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& COMPANY, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**VILLAGE OF FREEBURG, ILLINOIS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED  
MARCH 31, 2017

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**VILLAGE OF FREEBURG, ILLINOIS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Board  
of Trustees of the Village of  
Freeburg, Illinois:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Freeburg, Illinois as of and for the year ended March 31, 2017, 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 the governmental funds financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the governmental fund financial statements in the circumstances. Management is also responsible for the preparation and fair presentation of the business-type and proprietary fund financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

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

An audit 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 the 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities (modified cash basis), the business-type activities (accrual basis), each major fund and the aggregate remaining fund information of the Village of Freeburg, Illinois, as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows (Governmental activities - modified cash basis, Business-type activities – accrual basis) thereof for the year then ended in conformity with the basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, except for the Village's Proprietary Funds, which have been prepared on the accrual basis of accounting. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Required Supplementary Information/Other Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 12, the budgetary comparison information on page 42, and the schedules of pension funding information on pages 43-44 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 Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Freeburg, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*C. J. Schuman & Co. LLC*

Certified Public Accountants  
Alton, Illinois

September 12, 2017

## **VILLAGE OF FREEBURG, ILLINOIS** **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Village of Freeburg, Illinois' (Village) annual audit presents a management's discussion and analysis of the Village's financial activity during the fiscal year ended March 31, 2017. The Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the Village.

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

This Management's Discussion and Analysis is intended to serve as an introduction to the Village's basic financial statements. There are three components to the basic financial statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information/other information in addition to the basic financial statements.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude any fiduciary fund activities.

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, highways and streets, sanitation and development. The business-type activities include water, sewer, electric light and power, and swimming pool.

The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. Changes in net position are reported on the modified cash basis of accounting for the governmental activities and the accrual basis of accounting for the business-type activities.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental and proprietary.

**Governmental Funds.** Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financial decisions. Both the governmental fund statement of assets, liabilities and fund balances arising from modified cash basis transactions and the governmental fund statement of revenues and expenditures arising from modified cash basis transactions provide a reconciliation to facilitate this comparison between the governmental funds and the government-wide governmental activities.

The Village maintains four individual governmental funds. Information is presented separately in the governmental funds statement of assets, liabilities and fund balances arising from modified cash basis transactions and in the governmental fund statement of revenues and expenditures arising from modified cash basis transactions for the major fund: General Fund. Data for the other nonmajor governmental funds are combined in the supplementary information and reported in total in a separate column.

The Village adopts an annual budget for all governmental funds. A budgetary comparison schedule for the General Fund has been provided to demonstrate legal compliance with the adopted budget.

**Proprietary funds.** Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its water, sewer, electric light and power, and swimming pool operations.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required supplementary information/Other Information.** The Village reports budgetary comparison and retirement funding progress related to IMRF as required supplementary information/other information following the notes to the financial statements.

**Other supplementary information.** The combining fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Basis of accounting.** The Village presents its financial statements for the governmental funds on the modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the Village's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense related to capital assets in the government-wide financial statements for all activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for unbilled or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for good or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements for the governmental funds. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Village has presented its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$10,391,145 at the close of the most recent fiscal year.

The largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**VILLAGE OF FREEBURG, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Current and other assets	\$ 1,575,905	\$ 1,711,086	\$ 4,363,906	\$ 3,877,341	\$ 5,939,811	\$ 5,588,427
Capital assets	1,187,052	1,095,680	11,198,103	11,109,418	12,385,155	12,205,098
Total assets	<u>2,762,957</u>	<u>2,806,766</u>	<u>15,562,009</u>	<u>14,986,759</u>	<u>18,324,966</u>	<u>17,793,525</u>
Long-term liabilities						
outstanding	1,547,000	1,630,000	5,463,198	5,355,201	7,010,198	6,985,201
Other liabilities	8,131	6,673	915,492	497,012	923,623	503,685
Total liabilities	<u>1,555,131</u>	<u>1,636,673</u>	<u>6,378,690</u>	<u>5,852,213</u>	<u>7,933,821</u>	<u>7,488,886</u>
Net position:						
Net invested in capital assets	1,120,052	1,095,680	5,761,956	6,262,983	6,882,008	7,358,663
Restricted	820,203	620,339	-	-	820,203	620,339
Unrestricted	(732,429)	(545,926)	3,421,363	2,871,563	2,688,934	2,325,637
Total net position	<u>\$ 1,207,826</u>	<u>\$ 1,170,093</u>	<u>\$ 9,183,319</u>	<u>\$ 9,134,546</u>	<u>\$ 10,391,145</u>	<u>\$ 10,304,639</u>

Total net position increased \$86,506 resulting in a balance of \$10,391,145 as of March 31, 2017. Current assets, which include cash, investments and accounts receivable, increased \$351,384. Non-current assets increased \$180,057, due to current year additions being in excess of depreciation. Total liabilities increased \$444,935 resulting in a balance of \$7,933,821 as of March 31, 2017. Outstanding debt, including long-term and short-term portions, increased \$24,997 due to debt additions being in excess of principal payments on the outstanding debt.

The change in net position is further examined in the Analysis of Net Position section of the MD&A.

**ANALYSIS OF NET POSITION**

<b><u>Analysis of Net Position</u></b>	<b><u>2017</u></b>		<b><u>2016</u></b>	
	<b><u>Percent</u></b>	<b><u>Amount</u></b>	<b><u>Percent</u></b>	<b><u>Amount</u></b>
Net investment in capital assets	66.2%	\$ 6,882,008	71.4%	\$ 7,358,663
Restricted	7.9%	820,203	6.9%	715,336
Unrestricted	<u>25.9%</u>	<u>2,688,934</u>	<u>21.6%</u>	<u>2,230,640</u>
Total net position	<u>100.0%</u>	<u>\$ 10,391,145</u>	<u>100.0%</u>	<u>\$ 10,304,639</u>

Total net position balances increased by \$86,506 in fiscal year 2017 to a total ending balance of \$10,391,145. Capital net position balances decreased by \$476,655 in the current year due to debt additions, depreciation, and accounts payable related to capital exceeding capital additions. The unrestricted net position balances changed by the net income of the related operating activities.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

The revenue and expenditure comparisons that comprise the current year increase follow.

**REVENUE COMPARISON BY TYPE**

<b><u>Governmental Activities</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Property tax	\$ 708,857	\$ 656,980
Sales and use tax	504,150	483,486
State income tax	461,593	470,794
Replacement tax	5,881	6,258
Video gaming tax	23,552	21,312
Charges for services	338,699	290,417
Telecommunications tax	105,005	113,766
Motor fuel tax	110,979	107,374
Utility tax	245,637	241,897
Investment income	11,530	12,087
Operating grants	10,938	30,333
Capital grants	18,498	197,000
Gain on disposal of assets	1,009	53,989
Miscellaneous	40,125	31,850
Total revenues	<u>\$ 2,586,453</u>	<u>\$ 2,717,543</u>

Total revenues for the governmental activities decreased \$131,090 for the year ended March 31, 2017. The decrease is mainly due to having larger capital grants and gains on disposals in the previous year.

<b><u>Business-type Activities</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Water charges	\$ 868,823	\$ 859,864
Sewer charges	539,624	481,591
Electric charges	5,001,844	4,943,588
Swimming pool charges	77,734	65,118
Property taxes	56,687	52,326
Loss on disposal of assets	(14,827)	-
Investment income	67,949	88,154
Total revenues	<u>\$ 6,597,834</u>	<u>\$ 6,490,641</u>

Total revenues for the business-type activities increased \$107,193 for the year ended March 31, 2017. The Village had general increases in all charges for services in the current year.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**EXPENDITURES BY CATEGORY**

**Governmental Activities**

<u>Expenditures by category</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	11.9%	\$ 261,436	10.6%	\$ 239,387
Public safety	53.6%	1,180,917	52.5%	1,188,959
Highways and streets	22.6%	497,784	26.0%	588,702
Sanitation	10.3%	226,593	9.2%	209,463
Interest on long-term debt	1.7%	38,024	1.7%	38,775
Total expenditures	<u>100.0%</u>	<u>\$ 2,204,754</u>	<u>100.0%</u>	<u>\$ 2,265,286</u>

The Village reported a decrease in expenses for governmental activities of \$60,532. The MFT fund had significantly higher expenditures in the prior year. Public safety reported the highest expenditure category with 54% of all governmental expenditures.

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2017</u>	<u>2016</u>
General government	\$ 31,387	\$ 23,879
Public safety	45,164	35,621
Highways and streets	30,711	34,033
Sanitation	10,080	1,335
Total depreciation	<u>\$ 117,342</u>	<u>\$ 94,868</u>

Total capital outlay expenditures in the governmental fund financial statements for the current year totaled \$208,714.

**Business-type Activities**

<u>Operating Expenditures</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	19.1%	\$ 1,305,019	22.9%	\$ 1,603,465
Contractual services	9.9%	672,443	10.1%	704,678
Electricity and water purchased	51.4%	3,502,885	48.4%	3,387,461
Supplies and materials	3.7%	250,687	3.3%	233,442
Heat, light and power	0.5%	31,702	0.5%	32,099
Depreciation	15.5%	1,057,870	14.8%	1,035,278
Total expenditures	<u>100.0%</u>	<u>\$ 6,820,606</u>	<u>100.0%</u>	<u>\$ 6,996,423</u>

Expenses in the business-type activities decreased in total by \$175,817. As in the prior year, the largest categories of operating expense were for electricity and water purchases which increased \$115,424 in the current year. Personal services decreased due to the large increase in the prior year for the IMRF liability that was considerably lower in the current year.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FUNDS FINANCIAL ANALYSIS**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2017, the Village's governmental funds reported combined ending fund balances of \$1,472,614, a decrease of \$136,802 in comparison with the prior year. A large portion of this balance constitutes unreserved, undesignated fund balance, which is available for spending at the Village's discretion. However, \$725,043 (TIF Fund and Special Revenue Funds) has been restricted for future debt payments and other restricted expenditures.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$747,571. This balance decreased \$241,506 as a result of transferring funds to the Swimming Pool fund.

The TIF Fund increased \$40,352 in the current year for a fund balance of \$433,390. The Motor Fuel Tax Fund reported an increase of \$63,920 for an ending balance of \$263,275. The Impact Fees Fund reported an increase of \$432 in the current year for a fund balance of \$28,378.

**Proprietary fund.** The Village's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Waterworks, Sewer, Electric Light and Power, and Swimming Pool funds at the end of the year amounted to \$3,421,363, an increase of \$549,800 in comparison with prior year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's government-wide financial statements.

**BUDGETARY HIGHLIGHTS**

A comparison of budget and actual expenditures for the General Fund is as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 2,599,604	\$ 2,550,914

The budget was passed on March 21, 2016.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Land	\$ 83,840	\$ 83,840	\$ 426,700	\$ 305,539	\$ 510,540	\$ 389,379
Buildings and Improvements	657,805	638,862	7,365,738	7,365,738	8,023,543	8,004,600
Swimming Pool	-	-	1,099,984	1,072,020	1,099,984	1,072,020
Infrastructure	593,847	586,643	-	-	593,847	586,643
Distribution and Collection Systems	-	-	15,090,199	14,216,037	15,090,199	14,216,037
Vehicles and Equipment	870,201	695,421	2,474,523	2,384,756	3,344,724	3,080,177
	<u>\$ 2,205,693</u>	<u>\$ 2,004,766</u>	<u>\$ 26,457,144</u>	<u>\$ 25,344,090</u>	<u>\$ 28,662,837</u>	<u>\$ 27,348,856</u>

The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2017 amounts to \$12,385,155, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total outlay for capital assets for the current year was \$1,370,096. The largest additions in the current year were for the North State Street sewer extension, electrical line additions, a water slide for the pool, two vehicles, and a leaf vacuum machine. These additions were offset by current year depreciation expense of \$1,175,212, thereby resulting in a net increase in net capital assets for the current year. Additional information related to capital assets can be found in Note 5 of the financial statements.

**Long-term Debt**

At the end of 2017, the Village had total long-term debt obligations for governmental activities and business-type activities in the amount of \$1,547,000 and \$5,001,860, respectively, compared to \$1,630,000 and \$4,846,435 at the end of 2016.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Loans Payable	\$ -	\$ -	\$ 1,208,883	\$ 690,100	\$ 1,208,883	\$ 690,100
Notes Payable	67,000	-	162,977	166,335	229,977	166,335
Bonds Payable	1,480,000	1,630,000	3,630,000	3,990,000	5,110,000	5,620,000
Total Debt	<u>\$ 1,547,000</u>	<u>\$ 1,630,000</u>	<u>\$ 5,001,860</u>	<u>\$ 4,846,435</u>	<u>\$ 6,548,860</u>	<u>\$ 6,476,435</u>

The governmental activities reported decreases in long-term debt of \$83,000. The business-type activities reported an increase in long-term debt of \$155,425. Overall, the increase in debt was \$72,425. Additional information related to long-term debt can be found in Note 7 of the financial statements.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Requests for Information**

This financial report is designed to provide a general overview of the Village of Freeburg's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Clerk's Office, 14 Southgate Center, Freeburg, IL 62243.

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF NET POSITION  
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)  
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)  
MARCH 31, 2017

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,390,095	\$ 1,419,460	\$ 2,809,555
Investments	185,270	2,137,789	2,323,059
Receivables (Net of allowance for uncollectible):	-	582,219	582,219
Escrow	-	12,000	12,000
Prepaid Expenses	-	47,086	47,086
Internal Balances	540	(540)	-
Capital Assets:			
Land	83,840	426,700	510,540
Buildings and Improvements	657,805	7,365,738	8,023,543
Swimming Pool	-	1,099,984	1,099,984
Infrastructure	593,847	-	593,847
Distribution and Collection Systems	-	15,090,199	15,090,199
Vehicles and Equipment	870,201	2,474,523	3,344,724
Less: Accumulated Depreciation	<u>(1,018,641)</u>	<u>(15,259,041)</u>	<u>(16,277,682)</u>
Net Capital Assets	<u>1,187,052</u>	<u>11,198,103</u>	<u>12,385,155</u>
Total Assets	<u>\$ 2,762,957</u>	<u>\$ 15,396,117</u>	<u>\$ 18,159,074</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	<u>\$ -</u>	<u>\$ 165,892</u>	<u>\$ 165,892</u>
<u>Liabilities</u>			
Accounts Payable	\$ 8,131	\$ 694,545	\$ 702,676
Accrued Salaries	-	33,081	33,081
Accrued Interest	-	30,805	30,805
Customer Deposits	-	157,061	157,061
Noncurrent Liabilities:			
Due Within One Year	166,066	500,271	666,337
Due In More Than One Year	<u>1,380,934</u>	<u>4,962,927</u>	<u>6,343,861</u>
Total Liabilities	<u>1,555,131</u>	<u>6,378,690</u>	<u>7,933,821</u>
<u>Net Position</u>			
Net Investment in Capital Assets	1,120,052	5,761,956	6,882,008
Restricted	820,203	-	820,203
Unrestricted	<u>(732,429)</u>	<u>3,421,363</u>	<u>2,688,934</u>
Total Net Position	<u>\$ 1,207,826</u>	<u>\$ 9,183,319</u>	<u>\$ 10,391,145</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF ACTIVITIES  
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)  
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)  
FOR THE YEAR ENDED MARCH 31, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
<b>Governmental Activities:</b>							
General Government	\$ 261,436	\$ 75,868	\$ 7,755	\$ -	\$ (177,813)	\$ -	\$ (177,813)
Public Safety:							
Police	1,175,041	12,859	1,100	-	(1,161,082)	-	(1,161,082)
Civil Defense	5,876	-	-	-	(5,876)	-	(5,876)
Highways and Streets	497,784	-	2,083	18,498	(477,203)	-	(477,203)
Sanitation	226,593	249,972	-	-	23,379	-	23,379
Interest on Long-Term Debt	38,024	-	-	-	(38,024)	-	(38,024)
Total Governmental Activities	<u>2,204,754</u>	<u>338,699</u>	<u>10,938</u>	<u>18,498</u>	<u>(1,836,619)</u>	<u>-</u>	<u>(1,836,619)</u>
<b>Business-type Activities:</b>							
Electric Light and Power	5,167,142	5,001,844	-	-	\$ (165,298)	\$ (165,298)	\$ (165,298)
Waterworks	1,047,448	868,823	-	-	(178,625)	-	(178,625)
Sewer	547,975	539,624	-	-	(8,351)	-	(8,351)
Swimming Pool	176,007	77,734	-	45,545	(52,728)	-	(52,728)
Total Business-type Activities	<u>6,938,572</u>	<u>6,488,025</u>	<u>-</u>	<u>45,545</u>	<u>(405,002)</u>	<u>-</u>	<u>(405,002)</u>
<b>Total Government</b>	<u>\$ 9,143,326</u>	<u>\$ 6,826,724</u>	<u>\$ 10,938</u>	<u>\$ 64,043</u>	<u>(1,836,619)</u>	<u>(405,002)</u>	<u>(2,241,621)</u>
<b>General Revenues:</b>							
Property Tax, Levied for General Purposes					708,857	56,687	765,544
Sales and Use Tax					504,150	-	504,150
Replacement Tax					5,881	-	5,881
State Income Tax					461,593	-	461,593
Telecommunications Tax					105,005	-	105,005
Motor Fuel Tax					110,979	-	110,979
Video Gaming Tax					23,552	-	23,552
Utility Tax					245,637	-	245,637
Unrestricted Investment Earnings					11,530	67,949	79,479
Gain (Loss) on Disposal of Assets					1,009	(14,827)	(13,818)
Miscellaneous					40,125	-	40,125
Transfers					(343,966)	343,966	-
Total General Revenues					<u>1,874,352</u>	<u>453,775</u>	<u>2,328,127</u>
Change in Net Position					<u>37,733</u>	<u>48,773</u>	<u>86,506</u>
Net Position - Beginning					<u>1,170,093</u>	<u>9,134,546</u>	<u>10,304,639</u>
Net Position - Ending					<u>\$ 1,207,826</u>	<u>\$ 9,183,319</u>	<u>\$ 10,391,145</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCE ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
MARCH 31, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 521,256	\$ 773,679	\$ 1,294,935
Investments	40,608	144,662	185,270
Due from Other Funds	<u>193,838</u>	<u>-</u>	<u>193,838</u>
Total Assets	<u>\$ 755,702</u>	<u>\$ 918,341</u>	<u>\$ 1,674,043</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts Payable	\$ 8,131	\$ -	\$ 8,131
Due to Other Funds	<u>-</u>	<u>193,298</u>	<u>193,298</u>
Total Liabilities	<u>8,131</u>	<u>193,298</u>	<u>201,429</u>
Fund Balance:			
Restricted	-	725,043	725,043
Unassigned	<u>747,571</u>	<u>-</u>	<u>747,571</u>
Total Fund Balance	<u>747,571</u>	<u>725,043</u>	<u>1,472,614</u>
Total Liabilities and Fund Balance	<u>\$ 755,702</u>	<u>\$ 918,341</u>	<u>\$ 1,674,043</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

RECONCILIATION OF THE STATEMENT OF ASSETS,  
LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED  
CASH BASIS TRANSACTIONS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED MARCH 31, 2017

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 1,472,614
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	1,187,052
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(1,547,000)
Internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole.	<u>95,160</u>
Net position of governmental activities	<u><u>\$ 1,207,826</u></u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF REVENUES AND EXPENDITURES  
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2017

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Tax	\$ 481,393	\$ 227,464	\$ 708,857
Utility Tax	245,637	-	245,637
<b>Intergovernmental:</b>			
Replacement Tax	5,881	-	5,881
Sales Tax	398,398	-	398,398
State Income Tax	461,593	-	461,593
Local Use Tax	105,752	-	105,752
Telecommunications Tax	105,005	-	105,005
Motor Fuel Tax	-	110,979	110,979
Video Gaming Tax	23,552	-	23,552
Grants	29,436	-	29,436
Franchise Fees	24,550	-	24,550
Licenses and Permits	51,318	-	51,318
Fines and Penalties	12,859	-	12,859
Garbage Collection	249,972	-	249,972
Investment Earnings	5,928	5,439	11,367
Miscellaneous	40,125	-	40,125
Total Revenues	2,241,399	343,882	2,585,281
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	230,049	-	230,049
<b>Public Safety:</b>			
Police	1,131,633	-	1,131,633
Civil Defense	4,120	-	4,120
Highways and Streets	415,919	51,154	467,073
Sanitation	216,513	-	216,513
<b>Debt Service:</b>			
Principal	-	150,000	150,000
Interest and Charges	-	38,024	38,024
Capital Outlay	208,714	-	208,714
Total Expenditures	2,206,948	239,178	2,446,126
Excess (Deficiency) of Revenues Over Expenditures	34,451	104,704	139,155
<b>Other Financing Sources (Uses):</b>			
Proceeds from Fixed Asset Sales	1,009	-	1,009
Proceeds from Loan	67,000	-	67,000
Operating Transfers	(343,966)	-	(343,966)
Total Other Financing Sources (Uses)	(275,957)	-	(275,957)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(241,506)	104,704	(136,802)
Fund Balance, Beginning of Year	989,077	620,339	1,609,416
Fund Balance, End of Year	\$ 747,571	\$ 725,043	\$ 1,472,614

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES ARISING FROM MODIFIED CASH BASIS  
TRANSACTIONS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2017

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

Net change in fund balances - total governmental funds	\$ (136,802)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	91,372
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.	83,000
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Activity related to the internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole.	<u>163</u>
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Change in net position of governmental activities	<u>\$ 37,733</u>
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The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 MARCH 31, 2017

	Major Funds					Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool	Total	
<u>Assets</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 723,858	\$ 363,149	\$ 331,783	\$ 670	\$ 1,419,460	\$ 95,160
Investments	1,689,000	314,133	134,656	-	2,137,789	-
Receivables:						
Customers	204,594	42,352	37,378	-	284,324	-
Unbilled Revenue	208,368	39,206	33,361	-	280,935	-
Other	1,415	-	-	15,545	16,960	-
Due From Other Funds	(540)	-	-	-	(540)	-
Escrow	-	-	12,000	-	12,000	-
Prepaid Insurance	39,764	3,633	3,689	-	47,086	-
Total Current Assets	<u>2,866,459</u>	<u>762,473</u>	<u>552,867</u>	<u>16,215</u>	<u>4,198,014</u>	<u>95,160</u>
Capital Assets:						
Land	211,375	50,094	158,981	6,250	426,700	-
Buildings and Improvements	6,220,376	-	961,101	184,261	7,365,738	-
Swimming Pool	-	-	-	1,099,984	1,099,984	-
Distribution and Collection Systems	8,083,496	4,048,342	2,958,361	-	15,090,199	-
Vehicles and Equipment	1,394,802	604,503	399,639	75,579	2,474,523	-
	15,910,049	4,702,939	4,478,082	1,366,074	26,457,144	-
Less - Accumulated Depreciation	<u>9,641,109</u>	<u>3,408,492</u>	<u>1,735,427</u>	<u>474,013</u>	<u>15,259,041</u>	-
Net Capital Assets	<u>6,268,940</u>	<u>1,294,447</u>	<u>2,742,655</u>	<u>892,061</u>	<u>11,198,103</u>	-
Total Assets	<u>\$ 9,135,399</u>	<u>\$ 2,056,920</u>	<u>\$ 3,295,522</u>	<u>\$ 908,276</u>	<u>\$ 15,396,117</u>	<u>\$ 95,160</u>
<u>Deferred Outflows of Resources</u>						
Future Pension Expense	<u>\$ 98,476</u>	<u>\$ 36,687</u>	<u>\$ 30,729</u>	<u>\$ -</u>	<u>\$ 165,892</u>	<u>\$ -</u>
<u>Liabilities</u>						
Current Liabilities:						
Accounts Payable	\$ 231,195	\$ 26,432	\$ 436,345	\$ 573	\$ 694,545	\$ -
Accrued Salaries	18,323	7,749	7,009	-	33,081	-
Accrued Interest	24,507	-	-	6,298	30,805	-
Unearned Revenue	-	-	-	-	-	-
Current Portion of Long Term Debt	362,091	6,790	68,676	62,714	500,271	-
Customer Deposits	<u>90,523</u>	<u>38,809</u>	<u>27,729</u>	<u>-</u>	<u>157,061</u>	-
Total Current Liabilities	<u>726,639</u>	<u>79,780</u>	<u>539,759</u>	<u>69,585</u>	<u>1,415,763</u>	-
Noncurrent Liabilities:						
Net Pension Liability	273,856	102,025	85,457	-	461,338	-
Long Term Debt (Net of Current)	<u>2,988,172</u>	<u>6,987</u>	<u>1,126,430</u>	<u>380,000</u>	<u>4,501,589</u>	-
Total Noncurrent Liabilities	<u>3,262,028</u>	<u>109,012</u>	<u>1,211,887</u>	<u>380,000</u>	<u>4,962,927</u>	-
Total Liabilities	<u>3,988,667</u>	<u>188,792</u>	<u>1,751,646</u>	<u>449,585</u>	<u>6,378,690</u>	-
<u>Net Position</u>						
Net Investment in Capital Assets	2,918,677	1,280,670	1,113,262	449,347	5,761,956	-
Committed	-	-	-	-	-	95,160
Unreserved	<u>2,326,531</u>	<u>624,145</u>	<u>461,343</u>	<u>9,344</u>	<u>3,421,363</u>	-
Total Net Position	<u>5,245,208</u>	<u>1,904,815</u>	<u>1,574,605</u>	<u>458,691</u>	<u>9,183,319</u>	<u>95,160</u>
Total Liabilities and Net Position	<u>\$ 9,233,875</u>	<u>\$ 2,093,607</u>	<u>\$ 3,326,251</u>	<u>\$ 908,276</u>	<u>\$ 15,562,009</u>	<u>\$ 95,160</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2017

	Major Funds				Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
Operating Revenue:						
Charges for Services	\$ 4,907,441	\$ 804,627	\$ 533,652	\$ 58,353	\$ 6,304,073	\$ -
Connection Fees	9,245	7,880	5,260	-	22,385	-
Supplies Sold	29,421	16,595	-	19,381	65,397	-
Miscellaneous	55,737	39,721	712	-	96,170	-
Total Operating Revenue	<u>5,001,844</u>	<u>868,823</u>	<u>539,624</u>	<u>77,734</u>	<u>6,488,025</u>	<u>-</u>
Operating Expenses:						
Personal Services	702,089	286,675	263,869	52,386	1,305,019	-
Contractual Services and Other	496,654	65,526	104,773	5,490	672,443	-
Electricity and Water Purchased	3,130,471	372,414	-	-	3,502,885	-
Supplies and Materials	78,138	104,171	39,011	29,367	250,687	-
Heat, Light and Power	7,870	5,031	18,801	-	31,702	-
Depreciation	669,538	213,094	106,120	69,118	1,057,870	-
Total Operating Expenses	<u>5,084,760</u>	<u>1,046,911</u>	<u>532,574</u>	<u>156,361</u>	<u>6,820,606</u>	<u>-</u>
Operating Income (Loss)	<u>(82,916)</u>	<u>(178,088)</u>	<u>7,050</u>	<u>(78,627)</u>	<u>(332,581)</u>	<u>-</u>
Nonoperating Revenues (Expenses):						
Property Taxes	-	-	-	56,687	56,687	-
Loss on Disposal of Assets	(14,827)	-	-	-	(14,827)	-
Interest Income	44,186	16,727	7,031	5	67,949	163
Interest Expense	(82,382)	(537)	(15,401)	(19,646)	(117,966)	-
Total Nonoperating Revenues (Expenses)	<u>(53,023)</u>	<u>16,190</u>	<u>(8,370)</u>	<u>37,046</u>	<u>(8,157)</u>	<u>163</u>
Contributed Capital	-	-	-	45,545	45,545	-
Operating Transfers	-	-	-	343,966	343,966	-
Change in Net Position	(135,939)	(161,898)	(1,320)	347,930	48,773	163
Net Position, Beginning of Year	<u>5,381,147</u>	<u>2,066,713</u>	<u>1,575,925</u>	<u>110,761</u>	<u>9,134,546</u>	<u>94,997</u>
Net Position, End of Year	<u>\$ 5,245,208</u>	<u>\$ 1,904,815</u>	<u>\$ 1,574,605</u>	<u>\$ 458,691</u>	<u>\$ 9,183,319</u>	<u>\$ 95,160</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED MARCH 31, 2017

	Major Funds					Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool	Total	
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$ 5,062,388	\$ 877,035	\$ 520,799	\$ 77,734	\$ 6,537,956	\$ -
Cash Paid to Suppliers	(3,908,393)	(629,083)	(255,910)	(45,666)	(4,839,052)	-
Cash Payments to Employees for Services	(509,503)	(203,652)	(185,336)	(45,725)	(944,216)	-
Net Cash Provided (Used) By Operating Activities	<u>644,492</u>	<u>44,300</u>	<u>79,553</u>	<u>(13,657)</u>	<u>754,688</u>	<u>-</u>
<u>Cash Flows from Capital Financing Activities</u>						
Purchase of Fixed Assets	(98,103)	(63,319)	(537,708)	(27,964)	(727,094)	-
Proceeds from Debt	-	-	578,896	27,714	606,610	-
Principal Paid on Debt	(356,072)	(6,599)	(53,514)	(35,000)	(451,185)	-
Contributed Capital	-	-	-	30,000	-	-
Interest Paid on Debt	(83,678)	(537)	(15,401)	(19,995)	(119,611)	-
Net Cash Provided (Used) By Capital Financing Activities	<u>(537,853)</u>	<u>(70,455)</u>	<u>(27,727)</u>	<u>(25,245)</u>	<u>(691,280)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>						
Purchase of Investment	-	(6,254)	-	-	(6,254)	-
Interest Income	44,186	16,727	7,031	5	67,949	163
Net Cash Provided By Investing Activities	<u>44,186</u>	<u>10,473</u>	<u>7,031</u>	<u>5</u>	<u>61,695</u>	<u>163</u>
<u>Cash Flows from Non-Capital Financing Activities</u>						
Payments From (To) Other Funds	291	-	-	343,966	344,257	-
Property Tax	-	-	-	56,687	56,687	-
Customer Deposits	990	293	180	-	1,463	-
Net Cash Provided By Non-Capital Financing Activities	<u>1,281</u>	<u>293</u>	<u>180</u>	<u>400,653</u>	<u>402,407</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	152,106	(15,389)	59,037	361,756	527,510	163
Cash and Cash Equivalents, Beginning of Year	<u>571,752</u>	<u>378,538</u>	<u>272,746</u>	<u>(361,086)</u>	<u>861,950</u>	<u>94,997</u>
Cash and Cash Equivalents, End of Year	<u>\$ 723,858</u>	<u>\$ 363,149</u>	<u>\$ 331,783</u>	<u>\$ 670</u>	<u>\$ 1,389,460</u>	<u>\$ 95,160</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
 CASH PROVIDED BY OPERATING ACTIVITIES  
 FOR THE YEAR ENDED MARCH 31, 2017

	Major Funds					Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool	Total	
Operating Income (Loss)	\$ (82,916)	\$ (178,088)	\$ 7,050	\$ (78,627)	\$ (332,581)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	669,538	213,094	106,120	69,118	1,057,870	-
Decrease (Increase) in:						
Accounts Receivable	50,827	5,581	(9,742)	-	46,666	-
Other Receivables	4,881	-	-	-	4,881	-
Unbilled Revenue	4,836	2,631	(9,083)	-	(1,616)	-
Prepaid Insurance	(4,468)	(336)	(379)	-	(5,183)	-
Escrow	-	-	(12,000)	-	(12,000)	-
Future Pension Expense	35,692	14,588	9,425	-	59,705	-
Increase (Decrease) in:						
Accounts Payable	(6,519)	(676)	(7,758)	(4,148)	(19,101)	-
Net Pension Liability	(28,720)	(13,610)	(5,098)	-	(47,428)	-
Accrued Salaries	1,341	1,116	1,018	-	3,475	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 644,492</u>	<u>\$ 44,300</u>	<u>\$ 79,553</u>	<u>\$ (13,657)</u>	<u>\$ 754,688</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement

**VILLAGE OF FREEBURG, ILLINOIS**

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Freeburg, Illinois have been prepared in conformity with the modified cash basis of accounting for the Governmental Fund Types and the accrual basis of accounting for the Proprietary Fund Types as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) Financial reporting entity

The Village's combined financial statements include the accounts of all Village operations. The criteria for including organizations as component units within the Village's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Village holds the corporate powers of the organization
- the Village appoints a voting majority of the organization's board
- the Village is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Village
- there is fiscal dependency by the organization on the Village

The Village has determined that no other outside agency meets the above criteria and therefore, no other agency has been included as a component unit in the Village's financial statements. In addition, the Village is not aware of any entity that would exercise such oversight, which would result in the Village being considered a component unit of the entity.

(b) Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

(c) Measurement focus, basis of accounting and financial statement presentation

The proprietary fund 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. Property taxes are recognized as revenues in the year for which they are received.

The government-wide financial statements are reported using the same basis of accounting as used by the individual funds in the fund financial statements. The government reports the following major governmental fund:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The Village reports the following major proprietary funds:

The Water Fund and the Sewer Fund accounts for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities. The Village operates the water distribution system as well as the sewage treatment plant, sewage pumping stations and collection systems.

The Electric Light and Power Fund accounts for all activities related to the billing, administration and distribution processes of the Village's electric and power operations.

The Swimming Pool Fund accounts for all activities related to administration and collection processes of the Village's swimming pool operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. All deposits and investments are reported at fair value.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The Village is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. Investment income is recognized as earned.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Unbilled electric, water, and sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to March 31 and prorating the applicable number of days to the current fiscal year.

The Village records accounts receivable in the Statement of Net Position for amounts that are due to the Village but have not been received at year-end. Accounts receivable are largely comprised of billed and unbilled amounts for utilities in the business-type activities. These balances are considered fully collectible at year-end.

Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Type of Property and Equipment</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15 – 40 Years
Infrastructure	40 Years
Swimming Pool	20 Years
Distribution and Collection Systems	15 - 50 Years
Vehicles and Equipment	5 - 10 Years

**Compensated absences**

Sick leave is accrued for all employees at the rate of 1 day per month. On January 1<sup>st</sup> of the year an employee celebrates their fifth year employment anniversary, and all years thereafter, employees shall be granted twelve sick days. Sick leave can be carried forward, but not to exceed 65 work days. All full-time employees of the Village who have been employed for at least one (1) full year shall become eligible for vacation as indicated by the following table:

<u>Service</u>	<u>Vacation Allowed</u>
Having Completed 1 Year	5 Working Days
2-8 Years Continuous	10 Working Days
9-17 Years Continuous	15 Working Days
18 or More Years Continuous	20 Working Days
	1 day for each year over 18 years of service

An employee separated from the service of the Village shall be compensated for all unused vacation leave accumulated prior to his/her effective date of separation but not for accumulated sick leave. Any liability at March 31, 2017 is immaterial.

**Long-term obligations**

In the government-wide financial statements and enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Fund balances

In the fund financial statements, the Village classifies the governmental fund balances based upon the following criteria:

Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted – balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed – balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the Village Board, the highest level of decision-making authority.

Assigned – balances that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the residual classification of the General Fund balance.

The following details the description and amount of all constraints recorded by the Village in the fund financial statements:

<u>Governmental Funds</u>	
Restricted:	
Tax Increment Financing District	\$ 433,390
Motor Fuel Tax Fund	263,275
Impact Fees Fund	<u>28,378</u>
Total Restricted	<u>\$ 725,043</u>
Committed:	
Internal Service Fund	<u>\$ 95,160</u>

When expenditures are incurred for which the Village has both restricted and unrestricted funds available, the Village spends any restricted funds before using unrestricted sources. Likewise, the Village uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available.

(e) Budgetary Control

Budgets are adopted on a basis consistent with the modified cash basis of accounting. Annual appropriated budgets are adopted for all governmental funds. All annual appropriations lapse at fiscal year-end.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

On March 21, 2016 the Village Board approved an ordinance adopting the appropriations which is the budgetary data reflected in these financial statements. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

(f) Risk Management

The Village is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the Village carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

(g) Estimates

The Village uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

At March 31, 2017, the carrying amount of the Village's deposits was \$4,921,112 and the bank balance was \$5,058,525. The deposits were comprised of checking, interest checking, money market funds and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of March 31, 2017, all cash deposit balances in excess of FDIC insurance were collateralized with investments by the financial institution.

Interest Rate Risk. The Village's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The Village only maintains investments in the Illinois Funds, which is an external investment pool.

The Illinois Funds are pooled investments that are operated by the State of Illinois as a not-for-profit common law trust and are not registered with the SEC. The funds are monitored regularly through the State by internal and external audits. The goals of the funds are to provide liquidity and to maintain balances that are equal to the par value of the invested shares with no loss to market fluctuations. The fair value of the Village's position in the pool is the same as the value of the pool shares.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

At March 31, 2017, the Village had the following investments:

<u>Investment</u>	Weighted Average <u>Maturity (Days)</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	Daily	\$ 210,887
Petty Cash		615
Deposits as reported above		<u>4,921,112</u>
Total deposits and investments		<u>\$ 5,132,614</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 2,809,555
Investments		<u>2,323,059</u>
		<u>\$ 5,132,614</u>

Credit Risk. As of March 31, 2017, the credit rating of the Village's investment was as follows:

<u>Investment</u>	Standard & <u>Poor's Rating</u>	Moody's Investors <u>Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--

Concentration of Credit Risk. As of March 31, 2017, the Village did not have a concentration of credit risk.

Foreign Currency Risk. As of March 31, 2017, the Village has no foreign currency risk.

**NOTE 3: PROPERTY TAXES**

The Village's property tax is levied each year on all taxable real property located in the Village on or before the second Tuesday in December. The Board passed the levy on November 21, 2016. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The County had not mailed tax bills as of March 31, 2017. Past mailing practices of the County have been subsequent to March 31 of each year. The Village begins to receive significant distributions of tax receipts in June and July after the bills are mailed by the County. The Village budgets and records property tax revenue in the year the property taxes are received.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	Maximum <u>Levy</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Tax Rates:</u></b>				
General	\$ 0.2500	\$ 0.2009	\$ 0.1967	\$ 0.1729
Bonds and Interest	None	0.0657	0.0695	0.0650
IMRF	None	0.1963	0.1849	0.1869
Police Protection	0.0750	0.0704	0.0729	0.0738
Audit	None	0.0100	0.0104	0.0105
Civil Defense (ESDA)	0.0500	<u>0.0042</u>	<u>0.0031</u>	<u>0.0031</u>
Total		<u>\$ 0.5475</u>	<u>\$ 0.5375</u>	<u>\$ 0.5122</u>
Assessed Valuations		<u>\$ 84,623,062</u>	<u>\$ 81,631,984</u>	<u>\$ 80,714,939</u>
<b><u>Tax Extensions:</u></b>				
General		\$ 170,008	\$ 160,570	\$ 139,556
Bonds and Interest		55,597	56,734	52,465
IMRF		166,115	150,938	150,856
Police Protection		59,575	59,510	59,568
Audit		8,462	8,490	8,475
Civil Defense (ESDA)		<u>3,554</u>	<u>2,530</u>	<u>2,502</u>
Total		<u>\$ 463,311</u>	<u>\$ 438,772</u>	<u>\$ 413,422</u>
Tax Collections		<u>\$ -</u>	<u>\$ 438,346</u>	<u>\$ 412,311</u>
Percent Collected		<u>0.00%</u>	<u>99.90%</u>	<u>99.73%</u>

**NOTE 4: INTERFUND BALANCES**

The following funds have interfund balances as of March 31, 2017.

General Fund due from (to):	
Motor Fuel Tax Fund	\$ 18,078
Electric Light and Power Fund	540
Tax Increment Financing Fund	175,220
Electric Light and Power Fund due from (to):	
General Fund	(540)
Motor Fuel Tax Fund due from (to):	
General Fund	(18,078)
Tax Increment Financing Fund due from (to):	
General Fund	(175,220)

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 83,840	\$ -	\$ -	\$ 83,840
Capital assets, being depreciated:				
Buildings and improvements	638,862	18,943	-	657,805
Infrastructure	586,643	7,204	-	593,847
Vehicles and equipment	695,421	182,567	7,787	870,201
Total capital assets being depreciated	<u>1,920,926</u>	<u>208,714</u>	<u>7,787</u>	<u>2,121,853</u>
Less accumulated depreciation for:				
Building and improvements	331,619	24,829	-	356,448
Infrastructure	49,492	14,753	-	64,245
Vehicles and equipment	527,975	77,760	7,787	597,948
Total accumulated depreciation	<u>909,086</u>	<u>117,342</u>	<u>7,787</u>	<u>1,018,641</u>
Total capital assets, being depreciated, net	<u>1,011,840</u>	<u>91,372</u>	<u>-</u>	<u>1,103,212</u>
Governmental activities capital assets, net	<u>\$ 1,095,680</u>	<u>\$ 91,372</u>	<u>\$ -</u>	<u>\$ 1,187,052</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 305,539	\$ 121,161	\$ -	\$ 426,700
Capital assets, being depreciated:				
Buildings and improvements	7,365,738	-	-	7,365,738
Swimming pool	1,072,020	27,964	-	1,099,984
Distribution and collection system	14,216,037	902,403	28,241	15,090,199
Vehicles and equipment	2,384,756	109,854	20,087	2,474,523
Total capital assets, being depreciated	<u>25,038,551</u>	<u>1,040,221</u>	<u>48,328</u>	<u>26,030,444</u>
Less accumulated depreciation for:				
Buildings and improvements	4,530,101	209,873	-	4,739,974
Swimming pool	304,922	50,876	-	355,798
Distribution and collection system	7,973,691	599,589	13,414	8,559,866
Vehicles and equipment	1,425,958	197,532	20,087	1,603,403
Total accumulated depreciation	<u>14,234,672</u>	<u>1,057,870</u>	<u>33,501</u>	<u>15,259,041</u>
Total capital assets, being depreciated, net	<u>10,803,879</u>	<u>(17,649)</u>	<u>14,827</u>	<u>10,771,403</u>
Business-type activities capital assets, net	<u>\$ 11,109,418</u>	<u>\$ 103,512</u>	<u>\$ 14,827</u>	<u>\$ 11,198,103</u>

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

Governmental activities:	
General government	\$ 31,387
Public safety	45,164
Highways and streets	30,711
Sanitation	<u>10,080</u>
Total depreciation expense - governmental activities	<u>\$ 117,342</u>
Business-type activities:	
Electric light and power	\$ 669,538
Water	213,094
Sewer	106,120
Swimming pool	<u>69,118</u>
Total depreciation expense - business-type activities	<u>\$ 1,057,870</u>

**NOTE 6: RETIREMENT FUND COMMITMENTS**

(a) 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 Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, members are required to contribute 4.50 percent 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 employer annual required contribution rate for calendar year 2016 was 10.41 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*Covered Employees.* The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	24
Inactive, non-Retired Members	11
Active Members	<u>30</u>
Total	<u>65</u>

*Discount Rate.* GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR 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) 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 this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78%; and the resulting single discount rate is 7.50%.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Actuarial Valuation Date	12/31/16
Measurement Date of the Net Pension Liability	12/31/16
Fiscal Year End	03/31/17
Development of the Single Discount Rate as of December 31, 2016	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	378.00%
Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2116
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate calculated using December 31, 2015 Measurement Date	7.50%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2016.

*Actuarial Assumptions.* The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 27 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 ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.5% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014. The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014. The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014. The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*Net Pension Liability.* The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

<b>Total pension liability</b>	
Service Cost	\$ 177,858
Interest on the Total Pension Liability	501,542
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(44,602)
Changes of assumptions	(16,734)
Benefit payments, including refunds of employee contributions	<u>(302,922)</u>
Net change in total pension liability	\$ 315,142
Total pension liability - beginning	<u>6,767,645</u>
Total pension liability - ending	<u>\$ 7,082,787</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 177,706
Contributions - employee	76,818
Net investment income	390,015
Benefit payments, including refunds of employee contributions	(302,922)
Other (Net Transfer)	<u>60,649</u>
Net change in plan fiduciary net position	\$ 402,266
Plan fiduciary net position - beginning	<u>5,746,094</u>
Plan fiduciary net position - ending	<u>\$ 6,148,360</u>
 <b>Net pension liability/(asset)</b>	 <u>\$ 934,427</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	  86.81%
 <b>Covered valuation payroll</b>	 \$ 1,707,064
 <b>Net pension liability as a percentage of covered valuation payroll</b>	  54.74%

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	<u>Current Single Discount</u>		
	1% Decrease	Rate Assumption	1% Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Total Pension Liability	\$ 7,983,539	\$ 7,082,787	\$ 6,336,708
Plan Fiduciary Net Position	<u>6,148,360</u>	<u>6,148,360</u>	<u>6,148,360</u>
Net Pension Liability/(Asset)	<u>\$ 1,835,179</u>	<u>\$ 934,427</u>	<u>\$ 188,348</u>

*Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses.* The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 24,191
Changes in assumptions	(3,241)
Subsequent contributions to plan	40,675
Net difference between projected and actual earnings on pension plan investments	<u>274,387</u>
Total	<u>\$ 336,012</u>

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 138,898
2018	98,223
2019	98,223
2020	2,904
2021	<u>(2,236)</u>
	<u>\$ 336,012</u>

**(b) Social Security**

All employees, including those qualifying for coverage under the Illinois Municipal Retirement Fund, are covered under Social Security. The Village paid \$139,705, the required contribution for the current fiscal year.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 7: LONG-TERM DEBT**

The Village has the following long-term debt as of March 31, 2017.

Bonds Payable

\$550,000 General Obligation Bonds, Series 2011 dated July 20, 2011, due in annual installments of \$35,000 to \$50,000 through December 1, 2026; interest at 3.40% to 5.25%. The amount of bonds outstanding as of March 31, 2017 is \$415,000. These bonds are being retired by the Swimming Pool Fund.

\$4,780,000 General Obligation Refunding Bonds, Series 2012 dated September 13, 2012, due in annual installments of \$330,000 to \$395,000 through December 1, 2025; interest at 1.40% to 2.85%. The amount of bonds outstanding as of March 31, 2017 is \$3,215,000. These bonds are being retired by the Electric Light and Power Fund. This issue refunded Series 2005 Bonds.

\$1,950,000 General Obligation Refunding Bonds, Series 2014 dated April 29, 2014, due in semi-annual installments of \$150,000 to \$185,000 through November 1, 2025; interest at 1.15% to 3.30%. The amount of bonds outstanding as of March 31, 2017 is \$1,480,000. These bonds are being retired by the TIF Fund. This issue refunded Series 2005 Tax Increment Revenue Bonds.

Annual debt service requirements to maturity for bonds are as follows:

Year Ended <u>April 30,</u>	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 150,000	\$ 36,348	\$ 365,000	\$ 92,667
2019	155,000	34,622	365,000	86,857
2020	155,000	32,220	375,000	80,099
2021	160,000	29,352	390,000	71,900
2022	160,000	25,833	395,000	62,500
2023-2027	<u>700,000</u>	<u>56,772</u>	<u>1,740,000</u>	<u>141,548</u>
	<u>\$ 1,480,000</u>	<u>\$ 215,147</u>	<u>\$ 3,630,000</u>	<u>\$ 535,571</u>

IEPA Loans

\$104,816 loan with the Illinois Environmental Protection Agency to be repaid with semiannual payments of \$3,568 through March 2019, including interest at 2.865%. The loan was used to assist the Water Fund in the construction of a waterline extension. The balance outstanding on March 31, 2017 is \$13,777.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

\$479,822 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$15,765, including interest at 2.535%. The loan was used to assist in the construction of sanitary sewer lines and an excess flow clarifier at the West Sewage Treatment Plant. The balance outstanding as of March 31, 2017 is \$119,216.

\$583,674 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$18,648, including interest at 2.925%. The loan was used to assist in the construction of sewer lines on North State Street. The balance outstanding as of March 31, 2017 is \$497,085.

\$858,297 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$26,630, including interest at 1.86%. The loan was used to assist in the construction of the North Trunk Extension/Deerfield Relief Sewer Project. Repayment has not begun as the IEPA has not distributed the full loan amount. The balance outstanding as of March 31, 2017 is \$578,896.

Annual debt service requirements to maturity for EPA Loans are as follows:

Year Ended <u>April 30,</u>	<u>EPA Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 75,466	\$ 25,868
2019	98,852	27,853
2020	93,903	25,669
2021	95,857	23,624
2022	66,387	21,655
2023-2027	353,021	87,190
2028-2032	391,008	49,202
2033-2037	34,389	13,210
	<u>\$ 1,208,883</u>	<u>\$ 274,271</u>

Notes Payable

\$225,618 loan with Citizens Community Bank to be repaid with annual payments of \$36,464 through July 2020, including interest at 3.182%. The loan was used to purchase a Bucket/Pole Truck for the Electric Light and Power Fund. The balance outstanding as of March 31, 2017 is \$135,263.

\$67,000 loan with Midland States Bank to be repaid with annual payments of \$17,934 through October 2020, including interest at 2.75%. The loan was used to purchase a Leaf Vacuum for the General Fund. The balance outstanding as of March 31, 2017 is \$67,000.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

\$27,714 loan with Citizens Community Bank to be repaid in one annual payment of \$28,274, including interest at 2.00%. The loan was used to purchase a Water Slide for the Swimming Pool Fund. The balance outstanding as of March 31, 2017 is \$27,714.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 16,066	\$ 1,868	\$ 59,805	\$ 4,933
2019	16,514	1,420	33,129	3,336
2020	16,974	960	34,200	2,264
2021	17,446	488	35,843	1,162
	<u>\$ 67,000</u>	<u>\$ 4,736</u>	<u>\$ 162,977</u>	<u>\$ 11,695</u>

The following is a summary of changes in long-term debt for the year ended March 31, 2017.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type Activities:</u>					
Bonds Payable	\$ 3,990,000	\$ -	\$ 360,000	\$ 3,630,000	\$ 365,000
Notes Payable	166,335	27,714	31,072	162,977	59,805
EPA Loans	690,100	578,896	60,113	1,208,883	75,466
Net Pension Liability	508,766	-	47,428	461,338	-
	<u>\$ 5,355,201</u>	<u>\$ 606,610</u>	<u>\$ 498,613</u>	<u>\$ 5,463,198</u>	<u>\$ 500,271</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 1,630,000	\$ -	\$ 150,000	\$ 1,480,000	\$ 150,000
Notes Payable	-	67,000	-	67,000	16,066
	<u>\$ 1,630,000</u>	<u>\$ 67,000</u>	<u>\$ 150,000</u>	<u>\$ 1,547,000</u>	<u>\$ 166,066</u>

**NOTE 8: LEGAL DEBT MARGIN**

The computation of legal debt margin at March 31, 2017 is as follows:

Bonded Debt Limit*	\$ 7,298,739
Bonded Indebtedness	<u>1,547,000</u>
Legal Debt Margin	<u>\$ 5,751,739</u>

\* The bonded indebtedness of the Village is limited by Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes to 8.625% of the assessed valuation of taxable tangible property.

**VILLAGE OF FREEBURG, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 9: INTERFUND TRANSFERS**

The General Fund transferred \$343,966 to the Swimming Pool Fund in the year ended March 31, 2017.

**NOTE 10: SUBSEQUENT EVENT**

The Village has evaluated events occurring after the financial statement date through September 12, 2017 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

**VILLAGE OF FREEBURG, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 MODIFIED CASH BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED MARCH 31, 2017

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Revenues:			
Property Tax	\$ 476,470	\$ 476,470	\$ 481,393
Replacement Tax	5,200	5,200	5,881
Sales Tax	380,500	380,500	398,398
State Income Tax	425,000	425,000	461,593
Local Use Tax	75,000	75,000	105,752
Telecommunications Tax	100,000	100,000	105,005
Video Gaming Tax	17,500	17,500	23,552
Franchise Tax	29,500	29,500	24,550
Utility Tax	240,000	240,000	245,637
Licenses and Permits	31,565	31,565	51,318
Fines and Penalties	19,500	19,500	12,859
Garbage Collection	223,000	223,000	249,972
Rental/Lease Income	5,300	5,300	-
Investment Earnings	2,800	2,800	5,928
Grants	251,755	251,755	29,436
Loan Proceeds	-	-	67,000
Miscellaneous	290,560	290,560	41,134
Total Revenues	2,573,650	2,573,650	2,309,408
Expenditures:			
Current:			
General Government	237,966	237,966	230,049
Public Safety:			
Police	1,192,950	1,192,950	1,131,633
Civil Defense	7,495	7,495	4,120
Highways and Streets	510,648	510,648	415,919
Sanitation	221,345	221,345	216,513
Capital Outlay	429,200	429,200	208,714
Transfers	-	-	343,966
Total Expenditures	2,599,604	2,599,604	2,550,914
Net Change in Fund Balances	\$ (25,954)	\$ (25,954)	(241,506)
No change for modified cash basis reporting			-
As reported on the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions			\$ (241,506)

**VILLAGE OF FREEBURG, ILLINOIS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
MARCH 31, 2017

	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ 177,858	\$ 166,984
Interest	501,542	466,844
Difference between expected and actual experience	(44,602)	96,660
Assumption changes	(16,734)	16,488
Benefit payments, including refunds	(302,922)	(240,854)
Net change in total pension liability	315,142	506,122
Total pension liability - beginning	<u>6,767,645</u>	<u>6,261,523</u>
Total pension liability - ending	<u>\$ 7,082,787</u>	<u>\$ 6,767,645</u>
Plan Fiduciary Net Position		
Contributions - employer	177,706	186,321
Contributions - employee	76,818	77,063
Net investment income	390,015	28,944
Benefit payments, including refunds	(302,922)	(240,854)
Other	60,649	(83,002)
Net change in plan fiduciary net position	402,266	(31,528)
Plan fiduciary net position - beginning	<u>5,746,094</u>	<u>5,777,622</u>
Plan fiduciary net position - ending	<u>\$ 6,148,360</u>	<u>\$ 5,746,094</u>
Net Pension Liability	<u>\$ 934,427</u>	<u>\$ 1,021,551</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.81%</u>	<u>84.91%</u>
Covered-employee Payroll	<u>\$ 1,707,064</u>	<u>\$ 1,712,505</u>
Net position liability as a percentage of covered-employee payroll	<u>54.74%</u>	<u>59.65%</u>

**VILLAGE OF FREEBURG, ILLINOIS**

SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
MARCH 31, 2017

	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 177,705	\$ 186,321
Contributions in relation to actuarial determined contribution	<u>177,706</u>	<u>186,321</u>
Contribution deficiency (excess)	<u>\$ (1)</u>	<u>\$ -</u>
 Covered-employee Payroll	 <u>1,707,064</u>	 <u>1,712,505</u>
 Contributions as a percentage of covered-employee payroll	 <u>10.41%</u>	 <u>10.88%</u>

Actuarial valuation date for above is December 31, 2016.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	27 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Wage Growth	3.50%
Price Inflation	2.75%

**VILLAGE OF FREEBURG, ILLINOIS**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
MARCH 31, 2017

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>TIF</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 7,716	\$ 157,353	\$ 608,610	\$ 773,679
Investments	<u>20,662</u>	<u>124,000</u>	<u>-</u>	<u>144,662</u>
Total Assets	<u>\$ 28,378</u>	<u>\$ 281,353</u>	<u>\$ 608,610</u>	<u>\$ 918,341</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Due to Other Funds	<u>\$ -</u>	<u>\$ 18,078</u>	<u>\$ 175,220</u>	<u>\$ 193,298</u>
Total Liabilities	<u>-</u>	<u>18,078</u>	<u>175,220</u>	<u>193,298</u>
Fund Balance:				
Restricted	<u>28,378</u>	<u>263,275</u>	<u>433,390</u>	<u>725,043</u>
Total Fund Balance	<u>28,378</u>	<u>263,275</u>	<u>433,390</u>	<u>725,043</u>
Total Liabilities and Fund Balance	<u>\$ 28,378</u>	<u>\$ 281,353</u>	<u>\$ 608,610</u>	<u>\$ 918,341</u>

**VILLAGE OF FREEBURG, ILLINOIS**

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2017

	Impact Fees	Motor Fuel Tax	TIF	Total
Revenues:				
Property Tax	\$ -	\$ -	\$ 227,464	\$ 227,464
Motor Fuel Tax	-	110,979	-	110,979
Investment Income	432	4,095	912	5,439
Total Revenues	<u>432</u>	<u>115,074</u>	<u>228,376</u>	<u>343,882</u>
Expenditures:				
Current:				
Highways and Streets	-	51,154	-	51,154
Debt Service:				
Principal	-	-	150,000	150,000
Interest and Fees	-	-	38,024	38,024
Total Expenditures	<u>-</u>	<u>51,154</u>	<u>188,024</u>	<u>239,178</u>
Excess of Revenues Over Expenditures	<u>432</u>	<u>63,920</u>	<u>40,352</u>	<u>104,704</u>
Fund Balance, Beginning of Year	<u>27,946</u>	<u>199,355</u>	<u>393,038</u>	<u>620,339</u>
Fund Balance, End of Year	<u>\$ 28,378</u>	<u>\$ 263,275</u>	<u>\$ 433,390</u>	<u>\$ 725,043</u>



**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

To the Honorable Mayor and Board  
of Trustees of the Village of  
Freeburg, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Village of Freeburg, Illinois as of and for the year ended March 31, 2017, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

**Auditor's Responsibility**

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

An audit 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village of Freeburg, Illinois' Tax Increment Financing District, as referred to in the first paragraph, as of March 31, 2017 and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

## Other Matters

The management of the Village of Freeburg, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the Village of Freeburg, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the Village of Freeburg, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

*C. J. Schlemmer & Company LLC*  
Certified Public Accountants  
Alton, Illinois

September 12, 2017