,594)
	-	380,870	380,870
	-	380,870	380,870
	(725,594)	380,870	(344,724)
General Revenues			
Taxes			
Property	98,966	8,477	107,443
Replacement	6,793	-	6,793
Sales	144,980	-	144,980
Utility taxes	117,107	-	117,107
Other taxes	129,091	-	129,091
Income taxes	232,506	-	232,506
Investment income	903	13,182	14,085
Miscellaneous	28,580	5,577	34,157
Total	758,926	27,236	786,162
CHANGE IN NET POSITION	33,332	408,106	441,438
NET POSITION, MAY 1	1,858,725	7,017,489	8,876,214
NET POSITION, APRIL 30	\$ 1,892,057	\$ 7,425,595	\$ 9,317,652

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

April 30, 2018

	General Fund	MFT Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 704,398	\$ 234,112	\$ 256,781	\$ 1,195,291
TOTAL ASSETS	\$ 704,398	\$ 234,112	\$ 256,781	\$ 1,195,291
LIABILITIES AND FUND BALANCES				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
FUND BALANCES				
Restricted				
Police protection	-	-	70,503	70,503
IMRF	-	-	35,515	35,515
Social Security	-	-	20,103	20,103
Streets	-	234,112	130,660	364,772
Assigned				
Subsequent year's budget	176,769	-	-	176,769
Unrestricted				
Unassigned	527,629	-	-	527,629
Total fund balances	704,398	234,112	256,781	1,195,291
TOTAL LIABILITIES AND FUND BALANCES	\$ 704,398	\$ 234,112	\$ 256,781	\$ 1,195,291

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

**RECONCILIATION OF FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT
OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 1,195,291
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, not reported in the fund	
Depreciable capital assets, net of accumulated depreciation	701,619
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Loan payable	<u>(4,853)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,892,057</u></u>

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2018

	General Fund	MFT Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES COLLECTED				
Taxes	\$ 420,809	\$ -	\$ 76,128	\$ 496,937
Licenses and permits	16,095	-	-	16,095
Fines and fees	44,791	-	-	44,791
Intergovernmental	232,506	55,826	-	288,332
Investment income	280	623	-	903
Miscellaneous	28,080	-	500	28,580
Total revenues collected	<u>742,561</u>	<u>56,449</u>	<u>76,628</u>	<u>875,638</u>
EXPENDITURES PAID				
Current				
General government	317,332	-	4,874	322,206
Streets	161,557	118,258	22,744	302,559
Public safety	231,542	-	12,271	243,813
Public works	-	-	13,025	13,025
Capital outlay	54,391	-	-	54,391
Debt service				
Principal	27,455	-	-	27,455
Interest	263	-	-	263
Total expenditures paid	<u>792,540</u>	<u>118,258</u>	<u>52,914</u>	<u>963,712</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>(49,979)</u>	<u>(61,809)</u>	<u>23,714</u>	<u>(88,074)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,497	-	-	26,497
Transfers (out)	-	-	(26,497)	(26,497)
Total other financing sources (uses)	<u>26,497</u>	<u>-</u>	<u>(26,497)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(23,482)	(61,809)	(2,783)	(88,074)
FUND BALANCES, MAY 1	<u>727,880</u>	<u>295,921</u>	<u>259,564</u>	<u>1,283,365</u>
FUND BALANCES, APRIL 30	<u><u>\$ 704,398</u></u>	<u><u>\$ 234,112</u></u>	<u><u>\$ 256,781</u></u>	<u><u>\$ 1,195,291</u></u>

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES
COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS**

For the Year Ended April 30, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (88,074)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	154,439
Depreciation expense on capital assets is reported as an expense in the statement of activities	(60,488)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	<u>27,455</u>
CHANGE IN NET POSITION OF THE GOVERNMENTAL ACTIVITIES	<u><u>\$ 33,332</u></u>

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND

April 30, 2018

	<u>Enterprise</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,522,204
Restricted cash	<u>126,703</u>
Total current assets	<u>2,648,907</u>
NONCURRENT ASSETS	
Capital assets not being depreciated	126,271
Capital assets being depreciated	11,648,394
Less accumulated depreciation	<u>(3,157,955)</u>
Total noncurrent assets	<u>8,616,710</u>
Total assets	<u>11,265,617</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on refunding	<u>12,743</u>
Total deferred outflows of resources	<u>12,743</u>
Total assets and deferred outflows of resources	<u>11,278,360</u>
CURRENT LIABILITIES	
Meter deposits	62,994
Current portion of long-term debt	<u>328,530</u>
Total current liabilities	391,524
NONCURRENT LIABILITIES	
Long-term debt, net of current portion	<u>3,461,241</u>
Total liabilities	<u>3,852,765</u>
NET POSITION	
Net investment in capital assets	4,839,682
Restricted	126,703
Unrestricted	<u>2,459,210</u>
TOTAL NET POSITION	<u><u>\$ 7,425,595</u></u>

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

**STATEMENT OF REVENUES COLLECTED, EXPENSES PAID
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND**

For the Year Ended April 30, 2018

	<u>Enterprise</u>
OPERATING REVENUES COLLECTED	
Refuse and recycling revenue	\$ 146,946
Sewer revenue	863,735
Water revenue	<u>349,592</u>
Total operating revenues collected	<u>1,360,273</u>
OPERATING EXPENSES PAID	
Water department	168,403
Sewer department	345,534
Refuse and recycling expenses	138,631
Depreciation	<u>305,802</u>
Total operating expenses paid	<u>958,370</u>
OPERATING INCOME	<u>401,903</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	13,182
Property taxes	8,477
Miscellaneous revenue	5,577
Interest expense	<u>(21,033)</u>
Total non-operating revenues (expenses)	<u>6,203</u>
CHANGE IN NET POSITION	408,106
NET POSITION, MAY 1	<u>7,017,489</u>
NET POSITION, APRIL 30	<u><u>\$ 7,425,595</u></u>

See accompanying notes to financial statements.

VILLAGE OF PECAONICA, ILLINOIS

STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS
PROPRIETARY FUND

For the Year Ended April 30, 2018

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,360,129
Receipts from interfund services	47,102
Receipts from miscellaneous income	5,577
Payments to personnel	(161,422)
Payments to suppliers	<u>(491,146)</u>
Net cash from operating activities	<u>760,240</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	<u>8,477</u>
Net cash flows from noncapital financing activities	<u>8,477</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(188,278)
Principal payments on long-term debt	(328,530)
Interest paid on long-term debt	<u>(22,524)</u>
Net cash from capital and related financing activities	<u>(539,332)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>13,182</u>
Net cash from investing activities	<u>13,182</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	242,567
CASH AND CASH EQUIVALENTS, MAY 1	<u>2,406,340</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 2,648,907</u>
CASH AND CASH EQUIVALENTS, APRIL 30	
Cash and cash equivalents	\$ 2,522,204
Restricted cash	<u>126,703</u>
TOTAL CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 2,648,907</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 401,903
Miscellaneous income	5,577
Adjustments to reconcile net operating income to net cash provided by operating activities	
Meter deposits	(144)
Due from other funds	47,102
Depreciation expense	<u>305,802</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 760,240</u>

See accompanying notes to financial statements.

VILLAGE OF PECATONICA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Pecatonica, 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)) except as described in Note 1e. 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. Organization

The Village, located in Winnebago County, was incorporated on March 14, 1881 under the provisions of the State of Illinois. The Village operates under a Mayor and Board of Trustees form of government and provides services to the public such as police, sanitation, water and sewer systems, public works and general administrative services.

b. Report Entity

Based on the criteria of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 31*, there are no component units for which the Village is considered to be financially accountable for.

c. Fund Accounting

The Village uses funds to report on its financial position - modified cash basis and the changes in its financial position - modified cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain village functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental and proprietary. Governmental funds are used to account for all of the Village's general activities. The General Fund is the primary operating fund, accounting for all financial resources not accounted for in another fund. Special revenue funds account for revenue sources that are legally restricted or committed for specific purposes. Capital project funds account for funds committed, restricted or assigned for the acquisition or construction of capital assets. Debt service funds account for funds committed, restricted or assigned for the servicing of long-term debt. Permanent funds are used to account for the management of funds held in trust where the interest earnings can be used for governmental services. The Village has no capital projects, debt service or permanent funds.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fund Accounting (Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial information. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds). The Village has no internal service funds.

d. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of the net position - modified cash basis and the statement of activities - modified cash basis) report information on all of the activities of the Village. The effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities - modified cash basis 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 governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

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

The MFT Fund is used to account for the revenues and expenditures related to the motor fuel tax and related highway projects. The primary revenues from motor fuel taxes are restricted to highway improvements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major enterprise fund:

The Water, Sewer, Refuse and Recycling Fund accounts for the provision of water treatment and distribution to the residential and commercial users of the Village. It also accounts for the storm drainage runoff service provided to the residential and commercial users of the Village and accounts for trash collection services provided to the residential and some commercial users of the Village.

e. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the enterprise fund are accounted for using the economic resources measurement focus and the modified cash basis of accounting which is a comprehensive basis of accounting other than GAAP. Revenues are recorded at the time of receipt by the Village. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with GAAP. Operating revenues collected/expenditures paid include all revenues/expenditures directly related to providing enterprise fund services. Incidental revenues/expenditures are reported as non-operating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recorded at the time of receipt by the Village. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with GAAP.

f. Property Taxes

The Village's property tax is levied each year on all taxable real property located in the Village and filed with the Winnebago County Clerk on or before the second Tuesday in December. Property taxes attach as an enforceable lien on property as of the January prior to levy passage. Generally, in April of the subsequent year, the County Clerk calculates the tax rates using the equalized assessed value of the township as determined by the Illinois Department of Revenue. These rates are then extended against the equalized assessed value of each parcel of property. The tax bills are then normally mailed by May 1 with payments due in two equal installments on June 1 and September 1. The Village receives significant distributions of tax receipts approximately one month after these due dates.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Property Taxes (Continued)

The Property Tax Extension Limitation Law imposes mandatory property tax limitations on the ability of tax districts in Illinois to raise revenue through unlimited property tax increases. The increase in property tax extensions is limited to the lesser of 5% or the percentage increase in the Consumer Price Index for all urban consumers. The amount of the limitation may be adjusted for new property added or annexed to the tax base or due to voter approved increases.

g. Cash, Cash Equivalents and Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

h. Capital Assets

Capital assets, which include building, building improvements, equipment, vehicles and infrastructure assets (e.g., building roads, bridges, storm water), are reported in the government-wide and enterprise fund financial statements. Capital assets are defined by the Village as assets with an initial, individual cost ranging from \$5,000 to \$50,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date of acquisition. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and improvements	50
Equipment and vehicles	5-20
Infrastructure	50
Utility system	50

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

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Long-Term Debt

Long-term liabilities are reported in the government-wide and enterprise fund financial statements as liabilities. The governmental fund financial statements do not report long-term liabilities because they do not require the use of current financial resources. Bond premiums are deferred and amortized over the term of the bonds using the effective interest method in the government-wide financial statements, but are recognized during the current period in the governmental fund financial statements. Bond issue costs are recognized during the current period as debt service expenditures in both the government-wide and governmental fund financial statements.

j. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for specific purpose, externally imposed by outside entities or from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include resolutions and ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The Village Board of Trustees retains the authority to assign fund balance. Any residual fund balance in the General Fund is reported as unassigned. Any deficit fund balances of all other governmental funds are also reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned funds and then unassigned funds.

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets. All other net position that does not meet the definition of "restricted" or "net investment in capital assets" are classified as unrestricted net position.

None of the Village's net position or fund balances were restricted as a result of enabling legislation.

2. CASH AND INVESTMENTS

The Village categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Village held no investments at April 30, 2018.

The Village is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments insured by the Federal Deposit Insurance Corporation (FDIC), obligations or securities guaranteed by the United States of America, direct obligations of any bank as defined by the Illinois Banking Act, certain money market mutual funds and The Illinois Funds (The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, Certain External Investment Pools and Pool Participants, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.).

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 are, in order of priority, legality, safety of principal, liquidity and yield.

a. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be recovered. The Village's deposits with financial institutions were covered either by FDIC or pledged collateral held by an independent third party depository in the Village's name at April 30, 2018.

b. Investments

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk by diversifying its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

b. Investments (Continued)

Interest rate risk is the risk that the market value of investments will fall due to changes in market interest rates. In accordance with its investment policy, the Village limits its exposure to interest rate risk by matching its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village does not directly invest in securities maturing more than five years from the date of purchase. Reserved funds and other funds with longer term investment horizons may be invested in securities exceeding two years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third party custodian and evidenced by safekeeping receipts and a written custodial agreement.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investments to avoid unreasonable risk. The investments shall be diversified by type of investment, number of institutions invested in, and length of maturity.

3. RESTRICTED CASH

Certain resources of cash accounts are classified as restricted in the financial statements because their use is to be limited to and accumulated for future restricted purposes. The Waterworks and Sewerage Revenue Bonds issued during fiscal 1995 and 2006 require the establishment of the following restricted accounts within the Enterprise Fund: Bond and Interest - to pay principal and interest on the outstanding bond.

Restricted cash consists of the following:

Series 2006 bond and interest sinking fund	<u>\$ 126,703</u>
TOTAL RESTRICTED	<u>\$ 126,703</u>

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

The capital asset activity for the year ended April 30, 2018 was as follows:

	Balances May 1, 2017	Increases	Decreases	Balances April 30, 2018
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 5,565	\$ -	\$ 5,565	\$ -
Total capital assets not being depreciated	5,565	-	5,565	-
Capital assets being depreciated				
Infrastructure	492,523	-	-	492,523
Building and improvements	300,165	85,514	-	385,679
Equipment and vehicles	418,112	74,490	-	492,602
Total capital assets being depreciated	1,210,800	160,004	-	1,370,804
Less accumulated depreciation for				
Infrastructure	177,139	23,762	-	200,901
Building and improvements	104,065	8,377	-	112,442
Equipment and vehicles	327,493	28,349	-	355,842
Total accumulated depreciation	608,697	60,488	-	669,185
Capital assets being depreciated, net	602,103	99,516	-	701,619
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 607,668	\$ 99,516	\$ 5,565	\$ 701,619
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 17,993	\$ -	\$ -	\$ 17,993
Construction in progress	-	108,278	-	108,278
Total capital assets not being depreciated	17,993	108,278	-	126,271
Capital assets being depreciated				
Utility system	11,155,446	-	-	11,155,446
Equipment and vehicles	412,948	80,000	-	492,948
Total capital assets being depreciated	11,568,394	80,000	-	11,648,394
Less accumulated depreciation for				
Utility system	2,590,943	278,886	-	2,869,829
Equipment and vehicles	261,210	26,916	-	288,126
Total accumulated depreciation	2,852,153	305,802	-	3,157,955
Capital assets being depreciated, net	8,716,241	(225,802)	-	8,490,439
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 8,734,234	\$ (117,524)	\$ -	\$ 8,616,710

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES

General government	\$ 6,430
Streets	41,945
Public safety	<u>12,113</u>

**TOTAL DEPRECIATION/AMORTIZATION EXPENSE -
GOVERNMENTAL ACTIVITIES**

\$ 60,488

5. LONG-TERM DEBT

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

	Balances			Balances	
	May 1, 2017	Additions	Reductions	April 30, 2018	Due in One Year
Loan payable	\$ 32,308	\$ -	\$ 27,455	\$ 4,853	\$ 4,853
TOTAL LONG-TERM DEBT	<u>\$ 32,308</u>	<u>\$ -</u>	<u>\$ 27,455</u>	<u>\$ 4,853</u>	<u>\$ 4,853</u>

During 2017, the Village entered into a loan agreement for the kiosk/shelter project. The loan proceeds were \$40,000 and the loan has interest rate of 1.99%. The term of the loan is for five years with payments occurring on a monthly basis.

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of April 30, 2018 are as follows:

Year Ending April 30,	Loan Payable		
	Principal	Interest	Total
2019	\$ 4,853	\$ 52	\$ 4,905
TOTAL	<u>\$ 4,853</u>	<u>\$ 52</u>	<u>\$ 4,905</u>

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

Long-term debt activity for the year ended April 30, 2018 for business-type activities and the Enterprise Fund was as follows:

	Balances			Balances	
	May 1, 2017	Additions	Reductions	April 30, 2018	Due in One Year
IEPA - notes payable	\$ 3,422,648	\$ -	\$ 253,530	\$ 3,169,118	\$ 253,530
General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016	665,000	-	75,000	590,000	75,000
Unamortized bond premium	33,207	-	2,554	30,653	-
TOTAL LONG-TERM DEBT	\$ 4,120,855	\$ -	\$ 331,084	\$ 3,789,771	\$ 328,530

On June 22, 2009, the Village entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Pollution Control Loan Program and American Recovery and Reinvestment Act of 2009 for wastewater treatment plant. The note is non-interest-bearing. The term of the loan is for 20 years with semiannual repayments of \$126,765 on January 1 and July 1.

In March 2016, the Village issued \$740,000 General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016 with an average rate of 3.30% to advance refund \$727,400 of outstanding Illinois Finance Authority Waterworks and Sewerage Revenue Bonds, Series 2006 with an average rate of 3.44%. Interest is payable semiannually on August 1 and February 1 at rates of 3.00% to 3.50%. Principal is payable annually on February 1, beginning February 1, 2017 through February 1, 2025. The bonds are being repaid by the Water, Sewer, Refuse and Recycling Fund. The bonds were issued to provide resources to purchase state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of April 30, 2018 are as follows:

Year Ending April 30,	IEPA Notes Payable		General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016		
	Principal	Total	Principal	Interest	Total
2019	\$ 253,530	\$ 253,530	\$ 75,000	\$ 20,275	\$ 95,275
2020	253,530	253,530	75,000	18,025	93,025
2021	253,530	253,530	80,000	15,400	95,400
2022	253,530	253,530	85,000	12,600	97,600
2023	253,530	253,530	90,000	9,625	99,625
2024-2028	1,267,649	1,267,649	185,000	9,800	194,800
2029-2033	633,819	633,819	-	-	-
TOTAL	\$ 3,169,118	\$ 3,169,118	\$ 590,000	\$ 85,725	\$ 675,725

The amount of pledge remaining as of April 30, 2018 is as follows:

	Pledged Revenue Source	Pledge Remaining	Commitment End Date	Pledged Revenue Collected	Principal and Interest Paid
General Obligation Refunding Bonds (Alternate Revenue Source), Series 2016	Revenues of the System	\$ 675,725	2/1/2025	\$ 1,360,273	\$ 97,525

The Village is subject to a debt limitation of 8.625% of its assessed valuation of \$26,265,203. As of April 30, 2018, the Village had \$2,265,374 of remaining legal debt margin.

6. RISK MANAGEMENT

The Village is exposed to various risks related to torts and employee health claims; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Village carries commercial insurance. The amount of coverage has not decreased and amount of settlements have not exceeded insurance coverage for any of the last three years.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INDIVIDUAL FUND DISCLOSURES

During the normal course of village operations, transfers between funds arise to reimburse individual funds for expenditures incurred for the benefit of other funds. The following operating transfers occurred during the fiscal year ended April 30, 2018:

	Transfers Out	Transfers In
General Fund	\$ -	\$ 26,497
Nonmajor Governmental Funds	26,497	-
TOTAL	\$ 26,497	\$ 26,497

The purposes of the interfund balances are as follows:

- \$26,497 of operating expenditures originally paid by the General Fund that were reimbursed by Nonmajor Governmental Funds. These transfers will not be repaid.

8. OTHER POSTEMPLOYMENT BENEFITS

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

9. RETIREMENT PLAN

The Village's defined benefit pension plan (the Plan), Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and schools in Illinois. The Illinois Pension Code establishes the benefit provisions of the Plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and supplementary information for the Plan as a whole but not by individual employer. That report may be obtained at www.imrf.org.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. RETIREMENT PLAN (Continued)

Illinois Municipal Retirement Fund

Plan Administration

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

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2017 (most recent information available), IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>7</u>
 TOTAL	 <u><u>23</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited 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 each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited 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 each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. RETIREMENT PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the fiscal years ended 2018 and 2017 were 7.31% and 6.99% respectively of covered payroll.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.50%
Cost of living adjustments	3.50%
Asset valuation method	Market value

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

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. RETIREMENT PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2017	\$ 835,855	\$ 824,610	\$ 11,245
Changes for the period			
Service cost	36,930	-	36,930
Interest	62,424	-	62,424
Difference between expected and actual experience	43,358	-	43,358
Changes in assumptions	(29,548)	-	(29,548)
Employer contributions	-	23,780	(23,780)
Employee contributions	-	26,985	(26,985)
Net investment income	-	152,549	(152,549)
Benefit payments and refunds	(43,996)	(43,996)	-
Other (net transfer)	-	(15,100)	15,100
Net changes	69,168	144,218	(75,050)
BALANCES AT DECEMBER 31, 2017	\$ 905,023	\$ 968,828	\$ (63,805)

Changes in assumptions related to the mortality tables, inflation rate and salary rates were made since the prior measurement date.

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. RETIREMENT PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2018, the Village incurred pension expense of \$13,914.

At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,979	\$ 10,402
Assumption changes	-	19,067
Net difference between projected and actual earnings on pension plan investments	-	48,114
Contributions subsequent to the measurement date	7,572	-
TOTAL	<u>\$ 35,551</u>	<u>\$ 77,583</u>

For disclosure purposes, the amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF would be recognized in pension expense as follows:

\$7,572 reported as deferred outflows of resources related to pensions resulting from village contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the year ending April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2019	\$ (10,311)
2020	(3,727)
2021	(17,362)
2022	(18,204)
2023	-
Thereafter	-
TOTAL	<u>\$ (49,604)</u>

VILLAGE OF PECATONICA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. RETIREMENT PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The net pension liability (asset), deferred outflows of resources and deferred inflows of resources are not reported on the Village's financial statements as the Village reports on the modified cash basis of accounting as discussed in Note 1e.

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 54,450	\$ (63,805)	\$ (160,277)

SUPPLEMENTARY INFORMATION

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED				
Taxes				
Property	\$ 22,976	\$ 22,976	\$ 22,918	\$ (58)
Sales tax	135,000	135,000	144,980	9,980
State replacement tax	8,000	8,000	6,793	(1,207)
Video gaming tax	23,500	23,500	33,092	9,592
Telecommunication tax	52,000	52,000	38,978	(13,022)
State use tax	51,000	51,000	56,941	5,941
Utility	111,600	111,600	117,107	5,507
Total taxes	404,076	404,076	420,809	16,733
License and permits	7,880	7,880	16,095	8,215
Fines and fees				
Franchise fees	17,475	17,475	18,552	1,077
Public works fees, services, etc.	12,100	12,100	21,462	9,362
Police fines and fees	9,820	9,820	4,777	(5,043)
Total fines and fees	39,395	39,395	44,791	5,396
Intergovernmental				
State income tax	256,000	256,000	232,506	(23,494)
Street reimbursements	156,610	156,610	-	(156,610)
Police grants	1,000	1,000	-	(1,000)
Total intergovernmental	413,610	413,610	232,506	(181,104)
Investment income	90	90	280	190
Other revenue				
Miscellaneous	52,120	52,120	28,080	(24,040)
Total other revenue	52,120	52,120	28,080	(24,040)
Total revenues collected	917,171	917,171	742,561	(174,610)
EXPENDITURES PAID				
Current				
General government				
Personnel	88,550	53,750	53,423	(327)
Unemployment	1,150	1,150	2,064	914
General insurance	8,800	-	4,374	4,374
Health insurance	26,000	26,000	14,487	(11,513)
Auto allowance	800	800	-	(800)
Building repairs and maintenance	1,725	1,725	9,943	8,218
Equipment repairs and maintenance	1,725	1,725	1,844	119
Legal	34,500	34,500	35,475	975
Other professional services	24,100	57,300	58,927	1,627
Postage	1,000	1,000	528	(472)
Phone and pagers	2,000	2,000	2,875	875
Publishing/printed material	1,150	1,150	1,115	(35)
Professional development	1,000	1,000	700	(300)

(This schedule is continued on the following pages.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES PAID (Continued)				
Current (Continued)				
General government (Continued)				
Training	\$ 2,875	\$ 2,875	\$ 2,543	\$ (332)
Dues	1,200	1,200	2,421	1,221
Utilities	141,950	141,950	743	(141,207)
Capital outlay	-	8,800	92,863	84,063
Technology and new equipment	26,885	26,885	15,497	(11,388)
Office supplies	4,500	4,500	4,510	10
Miscellaneous	50	1,650	12,372	10,722
Bank fees	-	-	628	628
Total general government	369,960	369,960	317,332	(52,628)
Streets				
Personnel	65,515	65,515	60,360	(5,155)
Health insurance	12,000	12,000	11,384	(616)
Liability insurance	8,400	8,400	9,777	1,377
Building repairs and maintenance	2,000	2,000	50	(1,950)
Equipment repairs and maintenance	3,600	3,600	2,621	(979)
Vehicle maintenance	7,200	7,200	2,108	(5,092)
Street maintenance	61,750	61,750	18,368	(43,382)
Engineering	15,000	15,000	12,219	(2,781)
Legal	500	500	-	(500)
Capital outlay	115,000	115,000	54,391	(60,609)
Phone and pagers	2,500	2,500	2,271	(229)
Training	500	500	220	(280)
Publications	200	200	-	(200)
Dues	50	50	-	(50)
Mosquito control	5,400	5,400	4,415	(985)
Street lighting	28,800	28,800	12,886	(15,914)
Tree service	21,600	21,600	14,336	(7,264)
Equipment supplies	1,800	1,800	1,615	(185)
Vehicle supplies	600	600	43	(557)
Building supplies	200	200	70	(130)
Snow supplies	3,000	3,000	681	(2,319)
Grounds supplies	2,200	2,200	1,401	(799)
Office supplies	1,750	1,750	410	(1,340)
Safety clothing/supplies	500	500	819	319
Janitorial	800	800	48	(752)
Fuel	8,400	8,400	4,809	(3,591)
Rental/lease	1,000	1,000	646	(354)
Total streets	370,265	370,265	215,948	(154,317)
Public safety				
Liability/workers' compensation insurance	22,000	22,000	19,245	(2,755)
Personnel	163,349	163,349	152,082	(11,267)
Health insurance	1,200	1,200	942	(258)
Uniform allowance	2,700	2,700	2,449	(251)
Equipment repairs and maintenance	4,200	4,200	860	(3,340)
Vehicle and repairs	4,800	4,800	1,429	(3,371)
Building repairs and maintenance	600	600	123	(477)

(This schedule is continued on the following page.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
EXPENDITURES PAID (Continued)				
Current (Continued)				
Public safety (Continued)				
Legal	\$ 3,600	\$ 3,600	\$ 2,385	\$ (1,215)
Other professional services	3,883	3,883	1,885	(1,998)
Postage	150	150	4	(146)
Phone and pagers	7,588	7,588	4,175	(3,413)
Dues	400	400	466	66
Training	4,161	4,161	1,434	(2,727)
Equipment supplies	750	750	-	(750)
Public/community relations	400	400	-	(400)
Office supplies	1,100	1,100	2,928	1,828
Fuel	13,800	13,800	8,698	(5,102)
Capital outlay	41,700	41,700	28,953	(12,747)
Computer related supplies	700	700	2,741	2,041
Utilities	1,000	1,000	743	(257)
	<hr/>			
Total public safety	278,081	278,081	231,542	(46,539)
	<hr/>			
Economic development				
Personnel	2,000	2,000	-	(2,000)
Engineering fees	500	500	-	(500)
Legal	500	500	-	(500)
Publishing	500	500	-	(500)
Signs	2,000	2,000	-	(2,000)
Community events	9,000	9,000	-	(9,000)
Miscellaneous	300	300	-	(300)
Capital outlay	91,769	91,769	-	(91,769)
	<hr/>			
Total economic development	106,569	106,569	-	(106,569)
	<hr/>			
Debt service				
Principal	7,884	27,884	27,455	(429)
Interest	692	692	263	(429)
	<hr/>			
Total debt service	8,576	28,576	27,718	(858)
	<hr/>			
Total expenditures paid	1,133,451	1,153,451	792,540	(360,911)
	<hr/>			
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID				
	(216,280)	(236,280)	(49,979)	186,301
	<hr/>			
OTHER FINANCING SOURCES (USES)				
Transfers in	38,700	38,700	26,497	(12,203)
Proceeds from sale of assets	100	100	-	(100)
	<hr/>			
Total other financing sources (uses)	38,800	38,800	26,497	(12,303)
	<hr/>			
NET CHANGE IN FUND BALANCE	\$ (177,480)	\$ (197,480)	(23,482)	\$ 173,998
	<hr/>			
FUND BALANCE, MAY 1			727,880	
	<hr/>			
FUND BALANCE, APRIL 30			\$ 704,398	
	<hr/>			

(See independent auditor's report.)

VILLAGE OF PECAATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED				
Motor fuel tax allotments	\$ 58,000	\$ 58,000	\$ 55,826	\$ (2,174)
Investment income	1,800	1,800	623	(1,177)
Total revenues collected	59,800	59,800	56,449	(3,351)
EXPENDITURES PAID				
Streets				
Engineering	-	-	41,590	41,590
Snow and ice removal	50,000	50,000	25,074	(24,926)
Street maintenance	150,000	150,000	49,779	(100,221)
Capital outlay	-	-	1,815	1,815
Total expenditures paid	200,000	200,000	118,258	(81,742)
NET CHANGE IN FUND BALANCE	\$ (140,200)	\$ (140,200)	(61,809)	\$ 78,391
FUND BALANCE, MAY 1			295,921	
FUND BALANCE, APRIL 30			\$ 234,112	

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

NOTES TO SUPPLEMENTARY INFORMATION

April 30, 2018

BUDGET

The Village follows these procedures in establishing the budget:

- a. The Board of Trustees appoints a committee to prepare the operating budget and a schedule of estimated revenues.
- b. The proposed budget is reviewed by the trustees and approved.
- c. The Board of Trustees is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriation of any fund must be approved by the Board of Trustees as a supplemental appropriation ordinance.
- d. Budgets are adopted and formal budgetary integration is employed as a management control device during the year for all funds.
- e. Budgetary authority lapses at year end.
- f. State law requires that “expenditures be made in conformity with appropriations/budget.” As under the budget act, transfers between line items, departments and funds may be made by administrative action. The final budget reflects all amendments made. The level of legal control is at the fund level.

Budgeted and actual figures are presented on the modified cash basis method of accounting which is a method of accounting other than GAAP.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

VILLAGE OF PECATONICA, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
 MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	Police Protection	Street, Road and Bridge	IMRF Retirement	Social Security	Police Confiscatory	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 63,457	\$ 130,660	\$ 35,515	\$ 20,103	\$ 7,046	\$ 256,781
TOTAL ASSETS	\$ 63,457	\$ 130,660	\$ 35,515	\$ 20,103	\$ 7,046	\$ 256,781
LIABILITIES AND FUND BALANCES						
LIABILITIES						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES						
Restricted						
Police protection	63,457	-	-	-	7,046	70,503
IMRF	-	-	35,515	-	-	35,515
Social Security	-	-	-	20,103	-	20,103
Streets	-	130,660	-	-	-	130,660
Total fund balances	63,457	130,660	35,515	20,103	7,046	256,781
TOTAL LIABILITIES AND FUND BALANCES	\$ 63,457	\$ 130,660	\$ 35,515	\$ 20,103	\$ 7,046	\$ 256,781

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2018

	Police Protection	Street, Road and Bridge	IMRF Retirement	Social Security	Police Confiscatory	Total Nonmajor Governmental Funds
REVENUES COLLECTED						
Property taxes	\$ 10,474	\$ 9,732	\$ 22,943	\$ 32,899	\$ -	\$ 76,048
Other taxes	80	-	-	-	-	80
Miscellaneous	-	500	-	-	-	500
Total revenues collected	10,554	10,232	22,943	32,899	-	76,628
EXPENDITURES PAID						
Current						
General government	-	-	2,031	2,843	-	4,874
Streets	-	17,873	2,031	2,840	-	22,744
Public safety	-	-	5,117	7,154	-	12,271
Public works	-	-	5,431	7,594	-	13,025
Total expenditures paid	-	17,873	14,610	20,431	-	52,914
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	10,554	(7,641)	8,333	12,468	-	23,714
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(25,997)	(500)	-	-	-	(26,497)
Total other financing sources (uses)	(25,997)	(500)	-	-	-	(26,497)
NET CHANGE IN FUND BALANCE	(15,443)	(8,141)	8,333	12,468	-	(2,783)
FUND BALANCE, MAY 1	78,900	138,801	27,182	7,635	7,046	259,564
FUND BALANCE, APRIL 30	\$ 63,457	\$ 130,660	\$ 35,515	\$ 20,103	\$ 7,046	\$ 256,781

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
POLICE PROTECTION FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED				
Property taxes	\$ 10,500	\$ 10,500	\$ 10,474	\$ (26)
Other taxes	250	250	80	(170)
Investment income	5	5	-	(5)
	<hr/>			
Total revenues collected	10,755	10,755	10,554	(201)
<hr/>				
EXPENDITURES PAID				
None	-	-	-	-
	<hr/>			
Total expenditures paid	-	-	-	-
<hr/>				
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	10,755	10,755	10,554	(201)
<hr/>				
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(30,000)	(30,000)	(25,997)	4,003
	<hr/>			
Total other financing sources (uses)	(30,000)	(30,000)	(25,997)	4,003
<hr/>				
NET CHANGE IN FUND BALANCE	<u>\$ (19,245)</u>	<u>\$ (19,245)</u>	(15,443)	<u>\$ 3,802</u>
<hr/>				
FUND BALANCE, MAY 1			<u>78,900</u>	
<hr/>				
FUND BALANCE, APRIL 30			<u><u>\$ 63,457</u></u>	

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
STREET, ROAD AND BRIDGE FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED				
Property taxes	\$ 8,500	\$ 8,500	\$ 9,732	\$ 1,232
Miscellaneous	-	-	500	500
Investment income	12	12	-	(12)
Total revenues collected	8,512	8,512	10,232	1,720
EXPENDITURES PAID				
Streets				
Maintenance	100,000	100,000	17,873	(82,127)
Total expenditures paid	100,000	100,000	17,873	(82,127)
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID				
	(91,488)	(91,488)	(7,641)	83,847
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(500)	(500)
Total other financing sources (uses)	-	-	(500)	(500)
NET CHANGE IN FUND BALANCE				
	<u>\$ (91,488)</u>	<u>\$ (91,488)</u>	(8,141)	<u>\$ 83,347</u>
FUND BALANCE, MAY 1			<u>138,801</u>	
FUND BALANCE, APRIL 30			<u>\$ 130,660</u>	

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED				
Property taxes	\$ 23,000	\$ 23,000	\$ 22,943	\$ (57)
Investment income	3	3	-	(3)
Total revenues collected	23,003	23,003	22,943	(60)
EXPENDITURES PAID				
Current				
General government				
IMRF	3,200	3,200	2,031	(1,169)
Streets				
IMRF	3,197	3,197	2,031	(1,166)
Public safety				
IMRF	8,056	8,056	5,117	(2,939)
Public works				
IMRF	8,550	8,550	5,431	(3,119)
Total expenditures paid	23,003	23,003	14,610	(8,393)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	8,333	\$ 8,333
FUND BALANCE, MAY 1			27,182	
FUND BALANCE, APRIL 30			\$ 35,515	

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
SOCIAL SECURITY FUND

For the Year Ended April 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES COLLECTED				
Property taxes	\$ 33,000	\$ 33,000	\$ 32,899	\$ (101)
Investment income	2	2	-	(2)
Total revenues collected	<u>33,002</u>	<u>33,002</u>	<u>32,899</u>	<u>(103)</u>
EXPENDITURES PAID				
Current				
General government				
Social Security	3,031	3,031	2,303	(728)
Medicare	708	708	540	(168)
Total general government	<u>3,739</u>	<u>3,739</u>	<u>2,843</u>	<u>(896)</u>
Streets				
Social Security	3,028	3,028	2,300	(728)
Medicare	708	708	540	(168)
Total streets	<u>3,736</u>	<u>3,736</u>	<u>2,840</u>	<u>(896)</u>
Public safety				
Social Security	7,629	7,629	5,795	(1,834)
Medicare	1,784	1,784	1,359	(425)
Total public safety	<u>9,413</u>	<u>9,413</u>	<u>7,154</u>	<u>(2,259)</u>
Public works				
Social Security	8,097	8,097	6,151	(1,946)
Medicare	1,894	1,894	1,443	(451)
Total public works	<u>9,991</u>	<u>9,991</u>	<u>7,594</u>	<u>(2,397)</u>
Total expenditures paid	<u>26,879</u>	<u>26,879</u>	<u>20,431</u>	<u>(6,448)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,123</u>	<u>\$ 6,123</u>	12,468	<u>\$ 6,345</u>
FUND BALANCE, MAY 1			<u>7,635</u>	
FUND BALANCE, APRIL 30			<u>\$ 20,103</u>	

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - BUDGET AND ACTUAL
POLICE CONFISCATORY FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES COLLECTED				
Investment income	\$ 200	\$ 200	\$ -	\$ (200)
Fines and fees	2	2	-	(2)
Total revenues collected	202	202	-	(202)
EXPENDITURES PAID				
None	-	-	-	-
Total expenditures paid	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	202	202	-	(202)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(8,700)	(8,700)	-	8,700
Total other financing sources (uses)	(8,700)	(8,700)	-	8,700
NET CHANGE IN FUND BALANCE	\$ (8,498)	\$ (8,498)	-	\$ 8,498
FUND BALANCE, MAY 1			<u>7,046</u>	
FUND BALANCE, APRIL 30			<u>\$ 7,046</u>	

(See independent auditor's report.)

ENTERPRISE FUND

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF OPERATING EXPENDITURES PAID - MODIFIED CASH BASIS
BUDGET AND ACTUAL
WATER, SEWER, REFUSE AND RECYCLING FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
OPERATING EXPENDITURES PAID				
Water department				
Liability insurance	\$ 13,000	\$ 13,000	\$ 11,138	\$ (1,862)
Water personnel	85,312	85,312	80,193	(5,119)
Engineering fees	25,000	25,000	4,500	(20,500)
Legal and accounting fees	5,500	5,500	4,000	(1,500)
Janitor service/supplies	750	750	-	(750)
Testing	5,500	5,500	3,089	(2,411)
Postage	2,000	2,000	1,789	(211)
Phone and pagers	2,500	2,500	2,380	(120)
Publishing	1,000	1,000	745	(255)
Dues/public relations	2,500	2,500	2,688	188
Utilities	29,000	29,000	23,147	(5,853)
Other expenses	7,550	7,550	4,852	(2,698)
Building repairs and maintenance	5,000	5,000	522	(4,478)
Equipment repairs and maintenance	9,000	9,000	5,169	(3,831)
Vehicle repairs and maintenance	6,500	6,500	663	(5,837)
Water meter/ERT purchase	-	-	57	57
Office expense	4,500	4,500	2,590	(1,910)
Chemical supplies	4,700	4,700	2,751	(1,949)
Safety supplies/clothing	1,000	1,000	238	(762)
Fuel	3,000	3,000	1,977	(1,023)
JULIE	500	500	404	(96)
Site repair	8,000	8,000	2,871	(5,129)
Capital outlay	62,000	162,000	1,256	(160,744)
Health insurance	12,000	12,000	11,384	(616)
Depreciation	92,624	92,624	67,794	(24,830)
Total water department	388,436	488,436	236,197	(252,239)
Sewer department				
Liability insurance	13,000	13,000	10,979	(2,021)
Sewer personnel	83,904	79,704	81,229	1,525
Maintenance service - building	8,000	8,000	7,081	(919)
Legal and accounting fees	5,000	5,000	4,680	(320)
Janitor service/supplies	1,500	1,500	24	(1,476)
Testing	6,000	6,000	1,430	(4,570)
Postage	2,000	2,000	1,797	(203)
Publishing	1,000	1,000	36	(964)
Phone and pagers	2,500	2,500	2,539	39
Utilities	55,000	55,000	47,981	(7,019)
Other	17,100	17,100	11,435	(5,665)
Meter/ERT/MXU replacement	1,000	1,000	-	(1,000)
Equipment repairs and maintenance	33,000	50,830	69,427	18,597
Vehicle repairs and maintenance	2,500	2,500	149	(2,351)
Sludge removal	10,000	10,000	12,823	2,823

(This schedule is continued on the following page.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF OPERATING EXPENDITURES PAID - MODIFIED CASH BASIS
 BUDGET AND ACTUAL (Continued)
 WATER, SEWER, REFUSE AND RECYCLING FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Budget
OPERATING EXPENDITURES PAID (Continued)				
Sewer department (Continued)				
Engineering service	\$ 10,000	\$ 10,000	\$ 16,287	\$ 6,287
Televising sewer lines	10,000	4,500	3,075	(1,425)
Office expense	4,500	4,500	2,350	(2,150)
Chemical supplies	10,500	10,500	9,206	(1,294)
Safety supplies/clothing	1,500	1,500	1,269	(231)
Fuel	1,500	1,500	654	(846)
JULIE	300	300	-	(300)
Health insurance	12,000	12,000	11,384	(616)
Site repair	9,000	9,000	1,139	(7,861)
Capital outlay	118,000	91,000	48,560	(42,440)
Depreciation	216,130	235,000	238,008	3,008
Total sewer department	634,934	634,934	583,542	(51,392)
Refuse and recycling				
Refuse and recycling contract	-	-	138,631	138,631
TOTAL OPERATING EXPENDITURES PAID	\$ 1,023,370	\$ 1,123,370	\$ 958,370	\$ (165,000)

(See independent auditor's report.)

SUPPLEMENTAL DATA (Unaudited)

VILLAGE OF PECATONICA, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	\$ 35,825	\$ 35,672	\$ 36,930
Interest	57,855	59,233	62,424
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(29,330)	(10,122)	43,358
Changes of assumptions	-	-	(29,548)
Benefit payments, including refunds of member contributions	(50,057)	(41,739)	(43,996)
Net change in total pension liability	14,293	43,044	69,168
Total pension liability - beginning	778,518	792,811	835,855
TOTAL PENSION LIABILITY - ENDING	\$ 792,811	\$ 835,855	\$ 905,023
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 25,966	\$ 21,802	\$ 23,780
Contributions - member	14,885	14,344	26,985
Net investment income	4,056	53,747	152,549
Benefit payments, including refunds of member contributions	(50,057)	(41,739)	(43,996)
Other	(36,043)	1,814	(15,100)
Net change in plan fiduciary net position	(41,193)	49,968	144,218
Plan fiduciary net position - beginning	815,835	774,642	824,610
PLAN FIDUCIARY NET POSITION - ENDING	\$ 774,642	\$ 824,610	\$ 968,828
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 18,169	\$ 11,245	\$ (63,805)
Plan fiduciary net position as a percentage of the total pension liability	97.71%	98.65%	107.05%
Covered-employee payroll	\$ 330,777	\$ 318,750	\$ 324,864
Employer's net pension liability (asset) as a percentage of covered-employee payroll	5.49%	3.53%	(19.64%)

In 2017, changes in assumptions related to inflation rates, salary rates and mortality were made since the previous measurement date.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018
Actuarially determined contribution	\$ 23,355	\$ 22,630	\$ 23,996
Contributions in relation to the actuarially determined contribution	23,355	22,630	23,996
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 309,771	\$ 323,791	\$ 328,270
Contributions as a percentage of covered-employee payroll	7.54%	6.99%	7.31%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually projected salary increases assumption of 3.75% to 14.50% compounded annually and wage growth of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is

(See independent auditor's report.)

VILLAGE OF PECATONICA, ILLINOIS

SCHEDULE OF TAX DATA

Last Five Levy Years

	Tax Year 2017		Tax Year 2016		Tax Year 2015		Tax Year 2014		Tax Year 2013	
ASSESSED VALUATIONS	\$	26,265,203	\$	26,014,878	\$	25,868,724	\$	26,213,090	\$	27,270,651
PROPERTY TAX RATES AND EXTENSIONS	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Village	0.4375	\$ 114,910	0.0884	\$ 22,997	0.0826	\$ 21,368	0.0543	\$ 14,234	0.1143	\$ 31,170
Police protection	0.0406	10,664	0.0404	10,510	0.0406	10,503	0.0439	11,508	0.0569	15,517
Street and bridge	0.0620	16,284	-	-	-	-	0.0043	1,127	0.0244	6,654
IMRF	0.0709	18,622	0.0885	23,023	0.1160	30,008	0.1221	32,006	0.0771	21,026
Social Security	0.1150	30,205	0.1269	33,013	0.1238	32,025	0.1229	32,216	0.0734	20,017
Sewage disposal	-	-	0.0327	8,507	0.0290	7,502	0.0516	13,526	0.0587	16,008
Audit	0.0082	2,154	-	-	-	-	-	-	-	-
Workers' compensation	0.0040	1,051	-	-	-	-	-	-	-	-
	0.7382	\$ 193,890	0.3769	\$ 98,050	0.3920	\$ 101,406	0.3991	\$ 104,617	0.4048	\$ 110,392

Data Sources

Office of the County Clerk
Office of the County Treasurer

Village of Pecatonica, Illinois
Schedule of Utility System Information
Required by Bond Ordinance
April 30, 2018

Utility System Users:

Water	928
Sewer	915
Recycling	<u>826</u>
 Total system users	 928

Rates:

Water:

\$7.59 for 0 gallons; then \$0.59 per 100 gallons

Minimum rate is \$40 per month

Customers outside of the corporate boundaries will pay an amount that is 150% of the identical rates used for customers inside the corporate boundaries.

Sewer:

\$16.08 for 0 gallons, then \$0.86 per 100 gallons

Minimum rate is \$20 per month

Customers outside of the corporate boundaries will pay an amount that is 150% of the identical rates used for customers inside the corporate boundaries.

Consumption:

Water 41,626,800 gallons

Sewer 40,807,500 gallons

**Village of Pecatonica, Illinois
Schedule of Insurance Coverage
April 30, 2018**

Part I: General Liability

Coverage/Limits

General Liability		
Each Occurrence	\$	1,000,000
General Annual Aggregate		3,000,000
Products/Completed Operations Annual Aggregate		1,000,000
Premises Medical Payments		
Each Person		5,000
Each Occurrence		50,000

Deductible: \$1,000 Each Occurrence

Sexual Abuse Liability		
Each Occurrence		1,000,000
Annual Aggregate		1,000,000
Retroactive Date: 12/01/2014		
Innocent Party Defense Coverage Included		

Deductible: \$2,500 Each Occurrence

Coverages to Include

- Liquor Liability
- Medical Professional (Excluding Doctors and Dentists)
- Special Events
- Terrorism
- Volunteers
- Non-Auditable

Law Enforcement		
Each Occurrence		1,000,000
General Annual Aggregate		3,000,000

Deductible: \$1,000 Each Occurrence

Coverages to Include

- Auxiliary Officers
- Intergovernmental/Mutual Aid Agreements
- Jails/Holding Cells
- Good Samaritan
- Commandeered Autos

Village of Pecatonica, Illinois
Schedule of Insurance Coverage (Continued)
April 30, 2018

Part I: General Liability (Continued)

Coverage/Limits (Continued)

Auto Liability		
Auto Liability (Each accident for bodily injury and/or property damage)	\$	1,000,000
Underinsured/Uninsured Motorist (Each Accident)		100,000
Auto Medical Payment (Each Person)		
Each Person		5,000
Each Accident		25,000

Deductible: \$0 Each Occurrence

Auto Physical Damage		
Total Scheduled Value	\$	391,622
Total Agreed Value		0
Number of Vehicles		13
Comprehensive per Loss Deductible	\$	1,000
Collision per Loss Deductible		1,000

Coverages to Include

Automatic Liability for Newly Acquired Vehicles		Included
Newly Acquired Automobiles Physical Damage	\$	500,000
Hired/Non-Owned Liability		Included
Hired Auto Physical Damage		Included
Garage Keepers Legal Liability - per Occurrence	\$	100,000
Pollution Caused by Upset/Overturn		Included
Commandeered Autos		Included
Loss of Use and Lease Gap Coverage		Included

Each Occurrence	\$	1,000,000
Public Officials Annual Aggregate		1,000,000
Retroactive Date: 4/26/1986		

Deductible: \$2,500 Each Occurrence

Employment Practices Liability

Retroactive Date: 4/26/1986

Deductible: \$2,500

Employee Benefits Liability

Retroactive Date: 12/01/2013

Deductible: \$2,500 Each Occurrence

Village of Pecatonica, Illinois
Schedule of Insurance Coverage (Continued)
April 30, 2018

Part I: General Liability (Continued)

Public Officials Liability - Claims Made

Coverages to Include

Employee Wage Reimbursement	
Each Occurrence	10,000
Annual Aggregate	20,000
Non-Monetary Legal Defense	
Each Occurrence	25,000
Annual Aggregate	50,000
Sexual Harassment	
Discrimination	
Wrongful Termination	
FOIA/Open Meetings Act	
Attorney's Professional	

Cyber Liability

Privacy and Network Security Coverage	
Each Occurrence	1,000,000
Annual Aggregate	1,000,000
Retroactive Date: 12/01/2013	

Deductible: \$2,500 Each Occurrence

Coverages Included

- Notification Costs
- Credit Monitoring
- Breach Consultation
- Data Forensic Expenses
- Public Relations Expenses

Services Available

- Systems Testing and Consulting
- Online Risk Management Resources
- Training and Educational Programs

Village of Pecatonica, Illinois
Schedule of Insurance Coverage (Continued)
April 30, 2018

Part II: Property and Inland Marine

Terms and Conditions: Replacement Cost (except where noted below) subject to 125% of the total value of any one Building, Structure or Personal Property at any one location.

Deductibles: Property	\$2,500 per Loss
Deductibles: Inland Marine	\$1,000 per Loss

Coverage to Include

Limit	
Building Values	\$ 14,315,300
Personal Property	483,000
Course of Construction (Builder's Risk) Included up to	1,000,000
Ordinance of Law Coverage	1,000,000
Covered Property in Transit	100,000
Mobile Equipment Greater than or Equal to \$10,000 per Item (ACV)	255,800
Mobile Equipment Less than \$10,000 per Item (ACV)	237,066
Musical Instruments, Cameras, Radios	4,300
Property in the Open	100,000
Personal Property of Others	100,000
Newly Constructed or Acquired Property	1,000,000
Foot Bridges and Appurtenant Structures	100,000
Extra Expense, Business Income, Rental Value - Excess	100,000

Covered Costs and Expenses

Debris Removal (Whichever is Greater)	25% or \$500,000
Pollutant Cleanup and Removal	\$ 25,000
Fire Department Service Charge	5,000
Fire Protection Equipment Discharge	5,000
Preservation of Property	25,000
Protection of Property	25,000

Coverage Extension

\$250,000 Blanket Coverage Limit for the Following Extensions	
Extra Expense/Business Income	Included
Fine Arts	Included
Accounts Receivable	Included
Valuable Papers and Records	Included

Village of Pecatonica, Illinois
Schedule of Insurance Coverage (Continued)
April 30, 2018

Part II: Property and Inland Marine (Continued)

Supplemental Coverages

Outdoor Property Including Debris Removal, in Any One Occurrence	\$ 100,000
Personal Effects, per Location	10,000
Personal Effects, per Occurrence	25,000
Communication Towers	25,000
Golf Course Tees and Greens to a Maximum per Item of	5,000
Contractors Equipment Non-Owned, per Item of	100,000
Contractors Equipment Non-Owned, per Occurrence	250,000
Interruption of Computer Operations per Occurrence	50,000
Interruption of Computer Operations Annual Aggregate	100,000
Retainage Walls and Other Outdoor Walls	10,000
Underground Sprinkler System	10,000
Unintentional Errors and Omissions	100,000
Utility Services - Direct Damage	25,000
Utility Services - Time Element	25,000
Direct Damage in Any One Occurrence	15,000
Business Income and Extra Expense in Any One Occurrence	15,000
Extra Expense Number of Days	30
Trees and Shrubs	1,000

Additional Property Coverages

Earthquake (Include Mine Subsidence) (\$250 Million Program Aggregate)	\$ 5,000,000
Flood, Including Backup of Sewer and Water Seepage (Excluding Flood Zone A and V, \$250 Million Program Aggregate)	5,000,000

Flood Deductible - \$50,000 of the damaged location (or higher, if higher selected).

Earthquake Deductible - \$50,000 or 2% of the damage location; whichever is greater.

The deductible applies to each claim and does not erode or reduce the Limited of Insurance.

Village of Pecatonica, Illinois
Schedule of Insurance Coverage (Continued)
April 30, 2018

Part III: Equipment Breakdown Protection

Total Building and Contents Value	\$	14,798,300
Coverage Extensions: Equipment		
Combined Business Income		Included
Combined Extra Expense		Included
Spoilage		Included
Utility Interruption - Time Element		Included
Civil Authority		Included
Electronic Data or Media		Included
Error in Description		Included
Expediting Expense		Included
Fungus, Wet Rot or Dry Rot	\$	15,000
Ordinance or Law		Included
Refrigerant Contamination		Included
Hazardous Substances		Included
Newly Acquired Locations	\$	1,000,000
Debris Removal		25% or \$500,000
Pollutant Cleanup and Removal		Included
Water Damage		Included
Deductibles		
Property Damage	\$	2,500
Business Income, Extra Expense and Utility Interruption		24 Hours

Part IV: Crime

Limit per Loss		
Blanket Employee Dishonesty	\$	500,000
Loss Inside the Premises - Money and Securities		500,000
Loss Outside the Premises		500,000
Money Orders and Counterfeit Currency		500,000
Depositors Forgery		500,000
Computer Fraud		500,000
Funds Transfer Fraud		500,000

\$1,000 Each Occurrence Deductible

The deductible applies to each occurrence and does not erode or reduce the Limits of Insurance.

Part V: Workers' Compensation (Not Covered)

Village of Pecatonica, Illinois
Schedule of Insurance Coverage (Continued)
April 30, 2018

Part VI: Excess Liability Coverage

Excess Liability - Follow Form	Limits
General Liability and Law Enforcement Excess of \$1,000,000 per Occurrence	\$ 5,000,000
Law Enforcement Liability Excess of \$1,000,000 per Occurrence	5,000,000
Auto Liability Excess of \$1,000,000 per Occurrence	5,000,000
Public Officials Excess of \$1,000,000 per Occurrence	5,000,000

Coverages Excluded
Sanitary Sewer Backup
Sexual Abuse
Uninsured/Underinsured Motorist Coverage

Please see policy forms for terms, conditions and exclusions.