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Village of Hebron, Illinois

Annual Financial Report

For the Year Ended April 30, 2017

VILLAGE OF HEBRON, ILLINOIS

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VILLAGE OF HEBRON, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the President
and Members of the Board of Trustees
Village of Hebron, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Hebron, Illinois (Village) as of and for the year ended April 30, 2017, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement 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.

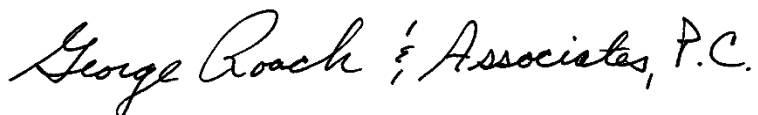
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Hebron, Illinois as of April 30, 2017, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Hebron, Illinois' basic financial statements. The management's discussion and analysis and budgetary comparison information as listed in the table of contents as other information, which are the responsibility of management are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

Basis of Accounting

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

A handwritten signature in black ink that reads "George Roach & Associates, P.C." in a cursive script.

George Roach & Associates, P.C.
Crystal Lake, Illinois
July 10, 2017

OTHER INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

As management of the Village of Hebron (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2017.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2017 by \$1,787,072 (*net position*). Of this amount, \$702,109 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- At April 30, 2017, the Village's governmental funds reported combined ending fund balances of \$565,108.
- At April 30, 2017, the unassigned fund balance for the General Fund was \$456,393.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

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

The Modified Cash Basis presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported on a cash basis as soon as cash is received or disbursed, regardless of when the underlying event giving rise to the change occurred.

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-

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

type activities). The governmental activities of the Village include general government, public safety, public works and transportation, culture and recreation, and economic development. The business-type activities of the Village include water and sewer.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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 a government'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 Village'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 this comparison between governmental funds and governmental activities.

Proprietary funds - The Village maintains one type of proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its water and sewer services. Proprietary funds 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 water and sewer services, all of which are considered to be major funds of the Village.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village utilizes a fiduciary fund to segregate developer deposits.

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

Notes to the financial statements

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required supplementary information consists of more detailed data on budget to actual revenues and expenditures.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the Village's progress in meeting its obligation to provide as fully adequate as possible services to its residents.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$1,787,072 at April 30, 2017. Of the Village's net position, \$973,688 reflects its investment in capital assets (e.g., land, infrastructure, buildings, systems and equipment); less any related outstanding debt used to acquire those assets. 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.

Village of Hebron - Net Position						
	Governmental Activities		Business-Type Activities		Total	
	4/30/2017	4/30/2016	4/30/2017	4/30/2016	4/30/2017	4/30/2016
Current and Other Assets	\$ 566,111	\$ 605,959	\$ 253,211	\$ 213,702	\$ 819,322	\$ 819,661
Capital Assets, net	1,026,185	872,857	4,256,756	4,341,503	5,282,941	5,214,360
Total Assets	\$ 1,592,296	\$ 1,478,816	\$ 4,509,967	\$ 4,555,205	\$ 6,102,263	\$ 6,034,021
Current Liabilities	\$ 44,515	\$ 3,258	\$ 351,920	\$ 1,050,951	\$ 396,435	\$ 1,054,209
Noncurrent Liabilities	289,584	370,520	3,629,172	2,959,877	3,918,756	3,330,397
Total Liabilities	334,099	373,778	3,981,092	4,010,828	4,315,191	4,384,606
Net Position:						
Net Investment in Capital Assets	695,267	502,337	278,421	333,168	973,688	835,505
Restricted	108,715	88,186	2,560	1,558	111,275	89,744
Unrestricted	454,215	514,515	247,894	209,651	702,109	724,166
Total Net Position	\$ 1,258,197	\$ 1,105,038	\$ 528,875	\$ 544,377	\$ 1,787,072	\$ 1,649,415

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$702,109) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2017, the Village is able to report positive balances in all categories of net position. Key elements of net asset activity for the year are as follows:

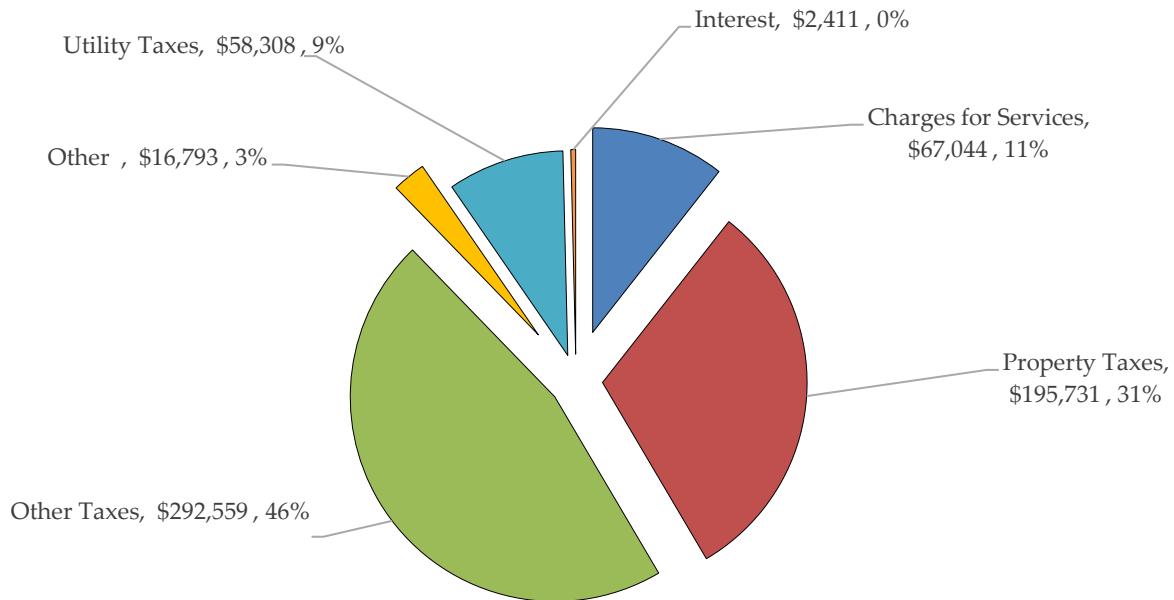
	Village of Hebron - Activities and Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2017	4/30/2016	4/30/2017	4/30/2016	4/30/2017	4/30/2016
Program Revenues						
Charges for Services	\$ 67,044	\$ 47,276	\$ 563,763	\$ 556,912	\$ 630,807	\$ 604,188
Operating Grants and Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	195,731	196,813	-	-	195,731	196,813
Other taxes	292,560	326,776	-	-	292,560	326,776
Utility Taxes	58,308	57,217	-	-	58,308	57,217
Other	16,793	901	-	-	16,793	901
Interest	2,411	601	581	649	2,992	1,250
Total Revenues	632,847	629,584	564,344	557,561	1,197,191	1,187,145
Expenses						
General Government	190,508	207,253	-	-	190,508	207,253
Public Safety	127,518	126,952	-	-	127,518	126,952
Streets and roads	131,548	85,679	-	-	131,548	85,679
Buildings	16,639	12,625	-	-	16,639	12,625
Interest on Long-Term Debt	20,215	4,075	100,208	100,208	120,423	104,283
Proprietary Activities	-	-	478,698	594,094	478,698	594,094
Total Expenses	486,428	436,584	578,906	694,302	1,065,334	1,130,886
Increase/(Decrease) in Net Position	146,419	193,000	(14,562)	(136,741)	131,857	56,259
Net Position - Beginning of Year	1,105,038	906,085	544,377	687,071	1,649,415	1,593,156
Transfers in/(out)	6,740	5,953	(6,740)	(5,953)	-	-
Contributed capital	-	-	5,800	-	5,800	-
Net Position - End of Year	\$ 1,258,197	\$ 1,105,038	\$ 528,875	\$ 544,377	\$ 1,787,072	\$ 1,649,415

VILLAGE OF HEBRON, ILLINOIS

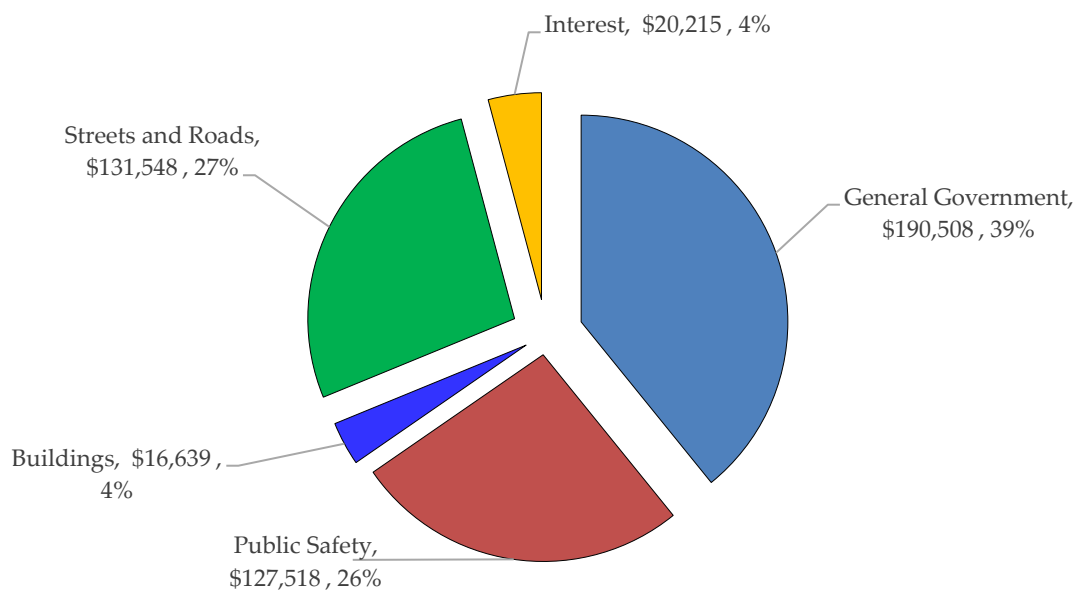
Management Discussion and Analysis - Unaudited

April 30, 2017

2017 GOVERNMENTAL REVENUES



2017 GOVERNMENTAL EXPENSES



VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

FINANCIAL ANALYSIS OF THE VILLAGE'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. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

At April 30, 2017, the Village's governmental funds reported combined ending fund balances of \$565,108. A portion of this amount (\$456,393) constitutes unassigned fund balance, which is available, to meet the Village's ongoing obligations to citizens and creditors. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been committed for specific restricted purposes.

The General Fund is the chief operating fund of the Village. At April 30, 2017, the fund balance of the General Fund was \$456,393.

General Fund Budgetary Highlights

- The General Fund estimated revenues exceeded the actual revenues by \$144,920.
- The General Fund estimated expenditures exceeded the actual expenditures by \$543,398.

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

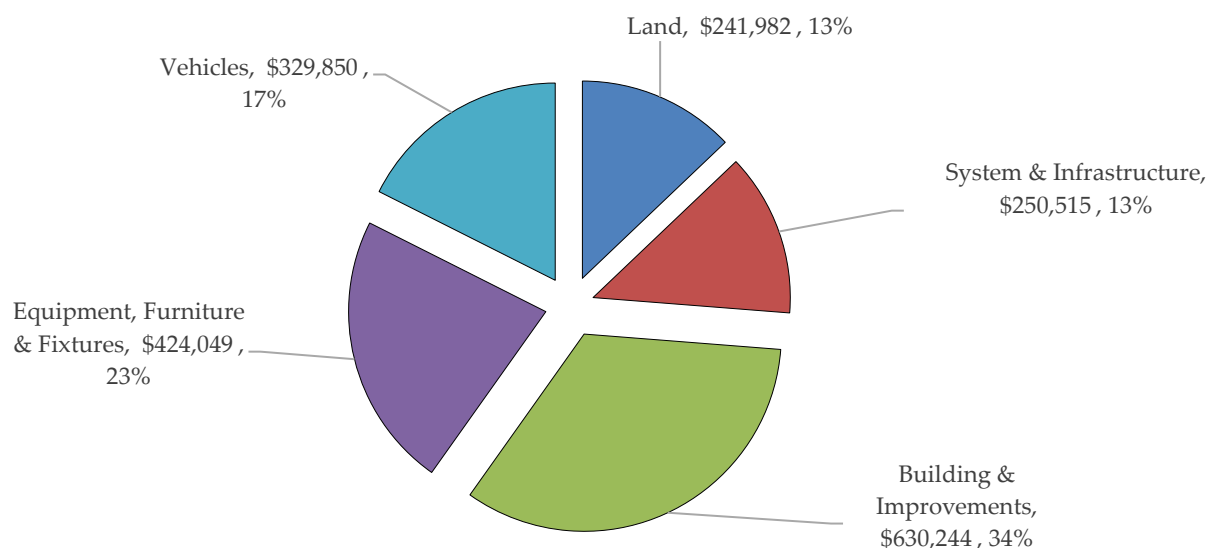
April 30, 2017

CAPITAL ASSETS

The Village's fixed assets as of April 30, 2017 amount to \$5,282,941 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, and infrastructure.

	Village of Hebron - Capital Assets					
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 241,982	\$ 241,982	\$ 75,769	\$ 75,769	\$ 317,751	\$ 317,751
System & Infrastructure	250,515	53,200	7,887,006	7,817,417	8,137,521	7,870,617
Buildings & improvements	630,244	630,244	108,128	108,128	738,372	738,372
Equipment, furniture, and fixtures	424,049	424,049	227,291	227,291	651,340	651,340
Vehicles	329,850	329,850	41,697	41,697	371,547	371,547
Total Capital Assets	1,876,640	1,679,325	8,339,891	8,270,302	10,216,531	9,949,627
Accumulated depreciation	850,455	806,468	4,083,135	3,928,799	4,933,590	4,735,267
Total Net Capital Assets	\$ 1,026,185	\$ 872,857	\$ 4,256,756	\$ 4,341,503	\$ 5,282,941	\$ 5,214,360

2017 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - (Cost)

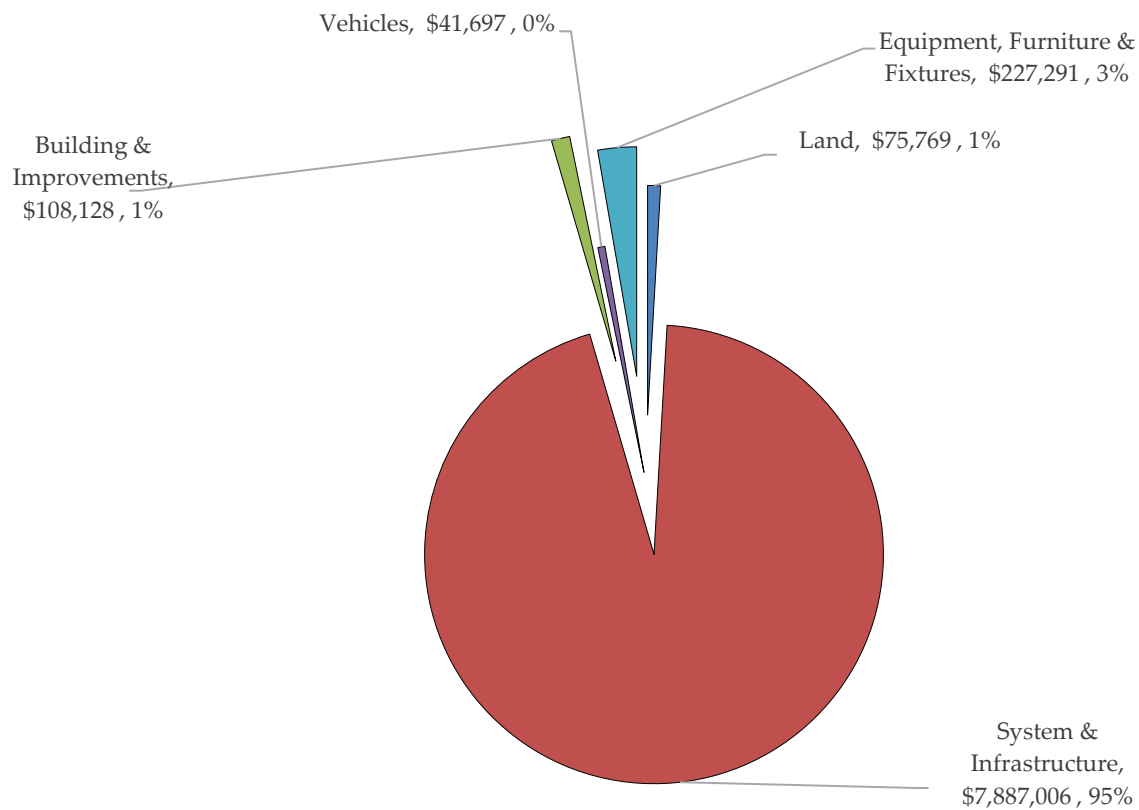


VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

2017 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - (Cost)



VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Village for 2016 is \$23,292,045. That represents an increase in EAV of \$1,456,230 over the prior year's EAV. Taxes recorded in these financial statements are distributions received from the 2015 levy. A summary of the assessed valuations and extensions for tax years 2016, 2015 and 2014 is as follows:

VILLAGE OF HEBRON, ILLINOIS Assessed Valuations, Extended Tax Rates Percentage Allocations, and Extended Tax Rates

Tax Levy Year	2016		2015		2014	
Assessed Valuations						
McHenry County	\$	23,292,045	\$	21,835,815	\$	21,058,856

Tax Rates and percentage						
Allocations by Fund						
Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.314118	40.56	0.332170	40.56	0.337687	40.08
Police Protection	0.153703	19.85	0.162536	19.85	0.168533	20.00
Audit	0.044709	5.77	0.047276	5.77	0.049020	5.82
Liability Insurance	0.148320	19.15	0.156844	19.15	0.162630	19.30
Street Lighting	0.044709	5.77	0.047276	5.77	0.049020	5.82
Social Security	0.068941	8.90	0.072904	8.90	0.075593	8.97
Totals	0.774500	100.00	0.819006	100.00	0.842483	100.00

Property Tax Extensions			
Funds	2016	2015	2014
General Fund	\$ 73,164	\$ 72,532	\$ 71,113
Police Protection	35,800	35,491	35,491
Audit	10,414	10,323	10,323
Liability Insurance	34,547	34,248	34,248
Street Lighting	10,414	10,323	10,323
Social Security	16,058	15,919	15,919
Totals	\$ 180,397	\$ 178,836	\$ 177,417

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2017

Property Tax Extensions



Description of Current or Expected Conditions

Currently, management is not aware of any other significant changes in conditions that could have a significant effect on the financial position or results of activities of the Village in the near future. However, management continues to monitor items that may impact future receipts, especially noting a potential decline in state funds as well as losses due to the tax cap.

Requests for Information

This financial report is designed to provide a general overview of the Village of Hebron's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Village of Hebron; P.O. Box 372; Hebron, Illinois 60034.

BASIC FINANCIAL STATEMENTS

VILLAGE OF HEBRON, ILLINOIS

Government-wide Statement of Net Position - Modified Cash Basis

Year Ended April 30, 2017

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and investments, at cost	\$ 566,111	\$ 253,211	\$ 819,322
Fixed Assets, net of depreciation	1,026,185	4,256,756	5,282,941
Total Assets	\$ 1,592,296	\$ 4,509,967	\$ 6,102,263
Liabilities			
Current Liabilities:			
Due to other funds	\$ 1,003	\$ -	\$ 1,003
Due within 1 year- Notes Payable	43,512	-	43,512
Due within 1 year - IEPA Loan	-	351,920	351,920
Non-Current Liabilities:			
Due in more than 1 year - Notes Payable	287,406	-	287,406
Due in more than 1 year - IEPA Loan	-	3,626,415	3,626,415
Deferred compensation	2,178	2,757	4,935
Total Liabilities	334,099	3,981,092	4,315,191
Net Position			
Net Investment in Capital Assets	695,267	278,421	973,688
Restricted - Motor Fuel Tax	107,050	-	107,050
Restricted - Debt Service	1,665	-	1,665
Restricted - Capital Development	-	2,560	2,560
Unrestricted	454,215	247,894	702,109
Total Net Position	\$ 1,258,197	\$ 528,875	\$ 1,787,072

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

VILLAGE OF HEBRON, ILLINOIS

Government-wide Statement of Activities and Changes in Net Position - Modified Cash Basis

Year Ended April 30, 2017

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities	Expenses					
General Government	\$ 190,508	\$ 45,793	\$ -	\$ (144,715)	-	\$ (144,715)
Public Safety	127,518	21,251	-	(106,267)	-	(106,267)
Streets	131,548	-	-	(131,548)	-	(131,548)
Buildings	16,639	-	-	(16,639)	-	(16,639)
Interest on Long-term debt	20,215	-	-	(20,215)	-	(20,215)
Total Governmental Activities	486,428	67,044	-	(419,384)	-	(419,384)
Business-Type Activities						
Proprietary Activities	478,698	563,763	-	-	85,065	85,065
Interest on Long-term debt	100,208	-	-	-	(100,208)	(100,208)
Total Business-Type Activities	578,906	563,763	-	-	(15,143)	(15,143)
Total Primary Government	\$ 1,065,334	\$ 630,807	\$ -	(419,384)	(15,143)	(434,527)
General Revenues:						
Property Taxes				195,731	-	195,731
Intergovernmental revenue				267,899	-	267,899
Utility taxes				58,308	-	58,308
Video gaming tax				24,661	-	24,661
Miscellaneous revenue				16,793	-	16,793
Investment Income				2,411	581	2,992
Total Revenues				565,803	581	566,384
Operating Transfers in/(out)				6,740	(6,740)	-
Contributed capital				-	5,800	5,800
Other financing sources				6,740	(940)	5,800
Changes in Net Position				153,159	(15,502)	137,657
Net Position, Beginning				1,105,038	544,377	1,649,415
Total Net Position, Ending				\$ 1,258,197	\$ 528,875	\$ 1,787,072

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

VILLAGE OF HEBRON, ILLINOIS

Governmental Funds - Balance Sheet

Year Ended April 30, 2017

Assets	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Total
Cash	\$ 410,272	\$ 154,174	\$ 1,665	\$ 566,111
Due from other funds	47,124	-	-	47,124
Total Assets	\$ 457,396	\$ 154,174	\$ 1,665	\$ 613,235
Liabilities				
Due to other funds	\$ 1,003	\$ 47,124	\$ -	\$ 48,127
Total Liabilities	1,003	47,124	-	48,127
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	107,050	1,665	108,715
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	456,393	-	-	456,393
Total Fund Balance	456,393	107,050	1,665	565,108
Total Liabilities and Fund Balance	\$ 457,396	\$ 154,174	\$ 1,665	\$ 613,235

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

VILLAGE OF HEBRON, ILLINOIS

Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended April 30, 2017

	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Total
Revenues				
Property taxes	\$ 195,731	\$ -	\$ -	\$ 195,731
Intergovernmental revenue	236,973	30,926	-	267,899
Video gaming tax	24,661	-	-	24,661
Utility taxes	58,308	-	-	58,308
Licenses, fees, and permits	43,553	-	-	43,553
Fines	21,251	-	-	21,251
Grants and donations	2,240	-	-	2,240
Interest income	1,713	687	11	2,411
Police vehicle fund	-	-	-	-
Loan proceeds	-	-	-	-
Miscellaneous revenue	16,793	-	-	16,793
Total Revenues	601,223	31,613	11	632,847
Expenditures				
Administrative	377,138	-	-	377,138
Police	120,219	-	-	120,219
Street	94,526	11,095	-	105,621
Building	16,639	-	-	16,639
Debt service--interest	20,215	-	-	20,215
Debt service--principal	39,603	-	-	39,603
Total Expenditures	668,340	11,095	-	679,435
Operating Transfers In/Out	6,740	-	-	6,740
Net Change in Fund Balance	(60,377)	20,518	11	(39,848)
Fund Balance				
Fund Balance, Beginning	516,770	86,532	1,654	604,956
Total Fund Balance, Ending	\$ 456,393	\$ 107,050	\$ 1,665	\$ 565,108

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

VILLAGE OF HEBRON, ILLINOIS

*Reconciliation of the Governmental Fund Statements to
the Government-wide Statement of Net Position and Statement of Activities
Year Ended April 30, 2017*

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total Fund Balances -Total Governmental Funds	\$	565,108
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation		1,026,185
Other employee benefit obligations accruals are not reported in funds.		(2,178)
Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position.		(330,918)
Total Net Position of Governmental Activities	\$	<u>1,258,197</u>

Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances to the Statement of Net Activities and Changes in Net Position

Excess (Deficiency) of Revenue Over Expenditures and Other Sources/Uses Governmental Funds	\$	(39,848)
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciation over their useful life. (amount shown is net of depreciation)		153,328
Governmental funds report the payment of debt as an expenditure; however the Statement of Activities records the payment as a reduction in the debt liability.		39,602
Governmental funds do not accrue for deferred compensation but the expenses are accrued for in the Statement of Activities.		77
Changes in Net Position of Governmental Funds	\$	<u>153,159</u>

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

VILLAGE OF HEBRON, ILLINOIS

Proprietary Fund - Statement of Net Position - Modified Cash Basis

Year Ended April 30, 2017

Assets	Water & Sewer Fund	Water & Sewer Capital Development	Total
Cash	\$ 250,651	\$ 2,560	\$ 253,211
Property and equipment, net of accumulated depreciation	4,256,756	-	4,256,756
Total Assets	\$ 4,507,407	\$ 2,560	\$ 4,509,967
Liabilities			
Notes payable - current portion	\$ 351,920	\$ -	\$ 351,920
Deferred compensation - noncurrent	2,757	-	2,757
Notes payable - long-term	3,626,415	-	3,626,415
Total Liabilities	3,981,092	-	3,981,092
Net Position			
Net Investment in Capital Assets	278,421	-	278,421
Restricted	247,894	-	247,894
Unrestricted	-	2,560	2,560
Total Net Position	526,315	2,560	528,875
Total Liabilities and Net Position	\$ 4,507,407	\$ 2,560	\$ 4,509,967

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

VILLAGE OF HEBRON, ILLINOIS

Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis

Year Ended April 30, 2017

	Water & Sewer Fund	Water & Sewer Capital Development Fund	Totals
Operating Revenue			
Sewer charges	\$ 141,465	\$ -	\$ 141,465
Water charges	422,298	-	422,298
Total Operating Revenue	563,763	-	563,763
Operating Expenses			
Water department expenses	143,309	-	143,309
Sewer department expenses	181,053	-	181,053
Total Operating Expenses	324,362	-	324,362
Operating Income Before Depreciation	239,401	-	239,401
Less: Depreciation/Amortization	154,336	-	154,336
Operating Income/(Loss)	85,065	-	85,065
Non-Operating Revenue/(Expense)			
Interest expense	(100,208)	-	(100,208)
Interest income	579	2	581
Total Non-Operating Income/(Loss)	(99,629)	2	(99,627)
Change in Net Position	(14,564)	2	(14,562)
Net Position			
Net Position, Beginning	542,819	1,558	544,377
Transfers in/(out)	(7,740)	1,000	(6,740)
Capitalized connection fees	5,800	-	5,800
Total Net Position, Ending	\$ 526,315	\$ 2,560	\$ 528,875

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

VILLAGE OF HEBRON, ILLINOIS

Proprietary Fund - Statement of Cashflows - Modified Cash Basis

Year Ended April 30, 2017

	Water & Sewer Fund	Water & Sewer Capital Development Fund	Totals
Cashflows from Operating Activities			
Cash received from customers and users	\$ 563,763	\$ -	\$ 563,763
Operating transfers in/(out)	(7,740)	1,000	(6,740)
Cash paid to suppliers	(184,580)	-	(184,580)
Cash paid for employees	(139,519)	-	(139,519)
Net Cashflows Provided by Operating Activities	231,924	1,000	232,924
Cashflows from Investing Activities			
Purchase of capital assets	(69,589)	-	(69,589)
Interest income	579	2	581
Net Cashflows Provided by Investing Activities	(69,010)	2	(69,008)
Cashflows from Capital and Financing Activities			
Contributed capital	5,800	-	5,800
Bond/note principal payments, net	(30,000)	-	(30,000)
Bond/note interest payments, net	(100,208)	-	(100,208)
Net Cashflows Provided by Capital and Financing Activities	(124,408)	-	(124,408)
Net Increase/(Decrease) in Cash	38,506	1,002	39,508
Cash at Beginning of Year	212,145	1,558	213,703
Cash at End of Year	\$ 250,651	\$ 2,560	\$ 253,211
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss) for the year	85,065	-	85,065
Operating transfers in/(out)	(7,740)	1,000	(6,740)
Depreciation/amortization	154,336	-	154,336
Increase (decrease) in payroll withholdings	263	-	263
Net Cash Provided by Operating Activities	\$ 231,924	\$ 1,000	\$ 232,924

Cash payments for interest made during the year were \$100,208.

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

VILLAGE OF HEBRON, ILLINOIS

Fiduciary Fund - Statement of Net Position - Modified Cash Basis

Year Ended April 30, 2017

	Agency Fund
Assets	
Cash	\$ 4,842
Due from general fund	1,003
Total Assets	\$ 5,845
Liabilities	
Due for distribution	5,845
Total Liabilities	\$ 5,845

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

NOTES TO THE BASIC
FINANCIAL STATEMENTS

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Hebron (Village) was organized under the provisions of Chapter 70 of the Illinois Compiled Statutes. The Village operates under the direction of an elected Board.

The Village's financial statements are prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Village follows all Governmental Accounting Standards Board (GASB) pronouncements and pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements; to the extent they are applicable to the modified cash basis of accounting. The more significant accounting policies used by the Village are discussed below.

REPORTING ENTITY

The accompanying financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Village. Using these criteria, the Village has no component units. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

BASIC FINANCIAL STATEMENTS — GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental activities or business type. The Village's general government, public safety, streets and roads, and debt service activities are classified as governmental activities. The Village's water, sewer, and water and sewer capital development are classified as business-type activities.

In the government-wide Statement of Net Position — Modified Cash Basis, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a modified

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

cash, and economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position are reported in three parts invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities — Modified Cash Basis reports both the gross and net cost of each of the Village's functions (general government and public safety). The functions are also supported by general government revenues (property taxes, personal property replacement taxes, foreign fire insurance taxes, unrestricted investment earnings, etc.). The Statement of Activities — Modified Cash Basis reduces gross expenses (including depreciation) by related program revenues, operating and capital grants (where applicable). Program revenues must be directly associated with the function (general government, public safety, etc.). Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privilege provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, personal property replacement taxes, foreign fire insurance taxes, unrestricted investment earnings, etc.).

The Village does not allocate indirect costs.

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.

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 comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Village reports these major governmental funds and fund types:

GENERAL FUND —The 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.

SPECIAL REVENUE FUNDS —The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUND —The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal, interest and related fees on general long-term debt.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements

PROPRIETARY FUNDS

THE WATER AND SEWER O&M FUND —The Water and Sewer O&M Fund is used to account for the treatment of sewerage of the residents. User charges to customers account for substantially all of the revenue of this fund.

The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

FIDUCIARY FUND TYPES

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using the modified cash basis of accounting.

The Village's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (developers) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

MODIFIED CASH

The Government-wide Statement of Net Position — Modified Cash Basis and Statement of Activities — Modified Cash Basis and the Governmental Funds financial statements, are presented using the modified cash basis of accounting.

This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions, with a provision for depreciation in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Village utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Separate bank accounts are not maintained for all of the Village's funds. Instead, the funds maintain their un-invested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank accounts will incur overdrafts (deficits) in the accounts. Such overdrafts in effect constitute cash borrowed from

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

other Village funds and are, therefore, inter-fund loans that have not been authorized by Village Board action.

The Village has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at the lower of cost or market. Gains or losses on the sale of investments are recognized upon realization.

INVENTORIES

It is the Village's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the value of resale or supply items on hand.

INTERFUND ACTIVITY

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund 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. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental 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 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market 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. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Land Improvements	15 years
Buildings	40 years
Furniture and Equipment	5-7 years
Computer Equipment	3 years
Vehicles	5-7 years

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 34 requires the Village to report and depreciate new infrastructure assets acquired on or after May 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Village is not required to retroactively report infrastructure.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position — Modified Cash Basis. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

GOVERNMENT-WIDE NET POSITION

Government-wide net position are divided into three components:

1. Net investment in capital assets, net of related debt — consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position — consist of net position that are restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted — all other net position are reported in this category.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND BALANCES

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

NONSPENDABLE - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Village has not classified any items as being Nonspendable.

RESTRICTED - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

COMMITTED - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Village Board. These amounts cannot be used for any other purpose unless the Village Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Village did not have any committed resources as of April 30, 2017.

ASSIGNED - This classification includes amounts that are constrained by the Village's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Village Board or through the Village Board delegating this responsibility to the Village President through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

UNASSIGNED - This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding which represents the portion of the General Fund balance that has been established by the board to be used for debt service or in emergency situations.

PROPERTY TAX CALENDAR

The Village's property tax is levied on January 1 of each year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates. The 2016 levy was passed by the board on December 19, 2016.

NOTE 2 - DEPOSITS AND INVESTMENTS

At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$819,322, and the bank balances totaled \$866,803. The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6. All accounts are covered by FDIC insurance.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2017 was as follows:

Capital Assets	Balance May 1, 2016	Increases	Decreases	Balance April 30, 2017
General Fund:				
Land	\$ 241,982	\$ -	\$ -	\$ 241,982
Infrastructure	53,200	197,315	-	250,515
Buildings & improvements	630,244	-	-	630,244
Equipment, furniture and fixtures	424,049	-	-	424,049
Vehicles	329,850	-	-	329,850
Water & Sewer Fund:				
Land	75,769	-	-	75,769
Infrastructure	7,817,417	69,589	-	7,887,006
Buildings & improvements	108,128	-	-	108,128
Equipment, furniture and fixtures	227,291	-	-	227,291
Vehicles	41,697	-	-	41,697
Total Capital Assets	9,949,627	266,904	-	10,216,531
Less: Accumulated Depreciation	4,735,267	198,323	-	4,933,590
Capital Assets (Net)	\$ 5,214,360	\$ 68,581	\$ -	\$ 5,282,941

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 10,762
Public safety	7,298
Street and roads	25,927

Business-Type Activities

Water and sewer	154,336
Total Depreciation	\$198,323

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT FUND

IMRF PLAN DESCRIPTION

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

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

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

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

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

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.

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2016 the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	5
Inactive Plan Members entitled to but not yet receiving benefits	5
Active Plan Members	4
Total	<u>14</u>

CONTRIBUTIONS

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 12.29%. For the fiscal year ended April 30, 2017, the Village contributed \$16,711 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY

The Village's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 - ILLINOIS MUNICIPAL RETIREMENT FUND (CONTINUED)

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the Total Pension Liability

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study for the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projections scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes	There were no benefit changes during the year.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2016 Illinois Municipal Retirement Fund annual actuarial valuation report.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2016

Actuarial Valuation Date	12/31/2016
Measurement Date of the Net Pension Liability	12/31/2016
Fiscal Year End	4/30/2017

Membership

Number of	
- Retirees and Beneficiaries	5
- Inactive, Non-Retired Members	5
- Active Members	4
- Total	14
Covered Valuation Payroll (1)	\$ 140,937

Net Pension Liability

Total Pension Liability/(Asset)	\$ 945,148
Plan Fiduciary Net Position	839,048
Net Pension Liability/(Asset)	\$ 106,100
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.77%
Net Pension Liability as a Percentage of Covered Valuation Payroll	75.28%

Development of the Single Discount Rate as of December 31, 2016

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate (2)	3.78%
Last year ending December 31 in the 2017 to 2116 projection for which projected benefit payments are fully funded	2116
Resulting Single Discount Rate based on the above	7.50%
Single Discount Rate calculated using December 31, 2015 Measurement Date	7.48%

Total Pension Expense/(Income)	\$ 25,742
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Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,326	\$ 815
Changes in assumptions	190	1,017
Net difference between projected and actual earnings on pension plan investments	37,448	-
Total	\$ 38,964	\$ 1,832

(1) Does not necessarily represent Covered Employee Payroll as defined in GASB Statement Nos. 67-68

(2)Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality. In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Services's Aa2 rating and Standard & Poor's Corp.'s AA. The rate shown is as of December 29, 2016, the most recent date available on or before the measurement date.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

SINGLE DISCOUNT RATE

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period

Calendar Year Ended December 31, 2016

A. Total pension liability

1. Service Cost	\$	12,593
2. Interest on the Total Pension Liability		67,360
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		(1,259)
5. Changes of assumptions		(1,572)
6. Benefit payments, including refunds of employee contributions		(52,432)
7. Net change in total pension liability		24,690
8. Total pension liability – beginning		920,458
9. Total pension liability – ending	\$	945,148

B. Plan fiduciary net position

1. Contributions – employer	\$	17,321
2. Contributions – employee		6,342
3. Net investment income		55,571
4. Benefit payments, including refunds of employee contributions		(52,432)
5. Other (Net Transfer)		1,557
6. Net change in plan fiduciary net position		28,359
7. Plan fiduciary net position – beginning		810,689
8. Plan fiduciary net position – ending	\$	839,048

C. Net pension liability/(asset)

\$ 106,100

D. Plan fiduciary net position as a percentage

of the total pension liability 88.77%

E. Covered Valuation payroll

\$ 140,937

F. Net pension liability as a percentage

of covered valuation payroll 75.28%

Sensitivity of Net Pension Liability/(Asset) to the Single discount rate Assumption

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.48%	1% Increase 8.48%
Total Pension Liability	\$ 1,029,277	\$ 945,148	\$ 881,248
Plan Fiduciary Net Position	839,048	839,048	839,048
Net Pension Liability/(Asset)	\$ 190,229	\$ 106,100	\$ 42,200

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

For the year ended April 30, 2017, the Village recognized pension expense of \$16,711. At April 30, 2017, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 1,326	\$ 815
Changes of assumptions	190	1,017
Net difference between projected and actual earnings on pension plan investments	<u>37,448</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 38,964</u>	<u>\$ 1,832</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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 12,719
2018	11,369
2019	12,202
2020	842
2021	-
Thereafter	-
Total	<u>\$ 37,132</u>

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the

2016 Contribution Rate *

Valuation Date: December 31, 2016

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method

Aggregate Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

Non-Taxing bodies: 10-year rolling period.

Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period).

Early Retirement Incentive Plan liabilities:

a period up to 10 years selected by the employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).

Asset Valuation Method

5-Year smoothed market; 20% corridor

Wage growth

3.50%

Price Inflation

2.75% - approximate; No explicit price inflation assumptions is used in this valuation.

Salary Increases

Investment Rate of Return

3.75% to 14.50% including inflation

Retirement Age

7.50%

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Mortality

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

Other Information:

Notes

There were no benefit changes during the year

*Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 5 - INTERFUND BALANCES

The interfund loans were made to cover the operating expenses in the General Fund.

Interfund loan balances at April 30, 2017 consisted of the following:

Due to	Due from	Amount
General	MFT	\$ 47,124
Agency	General	\$ 1,003

NOTE 6 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended April 30, 2017 was as follows:

	Balance May 1, 2016	Additions	Retirements	Balance April 30, 2017	Amounts Due Within One Year
Governmental Activities: Long-Term Debt					
Village Hall Loan	\$ 159,787	\$ -	\$ 16,000	\$ 143,787	\$ 18,000
Equipment Capital Lease	106,048	-	18,447	87,601	20,120
House Purchase Loan	104,685	-	5,155	99,530	5,392
Total Long-Term Debt	370,520	-	39,602	330,918	43,512
Other Long Term Liabilities					
Compensated Absences	1,986	2,178	1,986	2,178	-
Total Governmental Long Term Obligations	\$ 372,506	\$ 2,178	\$ 41,588	\$ 333,096	\$ 43,512
Business-Type Activities: Long-Term Debt					
2007 IEPA Loan	\$ 4,008,335	\$ -	\$ 30,000	\$ 3,978,335	\$ 351,920
Total Long-Term Debt	4,008,335	-	30,000	3,978,335	351,920
Other Long Term Liabilities					
Compensated Absences	2,493	2,757	2,493	2,757	-
Total Business-Type Long Term Obligations	\$ 4,010,828	\$ 2,757	\$ 32,493	\$ 3,981,092	\$ 351,920

Long-term liabilities at April 30, 2016	Maturity Dates	Interest Rates	Face Amount	Carrying Amounts
Governmental Activities:				
Village Hall Loan	7/15/2024	4.250%	\$ 325,000	\$ 143,787
Equipment Capital Lease	1/1/2021	3.950%	\$ 108,970	\$ 87,601
House Purchase Loan	11/10/2020	4.500%	\$ 112,000	\$ 99,530
Business-Type Activities:				
2007 IEPA Loan	9/27/2026	2.500%	\$ 4,922,423	\$ 3,978,335

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 6 - LONG-TERM LIABILITY ACTIVITY (CONCLUDED)

At April 30, 2017, the annual debt service requirements to service long-term debt:

Year Ending April 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	43,512	16,903	60,415	\$ 351,920	95,474	447,394
2019	46,584	14,044	60,628	262,637	89,029	351,666
2020	49,832	10,969	60,801	269,244	82,422	351,666
2021	124,203	6,231	130,434	276,016	75,649	351,665
2022	21,000	2,359	23,359	282,960	68,705	351,665
2023	22,000	1,445	23,445	290,078	61,587	351,665
2024	23,787	488	24,275	297,375	54,290	351,665
2025				304,856	46,809	351,665
2026				312,525	39,140	351,665
2027				1,330,724	16,634	1,347,358
	<u>\$ 330,918</u>	<u>\$ 52,439</u>	<u>\$ 383,357</u>	<u>\$ 3,978,335</u>	<u>\$ 629,739</u>	<u>\$ 4,608,074</u>

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the fiscal year ended April 30, 2017 no funds had expenditures that exceeded the appropriations.

NOTE 8 - 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; injuries to employees; and natural disasters. The Village purchases commercial insurance to handle these risks of loss. During fiscal year 2016 there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Village is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended April 30, 2017, there were no significant adjustments in premiums based on actual experience.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2017

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date on which the financial statements were available to be issued.

NOTE 10 - CONTINGENCIES

The Village received a loan amendment for the IEPA obligation on April 8, 2016. During the course of the year the Village paid \$100,208 toward the accrued interest and \$30,000 toward the principal on the obligation. The total of scheduled payments for the year ending April 30, 2017 was \$100,208 in interest and \$125,729 in principal. The Village is not aware of any other pending litigation or potential non-disclosed liabilities that management believes would have a material adverse effect on the financial statements.

OTHER INFORMATION

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Revenues - Budget and Actual

Year Ended April 30, 2017

Revenues	Budgeted	Modified
	Cash Basis	
Property tax	\$ 131,000	\$ 132,661
State sales tax	54,000	61,100
State income tax	80,000	115,779
Replacement tax	4,500	6,300
Utility tax	62,000	58,308
State use tax	35,000	29,710
Video gaming tax	21,800	24,661
Liquor licenses	4,800	6,275
Park permit fees	600	250
Other permits	-	1,125
Telecommunications	20,000	24,084
Franchise fee - cable	900	-
Interest income	1,500	1,713
Miscellaneous income	5,100	11,832
Miscellaneous services	10,750	2,304
Building permits	10,000	35,903
Police protection levy	35,500	35,395
Court fines	40,000	21,251
DUI equipment fines	260	-
Police vehicle fund	1,640	-
Electronic citation	240	-
Warrants	70	-
Towing/Impound fees	1,500	-
Interest income	3	-
Miscellaneous income	400	2,657
Grants	36,000	2,240
Road & Bridge Township levy	20,500	17,380
Street lighting levy	7,500	10,295
Miscellaneous income	3,220	-
Miscellaneous services	150	-
Transfers in	163,950	6,740
Total Revenues	\$ 752,883	\$ 607,963

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2017

Administrative Department	Budget		Modified
	Original	Final	Cash Basis
Salaries and Benefits			
Salary and wages	\$ 98,800	\$ 98,800	\$ 48,887
Extra meetings	1,440	1,440	-
FICA - village share	5,520	5,520	3,031
Medicare - village share	1,320	1,320	709
Unemployment insurance	1,200	1,200	2,052
Retirement fund	10,440	10,440	2,999
Training	240	240	-
Uniform allowance	144	144	-
Payroll expense	2,000	2,000	565
Total Salaries and Benefits	121,104	121,104	58,243
Administrative Expenses			
Maintenance - building	2,400	2,400	1,533
Maintenance - equipment	1,440	1,440	-
Maintenance - vehicles	5,000	5,000	-
Other maintenance	1,000	1,000	192,155
Contract services	11,500	11,500	4,913
Other services	2,400	2,400	507
Supplies & maintenance	460	460	336
Audit	16,800	16,800	4,233
Engineering services	5,000	5,000	13,495
Legal services	40,000	40,000	37,946
Improvements	2,000	2,000	-
Postage	1,200	1,200	1,124
Telephone	2,500	2,500	3,754
Utilities	20,000	20,000	685
Printing	1,500	1,500	1,403
Dues, memberships	1,200	1,200	1,352
Travel expense	300	300	-
Publications	1,500	1,500	315
Licenses	1,500	1,500	30
Garbage disposal	980	980	287
Service charges	120	120	-
Insurance	98,400	98,400	50,404
Insurance administrative - bond	210	210	-
ESDA	1,200	1,200	-
Rentals	600	600	348
Office supplies	3,600	3,600	-
Computer software	700	700	1,286

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2017

Administrative Department Administrative Expenses (Continued)	Budget		Modified Cash Basis
	Original	Final	
Operating supplies	\$ 100	\$ 100	\$ -
Office furniture	1,000	1,000	1,212
Computer hardware	1,800	1,800	-
Fuel	1,000	1,000	-
Principal payment	6,000	6,000	25,767
Interest payment	5,000	5,000	13,831
Village hall payments	4,000	4,000	-
Contract payments	3,000	3,000	-
Capital improvements	6,000	6,000	-
Miscellaneous expense	1,000	1,000	374
Misc. expense - recodification	1,000	1,000	-
Community projects	300	300	-
Contingency	2,000	2,000	-
Parks	3,000	3,000	1,203
Transfer to other funds	196,740	196,740	-
Total Administrative Expenses	455,450	455,450	358,493
Total Administrative Department	576,554	576,554	416,736
Police Department			
Salaries and Benefits			
Salary and wages	130,000	130,000	79,780
Health insurance	8,000	8,000	-
FICA - village share	8,000	8,000	4,946
Medicare - village share	4,000	4,000	1,157
Unemployment insurance	4,000	4,000	3,091
IMRF	5,000	5,000	-
Training	500	500	62
Uniform allowance	900	900	782
Physicals	300	300	-
Payroll expense	500	500	-
Total Salaries and Benefits	161,200	161,200	89,818
Administrative Expenses			
Maintenance - building	144	144	-
Maintenance - equipment	1,440	1,440	777
Maintenance - vehicles	4,200	4,200	-
Maintenance - other	1,000	1,000	-
Contract services	14,400	14,400	11,124

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2017

Administrative Department Administrative Expenses (Continued)	Budget		Modified Cash Basis
	Original	Final	
Other services	\$ 1,000	\$ 1,000	\$ 438
Supplies & maintenance	300	300	61
Legal services	14,352	14,352	10,259
Improvements	1,000	1,000	-
Postage	120	120	101
Telephone	4,200	4,200	2,520
Printing	500	500	66
Dues	2,400	2,400	60
Garbage disposal	250	250	-
Rentals	48	48	-
Office supplies	120	120	260
Operating supplies	500	500	-
Computer software	500	500	235
Office furniture	500	500	-
Computer hardware	500	500	-
Fuel	20,000	20,000	4,319
DUI equipment supplies	600	600	-
Forfeiture fund equipment and supplies	2,000	2,000	-
Village hall payments	7,200	7,200	-
Principal payments	8,400	8,400	9,224
Contract payments	8,200	8,200	-
Interest expense	1,500	1,500	4,256
Equipment - new	600	600	150
Vehicle - new	35,000	35,000	-
Capital improvements	6,000	6,000	-
Miscellaneous expense	600	600	31
Miscellaneous expense - recodification	1,500	1,500	-
Community projects	600	600	-
Contingency	5,000	5,000	-
Total Administrative Expenses	144,674	144,674	43,881
Total Police Department	305,874	305,874	133,699
Street Department			
Salaries and Benefits			
Salary and wages	70,000	70,000	21,319
Health insurance	6,000	6,000	-
FICA - village share	5,000	5,000	1,322
Medicare - village share	2,500	2,500	309
Unemployment insurance	3,000	3,000	447

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2017

Administrative Department Salaries and Benefits (Continued)	Budget		Modified Cash Basis
	Original	Final	
IMRF	\$ 7,000	\$ 7,000	\$ 2,494
Overtime	3,000	3,000	-
Training	600	600	-
Uniform allowance	720	720	-
Physicals	200	200	-
Payroll expense	2,000	2,000	-
Total Salaries and Benefits	100,020	100,020	25,891
Administrative Expenses			
Maintenance - buildings	1,800	1,800	1,871
Maintenance - equipment	3,600	3,600	1,466
Maintenance - vehicles	8,640	8,640	3,387
Street maintenance	1,600	1,600	-
Other maintenance	180	180	3,997
Contract services	1,000	1,000	22
Other services	4,800	4,800	7,039
Supplies & maintenance	1,200	1,200	1,188
Snow removal	1,000	1,000	-
Engineering services	1,000	1,000	-
Legal services	10,000	10,000	-
Improvements	1,000	1,000	-
Postage	60	60	63
Telephone	1,200	1,200	686
Utilities	1,440	1,440	792
Street lighting	39,780	39,780	35,856
Rentals	600	600	-
Office supplies	180	180	22
Operating supplies	1,000	1,000	1,339
Computer software	500	500	21
Office furniture	500	500	-
Computer hardware	180	180	-
Fuel	15,000	15,000	7,102
Road materials	1,800	1,800	-
Tree Trimming	5,000	5,000	3,701
Principal payments	14,000	14,000	4,612
Interest expense	1,500	1,500	2,128
Equipment - new	12,000	12,000	-
Vehicle - new	46,000	46,000	-
Capital improvements	6,000	6,000	-

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2017

	Budget		Modified Cash Basis
	Original	Final	
Administrative Department			
Street Department			
Administrative Expenses (Concluded)			
Miscellaneous expense	\$ 100	\$ 100	\$ 83
Miscellaneous expense - recodification	1,008	1,008	-
Contingency	5,000	5,000	-
Total Administrative Expenses	188,668	188,668	75,375
Total Street Department	288,688	288,688	101,266
Building Department			
Salaries and Benefits			
Salary and wages	27,400	27,400	13,475
Overtime	500	500	-
FICA - village share	1,080	1,080	835
Medicare - village share	300	300	195
Unemployment insurance	150	150	1,032
IMRF	200	200	-
Uniform allowance	120	120	-
Total Salaries and Benefits	29,750	29,750	15,537
Administrative Expenses			
Maintenance - buildings	360	360	-
Contract Services	1,000	1,000	-
Supplies & maintenance	240	240	61
Postage	180	180	61
Telephone	1,800	1,800	925
Printing	120	120	33
Dues	120	120	-
Publications	120	120	-
Insurance administrative - bond	120	120	-
Office supplies	420	420	22
Computer hardware	144	144	-
Equipment - new	120	120	-
Miscellaneous expense	120	120	-
Miscellaneous expense - recodification	1,008	1,008	-
Contingency	5,000	5,000	-
Total Administrative Expenses	10,872	10,872	1,102
Total Building Department	40,622	40,622	16,639
Total General Fund	\$ 1,211,738	\$ 1,211,738	\$ 668,340

VILLAGE OF HEBRON, ILLINOIS

Proprietary Fund - Schedule of Expenses - Budget and Actual - Modified Cash Basis

Year Ended April 30, 2017

	Appropriations		Modified Cash Basis
	Original	Final	
Water - supply & distribution	\$ 138,000	\$ 138,000	\$ 141,465
Sewer - collection & treatment	418,000	418,000	422,298
Interest income	500	500	579
Grants	345,000	345,000	-
Total Revenues	901,500	901,500	564,342
Sewer Department			
Salaries and Benefits			
Salary and wages	80,000	80,000	56,113
FICA - village share	3,168	3,168	3,457
Medicare - village share	744	744	809
Unemployment insurance	720	720	1,603
IMRF	5,840	5,840	4,589
Overtime	500	500	-
Training	1,134	1,134	-
Uniform allowance	500	500	125
Total Salaries and Benefits	92,606	92,606	66,696
Administration Expenses			
Maintenance - buildings	1,200	1,200	459
Maintenance - vehicles	2,400	2,400	-
Maintenance - equipment	20,000	20,000	13,747
Sewer maintenance	40,000	40,000	11,149
Other maintenance	2,600	2,600	-
Insurance	20,000	20,000	25,202
Contract services	2,400	2,400	750
Other services	650	650	237
Supplies & Maintenance	650	650	67
Audit	4,500	4,500	4,233
Engineering services	4,500	4,500	-
Legal services	10,000	10,000	-
Improvements	13,000	13,000	4,364
Postage	700	700	156
Telephone	6,355	6,355	2,556
Utilities	72,900	72,900	36,767

VILLAGE OF HEBRON, ILLINOIS

Proprietary Fund - Schedule of Expenses - Budget and Actual - Modified Cash Basis

Year Ended April 30, 2017

	Appropriations		Modified
	Original	Final	Cash Basis
Sewer Department			
Administration Expenses (Continued)			
Printing	\$ 240	\$ 240	\$ 33
Dues	3,210	3,210	2,500
Travel expense	1,200	1,200	-
Lab testing	8,000	8,000	2,087
Chemicals	16,050	16,050	9,077
Rentals	200	200	-
Meters	102,000	102,000	-
Office supplies	770	770	151
Operating supplies	1,284	1,284	81
Computer software	3,600	3,600	21
Office furniture	500	500	-
Computer hardware	1,680	1,680	-
Fuel	600	600	-
Village hall payments	8,000	8,000	-
Loan interest	175,000	175,000	100,208
Equipment - new	16,000	16,000	-
Depreciation expense	40,920	40,920	154,336
Miscellaneous expense	1,000	1,000	720
Miscellaneous expense - recodification	1,500	1,500	-
Contingency	5,000	5,000	-
Total Administration Expenses	588,609	588,609	368,901
Total Sewer Department	681,215	681,215	435,597
Water Department Expenses			
Salaries and Benefits			
Salary and wages	80,000	80,000	59,883
Health insurance	1,500	1,500	-
FICA - village share	4,000	4,000	3,710
Medicare - village share	1,500	1,500	868
Unemployment insurance	1,200	1,200	1,583
IMRF	6,240	6,240	6,629
Overtime	500	500	-
Training	600	600	150

VILLAGE OF HEBRON, ILLINOIS

Proprietary Fund - Schedule of Expenses - Budget and Actual - Modified Cash Basis

Year Ended April 30, 2017

	Appropriations		Modified
	Original	Final	Cash Basis
Water Department Expenses			
Salaries and Benefits(Continued)			
Uniform allowance	\$ 180	\$ 180	\$ -
Payroll expense	400	400	-
Total Salaries and Benefits	96,120	96,120	72,823
Administration Expenses			
Maintenance - buildings	4,000	4,000	212
Maintenance - vehicles	360	360	490
Maintenance - equipment	2,000	2,000	131
Water maintenance	9,600	9,600	12,174
Other maintenance	1,000	1,000	-
Contract services	30,000	30,000	750
Other services	360	360	303
Supplies & Maintenance	300	300	61
Audit	-	-	4,233
Tower Maintenance	30,000	30,000	-
Engineering services	3,000	3,000	-
Legal services	3,000	3,000	-
Improvements	1,000	1,000	-
Postage	2,500	2,500	1,008
Telephone	4,200	4,200	1,926
Utilities	10,200	10,200	14,045
Printing	1,000	1,000	33
Dues	420	420	398
Travel	500	500	-
Insurance	20,000	20,000	25,202
Lab testing	5,000	5,000	4,410
Water testing	2,160	2,160	2,059
Chemicals	6,000	6,000	2,019
Rentals	30	30	-
Meters	102,000	102,000	-
Office supplies	1,800	1,800	211
Operating supplies	600	600	-
Computer software	3,600	3,600	21
Office furniture	500	500	-
Computer hardware	1,320	1,320	-

VILLAGE OF HEBRON, ILLINOIS

Proprietary Fund - Schedule of Expenses - Budget and Actual - Modified Cash Basis

Year Ended April 30, 2017

	Appropriations		Modified Cash Basis
	Original	Final	
Water Department Expenses			
Administration Expenses (Concluded)			
Fuel	\$ 3,800	\$ 3,800	\$ -
Loan interest	100,208	100,208	-
Village hall payments	7,200	7,200	-
Equipment - new	2,040	2,040	-
Capital improvements	150,000	150,000	-
Miscellaneous expense	480	480	800
Miscellaneous expense - recodification	1,500	1,500	-
Contingency	2,000	2,000	-
Total Administration Expenses	<u>513,678</u>	<u>513,678</u>	<u>70,486</u>
Total Water Department Expenses	<u>609,798</u>	<u>609,798</u>	<u>143,309</u>
Operating Transfers out/(in)	<u>-</u>	<u>-</u>	<u>7,740</u>
Total Water and Sewer Expenses	<u><u>\$ 1,291,013</u></u>	<u><u>\$ 1,291,013</u></u>	<u><u>\$ 586,646</u></u>

VILLAGE OF HEBRON, ILLINOIS

Motor Fuel Tax Fund - Schedule of Revenues and Expenditures - Budget and Actual

Year Ended April 30, 2017

	Budget		Modified Cash Basis
	Original	Final	
Revenues			
Allotments	\$ 30,000	\$ 30,000	\$ 30,926
Interest income	-	-	687
Total Revenue	<u>30,000</u>	<u>30,000</u>	<u>31,613</u>
Expenditures			
Street maintenance	30,000	30,000	3,265
Road material	4,000	4,000	564
Snow removal and salt	30,000	30,000	7,266
Total Expenditures	<u>64,000</u>	<u>64,000</u>	<u>11,095</u>
 Net Change in Fund Balance	 <u><u>\$ (34,000)</u></u>	 <u><u>\$ (34,000)</u></u>	 <u><u>\$ 20,518</u></u>

VILLAGE OF HEBRON, ILLINOIS
Multi-year Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Calendar Years
(Schedule to be built prospectively from 2015)

Calendar Year Ending	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 12,593	\$ 10,398								
Interest on the Total Pension Liability	67,360	64,842								
Benefit Changes	-	-								
Difference between Expected and Actual Experience	(1,259)	5,290								
Assumption Changes	(1,572)	758								
Benefit Payments and Refunds	(52,432)	(42,701)								
Net Change in Total Pension Liability	24,690	38,587								
Total Pension Liability - Beginning	920,458	881,871								
Total Pension Liability - Ending (a)	\$ 945,148	\$ 920,458								
Plan Fiduciary Net Position										
Employer Contributions	17,321	13,843								
Employee Contributions	6,342	5,252								
Pension Plan Net Investment Income	55,571	4,017								
Benefit Payments and Refunds	(52,432)	(42,701)								
Other	1,557	15,165								
Net Change in Plan Fiduciary Net Position	28,359	(4,424)								
Plan Fiduciary Net Position - Beginning	810,689	815,113								
Plan Fiduciary Net Position - Ending (b)	\$ 839,048	\$ 810,689								
Net Pension Liability/(Asset) - Ending (a) - (b)	106,100	109,769								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.77%	88.07%								
Covered Valuation Payroll	\$ 140,937	\$ 116,720								
Net Pension Liability as a Percentage of Covered Valuation Payroll	75.28%	94.04%								

VILLAGE OF HEBRON, ILLINOIS
Multi-year Schedule of Contributions
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 13,843	\$ 13,843	\$ -	\$ 116,720	11.86%
2016	\$ 17,321 *	\$ 17,524	\$ (203)	\$ 140,937	12.43%

* Estimated based on a contribution rate of 12.29% and covered valuation payroll of \$140,937.

NOTES TO OTHER
INFORMATION

VILLAGE OF HEBRON, ILLINOIS

Notes to Other Information

Year ended April 30, 2017

The accounting policies of the Village include the preparation of financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The Village also prepares its budget on the modified cash basis of accounting.

Under the modified cash basis of accounting, revenues are recorded when received in cash and expenditures are recorded when the cash is disbursed. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The Village procedures in establishing the budgetary data reflected in the General Fund Financial Statements is presented below:

- Prior to July 15th the Village Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on preceding May 1st. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at a public meeting to obtain taxpayers comments.
- The budget is legally enacted through passage of an ordinance prior to July 31st.
- The Village Treasurer, in conjunction with the Board, is authorized to expend the un-expensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
- The original budget was passed on June 20, 2016 and not amended during the fiscal year.
- Formal budgetary integration is not employed as a management control device during the year for any fund.

VILLAGE OF HEBRON, ILLINOIS

Notes to Other Information

Year ended April 30, 2017

- Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis of accounting, which is comprehensive basis of accounting other than generally accepted accounting principles. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.
- All appropriations lapse at year-end.