

VILLAGE OF POPLAR GROVE, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2018

VILLAGE OF POPLAR GROVE, ILLINOIS

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INTRODUCTORY SECTION

VILLAGE OF POPLAR GROVE, ILLINOIS

List of Principal Officials April 30, 2018

Owen Costanza, President

BOARD OF TRUSTEES

Neeley Erickson, Trustee

Ron Quimby, Trustee

Jeff Goings, Trustee

Sophia Ramdass, Trustee

Eric Miller, Trustee

Erin Walsh, Trustee

ADMINISTRATION

Diana Dykstra, Village Administrator

Karri Anderberg, Village Clerk

Vacant, Treasurer

Yvonne Catalani, Utility Billing Clerk

Katie Jaster, Office Assistant

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

August 2, 2018

The Honorable Village President
Members of the Board of Trustees
Village of Poplar Grove, 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 Poplar Grove, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Poplar Grove, Illinois, as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Poplar Grove, Illinois' basic financial statements. The introductory section, individual fund budgetary comparison schedules, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The individual fund budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 individual fund budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

Our discussion and analysis of the Village of Poplar Grove's financial performance provides an overview of the Village of Poplar Grove's financial activities for the fiscal year ended April 30, 2018. Please read it in conjunction with the Village's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Village's net position increased as a result of this year's operations. Net position of business-type activities increased by \$1,911, or less than one percent and net position of the governmental activities increased by \$379,639, or 8.7 percent.
- During the year, government-wide revenues totaled \$3,366,590, while expenses totaled \$2,985,040, resulting in an increase to net position of \$381,550.
- The Village's net position totaled \$12,896,393 on April 30, 2018, which includes \$9,453,276 net investment in capital assets, \$543,704 subject to external restrictions, and \$2,899,413 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit this year of \$230,949, resulting in ending fund balance of \$1,908,106, a decrease of 10.8 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3 - 6) provide information about the activities of the Village of Poplar Grove as a whole and present a longer-term view of the Village's finances. Fund financial statements begin on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3 - 6 of this report.

The Statement of Net Position reports information on all of the Village's assets/deferred outflows and liabilities/deferred inflows, 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. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, is needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of 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, culture and recreation, and transportation and public works. The business-type activities of the Village include waterworks and sewerage operations.

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 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 funds and proprietary funds.

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Village's near-term financing requirements.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Motor Fuel Tax Fund, the Debt Service Fund, and the Capital Replacement Fund, all of which are considered to be major funds.

The Village adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 - 12 of this report.

Proprietary Funds

The Village maintains one proprietary fund type: enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its waterworks and sewerage operations.

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks and Sewerage Fund, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 13 - 16 of this report.

Notes to the 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. The notes to the financial statements can be found on pages 17 - 44 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's I.M.R.F. employee pension obligations and budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 45 - 48 of this report. The other supplementary information referred to earlier is presented immediately following the required supplementary information. Individual fund schedules can be found on pages 49 - 56 of this report.

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village, assets/deferred outflows exceeded liabilities/deferred inflows by \$12,896,393.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 3,258,611	3,024,810	773,667	574,039	4,032,278	3,598,849
Capital Assets	3,482,489	3,536,384	12,866,623	13,540,153	16,349,112	17,076,537
Total Assets	6,741,100	6,561,194	13,640,290	14,114,192	20,381,390	20,675,386
Deferred Outflows	39,331	56,012	98,937	117,051	138,268	173,063
Total Assets/ Def. Outflows	6,780,431	6,617,206	13,739,227	14,231,243	20,519,658	20,848,449
Long-Term Debt	1,443,583	1,690,137	4,906,906	5,438,208	6,350,489	7,128,345
Other Liabilities	294,395	292,929	651,588	627,930	945,983	920,859
Total Liabilities	1,737,978	1,983,066	5,558,494	6,066,138	7,296,472	8,049,204
Deerred. Inflows	303,664	274,990	23,129	9,412	326,793	284,402
Total Liabilities/ Def. Inflows	2,041,642	2,258,056	5,581,623	6,075,550	7,623,265	8,333,606
Net Position						
Net Investment in						
Capital Assets	1,882,841	1,746,892	7,570,435	7,775,691	9,453,276	9,522,583
Restricted	543,704	410,465	-	-	543,704	410,465
Unrestricted	2,312,244	2,201,793	587,169	380,002	2,899,413	2,581,795
Total Net Position	4,738,789	4,359,150	8,157,604	8,155,693	12,896,393	12,514,843

A large portion of the Village's net position, \$9,453,276 or 73.3 percent, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, 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.

An additional portion, \$543,704 or 4.2 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining 22.5 percent, or \$2,899,413, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Management's Discussion and Analysis
April 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 45,095	69,728	1,569,431	1,465,752	1,614,526	1,535,480
Operating Grants/Contrib.	140,453	155,823	-	-	140,453	155,823
Capital Grants/Contrib.	-	-	-	-	-	-
General Revenues						
Property Taxes	256,863	253,108	-	-	256,863	253,108
Telecommunication Taxes	76,508	89,592	-	-	76,508	89,592
Electric Utility Taxes	130,671	141,455	-	-	130,671	141,455
Other Taxes	211,604	186,152	-	-	211,604	186,152
Replacement Taxes	3,932	4,823	-	-	3,932	4,823
Income Taxes	455,495	474,798	-	-	455,495	474,798
Sales Taxes	424,879	405,240	-	-	424,879	405,240
Interest Income	7,000	1,798	115	1,110	7,115	2,908
Miscellaneous	43,984	53,663	560	1,117	44,544	54,780
Total Revenues	<u>1,796,484</u>	<u>1,836,180</u>	<u>1,570,106</u>	<u>1,467,979</u>	<u>3,366,590</u>	<u>3,304,159</u>
Expenses						
General Government	628,388	564,556	-	-	628,388	564,556
Public Safety	28	1,619	-	-	28	1,619
Culture and Recreation	68,255	103,280	-	-	68,255	103,280
Transportation and Public Works	575,842	458,481	-	-	575,842	458,481
Interest on Long-Term Debt	50,866	46,114	-	-	50,866	46,114
Waterworks and Sewerage	-	-	1,661,661	1,775,668	1,661,661	1,775,668
Total Expenses	<u>1,323,379</u>	<u>1,174,050</u>	<u>1,661,661</u>	<u>1,775,668</u>	<u>2,985,040</u>	<u>2,949,718</u>
Change in Net Position Before Transfers	473,105	662,130	(91,555)	(307,689)	381,550	354,441
Transfers	(93,466)	(142,179)	93,466	142,179	-	-
Change in Net Position	379,639	519,951	1,911	(165,510)	381,550	354,441
Net Position-Beginning	4,359,150	3,839,199	8,155,693	8,321,203	12,514,843	12,160,402
Net Position-Ending	<u>4,738,789</u>	<u>4,359,150</u>	<u>8,157,604</u>	<u>8,155,693</u>	<u>12,896,393</u>	<u>12,514,843</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the Village's governmental activities increased by 8.7 percent (\$4,738,789 in 2018 compared to \$4,359,150 in 2017). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$2,312,244 at April 30, 2018.

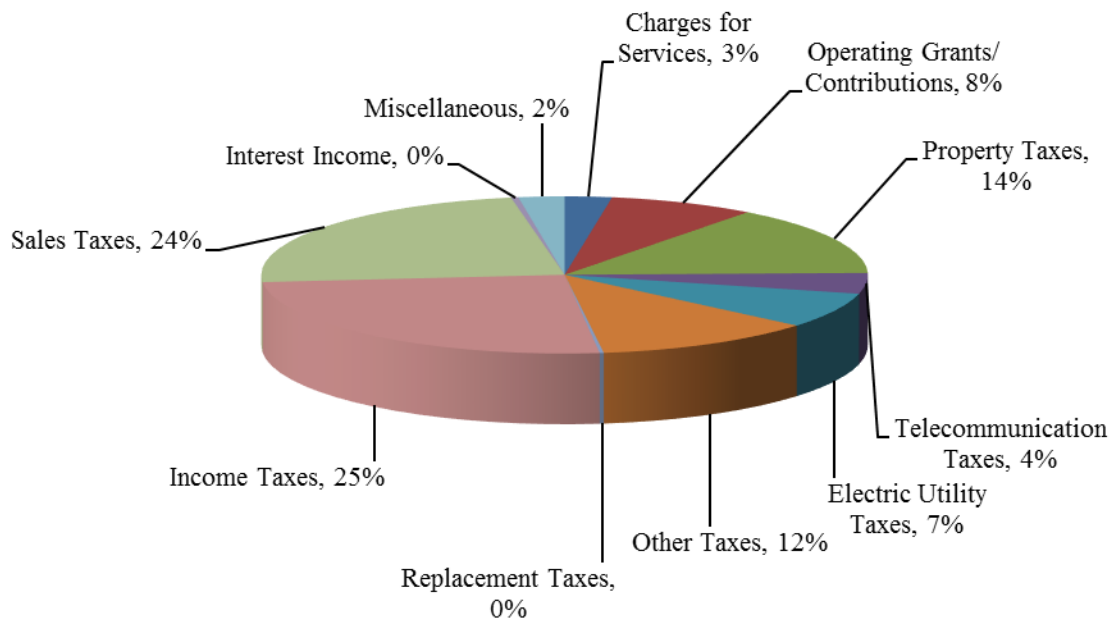
Net position of business-type activities increased by less than one percent (\$8,157,604 in 2018 compared to \$8,155,693 in 2017).

Governmental Activities

Revenues for governmental activities totaled \$1,796,484, while the cost of all governmental functions totaled \$1,323,379. This results in a surplus of 473,105 prior to transfers out of \$93,466. In 2017, revenues of \$1,836,180 exceeded expenses of \$1,174,050, resulting in a surplus of \$662,130 prior to transfers out of \$142,179. The 2018 increase is due to revenues increasing at a faster pace than the expenses and expenses coming in under budget in most governmental funds.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of income taxes, sales taxes, and property taxes to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from income taxes.

Revenues by Source - Governmental Activities



VILLAGE OF POPLAR GROVE, ILLINOIS

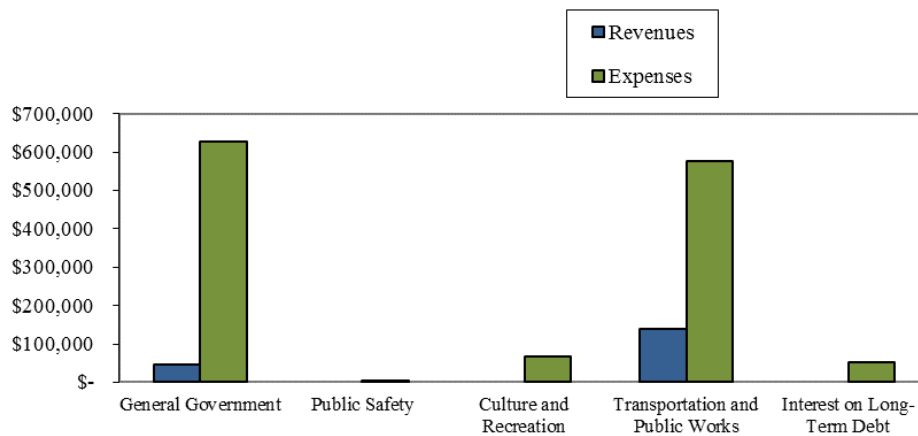
Management's Discussion and Analysis April 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.

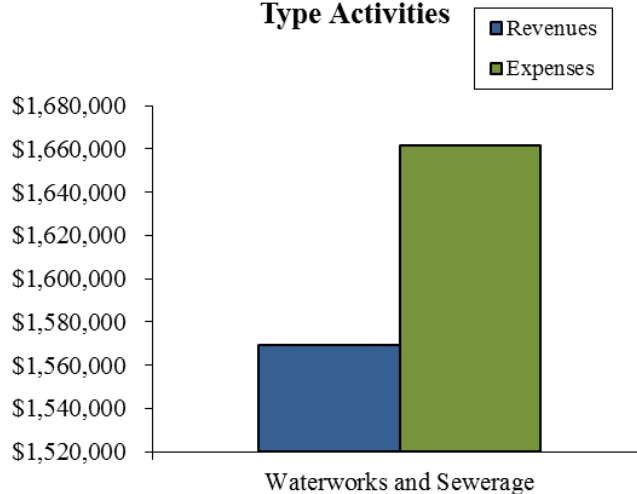
Expenses and Program Revenues - Governmental Activities



Business-Type activities

Business-Type activities posted total revenues of \$1,570,106, while the cost of all business-type activities totaled \$1,661,661. This results in a deficit of \$91,555 prior to transfers in of \$93,466. In 2017, expenses of \$1,775,668 exceed revenues of \$1,467,979, resulting in a deficit of \$307,689 prior to transfers in of \$142,179. The surplus in the current year is a result of a slight decrease in contractual services and interest expenses.

Expenses and Program Revenues - Business-Type Activities



The above graph compares program revenues to expenses for waterworks and sewerage operations.

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village's governmental funds reported combining ending fund balances of \$2,916,839, which is \$237,287 or 8.9 percent, higher than last year's total of \$2,679,552. Of the \$2,916,839 total, \$1,863,999, or approximately 63.9 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a negative change in fund balance for the year of \$230,949, a decrease of 10.8 percent in fund balance from the previous year. The original budget showed a planned decrease of \$151,752 and final budget had planned decrease of \$551,752. However, the taxes, intergovernmental, interest, and miscellaneous revenues came in higher than budgeted. Specifically, the budgeted amount for these revenue sources were \$658,200, \$867,000, \$750 and \$23,600, and the actual amounts were \$675,646, \$884,306, \$6,437 and \$43,984, respectively. Expenditures for all functions in the General Fund remained within budget, except the culture and recreation and capital outlay function. Budgeted expenditures totaled \$1,282,635 while actual expenditures totaled \$1,058,296. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

The General Fund is the chief operating fund of the Village. At April 30, 2018, unassigned fund balance in the General Fund was \$1,863,999, which represents 97.7 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 176.1 percent of total General Fund expenditures.

The Motor Fuel Tax Fund reported a surplus of \$132,421 in the current year, resulting in an ending fund balance of \$531,844. This increase was due to no planned significant capital expenditures in the current year.

The Debt Service Fund stayed consistent with a fund balance of \$27,302. The Village funds debt service payments with transfers from the General Fund each year.

The Capital Replacement Fund had an increase in fund balance of \$335,774. This increase was due to planned transfer in from the General Fund, which will fund future capital projects.

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

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

The Village reports the Waterworks and Sewerage Fund as a major proprietary fund. The Waterworks and Sewerage Fund accounts for all of the operations of the municipal water and sewer system. The Village owns and operates its own water and sewer facilities. Currently the Capital Replacement Fund is transferring money into the Waterworks and Sewerage Fund to balance the budget. There is a water and sewer rate ordinance in place that increases the rates by 3.0 percent a year for the life of the 2012 bond series. The rates are financing the operations of the utility system, including labor costs, supplies, maintenance, and debt payments. However, the rates are not recouping the depreciation on the water and sewer system. Prior to accounting for depreciation expense, the Waterworks and Sewerage Fund shows an operating income of \$761,873.

The Village budgets the fund at a breakeven on a cash basis. Periodically, there will be an annual deficit. The current year deficit is due to higher expenses that occurred in the current fiscal year and slightly less revenue. The surplus in the Waterworks and Sewerage Fund during the current fiscal year was \$1,911, while the previous fiscal year reported a deficit of \$165,510. Unrestricted net position in the Waterworks and Sewerage Fund was a surplus of \$587,169 at April 30, 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Board passed one budget amendment in the General Fund budget for FY2018. General Fund actual revenues for the year totaled \$1,655,468, compared to budgeted revenues of \$1,617,290. As stated earlier, revenues for taxes, intergovernmental, interest, and miscellaneous were higher than budgeted.

The General Fund actual expenditures for the year were \$1,058,296, under the final budget of \$1,282,635. The General Fund also transferred a total of \$828,121 to the Debt Service, Capital Replacement, and the Waterworks and Sewerage Funds. All of the expenditure functions' actual expenditures were under the budgeted expenditures.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Management’s Discussion and Analysis
April 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village’s investment in capital assets for its governmental and business type activities as of April 30, 2018 was \$16,349,112 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park building/equipment, equipment, vehicles, streets, water/sewer utility system, and village water system.

	Capital Assets - Net of Depreciation					
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 365,479	365,479	-	-	365,479	365,479
Buildings	859,292	890,136	-	-	859,292	890,136
Park Building/Equipment	124,568	113,010	-	-	124,568	113,010
Equipment	45,942	63,351	-	-	45,942	63,351
Vehicles	165,419	125,026	13,898	-	179,317	125,026
Water/Sewer Utility System	-	-	3,144,643	3,437,508	3,144,643	3,437,508
Streets	1,921,789	1,979,382	45,753	47,417	1,967,542	2,026,799
Village Water System	-	-	9,662,329	10,055,228	9,662,329	10,055,228
Total	3,482,489	3,536,384	12,866,623	13,540,153	16,349,112	17,076,537

This year’s major additions included:

Park Building/ Equipment	\$ 20,485
Streets	8,804
Vehicles	88,381
Water/Sewer Utility System	<u>9,402</u>
	<u><u>127,072</u></u>

Additional information on the Village’s capital assets can be found in note 3 on pages 29 - 30 of this report.

VILLAGE OF POPLAR GROVE, ILLINOIS

Management's Discussion and Analysis April 30, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the Village had total outstanding debt of \$6,802,176 as compared to \$7,448,585 the previous year, a decrease of 8.7 percent. During 2018 the Village issued no new debt. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Notes Payable	\$ 82,176	103,585	-	-	82,176	103,585
General Obligation Refunding/ Alternate Revenue Source Bonds	1,490,000	1,655,000	5,230,000	5,690,000	6,720,000	7,345,000
Total	1,572,176	1,758,585	5,230,000	5,690,000	6,802,176	7,448,585

The Village maintains an AA- rating from Standard and Poor's for general obligation debt. This rating was updated in August of 2015. State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$7,590,638.

Additional information on the Village's long-term debt can be found in Note 3 on pages 30 - 34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2019 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The Village is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation and unemployment rates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Poplar Grove's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Village Treasurer, Village of Poplar Grove, 200 Hill Street, Poplar Grove, IL 61065.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Statement of Net Position
April 30, 2018**

See Following Page

VILLAGE OF POPLAR GROVE, ILLINOIS

**Statement of Net Position
April 30, 2018**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 2,779,792	24,563	2,804,355
Cash at Paying Agent	-	546,548	546,548
Receivables - Net of Allowances			
Property Taxes	264,348	-	264,348
Other Taxes	139,750	-	139,750
Accounts	30,614	195,159	225,773
Prepays	44,107	7,397	51,504
Total Current Assets	3,258,611	773,667	4,032,278
Noncurrent Assets			
Capital Assets			
Nondepreciable	365,479	-	365,479
Depreciable	4,652,858	21,487,554	26,140,412
	5,018,337	21,487,554	26,505,891
Accumulated Depreciation	(1,535,848)	(8,620,931)	(10,156,779)
Total Noncurrent Assets	3,482,489	12,866,623	16,349,112
Total Assets	6,741,100	13,640,290	20,381,390
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Refunding Loss	21,779	88,611	110,390
Deferred Items - IMRF	17,552	10,326	27,878
Total Deferred Outflows of Resources	39,331	98,937	138,268
Total Assets and Deferred Outflows of Resources	6,780,431	13,739,227	20,519,658

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 49,247	84,221	133,468
Accrued Payroll	8,436	1,141	9,577
Accrued Interest	15,442	81,548	96,990
Other Payables	19,741	-	19,741
Current Portion of Long-Term Debt	201,529	484,678	686,207
Total Current Liabilities	<u>294,395</u>	<u>651,588</u>	<u>945,983</u>
Noncurrent Liabilities			
Compensated Absences	11,954	1,313	13,267
Net Pension Liability - IMRF	8,743	5,144	13,887
Notes Payable	59,792	-	59,792
General Obligation Refunding/ARS			
Bonds Payable - Net	1,363,094	4,900,449	6,263,543
Total Noncurrent Liabilities	<u>1,443,583</u>	<u>4,906,906</u>	<u>6,350,489</u>
Total Liabilities	<u>1,737,978</u>	<u>5,558,494</u>	<u>7,296,472</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	39,316	23,129	62,445
Property Taxes	264,348	-	264,348
Total Deferred Inflows of Resources	<u>303,664</u>	<u>23,129</u>	<u>326,793</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,041,642</u>	<u>5,581,623</u>	<u>7,623,265</u>
NET POSITION			
Net Investment in Capital Assets	1,882,841	7,570,435	9,453,276
Restricted - Streets	531,844	-	531,844
Restricted - Debt Service	11,860	-	11,860
Unrestricted	2,312,244	587,169	2,899,413
Total Net Position	<u>4,738,789</u>	<u>8,157,604</u>	<u>12,896,393</u>

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

VILLAGE OF POPLAR GROVE, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 628,388	45,095	-	-
Public Safety	28	-	-	-
Culture and Recreation	68,255	-	-	-
Transportation and Public Works	575,842	-	140,453	-
Interest on Long-Term Debt	50,866	-	-	-
Total Governmental Activities	1,323,379	45,095	140,453	-
Business-Type Activities				
Waterworks and Sewerage	1,661,661	1,569,431	-	-
Total Primary Government	2,985,040	1,614,526	140,453	-

General Revenues

Taxes

Property Taxes

Telecommunication Taxes

Electric Utility Taxes

Other Taxes

Intergovernmental - Unrestricted

Replacement Taxes

State Income Taxes

Sales and Uses Taxes

Interest Income

Miscellaneous

Transfers - Internal Activity

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(583,293)	-	(583,293)
(28)	-	(28)
(68,255)	-	(68,255)
(435,389)	-	(435,389)
(50,866)	-	(50,866)
(1,137,831)	-	(1,137,831)
-	(92,230)	(92,230)
(1,137,831)	(92,230)	(1,230,061)
256,863	-	256,863
76,508	-	76,508
130,671	-	130,671
211,604	-	211,604
3,932	-	3,932
455,495	-	455,495
424,879	-	424,879
7,000	115	7,115
43,984	560	44,544
(93,466)	93,466	-
1,517,470	94,141	1,611,611
379,639	1,911	381,550
4,359,150	8,155,693	12,514,843
4,738,789	8,157,604	12,896,393

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

VILLAGE OF POPLAR GROVE, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2018

	<u>General</u>
ASSETS	
Cash and Investments	\$ 1,782,183
Receivables - Net of Allowances	
Property Taxes	264,348
Other Taxes	128,251
Accounts	30,614
Prepays	<u>44,107</u>
 Total Assets	 <u><u>2,249,503</u></u>
LIABILITIES	
Accounts Payable	48,872
Accrued Payroll	8,436
Unearned Grant Revenue	<u>19,741</u>
Total Liabilities	77,049
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>264,348</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>341,397</u></u>
FUND BALANCES	
Nonspendable	44,107
Restricted	-
Assigned	-
Unassigned	<u>1,863,999</u>
Total Fund Balances	<u><u>1,908,106</u></u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>2,249,503</u></u>

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

<u>Special Revenue</u>		<u>Capital Projects</u>	
Motor Fuel Tax	Debt Service	Capital Replacement	Totals
520,720	27,302	449,587	2,779,792
-	-	-	264,348
11,499	-	-	139,750
-	-	-	30,614
-	-	-	44,107
<u>532,219</u>	<u>27,302</u>	<u>449,587</u>	<u>3,258,611</u>
375	-	-	49,247
-	-	-	8,436
-	-	-	19,741
<u>375</u>	<u>-</u>	<u>-</u>	<u>77,424</u>
-	-	-	264,348
<u>375</u>	<u>-</u>	<u>-</u>	<u>341,772</u>
-	-	-	44,107
531,844	27,302	-	559,146
-	-	449,587	449,587
-	-	-	1,863,999
<u>531,844</u>	<u>27,302</u>	<u>449,587</u>	<u>2,916,839</u>
<u>532,219</u>	<u>27,302</u>	<u>449,587</u>	<u>3,258,611</u>

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

VILLAGE OF POPLAR GROVE, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to the
Statement of Net Position - Governmental Activities**

April 30, 2018

Total Governmental Fund Balances	\$ 2,916,839
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	3,482,489
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(21,764)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(14,942)
Net Pension Liability - IMRF	(8,743)
Notes Payable	(82,176)
General Obligation Refunding/ARS Bonds Payable - Net	(1,517,472)
Accrued Interest Payable	<u>(15,442)</u>

Net Position of Governmental Activities	<u>4,738,789</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2018**

See Following Page

VILLAGE OF POPLAR GROVE, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2018

	<u>General</u>
Revenues	
Taxes	\$ 675,646
Intergovernmental	884,306
Charges for Services	2,784
Licenses and Permits	42,311
Interest	6,437
Miscellaneous	43,984
Total Revenues	<u>1,655,468</u>
Expenditures	
Current	
General Government	545,372
Public Safety	28
Culture and Recreation	38,158
Transportation and Public Works	376,840
Capital Outlay	72,066
Debt Service	
Principal Retirement	21,409
Interest and Fiscal Charges	4,423
Total Expenditures	<u>1,058,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>597,172</u>
Other Financing Sources (Uses)	
Transfers In	-
Transfers Out	<u>(828,121)</u>
	<u>(828,121)</u>
Net Change in Fund Balances	(230,949)
Fund Balances - Beginning	<u>2,139,055</u>
Fund Balances - Ending	<u><u>1,908,106</u></u>

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

<u>Special Revenue</u>		<u>Capital Projects</u>	
Motor Fuel Tax	Debt Service	Capital Replacement	Totals
-	-	-	675,646
140,453	-	-	1,024,759
-	-	-	2,784
-	-	-	42,311
490	41	32	7,000
-	-	-	43,984
<u>140,943</u>	<u>41</u>	<u>32</u>	<u>1,796,484</u>
-	-	-	545,372
-	-	-	28
-	-	-	38,158
8,522	-	-	385,362
-	-	183,258	255,324
-	165,000	-	186,409
-	50,655	-	55,078
<u>8,522</u>	<u>215,655</u>	<u>183,258</u>	<u>1,465,731</u>
132,421	(215,614)	(183,226)	330,753
-	215,655	519,000	734,655
-	-	-	(828,121)
-	215,655	519,000	(93,466)
132,421	41	335,774	237,287
399,423	27,261	113,813	2,679,552
<u>531,844</u>	<u>27,302</u>	<u>449,587</u>	<u>2,916,839</u>

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

VILLAGE OF POPLAR GROVE, ILLINOIS

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

For the Fiscal Year Ended April 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 237,287

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

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	101,320
Depreciation Expense	(155,215)

The net effect of deferred outflows (inflows) of resources related to the pensions
not reported in the funds.

Change in Deferred Items - IMRF	(36,195)
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The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

(Increase) to Compensated Absences Payable	(179)
Decrease to Net Pension Liability - IMRF	42,000
Retirement of Debt	186,409
Amortization of Loss on Refunding	(2,722)
Amortization of Premium	6,157

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

777

Changes in Net Position of Governmental Activities

379,639

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

VILLAGE OF POPLAR GROVE, ILLINOIS

**Statement of Net Position - Proprietary Fund (Business-Type Activities)
April 30, 2018**

See Following Page

VILLAGE OF POPLAR GROVE, ILLINOIS

**Statement of Net Position - Proprietary Fund (Business-Type Activities)
April 30, 2018**

	<u>Waterworks and Sewerage</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 24,563
Cash at Paying Agent	546,548
Receivables - Net of Allowance	195,159
Prepays	<u>7,397</u>
Total Current Assets	<u>773,667</u>
Noncurrent Assets	
Capital Assets	
Depreciable	21,487,554
Accumulated Depreciation	<u>(8,620,931)</u>
Total Noncurrent Assets	<u>12,866,623</u>
Total Assets	<u>13,640,290</u>
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized Refunding Loss	88,611
Deferred Items - IMRF	<u>10,326</u>
Total Deferred Outflows of Resources	<u>98,937</u>
Total Assets and Deferred Outflows of Resources	<u>13,739,227</u>

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

	<u>Waterworks and Sewerage</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 84,221
Accrued Payroll	1,141
Accrued Interest	81,548
Current Portion of Long-Term Debt	484,678
Total Current Liabilities	<u>651,588</u>
Noncurrent Liabilities	
Compensated Absences	1,313
Net Pension Liability - IMRF	5,144
General Obligation Refunding/ARS Bonds Payable - Net	4,900,449
Total Noncurrent Liabilities	<u>4,906,906</u>
Total Liabilities	5,558,494
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>23,129</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,581,623</u>
NET POSITION	
Net Investment in Capital Assets	7,570,435
Unrestricted	<u>587,169</u>
Total Net Position	<u><u>8,157,604</u></u>

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

VILLAGE OF POPLAR GROVE, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Fund (Business-Type Activities)**

For the Fiscal Year Ended April 30, 2018

	<u>Waterworks and Sewerage</u>
Operating Revenues	
Charges for Services	<u>\$ 1,569,431</u>
Operating Expenses	
Operations	807,558
Depreciation and Amortization	<u>691,008</u>
Total Operating Expenses	<u>1,498,566</u>
Operating Income	<u>70,865</u>
Nonoperating Revenues (Expenses)	
Interest Income	115
Miscellaneous Revenue	560
Interest Expense	<u>(163,095)</u>
	<u>(162,420)</u>
Income (Loss) Before Transfers	(91,555)
Transfers In	<u>93,466</u>
Change in Net Position	1,911
Net Position - Beginning	<u>8,155,693</u>
Net Position - Ending	<u><u>8,157,604</u></u>

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

VILLAGE OF POPLAR GROVE, ILLINOIS

**Statement of Cash Flows - Proprietary Fund (Business-Type Activities)
For the Fiscal Year Ended April 30, 2018**

	<u>Waterworks and Sewerage</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,563,833
Payments to Employees	(139,980)
Payments to Suppliers	(843,280)
	<u>580,573</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(25,752)
Retirement of Debt	(460,000)
Interest and Fiscal Charges	(163,095)
	<u>(648,847)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>93,466</u>
Cash Flows from Investing Activities	
Interest Received	<u>115</u>
Net Change in Cash and Cash Equivalents	25,307
Cash and Cash Equivalents - Beginning	<u>545,804</u>
Cash and Cash Equivalents - Ending	<u><u>571,111</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	70,865
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	691,008
Other Income	560
Other Expense	(2,064)
(Increase) Decrease in Current Assets	(6,158)
Increase (Decrease) in Current Liabilities	(173,638)
	<u>580,573</u>
Net Cash Provided by Operating Activities	<u><u>580,573</u></u>

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

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Poplar Grove, Illinois (the Village) was organized shortly after 1895 under the provisions of the State of Illinois. The Village operates under a President/Trustee form of government and provides services to the public such as general administrative, water and sewer, and street maintenance services. The population of the Village is approximately 5,041. The Village covers an area of 8 square miles.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, transportation and public works, building code enforcement, public improvements, economic development, planning and zoning, culture and recreation, and general administrative services are classified as governmental activities. The Village's waterworks and sewerage service is classified as business-type activity.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions (general government, public safety, culture and recreation, etc.) and business-type activities. The functions are supported by general government revenues (property, sales tax, certain intergovernmental revenues, investment income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Motor Fuel Tax Fund, a major fund, is used to account for the receipts of the Village's share of state gasoline taxes. These funds are then expended for the maintenance of roads and bridges. State of Illinois law requires separate accounting for such revenues and expenditures.

Debt Service Funds are created to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Debt Service Fund is treated as a major fund.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Governmental Funds – Continued

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Replacement Fund, a major fund, is used to account for the financial resources to be used for the acquisition or construction of major facilities including replacement of existing assets (other than those financed by business-type/proprietary funds).

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Waterworks and Sewerage Fund, which is used to account for the costs related to the operation of the Village's waterworks and sewerage system. Funding is provided by user fees.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, if any, which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

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.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Village has no investments at year-end.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, and utility taxes. Business-type activities report utility charges as their major receivables.

Prepays

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 to \$75,000, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 Years
Park Building/Equipment	5 - 40 Years
Equipment	5 - 75 Years
Vehicles	5 - 75 Years
Water/Sewer Utility System	20 - 50 Years
Streets	20 - 50 Years
Village Water System	20 - 50 Years

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Net Position – Continued

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The term ‘budget’ used throughout the financial statements represents the estimated revenues and appropriations as set forth in the Village’s annual appropriation ordinance adopted for the fiscal year ended April 30, 2018. Budgets are adopted on a basis consistent with generally accepted accounting principles.

All departments of the Village submit requests for appropriation to the Village’s Administrator so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The budget may be amended by the governing body.

Expenditures/expenses may not legally exceed budgeted appropriations at the fund level.

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

- At least 15 days prior to the enactment of the budget, the Finance Committee submits to the Village Trustees a proposed means of financing expenditures appropriations for the fiscal year commencing the following May 1.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

- Normally on the last Wednesday in April, but no later than April 30, the budget is legally enacted through passage of the appropriation ordinance.
- Budgeted amounts are as originally reported or as amended by the Village Trustees. Individual amendments were not material in relation to the original appropriations.
- Unexpended budgeted amounts lapse at the end of the budget year. Spending control is established by the amount of expenditures/expenses budgeted for each object and purpose, but management control is exercised at budgetary line item levels.
- The budget amounts shown in the financial statements are the final authorized amounts as no supplementary appropriations were necessary during the year.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
Capital Replacement	\$ 64,258

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, and commercial paper rated within the three highest classifications by at least two standard rating services.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$3,350,903 and the bank balances totaled \$2,822,812.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash flow requirements for ongoing operations and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village will minimize credit risk by limiting investments to the safest type of securities, pre-qualifying the financial institutions, brokers, intermediaries, and advisors, and diversifying the investment portfolio so potential losses on individual securities will be minimized.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that all funds on deposit in excess of FDIC limits shall be secured by the deposit of marketable U.S. government or other approved securities or surety bonds issued by top-rated insurers, having a value of at least 110% of the deposits. At year-end the entire bank balance was insured and collateralized.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy does not specifically address custodial credit risk for investments.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. At year-end, the Village does not have any investments over 5 percent of cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by January of the same fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Debt Service	General	\$ 215,655 (2)
Capital Replacement	General	519,000 (1)
Waterworks and Sewerge	General	<u>93,466 (1)</u>
		<u><u>828,121</u></u>

Transfers are used (1) to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) to move receipts restricted for debt service from the General Fund to the Debt Service Fund as debt service payments become due.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 365,479	-	-	365,479
Depreciable Capital Assets				
Buildings	1,218,074	-	-	1,218,074
Park Building/Equipment	210,253	20,485	-	230,738
Equipment	175,613	-	-	175,613
Vehicles	295,372	72,031	-	367,403
Streets	2,652,226	8,804	-	2,661,030
	<u>4,551,538</u>	<u>101,320</u>	<u>-</u>	<u>4,652,858</u>
Less Accumulated Depreciation				
Buildings	327,938	30,844	-	358,782
Park Building/Equipment	97,243	8,927	-	106,170
Equipment	112,262	17,409	-	129,671
Vehicles	170,346	31,638	-	201,984
Streets	672,844	66,397	-	739,241
	<u>1,380,633</u>	<u>155,215</u>	<u>-</u>	<u>1,535,848</u>
Total Net Depreciable Capital Assets	<u>3,170,905</u>	<u>(53,895)</u>	<u>-</u>	<u>3,117,010</u>
Total Net Capital Assets	<u><u>3,536,384</u></u>	<u><u>(53,895)</u></u>	<u><u>-</u></u>	<u><u>3,482,489</u></u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 77,607
Culture and Recreation	15,522
Transportation and Public Works	<u>62,086</u>
	<u><u>155,215</u></u>

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Water/Sewer Utility System	\$ 8,045,448	9,402	-	8,054,850
Street	66,551	-	-	66,551
Village Water System	13,349,803	-	-	13,349,803
Vehicles	-	16,350	-	16,350
	<u>21,461,802</u>	<u>25,752</u>	<u>-</u>	<u>21,487,554</u>
Less Accumulated Depreciation				
Water/Sewer Utility System	4,607,940	302,267	-	4,910,207
Street	19,134	1,664	-	20,798
Village Water System	3,294,575	392,899	-	3,687,474
Vehicles	-	2,452	-	2,452
	<u>7,921,649</u>	<u>699,282</u>	<u>-</u>	<u>8,620,931</u>
Total Net Capital Assets	<u>13,540,153</u>	<u>(673,530)</u>	<u>-</u>	<u>12,866,623</u>

Depreciation expense was charged to business-type activities as follows:

Waterworks and Sewerage	<u>\$ 699,282</u>
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LONG-TERM DEBT

Notes Payable

The Village enters into notes payable to provide funds for acquisition of capital assets. Notes payable have been issued for governmental activities. Notes payable are direct obligations and pledge the full faith and credit of the Village. Notes payable currently outstanding are as follows:

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Notes Payable – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$80,000 Simerl 4 Acres Note Payable of 2004 - Due in annual installments of \$3,579 to \$8,612 plus interest at 4.50% through October 1, 2021.	General	\$ 34,132	-	7,154	26,978
\$160,000 Simerl 11 Acres Note Payable of 2004 - Due in annual installments of \$8,610 to \$17,222 plus interest at 4.50% through October 1, 2021.	General	69,453	-	14,255	55,198
		103,585	-	21,409	82,176

General Obligation Refunding/Alternate Revenue Source Bonds

The Village issues bonds to provide funds for the acquisition and construction of major capital facilities. Alternate revenue source bonds provide for the collection, segregation and distribution of certain income taxes received by the Village for the payment of principal and interest on the alternate revenue source bonds. Alternate revenue source bonds outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$210,000 General Obligation Refunding Alternate Revenue Source Bonds of 2012A - Due in annual installments of \$10,000 to \$30,000 plus interest at 2.25% to 3.70% through May 1, 2023.	Waterworks and Sewerage	\$ 165,000	-	15,000	150,000
\$1,955,000 Waterworks and Sewerage Revenue Refunding Source Bonds of 2012B - Due in annual installments of \$95,000 to \$160,000 plus interest at 2.50% to 3.25% through May 1, 2027.	Waterworks and Sewerage	1,530,000	-	120,000	1,410,000

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Refunding/Alternate Revenue Source Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$4,285,000 Waterworks and Sewerage Revenue Refunding Source Bonds of 2015 - Due in annual installments of \$290,000 to \$435,000 plus interest at 1.00% to 3.50% through May 1, 2027.	Waterworks and Sewerage	\$ 3,995,000	-	325,000	3,670,000
\$1,805,000 General Obligation Refunding Alternate Revenue Source Bonds of 2015B - Due in annual installments of \$150,000 to \$205,000 plus interest at 1.00% to 4.00% through December 1, 2025.	Debt Service	1,655,000	-	165,000	1,490,000
		7,345,000	-	625,000	6,720,000

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2017	\$ 88,007,396
Legal Debt Limit - 8.625% of Assessed Value	7,590,638
Amount of Debt Applicable to Limit	82,176
Legal Debt Margin	7,508,462

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 14,763	358	179	14,942	2,988
Net Pension Liability - IMRF	50,743	-	42,000	8,743	-
Notes Payable	103,585	-	21,409	82,176	22,384
General Obligation Refunding/ Alternate Revenue Source Bonds	1,655,000	-	165,000	1,490,000	170,000
Plus: Unamortized Premium	55,408	-	6,157	49,251	6,157
	<u>1,879,499</u>	<u>358</u>	<u>234,745</u>	<u>1,645,112</u>	<u>201,529</u>
Business-Type Activities					
Compensated Absences	7,620	5,979	11,958	1,641	328
Net Pension Liability - IMRF	27,963	-	22,819	5,144	-
General Obligation Refunding/ Alternate Revenue Source Bonds	5,690,000	-	460,000	5,230,000	465,000
Plus: Unamortized Premium	174,149	-	19,350	154,799	19,350
	<u>5,899,732</u>	<u>5,979</u>	<u>514,127</u>	<u>5,391,584</u>	<u>484,678</u>

For governmental activities, the compensated absences, the net pension liability, and the notes payable are being liquidated by the General Fund. The Debt Service Fund makes payments on the general obligation refunding/alternate revenue source bonds.

For business-type activities, the Waterworks and Sewerage Fund makes payments on the compensated absences, the net pension liability, and the general obligation refunding/alternate revenue source bonds.

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities	
	Notes Payable		General Obligation Refunding/ARS Bonds		General Obligation Refunding/ARS Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 22,384	3,449	170,000	48,427	465,000	157,820
2020	23,403	2,431	170,000	43,327	475,000	145,808
2021	24,468	1,366	175,000	38,227	490,000	131,958
2022	11,921	268	185,000	32,977	505,000	117,352
2023	-	-	190,000	26,503	520,000	102,127
2024	-	-	195,000	21,563	535,000	85,367
2025	-	-	200,000	16,200	555,000	67,000
2026	-	-	205,000	8,200	570,000	47,950
2027	-	-	-	-	590,000	28,106
2028	-	-	-	-	525,000	8,987
Totals	82,176	7,514	1,490,000	235,424	5,230,000	892,475

Pledged Future Revenues

The following table provides the pledged future revenue information for the bonds for which a revenue pledge exists:

	GO Bond 2012A	Revenue Bond 2012B	Revenue Bond 2015A	GO Bond 2015B
Commitment Date	5/1/2023	5/1/2027	5/1/2027	12/1/2025
Pledge Remaining	\$ 170,036	\$ 1,656,438	\$ 4,319,163	\$ 1,725,424
Pledge Revenue Collected	\$ 1,569,991	\$ 1,569,991	\$ 1,569,991	\$ 747,708
Coverage of Pledged Revenue	25.69	3.26	1.27	N/A
Pledged Revenue Source	Revenues of the System	Revenues of the System	Revenues of the System	State and Sales Tax
Current Year Principal and Interest Paid	\$ 20,476	\$ 161,231	\$ 413,100	\$ 213,890

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2018:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 3,482,489
Plus: Loss On Refunding	21,779
Less Capital Related Debt:	
Simerl 4 Acres Note Payable of 2004	(26,978)
Simerl 11 Acres Note Payable of 2004	(55,198)
General Obligation Refunding ARS Bonds of 2015B	<u>(1,539,251)</u>
Net Investment in Capital Assets	<u>1,882,841</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	12,866,623
Plus: Unamortized Refunding Loss	88,611
Less Capital Related Debt:	
General Obligation Refunding ARS Bonds of 2012A	(150,000)
General Obligation Revenue Refunding Bonds of 20012B	(1,410,000)
General Obligation Revenue Refunding Bonds of 2015	(3,670,000)
Unamortized Premium	<u>(154,799)</u>
Net Investment in Capital Assets	<u>7,570,435</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

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

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The Villages policy manual states that the General Fund should maintain a minimum fund balance equal to 25% to 75% of operating expenditures.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

	General	Special Revenue Motor Fuel Tax	Debt Service	Capital Projects Capital Replacement	Totals
Fund Balances					
Nonspendable					
Prepays	\$ 44,107	-	-	-	44,107
Restricted					
Streets	-	531,844	-	-	531,844
Debt Service	-	-	27,302	-	27,302
	-	531,844	27,302	-	559,146
Assigned					
Capital Projects					
Demolition EPI Building	-	-	-	150,000	150,000
Public Works Shop	-	-	-	100,000	100,000
Truck Replacement Fund	-	-	-	100,000	100,000
Village Hall Building/Repair	-	-	-	50,000	50,000
Other Capital Projects	-	-	-	49,587	49,587
	-	-	-	449,587	449,587
Unassigned	1,863,999	-	-	-	1,863,999
Total Fund Balances	1,908,106	531,844	27,302	449,587	2,916,839

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village’s employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

The Village is a defendant in a claim relating to matters arising in the ordinary course of business. Part of the claim may be insured but subject to varying deductibles and some of the claim may be uninsured. The amount of liability, if any, from the claim cannot be determined with certainty; however, management is of the opinion that the outcome of the claim will not have a material adverse impact on the financial position. Due to uncertainties in the settlement process, it is at least reasonably possible that management's estimate of the outcome will change within the next year.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

OTHER POST-EMPLOYMENT BENEFITS

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, there is minimal participation. As the Village provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2018.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

VILLAGE OF POPLAR GROVE, ILLINOIS

Notes to the Financial Statements April 30, 2018

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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

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

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

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

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Plan Membership. As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	-
Inactive Plan Members Entitled to but not yet Receiving Benefits	10
Active Plan Members	<u>8</u>
Total	<u><u>18</u></u>

Contributions. As set by statute, the Village’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2018, the Village’s contribution was 8.52% of covered payroll.

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

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	28.00%	3.00%
Domestic Equities	37.00%	6.85%
International Equities	18.00%	6.75%
Real Estate	9.00%	5.75%
Blended	7.00%	2.65% - 7.35%
Cash and Cash Equivalents	1.00%	2.25%

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset) \$	109,554	13,887	(57,372)

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 417,340	338,634	78,706
Changes for the Year:			
Service Cost	30,277	-	30,277
Interest on the Total Pension Liability	32,423	-	32,423
Difference Between Expected and Actual Experience of the Total Pension Liability	(19,065)	-	(19,065)
Changes of Assumptions	(18,444)	-	(18,444)
Contributions - Employer	-	32,189	(32,189)
Contributions - Employees	-	16,188	(16,188)
Net Investment Income	-	46,093	(46,093)
Benefit Payments, including Refunds of Employee Contributions	(341)	(341)	-
Other (Net Transfer)	-	(4,460)	4,460
Net Changes	<u>24,850</u>	<u>89,669</u>	<u>(64,819)</u>
Balances at December 31, 2017	<u>442,190</u>	<u>428,303</u>	<u>13,887</u>

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

For the year ended April 30, 2018, the Village recognized pension expense of \$23,080. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VILLAGE OF POPLAR GROVE, ILLINOIS

**Notes to the Financial Statements
April 30, 2018**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 9,437	(31,802)	(22,365)
Change in Assumptions	130	(15,394)	(15,264)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,547	(15,249)	(6,702)
Total Expenses to be Recognized in Future Periods	18,114	(62,445)	(44,331)
Pension Contributions Made Subsequent to the Measurement Date	9,764	-	9,764
Total Deferred Amounts Related to IMRF	<u>27,878</u>	<u>(62,445)</u>	<u>(34,567)</u>

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

Fiscal Year	Net Deferred (Inflows) of Resources
2019	\$ (7,062)
2020	(16,338)
2021	(11,121)
2022	(9,810)
2023	-
Thereafter	<u>-</u>
Total	<u><u>(44,331)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
 Illinois Municipal Retirement Fund

- Schedule of Changes in the Employer's Net Pension Liability
 Illinois Municipal Retirement Fund

- Budgetary Comparison Schedules
 General Fund
 Motor Fuel Tax – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF POPLAR GROVE, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information Schedule of Employer Contributions April 30, 2018

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 29,418	\$ 29,418	\$ -	\$ 283,963	10.36%
2017	32,892	45,034	12,142	331,904	13.57%
2018	31,010	31,010	-	363,893	8.52%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF POPLAR GROVE, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
April 30, 2018**

	<u>12/31/2015</u>	<u>12/31/16</u>	<u>12/31/17</u>
Total Pension Liability			
Service Cost	\$ 21,616	29,198	30,277
Interest	22,729	30,493	32,423
Differences Between Expected and Actual Experience	56,276	(33,759)	(19,065)
Change of Assumptions	781	(1,660)	(18,444)
Benefit Payments, Including Refunds of Member Contributions	(1,960)	-	(341)
	<hr/>	<hr/>	<hr/>
Net Change in Total Pension Liability	99,442	24,272	24,850
Total Pension Liability - Beginning	293,626	393,068	417,340
	<hr/>	<hr/>	<hr/>
Total Pension Liability - Ending	393,068	417,340	442,190
	<hr/>	<hr/>	<hr/>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 29,418	45,034	32,189
Contributions - Members	14,198	14,936	16,188
Net Investment Income	1,240	19,016	46,093
Benefit Payments, Including Refunds of Member Contributions	(1,960)	-	(341)
Other (Net Transfer)	(6,768)	(3,595)	(4,460)
	<hr/>	<hr/>	<hr/>
Net Change in Plan Fiduciary Net Position	36,128	75,391	89,669
Plan Net Position - Beginning	227,115	263,243	338,634
	<hr/>	<hr/>	<hr/>
Plan Net Position - Ending	263,243	338,634	428,303
	<hr/>	<hr/>	<hr/>
Employer's Net Pension Liability	\$ 129,825	78,706	13,887
	<hr/>	<hr/>	<hr/>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.97%	81.14%	96.86%
	<hr/>	<hr/>	<hr/>
Covered Payroll	\$ 283,963	331,904	345,010
	<hr/>	<hr/>	<hr/>
Employer's Net Pension Liability as a Percentage of Covered Payroll	45.72%	23.71%	4.03%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF POPLAR GROVE, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 658,200	658,200	675,646
Intergovernmental	867,000	867,000	884,306
Charges for Services	2,250	2,250	2,784
Licenses and Permits	65,490	65,490	42,311
Interest	750	750	6,437
Miscellaneous	23,600	23,600	43,984
Total Revenues	<u>1,617,290</u>	<u>1,617,290</u>	<u>1,655,468</u>
Expenditures			
General Government	702,235	702,235	545,372
Public Safety	7,500	7,500	28
Culture and Recreation	34,000	34,000	38,158
Transportation and Public Works	465,900	465,900	376,840
Capital Outlay	47,000	47,000	72,066
Debt Service			
Principal Retirement	21,577	20,477	21,409
Interest and Fiscal Charges	4,423	5,523	4,423
Total Expenditures	<u>1,282,635</u>	<u>1,282,635</u>	<u>1,058,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	334,655	334,655	597,172
Other Financing Sources (Uses)			
Transfers Out	<u>(486,407)</u>	<u>(886,407)</u>	<u>(828,121)</u>
Net Change in Fund Balances	<u>(151,752)</u>	<u>(551,752)</u>	(230,949)
Fund Balance - Beginning			<u>2,139,055</u>
Fund Balance - Ending			<u><u>1,908,106</u></u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 120,000	120,000	140,453
Interest Income	250	250	490
Total Revenues	<u>120,250</u>	<u>120,250</u>	<u>140,943</u>
Expenditures			
Transportation and Public Works	<u>120,000</u>	<u>120,000</u>	<u>8,522</u>
Net Change in Fund Balance	<u>250</u>	<u>250</u>	132,421
Fund Balance - Beginning			<u>399,423</u>
Fund Balance - Ending			<u><u>531,844</u></u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
 - General Fund
 - Capital Replacement – Capital Projects Fund
- Budgetary Comparison Schedule – Enterprise Fund
 - Waterworks and Sewerage Fund

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUND

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the receipts of the Village's share of state gasoline taxes. These funds are then expended for the maintenance of roads and bridges. State of Illinois law requires separate accounting for such revenues and expenditures.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUND

The Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

Capital Replacement Fund

The Capital Replacement Fund is used to account for the financial resources to be used for the acquisition or construction of major facilities including replacement of existing assets (other than those financed by business-type/proprietary funds).

INDIVIDUAL FUND SCHEDULES

ENTERPRISE FUND

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Waterworks and Sewerage Fund

The Waterworks and Sewerage Fund is used to account for the costs related to the operation of the Village's water and sewer system. Funding is provided by user fees.

VILLAGE OF POPLAR GROVE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 257,700	257,700	256,863
Road and Bridge Tax	68,500	68,500	77,698
Telecommunication Tax	100,000	100,000	76,508
Electric Utility Tax	145,000	145,000	130,671
Video Gaming Tax	37,000	37,000	68,988
Nicor Utility Taxes	50,000	50,000	64,918
	<u>658,200</u>	<u>658,200</u>	<u>675,646</u>
Intergovernmental			
State Income Tax	455,000	455,000	455,495
Sales Tax	298,000	298,000	292,213
Personal Property Replacement Tax	4,000	4,000	3,932
State Use Tax	110,000	110,000	132,666
	<u>867,000</u>	<u>867,000</u>	<u>884,306</u>
Charges for Services			
Garbage Stickers	750	750	1,484
Filing Fees	1,500	1,500	1,300
	<u>2,250</u>	<u>2,250</u>	<u>2,784</u>
Licenses and Permits			
Liquor Licenses	11,700	11,700	12,800
Other Licenses	1,790	1,790	1,450
Truck Permits	2,000	2,000	3,446
Building Permits	50,000	50,000	24,615
	<u>65,490</u>	<u>65,490</u>	<u>42,311</u>
Interest	<u>750</u>	<u>750</u>	<u>6,437</u>
Miscellaneous			
Rental Income	22,000	22,000	22,975
Other	1,600	1,600	21,009
	<u>23,600</u>	<u>23,600</u>	<u>43,984</u>
Total Revenues	<u>1,617,290</u>	<u>1,617,290</u>	<u>1,655,468</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
General Government			
Personnel Services			
Salaries	\$ 152,000	152,000	169,955
IMRF	11,000	11,000	8,380
Social Security/Medicare	12,000	12,000	12,685
Workers Compensation	1,000	1,000	372
Unemployment Compensation	1,500	1,500	2,173
Life Insurance - Employer	500	500	385
	<u>178,000</u>	<u>178,000</u>	<u>193,950</u>
Contractual Services			
Contracted Labor	70,000	70,000	17,651
General Insurance	69,000	69,000	65,904
Telephone	23,000	23,000	17,822
Health Insurance	55,000	55,000	47,072
Web Site Maintenance	1,250	1,250	1,965
Utilities	2,500	2,500	(3)
Bond Agent Fees	-	-	500
Travel	5,500	5,500	1,519
Security System	1,000	1,000	40
Training	5,000	5,000	4,186
Postage	5,000	5,000	1,224
Publication Costs	3,000	3,000	4,444
Accounting Services	20,000	20,000	16,100
Engineering Services	60,000	60,000	24,288
Legal	89,000	89,000	69,483
Codification	5,500	5,500	1,769
Office System Support	14,000	14,000	12,775
Contract Inspection Services	40,000	40,000	22,845
Contract Code Enforcement	16,000	16,000	15,369
Dues	7,000	7,000	7,619
Custodial Services	3,000	3,000	3,749
Village Clerk Administration	3,500	3,500	3,979
Refuse and Recycling	1,800	1,800	1,250
Planning Services	5,000	5,000	1,378
Rental Property Repairs	1,500	1,500	126
	<u>506,550</u>	<u>506,550</u>	<u>343,054</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
General Government - Continued			
Commodities			
Office Supplies	\$ 7,800	7,800	4,623
Maintenance Supplies	2,000	2,000	2,750
Operating Supplies	750	750	705
Village Hall	5,900	5,900	1,023
Miscellaneous	1,235	1,235	(733)
	<u>17,685</u>	<u>17,685</u>	<u>8,368</u>
Total General Government	<u>702,235</u>	<u>702,235</u>	<u>545,372</u>
Public Safety			
Other Contractual Services	<u>7,500</u>	<u>7,500</u>	<u>28</u>
Culture and Recreation			
Personnel Services			
Salaries	-	-	945
IMRF	-	-	68
Social Security/Medicare	-	-	201
Unemployment Compensation	-	-	49
	<u>-</u>	<u>-</u>	<u>1,263</u>
Park Maintenance Equipment			
Community Events	8,500	8,500	10,884
Gasoline and Oil	2,500	2,500	1,250
Park Maintenance Supplies	10,000	10,000	7,177
Park Landscaping, Mowing, Tree	13,000	13,000	17,584
	<u>34,000</u>	<u>34,000</u>	<u>36,895</u>
Total Culture and Recreation	<u>34,000</u>	<u>34,000</u>	<u>38,158</u>
Transportation and Public Works			
Personnel Services			
Salaries	131,000	131,000	135,588
IMRF	13,000	13,000	11,038
Social Security/Medicare	9,800	9,800	9,887

VILLAGE OF POPLAR GROVE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Transportation and Public Works - Continued			
Personnel Services - Continued			
Workers Compensation	\$ 4,500	4,500	1,947
Unemployment Compensation	2,000	2,000	1,493
Life Insurance - Employer	500	500	481
Uniform Allowance	2,500	2,500	1,629
	<u>163,300</u>	<u>163,300</u>	<u>162,063</u>
Contractual Services			
Maintenance Services - Vehicle	14,000	14,000	21,231
Maintenance Services - Equipment	6,000	6,000	3,858
Maintenance Services - Streets	20,000	20,000	15,328
Maintenance Services - Plowing	53,000	53,000	21,914
Street Lighting	40,000	40,000	44,499
Health Insurance	53,000	53,000	37,719
Uniform Cleaning Services	-	-	511
Training	150	150	616
Shop Building Heat	2,500	2,500	2,440
Engineering Services	5,000	5,000	114
Travel	250	250	293
	<u>193,900</u>	<u>193,900</u>	<u>148,523</u>
Commodities			
Gasoline - Oil	19,000	19,000	12,503
Salt	45,000	45,000	29,984
JULIE Locates	700	700	887
Miscellaneous	1,000	1,000	1,376
Maintenance Supplies	28,000	28,000	6,710
Operating Supplies	15,000	15,000	14,794
	<u>108,700</u>	<u>108,700</u>	<u>66,254</u>
Total Transportation and Public Works	<u>465,900</u>	<u>465,900</u>	<u>376,840</u>
Capital Outlay			
Culture and Recreation			
Park Maintenance Equipment	4,000	4,000	15,258
Playground Construction	5,000	5,000	2,341
Park Improvements	5,000	5,000	7,376

VILLAGE OF POPLAR GROVE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Capital Outlay - Continued			
Transportation and Public Works			
Vehicles and Equipment	\$ 8,000	8,000	34,404
Storm Sewer Construction	5,000	5,000	6,999
Road Construction	20,000	20,000	5,688
Total Capital Outlay	47,000	47,000	72,066
Debt Service			
Principal Retirement	21,577	20,477	21,409
Interest and Fiscal Charges	4,423	5,523	4,423
Total Debt Service	26,000	26,000	25,832
Total Expenditures	1,282,635	1,282,635	1,058,296

VILLAGE OF POPLAR GROVE, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Interest Income	\$ -	-	41
Expenditures			
Debt Service			
Principal Retirement	165,000	165,000	165,000
Interest and Fiscal Charges	50,655	50,655	50,655
Total Expenditures	215,655	215,655	215,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(215,655)	(215,655)	(215,614)
Other Financing Sources			
Transfers In	215,655	215,655	215,655
Net Change in Fund Balance	-	-	41
Fund Balance - Beginning			27,261
Fund Balance - Ending			27,302

VILLAGE OF POPLAR GROVE, ILLINOIS

Capital Replacement - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	32
Expenditures			
Capital Outlay	119,000	119,000	183,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,000)	(119,000)	(183,226)
Other Financing Sources			
Transfers In	119,000	519,000	519,000
Net Change in Fund Balance	<u>-</u>	<u>400,000</u>	335,774
Fund Balance - Beginning			<u>113,813</u>
Fund Balance - Ending			<u><u>449,587</u></u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Waterworks and Sewerage - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2018**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water and Sewer Sales	\$ 1,466,250	1,466,250	1,541,085
Tap on Fees	1,500	1,500	6,750
Turn On/Off Water Fees	5,000	5,000	3,849
Penalties	18,000	18,000	17,747
Total Operating Revenues	<u>1,490,750</u>	<u>1,490,750</u>	<u>1,569,431</u>
Operating Expenses			
Operations			
Personal Services	222,400	222,400	369,754
Contractual Services	435,650	435,650	40,990
Commodities	231,200	231,200	386,186
Capital Outlay	117,500	117,500	10,628
Depreciation and Amortization	10,000	10,000	691,008
Total Operating Expenses	<u>1,016,750</u>	<u>1,016,750</u>	<u>1,498,566</u>
Operating Income	<u>474,000</u>	<u>474,000</u>	<u>70,865</u>
Nonoperating Revenues (Expenses)			
Interest Income	1,100	1,100	115
Miscellaneous Revenue	500	500	560
Principal Retirement	(460,000)	(460,000)	-
Interest Expense	(167,352)	(167,352)	(163,095)
	<u>(625,752)</u>	<u>(625,752)</u>	<u>(162,420)</u>
Income (Loss) Before Transfers	(151,752)	(151,752)	(91,555)
Transfers In	-	-	93,466
Change in Net Position	<u>(151,752)</u>	<u>(151,752)</u>	1,911
Net Position - Beginning			<u>8,155,693</u>
Net Position - Ending			<u>8,157,604</u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF POPLAR GROVE, ILLINOIS

Long-Term Debt Requirements

**Simerl 4 Acres Note Payable of 2004
April 30, 2018**

Date of Issue	December 7, 2006
Date of Maturity	October 1, 2021
Authorized Issue	\$80,000
Interest Rate	4.50%
Interest Dates	October 1 and April 1
Principal Maturity Dates	October 1 and April 1
Payable at	Eugene Simerl

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2019	\$ 7,480	1,131	8,611
2020	7,821	791	8,612
2021	8,177	435	8,612
2022	3,500	79	3,579
	<u>26,978</u>	<u>2,436</u>	<u>29,414</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Long-Term Debt Requirements

**Simerl 11 Acres Note Payable of 2004
April 30, 2018**

Date of Issue	December 7, 2006
Date of Maturity	October 1, 2021
Authorized Issue	\$160,000
Interest Rate	4.50%
Interest Dates	October 1 and April 1
Principal Maturity Dates	October 1 and April 1
Payable at	Eugene Simerl

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2019	\$ 14,904	2,318	17,222
2020	15,582	1,640	17,222
2021	16,291	931	17,222
2022	8,421	189	8,610
	<u>55,198</u>	<u>5,078</u>	<u>60,276</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Alternate Revenue Source Bonds of 2012A
April 30, 2018**

Date of Issue	March 1, 2012
Date of Maturity	May 1, 2023
Authorized Issue	\$210,000
Interest Rates	2.25% to 3.70%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Heartland Bank & Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2019	\$ 20,000	4,745	24,745
2020	20,000	4,295	24,295
2021	25,000	3,608	28,608
2022	25,000	2,683	27,683
2023	30,000	1,665	31,665
2024	30,000	555	30,555
	<u>150,000</u>	<u>17,551</u>	<u>167,551</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Long-Term Debt Requirements

**Waterworks and Sewerage Revenue Refunding Bonds of 2012B
April 30, 2018**

Date of Issue	January 9, 2012
Date of Maturity	May 1, 2027
Authorized Issue	\$1,955,000
Interest Rates	2.50% to 3.25%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Heartland Bank & Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2019	\$ 120,000	39,550	159,550
2020	125,000	36,188	161,188
2021	130,000	33,000	163,000
2022	135,000	29,519	164,519
2023	140,000	25,737	165,737
2024	145,000	21,637	166,637
2025	150,000	17,212	167,212
2026	150,000	12,600	162,600
2027	155,000	7,719	162,719
2028	160,000	2,600	162,600
	<u>1,410,000</u>	<u>225,762</u>	<u>1,635,762</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Long-Term Debt Requirements

**Waterworks and Sewerage Revenue Refunding Bonds of 2015
April 30, 2018**

Date of Issue	February 2, 2015
Date of Maturity	May 1, 2027
Authorized Issue	\$4,285,000
Interest Rates	1.00% to 3.50%
Interest Dates	May 1 and November 1
Principal Maturity Date	November 1
Payable at	Heartland Bank & Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2019	\$ 325,000	113,525	438,525
2020	330,000	105,325	435,325
2021	335,000	95,350	430,350
2022	345,000	85,150	430,150
2023	350,000	74,725	424,725
2024	360,000	63,175	423,175
2025	405,000	49,788	454,788
2026	420,000	35,350	455,350
2027	435,000	20,387	455,387
2028	365,000	6,387	371,387
	<u>3,670,000</u>	<u>649,162</u>	<u>4,319,162</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

Long-Term Debt Requirements

**General Obligation Refunding Alternate Revenue Source Bonds of 2015B
April 30, 2018**

Date of Issue	September 10, 2015
Date of Maturity	December 1, 2025
Authorized Issue	\$1,805,000
Interest Rates	1.00% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	Heartland Bank & Trust Company

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2019	\$ 170,000	48,427	218,427
2020	170,000	43,327	213,327
2021	175,000	38,227	213,227
2022	185,000	32,977	217,977
2023	190,000	26,503	216,503
2024	195,000	21,563	216,563
2025	200,000	16,200	216,200
2026	205,000	8,200	213,200
	<u>1,490,000</u>	<u>235,424</u>	<u>1,725,424</u>

VILLAGE OF POPLAR GROVE, ILLINOIS

**Assessed Valuations, Tax Levies, Rates and Extensions - Last Five Tax Levy Years
April 30, 2018**

Tax Levy Year	2013	2014	2015	2016	2017
Assessed Valuation	\$ 89,536,281	81,628,623	79,742,615	83,398,398	88,007,396
Tax Rates					
Corporate	0.2324	0.2434	0.2495	0.2444	0.2404
Social Security	0.0240	0.0221	0.0248	0.0232	0.0214
Audit	0.0204	0.0187	0.0186	0.0174	0.0161
Insurance	0.0204	0.0245	0.0261	0.0243	0.0225
Total Tax Rates	0.2972	0.3087	0.3190	0.3093	0.3004
Tax Extensions					
Corporate	\$ 194,205	198,652	198,918	203,801	211,525
Social Security	20,007	18,007	19,800	19,323	18,860
Audit	17,008	15,305	14,856	14,495	14,152
Insurance	17,008	20,007	20,789	20,291	19,810
Total Tax Extensions	248,228	251,971	254,363	257,910	264,347