

**VILLAGE OF WINNEBAGO  
WINNEBAGO, ILLINOIS**

*Annual Financial Report*

*As of and for the Year Ended  
December 31, 2015*

# VILLAGE OF WINNEBAGO, ILLINOIS

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## Independent Auditor's Report

The Honorable President and  
Members of the Board of Trustees  
Village of Winnebago, Illinois

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois (Village) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois, as of December 31, 2015, and the respective changes in financial position and cash flows of its proprietary fund, 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 require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

#### ***Other Information***

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

The combining, individual nonmajor fund financial statements and the schedules listed in the table of contents as other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Bearing Group, LLC*

Rockford, Illinois  
July 11, 2016

## **VILLAGE OF WINNEBAGO, ILLINOIS**

### **Management's Discussion and Analysis**

December 31, 2015 (Unaudited)

This section of the Village of Winnebago's Annual Financial Report presents our discussion and analysis of the Village's financial activities for the year ended December 31, 2015.

#### **FINANCIAL HIGHLIGHTS**

- Net position and performance in total – The Village's total net position at December 31, 2015 was \$7,038,817.
- Government activity summary – Net position for governmental activities decreased by \$51,485 during the period.
- Business-type activity summary – Net position for business-type activities increased by \$785,509 during the period.
- General Fund summary – The Village's General Fund reported an increase of \$53,623 in fund balance for the period.
- Budget vs. actual – The Village's actual revenues for the General Fund were \$50,539 less than the budgeted revenues. The actual expenditures were \$417,662 less than total budgeted expenditures for the General Fund.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements include two kinds of statements, which present different views of the Village: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

Government-wide financial statements provide both short and long-term information about the Village's overall financial status.

Fund financial statements focus on individual parts of the Village government, reporting Village operation in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required supplementary information section that further explains and supports the information in the financial statements.

In addition to all of the required financial statement elements, the Village has provided sections for the combining statements to provide detail on non-major funds and additional supplementary information.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

The following table summarizes the major features of the Village's financial statements:

FUND STATEMENTS			
GOVERNMENT-WIDE STATEMENTS		Governmental Funds	Proprietary Funds
Scope	Entire Village government	Activities of the Village that are not proprietary such as public safety	Activities of the Village that operates similar to private business such as the water department
Required financial statements	-Statement of net position -Statement of activities	-Balance sheet -Statement of revenues, expenditures and changes in fund balances	-Statement of net position -Statement of revenues, expenses, and changes in net position -Statement of cash flows
Accounting basis	Accrual	Modified accrual	Accrual
Measurement focus	Economic resources	Current financial resources	Economic resources
Type of assets & liability information	All assets and liabilities; both financial and capital, short and long-term	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets	All assets and liabilities; both financial and capital, short and long-term
Type of inflow & outflow information	All revenues and expenses during the year regardless of when cash is received or paid	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter	All revenues and expenses during the year regardless of when cash is received or paid

### **Government-Wide Statements**

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which add to a total for the Primary Government. The focus of the Statement of Net Position is designed to disclose bottom line results for the Village and its governmental and business-type activities.



## **VILLAGE OF WINNEBAGO, ILLINOIS**

### **Management's Discussion and Analysis**

This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

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

The governmental activities reflect the Village's basic services, including administration, financial services, police, and public works. Property taxes, telecommunications taxes, and shared state tax distributions finance the majority of these services. The business-type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

### **Fund Financial Statements**

Traditional users of governmental financial statements will find the fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

Governmental funds are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. Governmental funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for Village operations.

Proprietary funds account for services that are generally fully supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information.

While the total column on the Business-type Fund Financial Statements is the same as the Business-type column on the Government-wide Financial Statement, the Governmental Funds column requires reconciliation because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual), which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds, proceeds from sales of capital asset disposals, and interfund transfers as other financial sources as well as capital outlay expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Government Activities column in the Government-wide Statements.

### **Infrastructure Assets**

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 required that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity.

If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The Village has elected to depreciate assets over their useful life. If a project is considered maintenance – a recurring cost that does not extend the asset's original useful life or expand its capacity – the cost of the project will be expensed. An "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

### **FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

In accordance with GASB Statement No. 34, a comparative analysis of government-wide information is presented.

#### **Statement of Net Position**

The following table reflects the condensed Statement of Net Position on a comparative basis:

**Table 1**  
**Statement of Net Position**  
**As of December 31, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current and other assets	\$ 1,566,218	1,698,212	1,594,147	1,550,460	3,160,365	3,248,672
Capital assets	3,978,815	3,868,307	3,213,071	3,049,910	7,191,886	6,918,217
Total assets	5,545,033	5,566,519	4,807,218	4,600,370	10,352,251	10,166,889
Deferred outflows of resources	133,012	98,110	32,082	23,664	165,094	121,774
Total assets and deferred outflows of resources	5,678,045	5,664,629	4,839,300	4,624,034	10,517,345	10,288,663
Liabilities	120,065	131,690	779,044	1,111,951	899,109	1,243,641
Liabilities – non-current	524,090	452,059	1,632,329	1,869,665	2,156,419	2,321,724
Deferred inflows of resources	423,000	418,505	–	–	423,000	418,505
Total liabilities and deferred inflows of resources	1,067,155	1,002,254	2,411,373	2,981,616	3,478,528	3,983,870
Net position:						
Net investment in capital assets	3,978,815	3,868,307	1,640,012	1,286,283	5,618,827	5,154,590
Restricted	370,534	546,445	–	–	370,534	546,445
Unrestricted	261,541	247,623	787,915	356,135	1,049,456	603,758
Total net position	\$ 4,610,890	4,662,375	2,427,927	1,642,418	7,038,817	6,304,793

For more detailed information see the Statement of Net Position.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

#### **Normal Impacts – Net Position**

There are six common (basic) types of transactions that will generally affect the comparability of the Statements of Net Position summary presentation.

Net Results of Activities – Impacts (increases/decreases) current assets and unrestricted net position.

Borrowing for Capital – Increases current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – Reduces current assets and increases capital assets. There is a second impact, an increase in capital assets and an increase in related net debt will not change the net investment in capital assets

Spending of Non-borrowed Current Assets on New Capital – (a) Reduces current assets and increases capital assets; and (b) reduces unrestricted net position and increases net investment in capital assets.

Principal Payment on Debt – (a) Reduces current assets and reduces long-term debt; and (b) reduces unrestricted net position and increases net investment in capital assets.

Reduction of Capital Assets Through Depreciation – Reduces capital assets and net investment in capital assets.

#### **Current Year Impacts – Net Position**

The Village's combined net position at December 31, 2015 was \$7,038,817 for all funds. This was an increase of \$734,024 during the year. Total assets increased from \$10,166,889 to \$10,352,251, an increase of \$185,362. Current assets decreased by \$88,307. The capital assets (net) increased by \$273,669

The total liabilities decreased by \$509,837, which is mainly attributed to notes payable forgiveness in 2015 of \$650,000, in the business-type activities. Deferred outflows of resources increased \$43,320, which is made up of the change in deferred pension expense. Deferred inflows of resources increased \$4,485, which is made up of the change in property taxes.

The net position of business-type activities increased by \$785,509 during the period and ended at \$2,427,927. Unrestricted net position, available to finance the continuing operation of its business-type activities, was \$787,915. The operating cost of the Village's business-type activities for the year ended December 31, 2015 was \$676,858.

The total net position at December 31, 2015 was \$7,038,817, of which 79.8% is in investment in capital assets, another 5.3% is restricted for capital improvements and highways and streets. The remaining 14.9% or \$1,049,456 is available for any purpose, which is a increase of \$445,698 or 42.5% from the unrestricted net position of December 31, 2014.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Management's Discussion and Analysis

### Statement of Changes in Net Position

The following chart reflects the condensed Statement of Changes in Net Position. Overall, the financial condition was better than 2014, due in large part to the amount a forgiveness of debt by the Illinois Environmental Protection Agency of \$650,000. For more detailed information see the Statement of Activities.

**Table 2**  
**Changes in Net Position**  
**As of December 31, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 58,145	\$ 94,287	\$ 1,011,723	\$ 958,121	\$1,069,868	\$1,052,408
Grants and contributions:						
Operating	44,448	101,333	—	46,383	44,448	147,716
Capital contributions	—	—	—	—	—	—
General revenues:						
Property taxes	417,822	415,979	—	—	417,822	415,979
Other taxes	903,610	877,513	201,527	214,675	1,105,137	1,092,188
Intergovernmental	—	—	50,008	—	50,008	—
Investment income	705	572	1,105	485	1,810	1,057
Forgiveness of IEPA debt	—	—	650,000	—	650,000	—
Gain(loss) on sale of capital assets	—	—	—	22,505	—	22,505
Miscellaneous	34,405	16,761	16,409	14,720	50,814	31,481
<b>Total revenues received</b>	<b>1,459,135</b>	<b>1,506,445</b>	<b>1,930,772</b>	<b>1,256,889</b>	<b>3,389,907</b>	<b>2,763,334</b>
<b>EXPENSES</b>						
General government	491,254	488,047	—	—	491,254	488,047
Public safety	647,158	613,989	—	—	647,158	613,989
Highways and streets	282,484	261,602	—	—	282,484	261,602
Culture and recreation	89,724	91,121	—	—	89,724	91,121
Interest	—	—	—	—	—	—
Water and sewer	—	—	676,858	590,508	676,858	590,508
<b>Total expenses disbursed</b>	<b>1,510,620</b>	<b>1,454,759</b>	<b>676,858</b>	<b>590,508</b>	<b>2,187,478</b>	<b>2,045,267</b>
Excess of revenues						
over (under) expenses	(51,485)	51,686	1,253,914	666,381	1,202,429	718,067
Transfers	—	(200,000)	—	200,000	—	—
Special item	—	—	(468,405)	(214,630)	(468,405)	(214,630)
<b>Changes in net position</b>	<b>(51,485)</b>	<b>(148,314)</b>	<b>785,509</b>	<b>651,751</b>	<b>734,024</b>	<b>503,437</b>
Beginning net position, as previously stated	5,016,324	5,164,638	1,724,792	1,073,041	6,741,116	6,237,679
Restatement due to new accounting principle	(353,949)	—	(82,374)	—	(436,323)	—
<b>Beginning, as restated</b>	<b>4,662,375</b>	<b>—</b>	<b>1,642,418</b>	<b>—</b>	<b>6,304,793</b>	<b>—</b>
<b>Ending net position</b>	<b>\$ 4,610,890</b>	<b>\$ 5,016,324</b>	<b>\$ 2,427,927</b>	<b>\$ 1,724,792</b>	<b>\$7,038,817</b>	<b>\$6,741,116</b>

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

#### **Normal Impact – Changes in Net Position**

Reflected below are eight common (basic) impacts on revenues and expense.

#### **Revenues:**

Economic Condition – Reflects a declining, stable or growing economic environment and has a substantial impact on state income, sales, telecommunications and utility tax revenues as well as public spending habits for items such as building permits and user fees including volumes of usage.

Increase / Decrease in Village Approval Rates – While statutes set certain tax rates, the Village Board has authority to impose and periodically increase/decrease rates (building permit fees, etc.). The Village's property taxes are subject to tax caps, which generally limit Village increases to the lesser of the change in the Consumer Price Index or 5%.

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

Market Impacts on Investment Income – The Village principally has cash and cash equivalents. There were no investments at December 31, 2015.

#### **Expenses:**

Changes in Programs – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) individual programs may be added, deleted, or expanded to meet changing community needs.

Changes in Authorized Personnel – Changes in service demand may cause the Village Board to increase or decrease authorized staffing.

Salary Increases (annual adjustments and step increases) – The Village strives to maintain a competitive salary range position in the marketplace.

Inflation – While overall inflation appears to be modest (the CPI was 3% at December 31, 2015), the Village is a major consumer of certain commodities and services, which typically experience inflation at a rate that can be significantly different from CPI. Examples of such items include health insurance, fuel, electricity and operating supplies.

## **VILLAGE OF WINNEBAGO, ILLINOIS**

### **Management's Discussion and Analysis**

#### **Current Year Impacts – Changes in Net Position**

##### **Governmental Activities**

###### **Revenues:**

Revenues from governmental activities total \$1,459,135. The largest source of revenue was \$417,822 from property taxes. Sales and use taxes were the next highest with revenue for the period of \$389,307. Income tax ranked third with \$331,988. The next highest source of income was telecommunications tax with \$83,307. The revenues from these four sources represent 84% of the governmental activity revenues. Total revenue from all taxes was \$1,321,432 or 91%. The Village also recognized \$58,145 in charges for services or 4% and grants of \$44,448 or 3% of total revenue.

###### **Expenses:**

The Village's total governmental activity expenses were \$1,510,620. The three major functional areas were general government \$491,254 or 32% of the total; public works \$282,484 or 19% of the total; and public safety of \$647,158 or 43% of the total expenses of the Village.

Personnel costs including wages, taxes, health and life insurance, and retirement benefits were \$854,709 or 57% of the total expenses.

##### **Business-type Activities**

###### **Revenues:**

Operating revenues from business-type activities total \$1,011,723. The largest source of revenue was \$464,702 or 45% from capital charges revenue. Charges for water were the next highest with revenue for the year of \$367,917 or 32%. Refuse and recycling income ranged third with \$179,104 or 18%.

###### **Expenses:**

The Village's total business-type activity expenses were \$676,858. The four major areas of operating expenses were wages and benefit expenses of \$205,677 or 30% of the total; refuse and recycling expenses of \$175,765 or 26% of the total; operating supplies of \$37,720 or 5.6% of the total; and depreciation of \$141,393 or 21% of the total. These four areas account for \$560,555 or 83% of the total business-type expenses of the Village.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

#### **FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

At December 31, 2015, the governmental funds reported a combined fund balance of \$1,010,198; a decrease of \$152,705 from the prior period, which is mainly attributed to a \$99,814 decrease in total revenues. The General Fund balance increased by \$53,623. All other funds netted an decrease of \$206,328.

The Village's cash and equivalents decreased by \$109,667 for all governmental funds during the year ended December 31, 2015. Deferred revenue increased by approximately \$26,508.

#### **General Fund Budgetary Highlights**

<b>General Fund</b>	<b>FY 15 Original Budget</b>	<b>FY 15 Final Budget</b>	<b>FY 15 Actual</b>
<b>Revenues:</b>			
Taxes	\$ 1,202,300	1,202,300	1,205,135
Fines and other fees	27,000	27,000	32,606
Other	86,628	86,628	27,648
<b>Total revenues</b>	<b>1,315,928</b>	<b>1,315,928</b>	<b>1,265,389</b>
<b>Expenditures:</b>			
General government	371,216	371,216	292,291
Highways and streets	413,718	413,718	282,454
Public safety	807,908	807,908	648,493
Capital outlay	56,250	56,250	8,192
<b>Total expenditures</b>	<b>1,649,092</b>	<b>1,649,092</b>	<b>1,231,430</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(333,164)</b>	<b>(333,164)</b>	<b>33,959</b>
<b>Other financing sources (uses):</b>			
Transfers in (out)	457,500	457,000	19,664
Note proceeds	—	—	—
<b>Total other financing sources</b>	<b>457,500</b>	<b>457,000</b>	<b>19,664</b>
<b>Net change in fund balance</b>	<b>\$ 124,336</b>	<b>123,836</b>	<b>53,623</b>

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

#### **CAPITAL ASSETS**

As allowed by GASB Statement No. 34, the Village has elected to capitalize its infrastructure assets prospectively. During the current period the Village's capital assets, net of accumulated depreciation increased by \$273,670. The increase is a result of water and road improvements and the building of the new water tower system. See Note 5 to the financial statements for more details.

#### **Entity Wide Change in Net Capital Assets**

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Land	\$ 73,884	73,884	45,375	45,375	119,259	119,259
Buildings and improvements	359,604	347,404	15,000	15,000	374,604	362,404
Equipment and vehicles	548,353	570,996	534,675	534,675	1,083,028	1,105,671
Software	21,564	21,564	10,782	10,782	32,346	32,346
Infrastructure	4,423,518	4,171,568	3,138,747	665,229	7,562,265	4,836,797
Construction in progress	—	—	—	2,168,963	—	2,168,963
Subtotals	5,426,923	5,185,416	3,744,579	3,440,024	9,171,502	8,625,440
Accumulated depreciation	(1,448,108)	(1,317,109)	(531,508)	(390,114)	(1,979,616)	(1,707,223)
Totals	\$ 3,978,815	3,868,307	3,213,071	3,049,910	7,191,886	6,918,217

#### **ECONOMIC FACTORS**

Property Tax revenue in 2016 for 2015 property taxes are expected to be 1% higher than in 2015. The aggregate EAV for the Village continued to decline from \$45.68 million in 2014 to \$44.05 million in 2015, down 15% from a peak EAV of \$52.18 million in 2009. The Village levied for the full 0.8% increase allowed by the Property Tax Extension Limitation Law (PTELL) and with a small amount of "new property" the 2015 Extension amounted to an increase of \$4,700 over the 2014 Extension.

In April of 2016, the State of Illinois announced that it had made an error in the amount of Corporate Personal Property Replacement Tax (CPPRT) distributed to local governments in 2015. The Village expects to receive \$2,600 less CPPRT in 2016.

The State of Illinois continues to operate without a budget. It is expected that there will be some loss of revenue to the Village from the State of Illinois when a final state budget is passed. Currently, Local Government Distribution Fund (LGDF) revenue represents 25% of the Village's budget. Any loss of revenue will impact the second half of the Village's 2016 FY and the 2017 FY budget will have to be adjusted accordingly.

A utility tax on electricity was enacted by the Village at the end of 2015. Revenue has been received in March and April 2016 amounting to approximately \$20,700. With only two months of revenue, it is difficult to predict the total utility tax revenue for 2016, however it appears that it will exceed the budgeted amount of \$73,000.



## **VILLAGE OF WINNEBAGO, ILLINOIS**

### **Management's Discussion and Analysis**

Other tax revenues that are collected by the State of Illinois and distributed to the Village: Local Use, Motor Fuel, Sales and Telecommunication Taxes are expected to be +/- 3% during FY2016 with no net increase from 2015.

There were no annexations in 2015. One property annexed in 2014 will receive a \$300 refund from the village each year for 10 years starting with the 2014 taxes due in 2015. This was part of the annexation agreement to compensate the property owner for the lack of sewer access to the property.

The Village still has 2 properties that receive refunds of property taxes until such time as zoning of the property changes or ownership changes.

The Village has a Sales Tax refund agreement with Sullivan's Grocery/Ace Hardware Store. This agreement requires the Village to refund 35% of all sales tax collected from the combined stores until \$600,000 is paid to Sullivan's. 2015 was the fourth year of refunds. Total refunded sales tax as of December 31, 2015 was \$170,298 or 28%.

In December of 2011, the Village signed an inter-governmental agreement (IGA) with the Rock River Water Reclamation District (RRWRD) transferring the Village's sewerage collection and processing system and its operation to the District. This agreement became effective in early 2012 and is a 10 year agreement. According to the agreement, the Village is responsible to pay for costs related to the extension of the Fuller Creek Trunk Sewer to Winnebago, the rehabilitation, conversion, and upgrading of the Village's current collection system, and a Plant-Buy-in (PBI) fee. The PBI is \$676,370, and is due when a contract for construction of the Fuller Creek Sewer Extension west of Meridian Road is awarded. This is expected to take place in 2016 or early 2017. Currently the District has been awarded all easements, however, one property owner is appealing the easement award. Final disposition of this easement award is expected in 2016.

The estimated total cost of this IGA, including the PBI fee, is \$10.6 million, with a fixed maximum cost of \$11.4 million. Approximately \$2.05 million of the cost is for rehabilitation of the Village's collection system which will take place within seven years. As of the end of 2015, \$1.73 million of the rehabilitation costs have been paid to the District out of reserves and monthly Capital charges to users. The remaining \$323,000 for rehabilitation is expected to be paid in 2016 from the same sources. The remaining \$8 million is expected to be paid for with low interest 20 year loans from the IEPA obtained by the RRWRD. Payments on these loans will be made to the District with moneys collected from Capital charges from monthly water bills. Payment on these loans is not expected to start until 2018 or later. A rate study was completed in 2011 and rates are adjusted annually to reflect these costs going forward.

Payment in Lieu of Taxes (PILOT) are also required by the IGA until such time as the properties included in the IGA are annexed to the District. These PILOT charges are included in the Districts quarterly billing to users and are based upon the property tax that the property owner would have to pay to the District if the property was within the District boundary. Upon official annexation of the Village users to the District, the PILOT charges will be

## **VILLAGE OF WINNEBAGO, ILLINOIS**

### **Management's Discussion and Analysis**

dropped and the District's annual Levy/Extension will be added to the users Property Tax bills. This will happen after the Trunk Sewer line extension is connected to the Village's current collection system in late 2018. The current tax rate for the 2015 property tax bill is 0.2075. The District tax rate is subject to the Property Tax Extension Limitation Law (PTELL).

In 2014, the Village obtained funding from IEPA for the upgrading of its potable water system. The project included the building of a new 400,000 gallon water tower, rehabilitating well #3, rebuilding well house #3, and digitizing the controls and data collection of the Village's entire potable water system. The cost of the project was approximately \$2.4 million. The loan for this project was approved for \$2.265 million. Costs above the loan amount were paid from reserves. Terms are 1.995%APR for 20 years with bi-annual payments. All aspects of the project were completed in 2015 under budget. The Village received loan forgiveness from the IEPA for \$650,000 of the loan. This reduced the annual payments by \$42,000 from \$140,000 to \$98,000. Loan payments will be from monies collected on monthly water bills. Loan payments started in July 2015 and will continue each January and July through January 2035.

### **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Sally Bennett, Treasurer, Village of Winnebago, 108 West Main Street, Winnebago, Illinois, 61088.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Statement of Net Position

December 31, 2015

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 879,418	1,447,614	2,327,032
Receivables:			
Property taxes	423,000	–	423,000
Intergovernmental – State of Illinois	192,645	54,999	247,644
Other	27,891	–	27,891
Customers – utility users	–	78,331	78,331
Prepaid items	43,264	13,203	56,467
<b>Total current assets</b>	<b>1,566,218</b>	<b>1,594,147</b>	<b>3,160,365</b>
Capital assets not being depreciated	73,884	45,375	119,259
Capital assets (net of accumulated depreciation)	3,904,931	3,167,696	7,072,627
<b>Total assets</b>	<b>5,545,033</b>	<b>4,807,218</b>	<b>10,352,251</b>
<b>Deferred outflows of resources –</b>			
Pension	133,012	32,082	165,094
<b>Total deferred outflows of resources</b>	<b>133,012</b>	<b>32,082</b>	<b>165,094</b>
<b>Total assets and deferred outflows of resources</b>	<b>5,678,045</b>	<b>4,839,300</b>	<b>10,517,345</b>
<b>Liabilities and deferred inflows:</b>			
Accounts payable	79,167	32,701	111,868
Accrued payroll	19,745	4,495	24,240
Current portion of long-term debt	–	64,142	64,142
Compensated absences	21,153	1,335	22,488
Due to other governments	–	676,371	676,371
<b>Total current liabilities</b>	<b>120,065</b>	<b>779,044</b>	<b>899,109</b>
<b>Long-term liabilities:</b>			
Net pension liability	524,090	123,412	647,502
Long-term debt, net of current maturities	–	1,508,917	1,508,917
<b>Total long-term liabilities</b>	<b>524,090</b>	<b>1,632,329</b>	<b>2,156,419</b>
<b>Deferred inflows of resources –</b>			
Property taxes	423,000	–	423,000
<b>Total deferred inflows of resources</b>	<b>423,000</b>	<b>–</b>	<b>423,000</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,067,155</b>	<b>2,411,373</b>	<b>3,478,528</b>
<b>Net position:</b>			
Net investment in capital assets, net of related debt	3,978,815	1,640,012	5,618,827
Restricted for:			
Highways and streets	80,611	–	80,611
Capital improvements	289,923	–	289,923
Unrestricted	261,541	787,915	1,049,456
<b>Total net position</b>	<b>\$ 4,610,890</b>	<b>2,427,927</b>	<b>7,038,817</b>

See accompanying notes to financial statements.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Statement of Activities

For the Year Ended December 31, 2015

Functions / Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 491,254	58,145	—	—	(433,109)	—	(433,109)
Public safety	647,158	—	—	—	(647,158)	—	(647,158)
Highway and streets	282,484	—	—	—	(282,484)	—	(282,484)
Culture and recreation	89,724	—	44,448	—	(45,276)	—	(45,276)
Total governmental activities	1,510,620	58,145	44,448	—	(1,408,027)	—	(1,408,027)
<b>Business-type activities:</b>							
Water and sewer	676,858	1,011,723	—	—	—	334,865	334,865
Total business-type activities	676,858	1,011,723	—	—	—	334,865	334,865
<b>Total</b>	<b>\$ 2,187,478</b>	<b>1,069,868</b>	<b>44,448</b>	<b>—</b>	<b>(1,408,027)</b>	<b>334,865</b>	<b>(1,073,162)</b>
<b>General revenues:</b>							
Property taxes				\$ 417,822	—		417,822
Sales and use tax				389,307	201,527		590,834
Income tax				331,988	—		331,988
Telecommunications tax				83,307	—		83,307
Personal property replacement tax				23,197	—		23,197
Motor fuel tax				75,811	—		75,811
Intergovernmental revenue				—	50,008		50,008
Unrestricted investment earnings				705	1,105		1,810
Gain on sale of capital assets				7,343	—		7,343
Forgiveness of IEPA debt				—	650,000		650,000
Miscellaneous				27,062	16,409		43,471
Total general revenues				1,356,542	919,049		2,275,591
<b>Special item –</b>							
Rock River Water Reclamation District – costs related to intergovernmental agreement for sanitary system				—	(468,405)		(468,405)
Change in net position				(51,485)	785,509		734,024
<b>Net position:</b>							
Beginning, as previously stated				5,016,324	1,724,792		6,741,116
Restatement due to new accounting principle				(353,949)	(82,374)		(436,323)
Beginning, as restated				4,662,375	1,642,418		6,304,793
Ending				\$ 4,610,890	2,427,927		7,038,817

See accompanying notes to financial statements.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Balance Sheet

### Governmental Funds

December 31, 2015

	General Fund	Motor Fuel Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 452,293	73,612	353,513	879,418
Receivables:				
Property taxes	423,000	—	—	423,000
Intergovernmental – State of Illinois	192,645	—	—	192,645
Other	—	6,999	20,892	27,891
Prepaid items	43,264	—	—	43,264
<b>Total assets</b>	<b>\$ 1,111,202</b>	<b>80,611</b>	<b>374,405</b>	<b>1,566,218</b>
<b>Liabilities – current:</b>				
Accounts payable	78,213	—	954	79,167
Accrued payroll	19,745	—	—	19,745
Deferred revenue	32,933	—	1,175	34,108
<b>Total current liabilities</b>	<b>130,891</b>	<b>—</b>	<b>2,129</b>	<b>133,020</b>
<b>Deferred inflows of resources –</b>				
Property taxes	423,000	—	—	423,000
<b>Total liabilities and deferred     inflows of resources</b>	<b>553,891</b>	<b>—</b>	<b>2,129</b>	<b>556,020</b>
<b>Fund balances:</b>				
Nonspendable – prepaid items	43,264	—	—	43,264
Restricted for highways and streets	—	80,611	—	80,611
Restricted for capital improvements	—	—	289,923	289,923
Committed to community development	—	—	77,895	77,895
Committed to Fourth of July	—	—	4,458	4,458
Unassigned	514,047	—	—	514,047
<b>Total fund balances</b>	<b>557,311</b>	<b>80,611</b>	<b>372,276</b>	<b>1,010,198</b>
<b>Total liabilities, deferred     inflows of resources and     fund balances</b>	<b>\$ 1,111,202</b>	<b>80,611</b>	<b>374,405</b>	<b>1,566,218</b>

See accompanying notes to financial statements.

**VILLAGE OF WINNEBAGO, ILLINOIS**

**Reconciliation of Fund Balances of Governmental Funds to the  
Governmental Activities in the Statement of Net Position**

**December 31, 2015**

<b>Fund balances of governmental funds</b>	<b>\$ 1,010,198</b>
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Amounts reported for governmental activities in the statement of  
net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore, are not reported in the  
governmental funds:

Capital assets	5,426,923
Accumulated depreciation	(1,448,108)

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in  
the governmental funds:

Compensated absences	(21,153)
Pension liability	(524,090)

Other long-term assets are not available to pay current period  
expenditures and, therefore, are deferred in the funds:

Pension asset	133,012
Telecommunication taxes	<u>34,108</u>

<b>Net position of governmental activities</b>	<b>\$ <u>4,610,890</u></b>
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See accompanying notes to financial statements.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the Year Ended December 31, 2015

	General Fund	Motor Fuel Fund	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,205,135	–	13,976	1,219,111
Intergovernmental	–	–	–	–
Licenses, fees and permits	32,606	–	25,539	58,145
Motor Fuel Tax allotment	–	75,811	–	75,811
Grants	1,000	–	–	1,000
Interest	329	149	227	705
Other	26,319	–	51,537	77,856
Total revenue	<u>1,265,389</u>	<u>75,960</u>	<u>91,279</u>	<u>1,432,628</u>
<b>Expenditures:</b>				
Current:				
General government	292,291	–	–	292,291
Public safety	648,493	–	–	648,493
Highway and streets	282,454	29	–	282,483
Culture and recreation	–	–	89,724	89,724
Capital outlay	8,192	251,950	12,200	272,342
Total expenditures	<u>1,231,430</u>	<u>251,979</u>	<u>101,924</u>	<u>1,585,333</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	33,959	(176,019)	(10,645)	(152,705)
<b>Other financing sources (uses) – Transfers in (out)</b>	<u>19,664</u>	<u>–</u>	<u>(19,664)</u>	<u>–</u>
<b>Net change in fund balances</b>	53,623	(176,019)	(30,309)	(152,705)
<b>Fund balances:</b>				
Beginning	503,688	256,630	402,585	1,162,903
Ending	\$ <u>557,311</u>	<u>80,611</u>	<u>372,276</u>	<u>1,010,198</u>

See accompanying notes to financial statements.

**VILLAGE OF WINNEBAGO, ILLINOIS**

**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the  
Governmental Activities in the Statement of Activities**

**December 31, 2015**

**Net change in fund balances – total governmental funds** **\$ (152,705)**

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

Governmental funds report capital outlays as expenditures. However,  
they are capitalized and depreciated in the statement of activities:

Capital asset purchases capitalized	272,342
Depreciation expense	(161,834)

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds:

Sales and use taxes	26,508
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Certain expenses reported in the statement of activities, such as  
compensated absences do not require the use of current  
financial resources and therefore, are not reported as expenditures  
in governmental funds:

Increase in pension liability	(37,129)
Decrease in compensated absences	<u>1,333</u>

**Change in net position of governmental activities** **\$ (51,485)**

See accompanying notes to financial statements.



# VILLAGE OF WINNEBAGO, ILLINOIS

## Statement of Net Position

### Proprietary Fund

December 31, 2015

	Enterprise Fund – Water Fund
<b>Current assets:</b>	
Cash and cash equivalents	\$ 1,447,614
Receivables – utility users, net of allowance of \$10,000	78,331
Receivables – grants and sales taxes	54,999
Prepaid items	<u>13,203</u>
<b>Total current assets</b>	<b>1,594,147</b>
<b>Noncurrent assets –</b>	
Fixed assets, net of accumulated depreciation	<u>3,213,071</u>
<b>Total assets</b>	<b>4,807,218</b>
<b>Deferred outflows of resources – pension</b>	<u>32,082</u>
<b>Total assets and deferred outflows of resources</b>	<b>\$ <u>4,839,300</u></b>
<b>Liabilities – current:</b>	
Accounts payable	32,701
Accrued payroll	4,495
Current portion of long-term debt	64,142
Compensated absences	1,335
Due to other governments	<u>676,371</u>
<b>Total current liabilities</b>	<b><u>779,044</u></b>
<b>Long-term liabilities:</b>	
Net pension liability	123,412
Long-term debt, net of current maturities	<u>1,508,917</u>
<b>Total long - term liabilities</b>	<b><u>1,632,329</u></b>
<b>Total liabilities</b>	<b><u>2,411,373</u></b>
<b>Net position:</b>	
Invested in capital assets	1,640,012
Unrestricted	<u>787,915</u>
<b>Total net position</b>	<b><u>2,427,927</u></b>
<b>Total liabilities and net position</b>	<b>\$ <u>4,839,300</u></b>

See accompanying notes to financial statements.

**VILLAGE OF WINNEBAGO, ILLINOIS**

**Statement of Revenues, Expenses,  
and Changes in Net Position**

**Proprietary Fund**

For the Year Ended December 31, 2015

	<u>Enterprise Fund – Water Fund</u>
<b>Operating revenues:</b>	
Refuse and recycling revenue	\$ 179,104
Capital charge – sewer hook-up	464,702
Water revenue	367,917
Intergovernmental revenue	50,008
Forgiveness of IEPA debt	650,000
Miscellaneous revenue	<u>16,409</u>
Total operating revenues	<u>1,728,140</u>
<b>Operating expenses:</b>	
Water department	359,699
Refuse and recycling expenses	175,765
Depreciation	<u>141,394</u>
Total operating expenses	<u>676,858</u>
Operating income	<u>1,051,282</u>
<b>Non-operating revenues (expenses):</b>	
Interest income	1,105
1% sales tax income	<u>201,527</u>
Total non-operating revenues (expenses)	<u>202,632</u>
Income before other financing sources (uses)	1,253,914
<b>Special item – Rock River Water Reclamation District –</b>	
Costs related to intergovernmental agreement for sanitary system	<u>(468,405)</u>
Net increase in net position	785,509
<b>Net position:</b>	
Net position – beginning, as previously stated	1,724,792
Restatement due to new accounting principle	<u>(82,374)</u>
Beginning, as restated	<u>1,642,418</u>
Net position – ending	\$ <u>2,427,927</u>

See accompanying notes to financial statements.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Statement of Cash Flows

### Proprietary Fund

For the Year Ended December 31, 2015

	<u>Enterprise Fund – Water Fund</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 1,076,593
Payments to suppliers	(714,453)
Payments to employees	(195,976)
Payments for interest to IEPA loan	<u>(11,065)</u>
Net cash flows from operating activities	<u>155,099</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from IEPA loan draw for construction of water tower	482,514
Payments to IEPA loan	(23,082)
Payments to Rock River Reclamation District for sanitary system	(468,405)
Purchase of and construction of fixed assets	<u>(304,555)</u>
Net cash flows from capital financing activities	<u>(313,528)</u>
<b>Cash flows from non-capital financing activities –</b>	
Receipts from 1% sales tax	<u>203,535</u>
Net cash flows from non-capital financing activities	<u>203,535</u>
<b>Cash flows from investing activities –</b>	
Interest on investments	<u>1,105</u>
Net increase in cash and cash equivalents	46,211
Cash and cash equivalents, beginning of year	<u>1,401,403</u>
Cash and cash equivalents, end of year	\$ <u>1,447,614</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Net operating income	1,051,282
Adjustment to reconcile net operating loss to net cash provided by operating activities:	
Depreciation expense	141,394
Forgiveness of IEPA debt	(650,000)
Increase (decrease) in cash flows due to changes in:	
Utility accounts receivable	(1,547)
Prepaid expenses	2,063
Deferred pension expense	(8,418)
Accounts payable	(397,795)
Accrued payroll	761
Compensated absences	(15)
Pension liability	<u>17,374</u>
Net cash flows from operating activities	\$ <u>155,099</u>

See accompanying notes to financial statements.

# **VILLAGE OF WINNEBAGO**

## **Notes to Financial Statements**

December 31, 2015

### **(1) Summary of Significant Accounting Policies**

The Village of Winnebago, Illinois (Village) operates under a Board of Trustees form of government and provides services to the public such as public safety, water system, streets and general administrative services.

The accounting policies of the Village conform to U.S. generally accepted accounting principles as applicable to government units (herein referred to as GAAP). The Village of Winnebago's basic financial statements include the accounts of all Village operations that are controlled by or dependent on the Village. Control or dependence is determined by financial interdependency, selection of governing board, designation of management, accountability for fiscal matters and ability to significantly influence operations.

#### ***(a) Reporting Entity***

In evaluating how to define the government, for financial reporting purposes, the Village has considered all potential component units. The basic but not the only criterion for including a component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village does not have any component units. This report includes all of the funds units of the Village (the primary government). It includes all activities considered to be part of (controlled by or dependent on) the Village as set forth under GAAP criteria.

#### ***(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the Village. For the most part, the effect of the interfund activity has been removed from these statements. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Earnings on investments not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds and enterprise funds.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 levied (intended to finance). Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Village:

**Governmental Funds** – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

Governmental fund financial statements are reported using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. However, the 60 days has been extended for revenues received from the State of Illinois which are delayed due to cash flow constraints of the state. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Those revenues susceptible to accrual are property taxes, franchise taxes, state shared sales, income, motor fuel and utility taxes, interest revenue and charges for services.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The Village reports unearned and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenues arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability and deferred inflows of resource for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

The following is a description of the governmental funds of the Village:

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

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt Service Funds** – The Debt Service Funds are used to account for the accumulation of funds for the payment of general long-term debt principal, interest and related costs.

**Proprietary Funds** – The focus of the proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. The U.S. generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Village has elected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Standards Board Statement No. 20 for its proprietary fund.

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges (c) establishes fees and charges based on pricing policy designed to recover similar costs.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

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 a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Village reports the following major governmental funds:

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

**Motor Fuel Fund** – This fund accounts for the Village's motor fuel tax revenues and expenses related to street and highway projects.

The major proprietary fund is:

**Water Fund** – This fund accounts for the provision of water treatment and distribution 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.

#### ***(c) Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits, savings and money market accounts. As of December 31, 2015, the Village had no other investments.

For purposes of the statement of cash flows, the Village's proprietary funds consider cash on hand, demand deposits and short-term investments with original maturities of three months or less when purchased to be cash equivalents.

#### ***(d) Property Taxes***

The Village annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by the Village Board. Property taxes are recognized as a receivable at the time they are levied. Revenue from property tax is recognized as the taxes are collected in the year intended to finance or when they become available to be used to pay liabilities of the current period, generally considered to be within sixty days after year-end. Revenue from those taxes, which are not considered available is deferred.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

The property tax calendar for the 2015 tax levy was as follows:

Lien Date	January 1, 2015
Levy Date	December 7, 2015
First Installment Due	June 3, 2016
Second Installment Due	September 2, 2016

Tax bills were mailed at least 30 days prior to the first installment due date. Property taxes are billed and collected by the County Treasurer of Winnebago, Illinois.

The 2015 tax levy, which attached as an enforceable lien on property as of January 1, 2015, has been recorded as a receivable as of December 31, 2015 as the tax had been levied by the Village and extended by the County but would not collect until fiscal year 2016. The Village's 2015 tax rates per \$100 of assessed valuation together with the related maximum tax rates are as follows:

Type of Levy	Rates Per \$100 of Assessed Valuation	
	Rate	Legal Maximum
Village:		
Corporate	0.4375	0.4375
Police Protection	0.5222	0.6000
Chlorination	—	0.0200
IMRF	0.0005	None
Audit	0.0005	None
Liability Insurance	0.0005	None
Total Village	0.9612	

#### **(e) Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an estimated useful life in excess of one year and an initial and individual cost in excess of the following:

Equipment – \$2,500  
Buildings and improvement – \$10,000  
Infrastructure expenses – \$50,000

Infrastructure includes roads, bridges, curbs, sidewalks, lighting systems, gutters, draining systems, and the water and sewer system. The cost of infrastructure has been



## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

capitalized and depreciated beginning in fiscal year 2005. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	10 – 20
Building and improvements	10 – 40
Equipment and vehicles	4 – 7
Road improvements	10

#### ***(f) Budgets and Budgetary Accounting***

Budgeted amounts are as originally adopted, or as amended by the Village Board of Trustees.

Unexpended budgeted amounts lapse at the end of each year. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line items.

Budgeted amounts are shown on the GAAP basis.

#### ***(g) Compensated Absences***

Village employees are granted personal time for compensated absences in varying amounts. Accumulation of personal time is allowed. Upon termination, the employee is compensated for the unused personal time to a maximum of 40 hours for part-time employees and 80 hours for full-time employees.

#### ***(h) Receivables – Utility Users***

Cycle billing procedures are followed in charging consumers for water and trash collection. Billings are issued on a monthly basis. Receivables at year-end consist of amounts actually billed less payments received plus an estimate of the unbilled amount due from the date of the last cycle billing to year-end.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

**(i) *Prepaid Items***

Payments made to vendors for services, which will benefit periods beyond December 31, 2015 are recorded as prepaid items. Prepaid items recorded in governmental funds do not represent current resources that are available for appropriation and, thus, an equivalent portion of fund balance is reserved.

**(j) *Interfund Activity***

Interfund activity is reported either as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are reported when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government wide-financial statements.

**(k) *Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**(l) *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 a specific purpose, or externally imposed by outside entities. None of the restricted fund balances result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Any residual fund balance in the General Fund and deficit balances in other funds are 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.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

The Village has not established fund balance reserve policies for their governmental funds.

In the government-wide and proprietary financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets, represents the book value of capital assets net of related debt. None of the Village's net positions or fund balances are restricted as a result of enabling legislation adopted by the Village. Unrestricted net positions represent all other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

#### ***(m) Deferred Outflows / Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Village's deferred inflows relates to property taxes levied in 2015 which will be collected during 2016 and deferred amounts to be recognized as reductions in pension expense over the next five years.

#### ***(n) Subsequent Events***

The Village has assessed events that have occurred subsequent to December 31, 2015 through July 11, 2016 the date the financial statements were available to be issued for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

#### **(2) Cash and Cash Equivalents**

Statutes authorize the Village to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 23, 1873, as amended. Bank and savings and loan investments may only be in institutions, which are insured by the Federal Deposit Insurance Corporation.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

#### *Deposits with Financial Institutions*

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have an investment policy regarding custodial credit risk. As of December 31, 2015, none of the Village's deposits were exposed to custodial credit risk or uninsured and uncollateralized.

### **(3) Property Tax Receivables**

Property taxes for 2014 attached as an enforceable lien on January 1, 2014, on property values assessed as of the same date. Taxes are levied by December of the same fiscal year (by passage of a Tax Levy Ordinance). Tax bills were prepared by Winnebago County and issued on or about May 1, 2015, and were payable in two installments on or about June 5, 2015 and September 4, 2015. Winnebago County collects such taxes and remits them to the Village periodically.

The Village has elected, under governmental accounting standards, to match its property tax revenues with the fiscal year that the tax levy is intended to finance. Therefore the entire 2015 tax levy has been recorded as a receivable and deferred revenue on the financial statements.

### **(4) Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

# VILLAGE OF WINNEBAGO

## Notes to Financial Statements

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable –			
General Fund	\$ 423,000	–	\$ 423,000
Other governmental units:			
General Fund	32,933	–	32,933
Other governmental funds	1,175	–	1,175
Total deferred revenue	\$ <u>457,108</u>	<u>–</u>	\$ <u>457,108</u>

### (5) Depreciation and Capital Assets

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

Governmental activities:	
General government	\$ 34,038
Public safety	18,489
Highway and streets	109,307
Total governmental activities, depreciation expense	\$ <u>161,834</u>
Business-type activities – Water operations	\$ <u>141,394</u>

The governmental activities capital asset activity for year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Land	\$ 73,884	–	–	73,884
Capital assets being depreciated –				
Buildings and improvements	347,404	12,200	–	359,604
Equipment and vehicles	570,996	8,192	(30,835)	548,353
Software	21,564	–	–	21,564
Infrastructure	4,171,568	251,950	–	4,423,518
Total capital assets being depreciated	5,111,532	272,342	(30,835)	5,353,039
Accumulated depreciation	(1,317,109)	(161,834)	30,835	(1,448,108)
Total capital assets being depreciated, net	3,794,423	110,508	–	3,904,931
Governmental activities capital assets, net	\$ <u>3,868,307</u>	<u>110,508</u>	<u>–</u>	<u>3,978,815</u>

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

The business-type activities capital asset activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated –				
Land	\$ 45,375	–	–	45,375
Capital assets being depreciated:				
Buildings and improvements	15,000	–	–	15,000
Equipment and vehicles	534,675	–	–	534,675
Software	10,782	–	–	10,782
Infrastructure	665,229	2,473,518	–	3,138,747
Construction in progress	2,168,963	304,555	(2,473,518)	–
Total capital assets being depreciated	3,394,649	2,778,073	(2,473,518)	3,699,204
Accumulated depreciation	(390,114)	(141,394)	–	(531,508)
Total capital assets being depreciated, net	3,004,535	2,636,679	(2,473,518)	3,167,696
Governmental activities capital assets, net	\$ 3,049,910	2,636,679	(2,473,518)	3,213,071

#### (6) Individual Fund Disclosures

The Village utilizes the due to/from accounts to facilitate the allocation of receipts and expenditures that were reclassified to different funds after they had been received or paid by the incorrect fund. There were no due to/from accounts at December 31, 2015.

Transfers were made to reallocate Fourth of July revenue from the Community Development to the Fourth of July Fund and to repay the Water Fund from the General Fund.

#### (7) Risk Management

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Village is a member of the Illinois Municipal League Risk Management Association, (IMLRMA) joint risk management pool of Illinois municipalities through which property, general liability, automobile liability, crime, boiler and machinery, public officials' and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

#### **(8) Illinois Municipal Retirement Fund**

##### *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 employer plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. 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 financial report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That 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 the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

#### *Employees Covered by Benefit Terms*

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

Retirees and beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	13
Total	<u>24</u>

#### *Contributions*

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees; The Village's annual contribution rate for calendar year 2015 was 13.23%. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### *Net Pension Liability*

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

#### *Actuarial Assumptions*

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

- The actuarial cost method used was Entry Age Normal.
- The asset valuation method used was Market Value of Assets.
- The inflation rate was assumed to be 2.75%.
- Salary increases were expected to be 3.75% to 14.50%, including inflation.
- The investment rate of return was assumed to be 7.46%.
- Projected retirement age was from the Experience-based Table of Rates,



## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

- The IMRF-specific rates for mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

#### *Single Discount Rate*

A Single Discount Rate of 7.46% was used to measure the total pension liability. The projection of cash flow used to determine the Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.46%.

#### *Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 2,190,400	1,632,303	558,097
Changes for the year:			
Service cost	79,745	—	79,745
Interest on the total pension liability	163,711	—	163,711
Differences between expected and actual experience of the total pension liability	1,030	—	1,030
Changes of assumptions	—	—	—
Contributions – employer	—	91,903	(91,903)
Contributions – employees	—	31,260	(31,260)
Net investment income	—	8,291	(8,291)
Benefit payments, including refunds of employee contributions	(71,520)	(71,520)	—
Other (net transfer)	—	23,627	(23,627)
Net changes	<u>172,966</u>	<u>83,561</u>	<u>89,405</u>
Balances at December 31, 2015	\$ <u>2,363,366</u>	<u>1,715,864</u>	<u>647,502</u>

# VILLAGE OF WINNEBAGO

## Notes to Financial Statements

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.46%, 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 of 1% higher:

		Single Discount Rate Assumption		
		1% Decrease	Current	1% Increase
		6.46%	7.46%	8.46%
Total pension liability	\$	2,733,674	2,363,366	2,060,581
Plan fiduciary net position		1,715,864	1,715,864	1,715,864
Net pension liability	\$	<u>1,017,810</u>	<u>647,502</u>	<u>344,717</u>

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

For the year ended December 31, 2015, the Village recognized pension expense of \$137,990. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:			
Differences between expected and actual experience	\$	14,929	—
Changes of assumptions		43,832	—
Net difference between projected and actual earnings on pension plan investments		<u>106,333</u>	<u>—</u>
Total deferred amounts to be recognized in pension expense in future periods		<u>165,094</u>	<u>—</u>
Pension contributions made subsequent to the measurement date		<u>—</u>	<u>—</u>
	\$	<u>165,094</u>	<u>—</u>

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

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

Year Ending December 31		Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2016	\$	43,320	—
2017		43,320	—
2018		43,322	—
2019		34,997	—
2020		135	—
	\$	165,094	—

#### **(9) Other Postemployment Benefits (OPEB)**

The Village has determined the effects of OPEB are immaterial to the financial statements and therefore has not presented the OPEB liability.

#### **(10) Compensated Absences**

The governmental and business-type activities compensated absences activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities	\$ 22,486	21,153	22,486	21,153
Business-type activities	\$ 1,350	1,335	1,350	1,335

#### **(11) Notes Payable**

##### ***Illinois Environmental Protection Agency Notes Payable***

On January 22, 2014, the Village obtained financing from the Illinois Environmental Protection Agency (IEPA) for \$2,265,000 to upgrade its potable water system. A portion of the upgrade included construction of a new water tower. Construction began during the first quarter of 2014 and was completed in July 2015. The loan accrues interest at 1.995% and will mature on January 21, 2035.

As of December 31, 2015, there has been \$2,122,296 disbursed on the loan. In April 2015, the Village was notified by the Illinois Environmental Protection Agency that the agency had forgiven \$650,000 of the loan. The Village began repayment in July, 2015 with bi-annual payments of approximately \$50,000 each.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

Future debt obligations at December 31, 2015 under notes payable are due as follows:

<u>Year ending December 31:</u>		<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2016	\$	64,142	29,831	93,973
2017		68,175	29,765	97,940
2018		69,542	28,398	97,940
2019		70,936	27,004	97,940
2020		72,359	25,581	97,940
2021-2025		384,145	105,555	489,700
2026-2030		424,231	65,469	489,700
2030-2035		<u>419,529</u>	<u>70,171</u>	<u>489,700</u>
Total	\$	<u>1,573,059</u>	<u>381,774</u>	<u>1,954,833</u>

#### (12) Sales Tax Rebate

The Village has entered into an agreement with a developer within the Village. The agreement requires the Village to rebate a portion of the retail sales tax equal to 35% of annual retail sales tax revenue collected during the year by the Village as a result of sales generated by all businesses in the development commencing on sales made during November 2012 until \$600,000 has been rebated. Payment is to be made by December 18<sup>th</sup> each year. Rebates paid in 2015 were \$48,238.

#### (13) Intergovernmental Agreement with Rock River Water Reclamation District

In December of 2011, the Village entered into an intergovernmental agreement (IGA) with the Rock River Water Reclamation District (District), to transfer the Village's sewerage collection system processing plant and its operation to the District. The District assumed operational control and financial responsibility on February 6, 2012, with final legal approval of conveyance and transfer, given by the circuit court in Rockford on June 13, 2012.

Under terms of the IGA, the District will extend its Fuller Creek trunk to Winnebago, connect to the Village's collection system, and eliminate Village's sewage processing plant. In addition, the District will rehabilitate and upgrade the Village's collection system within the first seven years of the agreement. All operational costs associated with the current system are the responsibility of the District. All costs related to rehabilitation and upgrade of the Village's collection system, extension and upsizing of the Fuller Creek trunkline, and elimination/demolition of the Village's sewerage treatment facility (capital costs) are the responsibility of the Village. The Village relinquished all sewer related assets to the District on January 1, 2012.

## VILLAGE OF WINNEBAGO

### Notes to Financial Statements

In addition the Village must pay the District a one-time plant buy in fee of \$676,371 covering 1415 properties currently “served” by the Village’s system. This fee is payable when a construction contract for extension of the Fuller Creek trunkline west of Meridian Road is awarded. Total costs to complete this project, including plant buy in fee, as indicated in the IGA is approximately \$10.6 million with a maximum cost not to exceed \$11.4 million. The Village has accrued \$676,371, due to the District, in the related Water and Sewer Statement of Net Position at December 31, 2015. Other costs will be accrued as work is completed through 2022.

All costs associated with the IGA, including debt service, are expected to be paid from current reserves, one percent municipal sales tax revenue, and sewer capital fees billed by the Village to sewer customers on their monthly water bills. All costs associated with operation of the current sewer system are billed by the District quarterly based on water usage information from the Village water department.

The Village is responsible for obtaining financing for the project; however, the District has applied for low interest loans through the Illinois EPA covering associated costs. Principal and interest costs for loans secured by the District for the project will be passed on to the Village. Additional financing, as needed, will be obtained by the Village. The IGA also delineates future connection fees are to be collected from property owners who wish to connect to the Fuller Creek Trunk extension, a percentage of which will be reimbursed to the Village.

#### **(14) Fund Deficit**

There were no funds with a deficit balance as of December 31, 2015.

#### **(15) Restatement Due to Implementation of New Accounting Principle**

During the year ended December 31, 2015, the Village implemented the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The objective of GASB Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. The implementation of GASB Statement No. 68 resulted in the Village reducing beginning net position by \$436,323. The Village was unable to obtain the beginning balances of the deferred outflows and deferred inflows related to the pension. As permitted by GASB 68, these balances were not restated to their beginning balances at January 1, 2015.

**VILLAGE OF WINNEBAGO, ILLINOIS**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balances – Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues:</b>				
Taxes	\$ 1,202,300	1,202,300	1,205,135	2,835
Fines and other fees	27,000	27,000	32,606	5,606
Other	<u>86,628</u>	<u>86,628</u>	<u>27,648</u>	<u>(58,980)</u>
Total revenues	<u>1,315,928</u>	<u>1,315,928</u>	<u>1,265,389</u>	<u>(50,539)</u>
<b>Expenditures:</b>				
Current:				
General government	371,216	371,216	292,291	(78,925)
Highways and streets	413,718	413,718	282,454	(131,264)
Public safety	807,908	807,908	648,493	(159,415)
Capital outlay	<u>56,250</u>	<u>56,250</u>	<u>8,192</u>	<u>(48,058)</u>
Total expenditures	<u>1,649,092</u>	<u>1,649,092</u>	<u>1,231,430</u>	<u>(417,662)</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	(333,164)	(333,164)	33,959	367,123
<b>Other financing sources (uses) –     Transfer in (out)</b>	<u>457,500</u>	<u>457,500</u>	<u>19,664</u>	<u>(437,836)</u>
<b>Net change in fund balance</b>	\$ <u>124,336</u>	<u>124,336</u>	53,623	<u>(70,713)</u>
<b>Fund balance:</b>				
Beginning			<u>503,688</u>	
Ending		\$	<u>557,311</u>	

**VILLAGE OF WINNEBAGO, ILLINOIS**  
Required Supplementary Information  
Schedule of Revenues, Expenditures,  
and Changes in Fund Balances – Budget and Actual  
**Motor Fuel Tax Fund**  
For the Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues:</b>				
Intergovernmental –				
Motor fuel taxes	\$ 75,000	75,000	75,811	811
Grants	12,800	12,800	–	(12,800)
Interest	25	25	149	124
Total revenues	<u>87,825</u>	<u>87,825</u>	<u>75,960</u>	<u>(11,865)</u>
<b>Expenditures:</b>				
Highways and streets:				
Highways, street and bridges	–	–	29	29
Engineering	–	–	–	–
Capital outlay	<u>343,750</u>	<u>343,750</u>	<u>251,950</u>	<u>(91,800)</u>
Total expenditures	<u>343,750</u>	<u>343,750</u>	<u>251,979</u>	<u>(91,771)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(255,925)	(255,925)	(176,019)	79,906
<b>Other financing sources (uses) –</b>				
Transfer in (out)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Net change in fund balance</b>	\$ <u>(255,925)</u>	<u>(255,925)</u>	(176,019)	<u>79,906</u>
<b>Fund balance:</b>				
Beginning			<u>256,630</u>	
Ending		\$	<u>80,611</u>	



## **VILLAGE OF WINNEBAGO, ILLINOIS**

### **Notes to Required Supplementary Information**

December 31, 2015

#### **Legal Compliance and Accountability**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted (at the fund level) for the General and major Special Revenue fund – Motor Fuel Fund, non-major Special Revenue funds – Community Development, Fourth of July and Debt Service Fund on the modified accrual basis and Enterprise Fund – Water and Sewer on the accrual basis by line item within the fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. The Village Finance Committee submits to the Village Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means for financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to January 1, the budget is legally enacted by Village Board action. This is the amount reported as original budget.
- D. The Village Board 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 Village Board as a supplemental appropriation ordinance.
- E. Budgets are adopted and formal budgetary integration is employed as management control device during the year for general, special revenue funds and enterprise funds.
- F. All budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.
- G. Budgetary authority lapses at year-end.
- H. 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.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Required Supplementary Information

### Schedule of Changes in the Net Pension Liability and Related Ratios

#### Illinois Municipal Retirement Fund

December 31, 2015

	<u>2015</u>	<u>2014</u>
<b>Total pension liability:</b>		
Service cost	\$ 79,745	77,405
Interest on the total pension liability	163,711	145,732
Differences between expected and actual experience of the total pension liability	1,030	21,610
Changes of assumptions	—	67,288
Benefit payments, including refunds of employee contributions	<u>(71,520)</u>	<u>(67,652)</u>
<b>Net change in total pension liability</b>	172,966	244,383
<b>Total pension liability – beginning</b>	<u>2,190,400</u>	<u>1,946,017</u>
<b>Total pension liability – ending (a)</b>	<u>2,363,366</u>	<u>2,190,400</u>
 <b>Plan fiduciary net position:</b>		
Contributions – employer	91,903	79,505
Contributions – employee	31,260	29,790
Net investment income	8,291	92,605
Benefit payments, including refunds of employee contributions	(71,520)	(67,652)
Other (net transfer)	<u>23,627</u>	<u>763</u>
<b>Net change in plan fiduciary net position</b>	83,561	135,011
<b>Plan fiduciary net position – beginning</b>	<u>1,632,303</u>	<u>1,497,282</u>
<b>Plan fiduciary net position – ending (b)</b>	<u>1,715,864</u>	<u>1,632,293</u>
 <b>Net pension liability – ending (a)-(b)</b>	 \$ <u>647,502</u>	 <u>558,107</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <b>72.60%</b>	 <b>74.52%</b>
 Covered valuation payroll	 \$ 694,662	 681,523
Net pension liability as a percentage of covered valuation payroll	<b>93.21%</b>	<b>81.89%</b>

**Notes to Schedule:** 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 WINNEBAGO, ILLINOIS**

**Required Supplementary Information**

**Multiyear Schedule of Contributions**

**Illinois Municipal Retirement Fund**

**December 31, 2015**

Calendar Year Ending December 31,		Actuarially Determined Contribution (a)	Actual Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Valuation Payroll ( c )	Actual Contribution
						as a % of Covered Payroll (b/c)
12/31/15	\$	91,904	91,903	1	694,662	13.23%
12/31/14		81,851	79,505	2,346	681,523	11.67%

**Notes to Schedule:**

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 WINNEBAGO

### Notes to Schedule of Contributions

December 31, 2015

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

##### Valuation Date –

Notes

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 2015 Contribution Rates:

Actuarial cost method	Aggregate Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	Non-taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early retirement incentive plan liabilities – a period up to 10 years selected by the employer upon adoption of early retirement incentive.
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% – approximate; No explicit price inflation assumption is used in this valuation.
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

##### Other Information –

Notes

There were no benefit changes during the year.

\* Based on valuation assumptions used in the December 31, 2013 actuarial valuation

# VILLAGE OF WINNEBAGO, ILLINOIS

## Combining Balance Sheet

### Nonmajor Governmental Funds

December 31, 2015

		Special Revenue Funds			Total
		Community Development Fund	Fourth of July Fund	Debt Service Fund	Nonmajor Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$	59,132	4,458	289,923	353,513
Accounts receivable		20,892	—	—	20,892
<b>Total assets</b>	\$	<u>80,024</u>	<u>4,458</u>	<u>289,923</u>	<u>374,405</u>
<b>Liabilities:</b>					
Accounts payable		954	—	—	954
Deferred revenue – taxes		1,175	—	—	1,175
<b>Total liabilities</b>		<u>2,129</u>	<u>—</u>	<u>—</u>	<u>2,129</u>
<b>Fund balances:</b>					
Restricted for capital improvements		—	—	289,923	289,923
Committed to community development		77,895	—	—	77,895
Committed to Fourth of July		—	4,458	—	4,458
<b>Total fund balances</b>		<u>77,895</u>	<u>4,458</u>	<u>289,923</u>	<u>372,276</u>
<b>Total liabilities and fund balances</b>	\$	<u>80,024</u>	<u>4,458</u>	<u>289,923</u>	<u>374,405</u>

**VILLAGE OF WINNEBAGO, ILLINOIS**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
**Nonmajor Governmental Funds**  
For the Year Ended December 31, 2015

	<u>Special Revenue Funds</u>			Total
	<u>Community Development Fund</u>	<u>Fourth of July Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 13,976	—	—	13,976
Grants	—	—	—	—
Fees and charges	25,539	—	—	25,539
Interest	114	5	108	227
Other	8,088	43,449	—	51,537
Total revenue	<u>47,717</u>	<u>43,454</u>	<u>108</u>	<u>91,279</u>
<b>Expenditures –</b>				
Culture and recreation:				
Current	37,470	52,254	—	89,724
Capital outlay	<u>12,200</u>	<u>—</u>	<u>—</u>	<u>12,200</u>
Total expenditures	<u>49,670</u>	<u>52,254</u>	<u>—</u>	<u>101,924</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,953)	(8,800)	108	(10,645)
<b>Other financing sources (uses) –</b>				
Transfer in (out)	<u>(29,664)</u>	<u>10,000</u>	<u>—</u>	<u>(19,664)</u>
<b>Net change in fund balances</b>	(31,617)	1,200	108	(30,309)
<b>Fund balances:</b>				
Beginning	<u>109,512</u>	<u>3,258</u>	<u>289,815</u>	<u>402,585</u>
Ending	\$ <u><u>77,895</u></u>	<u><u>4,458</u></u>	<u><u>289,923</u></u>	<u><u>372,276</u></u>

# VILLAGE OF WINNEBAGO, ILLINOIS

## Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

### Community Development Fund

For the Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues:</b>				
Telecommunications taxes	\$ 14,000	14,000	13,976	(24)
Fees and charges	47,640	47,640	25,539	(22,101)
Interest	150	150	114	(36)
Other	<u>1,000</u>	<u>1,000</u>	<u>8,088</u>	<u>7,088</u>
Total revenues	<u>62,790</u>	<u>62,790</u>	<u>47,717</u>	<u>(15,073)</u>
<b>Expenditures:</b>				
Culture and recreation:				
Contractual services:				
Presidential project	1,250	1,250	1,008	(242)
Code enforcement officer	14,438	14,438	11,520	(2,918)
Legal expenses	12,500	12,500	9,122	(3,378)
Dues	2,500	2,500	2,000	(500)
Development escrow refund	1,250	1,250	–	(1,250)
Engineering	3,750	3,750	2,315	(1,435)
Electricity	1,875	1,875	2,105	230
Community projects	50,300	50,300	8,077	(42,223)
Supplies –				
Community expenses	6,250	6,250	1,323	(4,927)
Capital outlay	<u>12,200</u>	<u>12,200</u>	<u>12,200</u>	<u>–</u>
Total expenditures	<u>106,313</u>	<u>106,313</u>	<u>49,670</u>	<u>(56,643)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(43,523)</b>	<b>(43,523)</b>	<b>(1,953)</b>	<b>41,570</b>
<b>Other financing sources (uses) –</b>				
Transfer in (out)	<u>11,085</u>	<u>11,085</u>	<u>(29,664)</u>	<u>(40,749)</u>
<b>Net change in fund balance</b>	<b>\$ <u>(32,438)</u></b>	<b><u>(32,438)</u></b>	<b><u>(31,617)</u></b>	<b><u>821</u></b>
<b>Fund balance:</b>				
Beginning			<u>109,512</u>	
Ending		<b>\$</b>	<u><u>77,895</u></u>	

**VILLAGE OF WINNEBAGO, ILLINOIS**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balances – Budget and Actual**

**Fourth of July Fund**

For the Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues:</b>				
Donations and other	\$ 42,500	42,500	43,449	949
Interest	<u>100</u>	<u>100</u>	<u>5</u>	<u>(95)</u>
Total revenues	<u>42,600</u>	<u>42,600</u>	<u>43,454</u>	<u>854</u>
 <b>Expenditures:</b>				
Culture and recreation –				
Fourth of July expenses	<u>69,070</u>	<u>69,070</u>	<u>52,254</u>	<u>(16,816)</u>
 Total expenditures	<u>69,070</u>	<u>69,070</u>	<u>52,254</u>	<u>(16,816)</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	(26,470)	(26,470)	(8,800)	17,670
 <b>Other financing sources (uses) –</b>				
Transfer in (out)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>–</u>
 <b>Net change in fund balance</b>	\$ <u>(16,470)</u>	<u>(16,470)</u>	1,200	<u>17,670</u>
 <b>Fund balance:</b>				
Beginning			<u>3,258</u>	
Ending		\$	<u>4,458</u>	



**VILLAGE OF WINNEBAGO, ILLINOIS**

**Schedule of Revenues, Expenditures,  
and Changes in Fund Balances – Budget and Actual**

**Debt Service Fund**

For the Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues:</b>				
Property taxes	\$ —	—	—	—
Interest	<u>120</u>	<u>120</u>	<u>108</u>	<u>(12)</u>
Total revenues	<u>120</u>	<u>120</u>	<u>108</u>	<u>(12)</u>
<b>Expenditures –</b>				
Debt service:				
GO bond – principal	—	—	—	—
GO bond – interest	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	120	120	108	(12)
<b>Other financing sources (uses) –</b>				
Transfer in (out)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net change in fund balance</b>	\$ <u>120</u>	<u>120</u>	108	<u>(12)</u>
<b>Fund balance:</b>				
Beginning			<u>289,815</u>	
Ending		\$ <u>289,923</u>		

**VILLAGE OF WINNEBAGO, ILLINOIS**  
**Schedule of Detailed Revenues and Expenditures – Budget and Actual**  
**General Fund**  
For the Year Ended December 31, 2015

		2015			Over
		Original	Final	Actual	(Under)
		Budget	Budget		Budget
<b>Revenues:</b>					
Taxes:					
Property taxes	\$	418,500	418,500	417,822	(678)
Sales taxes		325,000	325,000	293,571	(31,429)
State income tax		315,000	315,000	331,988	16,988
Telecommunications tax		72,000	72,000	69,878	(2,122)
Local use tax		50,500	50,500	68,679	18,179
Replacement tax		21,300	21,300	23,197	1,897
Total taxes		<u>1,202,300</u>	<u>1,202,300</u>	<u>1,205,135</u>	<u>2,835</u>
Licenses, fees and permits		8,000	8,000	9,583	1,583
Police fines		19,000	19,000	23,023	4,023
Total fines and other fees		<u>27,000</u>	<u>27,000</u>	<u>32,606</u>	<u>5,606</u>
Other revenue:					
Grants		60,000	60,000	1,000	(59,000)
Interest		500	500	329	(171)
Miscellaneous		26,128	26,128	26,319	191
Total other revenue		<u>86,628</u>	<u>86,628</u>	<u>27,648</u>	<u>(58,980)</u>
Total revenues	\$	<u>1,315,928</u>	<u>1,315,928</u>	<u>1,265,389</u>	<u>(50,539)</u>
<b>Expenditures:</b>					
General government:					
Office salaries		47,853	47,853	38,186	(9,667)
Treasurer		42,984	42,984	34,233	(8,751)
Salaries – elected officials		36,250	36,250	26,800	(9,450)
Payroll taxes		10,884	10,884	8,525	(2,359)
Employee benefits		29,629	29,629	24,457	(5,172)
Employee welfare		3,125	3,125	2,051	(1,074)
Office equipment		12,125	12,125	6,942	(5,183)
Professional services		17,813	17,813	13,809	(4,004)
Engineering		12,500	12,500	4,053	(8,447)
Legal services		31,250	31,250	31,227	(23)
Inspection fees		10,000	10,000	8,112	(1,888)
Postage		1,500	1,500	1,091	(409)
Telephone		2,656	2,656	2,981	325
Publishing		1,875	1,875	726	(1,149)
Printing		5,000	5,000	3,400	(1,600)
Dues		2,500	2,500	1,686	(814)

(Continued)

# VILLAGE OF WINNEBAGO, ILLINOIS

## Schedule of Detailed Revenues and Expenditures – Budget and Actual

### General Fund

For the Year Ended December 31, 2015

		2015			
		Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued):</b>					
General government (continued):					
Travel	\$	1,875	1,875	419	(1,456)
Training		1,875	1,875	822	(1,053)
Conferences		10,625	10,625	3,264	(7,361)
Office maintenance		4,375	4,375	4,739	364
Audit and accounting services		14,375	14,375	11,500	(2,875)
Liability insurance		6,563	6,563	5,141	(1,422)
Recapture payments		1,050	1,050	789	(261)
Office supplies		8,750	8,750	6,940	(1,810)
Foreign fire insurance		6,375	6,375	5,620	(755)
Building water usage		500	500	480	(20)
Miscellaneous expense		375	375	423	48
Sullivan's payback agreement		41,250	41,250	36,364	(4,886)
Contingency		5,284	5,284	7,511	2,227
Total general government		371,216	371,216	292,291	(78,925)
Highways and streets:					
Salaries		125,140	125,140	92,026	(33,114)
Employee benefits		31,266	31,266	25,755	(5,511)
Payroll taxes		9,574	9,574	7,010	(2,564)
Maintenance – buildings		15,000	15,000	11,802	(3,198)
Maintenance – vehicles		10,000	10,000	2,625	(7,375)
Maintenance – streets and sidewalks		100,000	100,000	73,904	(26,096)
Maintenance – equipment		7,500	7,500	5,882	(1,618)
Professional fees		175	175	90	(85)
Engineering		6,250	6,250	329	(5,921)
Telephone		2,000	2,000	2,173	173
Electricity		41,250	41,250	32,767	(8,483)
Supplies		6,250	6,250	2,654	(3,596)
Gas and oil		25,000	25,000	6,398	(18,602)
Tree removal		10,000	10,000	6,885	(3,115)
Liability insurance		10,563	10,563	7,684	(2,879)
MS4 upgrades and repairs		12,500	12,500	3,470	(9,030)
MS4 permits		1,250	1,250	1,000	(250)
Capital outlay – equipment		56,250	56,250	8,192	(48,058)
Total highways and streets		469,968	469,968	290,646	(179,322)

(Continued)

# VILLAGE OF WINNEBAGO, ILLINOIS

## Schedule of Detailed Revenues and Expenditures – Budget and Actual

### General Fund

For the Year Ended December 31, 2015

		2015			
		Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued):</b>					
Public safety:					
Office salaries	\$	6,760	6,760	5,534	(1,226)
Police chief		103,503	103,503	83,055	(20,448)
Full time officers		350,791	350,791	291,679	(59,112)
Part time officers		18,750	18,750	16,586	(2,164)
Police overtime		13,785	13,785	9,005	(4,780)
Payroll taxes		38,416	38,416	31,482	(6,934)
Employee benefits		151,777	151,777	124,582	(27,195)
Uniforms		6,250	6,250	4,691	(1,559)
Computers and equipment		1,250	1,250	–	(1,250)
Professional services		12,500	12,500	7,703	(4,797)
Vehicle maintenance		8,125	8,125	7,409	(716)
Legal		15,625	15,625	12,908	(2,717)
Postage		188	188	95	(93)
Telephone		4,750	4,750	4,417	(333)
Publishing and printing		625	625	282	(343)
Dues		813	813	605	(208)
Travel		250	250	213	(37)
Liability insurance		27,500	27,500	21,485	(6,015)
Water		625	625	192	(433)
Gas and oil		15,625	15,625	9,640	(5,985)
Grants		12,500	12,500	4,750	(7,750)
Miscellaneous		1,250	1,250	758	(492)
Alert-leads user fee		2,500	2,500	1,728	(772)
Police garage maintenance		3,750	3,750	2,643	(1,107)
Pre-employment physical		1,250	1,250	–	(1,250)
Small equipment		1,250	1,250	1,074	(176)
Capital outlay – equipment		–	–	–	–
Training		7,500	7,500	5,977	(1,523)
Total public safety		<u>807,908</u>	<u>807,908</u>	<u>648,493</u>	<u>(159,415)</u>
Total expenditures	\$	<u>1,649,092</u>	<u>1,649,092</u>	<u>1,231,430</u>	<u>(417,662)</u>

# VILLAGE OF WINNEBAGO, ILLINOIS

## Schedule of Revenues, Expenses, and Changes in Net Position – Budget to Actual

### Proprietary Fund Types Enterprise Fund – Water Fund

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Operating revenues:</b>				
Water service income	\$ 334,000	334,000	327,459	(6,541)
Capital charge – sewer hook-up	484,500	484,500	457,588	(26,912)
Water hook-up fees	5,400	5,400	40,458	35,058
Sewer hook-up fees	8,500	8,500	7,114	(1,386)
Water deposit revenue	1,000	1,000	–	(1,000)
Garbage charges	175,000	175,000	179,104	4,104
Garbage stickers	200	200	–	(200)
Intergovernmental income	2,450,010	2,450,010	700,008	(1,750,002)
Miscellaneous revenue	10,500	10,500	16,409	5,909
Total operating revenues	<u>3,469,110</u>	<u>3,469,110</u>	<u>1,728,140</u>	<u>(1,740,970)</u>
<b>Operating expenses:</b>				
Office salary	45,524	45,524	37,544	(7,980)
Rock 39 salary	45,598	45,598	44,877	(721)
Part-time wages	6,250	6,250	805	(5,445)
Meter reader	30,128	30,128	25,118	(5,010)
Plant operator	24,605	24,605	11,263	(13,342)
Public works wages	31,829	31,829	24,416	(7,413)
Health insurance	28,129	28,129	22,646	(5,483)
Payroll taxes	14,404	14,404	11,204	(3,200)
Employee benefits	23,508	23,508	18,849	(4,659)
IMRF - GASB 68	–	–	8,956	8,956
Building water usage	625	625	191	(434)
Alarm system	1,500	1,500	3,207	1,707
Chemicals	6,250	6,250	3,829	(2,421)
Engineering	62,500	62,500	6,949	(55,551)
Garbage expense	218,750	218,750	175,765	(42,985)
Liability insurance	18,750	18,750	15,078	(3,672)
Equipment maintenance	10,000	10,000	3,475	(6,525)
Office and computer equipment	1,250	1,250	–	(1,250)
Operating supplies	62,500	62,500	37,720	(24,780)
Postage	7,500	7,500	5,105	(2,395)
Pre-employment physical	625	625	–	(625)
Printing	1,875	1,875	882	(993)
Professional fees	4,150	4,150	1,998	(2,152)

(Continued)

# VILLAGE OF WINNEBAGO, ILLINOIS

## Schedule of Revenues, Expenses, and Changes in Net Position – Budget to Actual

### Proprietary Fund Types

#### Enterprise Fund – Water Fund

For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Operating expenses (continued):</b>				
Publishing/advertising	\$ 1,250	1,250	–	(1,250)
Rental and small equipment	21,875	21,875	2,922	(18,953)
Special audit	4,688	4,688	3,750	(938)
Telephone	3,125	3,125	2,188	(937)
Travel and training	2,500	2,500	353	(2,147)
Utilities	36,000	36,000	31,211	(4,789)
Water analysis	4,375	4,375	3,268	(1,107)
Fuel, grease and oil	16,666	16,666	6,276	(10,390)
Water sewer upgrade	1,450,000	1,450,000	2,680	(1,447,320)
Sullivan's payback agreement	13,750	13,750	11,874	(1,876)
IEPA - interest expense	87,500	87,500	11,065	(76,435)
Depreciation	140,000	140,000	141,394	1,394
Contingency	61,120	61,120	–	(61,120)
Total operating expenses	<u>2,489,099</u>	<u>2,489,099</u>	<u>676,858</u>	<u>(1,812,241)</u>
Operating income	<u>980,011</u>	<u>980,011</u>	<u>1,051,282</u>	<u>71,271</u>
<b>Nonoperating income (expense):</b>				
Interest income	750	750	1,105	355
1% sales tax income	210,000	210,000	201,527	(8,473)
Total nonoperating income (expenses)	<u>210,750</u>	<u>210,750</u>	<u>202,632</u>	<u>(8,118)</u>
Income before other financing sources	1,190,761	1,190,761	1,253,914	63,153
<b>Operating financing sources –</b>				
Operating transfers	<u>950,816</u>	<u>950,816</u>	<u>–</u>	<u>(950,816)</u>
<b>Special item –</b>				
Rock River Water Reclamation District costs related to intergovernmental agreement for sanitary system	<u>(1,125,000)</u>	<u>(1,125,000)</u>	<u>(468,405)</u>	<u>656,595</u>
<b>Change in net assets</b>	<u>\$ 1,016,577</u>	<u>1,016,577</u>	<u>785,509</u>	<u>(231,068)</u>
<b>Net position</b>				
Beginning, as previously stated			1,724,792	
Restatement due to new accounting principle			(82,374)	
Beginning, as restated			<u>1,642,418</u>	
Ending		\$	<u>2,427,927</u>	

# VILLAGE OF WINNEBAGO, ILLINOIS

## Schedule of Assessed Valuations, Property Tax Rates, Extensions and Collections

**December 31, 2015**

	Tax Years			
	2015	2014	2013	2012
Assessed valuations	\$ <u>44,048,532</u>	<u>45,678,728</u>	<u>46,292,556</u>	<u>47,574,249</u>
Property tax rates (per \$100 of assessed valuation):	Max	Actual	Actual	Actual
General	0.4375	0.4273	0.4313	0.4286
General – Audit	–	0.0005	0.0004	0.0003
General – Liability	–	0.0005	0.0004	0.0003
Police	0.6000	0.5103	0.4628	0.4510
Debt Service	–	–	–	–
Sewer Chlorination	0.0200	–	–	–
IMRF	–	0.0005	0.0004	0.0003
Total tax rate		<u>0.9391</u>	<u>0.8953</u>	<u>0.8805</u>
Property tax extensions:				
General		188,220	197,012	198,410
General – Audit		220	183	139
General – Liability		220	183	139
Police		224,780	211,401	208,779
Debt Service		–	–	–
Sewer Chlorination		–	–	–
IMRF		220	183	139
	\$	<u>413,660</u>	<u>408,962</u>	<u>407,606</u>
Property tax collections:**				
General		–	196,081	197,257
General – Audit		–	182	138
General – Liability		–	182	138
Police		–	210,402	207,567
IMRF		–	182	138
	\$	<u>–</u>	<u>407,029</u>	<u>405,238</u>
Percentage of extensions collected		<u>–</u>	<u>99.53</u>	<u>99.42</u>
				<u>99.90</u> %

\*\* Includes mobile home privilege tax, protested and back taxes.

Note: This schedule is presented on the cash basis, which differs from the Village's financial statement presentation.

**VILLAGE OF WINNEBAGO, ILLINOIS**

**Schedule of Legal Debt Margin**

**December 31, 2015**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed Valuation	\$ <u>44,048,572</u>	<u>45,678,728</u>	<u>46,292,556</u>
Statutory Debt Limitation (8.625 % of Assessed Valuation)	3,799,189	3,939,790	4,103,279
Outstanding debt – Note payable	<u>1,573,059</u>	<u>1,763,627</u>	<u>55,000</u>
Legal Debt Margin	\$ <u>2,226,130</u>	<u>2,176,163</u>	<u>4,048,279</u>