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Village of Hebron, Illinois

Annual Financial Report

For the Year Ended April 30, 2018

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, 2018, 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.

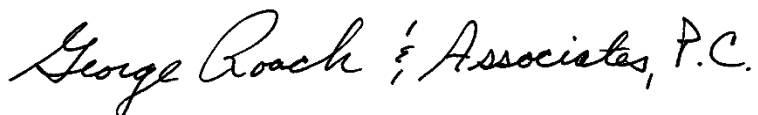
Opinions

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, 2018, 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." The signature is written in a cursive, flowing style.

George Roach & Associates, P.C.
Crystal Lake, Illinois
July 25, 2018

OTHER INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities at April 30, 2018 by \$2,021,778 (*net position*). Of this amount, \$979,941 (*unrestricted net position*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- At April 30, 2018, the Village's governmental funds reported combined ending fund balances of \$650,743.
- At April 30, 2018, the unassigned fund balance for the General Fund was \$541,391.

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, 2018

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, 2018

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 \$2,021,778 at April 30, 2018. Of the Village's net position, \$929,919 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	
	4/30/2018	4/30/2017	4/30/2018	4/30/2017	4/30/2018	4/30/2017
Current and Other Assets	\$ 651,746	\$ 566,111	\$ 445,982	\$ 253,211	\$ 1,097,728	\$ 819,322
Capital Assets, net	997,611	1,026,185	4,104,726	4,256,756	5,102,337	5,282,941
Total Assets	\$ 1,649,357	\$ 1,592,296	\$ 4,550,708	\$ 4,509,967	\$ 6,200,065	\$ 6,102,263
Current Liabilities	\$ 49,587	\$ 44,515	\$ 192,078	\$ 351,920	\$ 241,665	\$ 396,435
Noncurrent Liabilities	243,337	289,584	3,693,285	3,629,172	3,936,622	3,918,756
Total Liabilities	292,924	334,099	3,885,363	3,981,092	4,178,287	4,315,191
Net Position:						
Net Investment in Capital Assets	708,205	695,267	221,714	278,421	929,919	973,688
Restricted	109,352	108,715	2,566	2,560	111,918	111,275
Unrestricted	538,876	454,215	441,065	247,894	979,941	702,109
Total Net Position	\$ 1,356,433	\$ 1,258,197	\$ 665,345	\$ 528,875	\$ 2,021,778	\$ 1,787,072

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2018

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 (\$979,941) may be used to meet the Village's ongoing obligations to citizens and creditors.

At April 30, 2018, 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	
	4/30/2018	4/30/2017	4/30/2018	4/30/2017	4/30/2018	4/30/2017
Program Revenues						
Charges for Services	\$ 92,623	\$ 67,044	\$ 694,599	\$ 563,763	\$ 787,222	\$ 630,807
Operating Grants and Contributions	980	-	-	-	980	-
General Revenues						
Property Taxes	197,118	195,731	-	-	197,118	195,731
Other taxes	336,721	292,560	-	-	336,721	292,560
Utility Taxes	59,715	58,308	-	-	59,715	58,308
Other	15,579	16,793	13,580	-	29,159	16,793
Interest	4,787	2,411	796	581	5,583	2,992
Total Revenues	707,523	632,847	708,975	564,344	1,416,498	1,197,191
Expenses						
General Government	229,921	190,508	-	-	229,921	190,508
Public Safety	187,587	127,518	-	-	187,587	127,518
Streets and roads	163,406	131,548	-	-	163,406	131,548
Buildings	17,509	16,639	-	-	17,509	16,639
Interest on Long-Term Debt	17,604	20,215	69,996	100,208	87,600	120,423
Proprietary Activities	-	-	501,361	478,698	501,361	478,698
Total Expenses	616,027	486,428	571,357	578,906	1,187,384	1,065,334
Increase/(Decrease) in Net Position	91,496	146,419	137,618	(14,562)	229,114	131,857
Net Position - Beginning of Year	1,258,197	1,105,038	528,875	544,377	1,787,072	1,649,415
Transfers in/(out)	6,740	6,740	(6,740)	(6,740)	-	-
Contributed capital	-	-	5,592	5,800	5,592	5,800
Net Position - End of Year	\$ 1,356,433	\$ 1,258,197	\$ 665,345	\$ 528,875	\$ 2,021,778	\$ 1,787,072

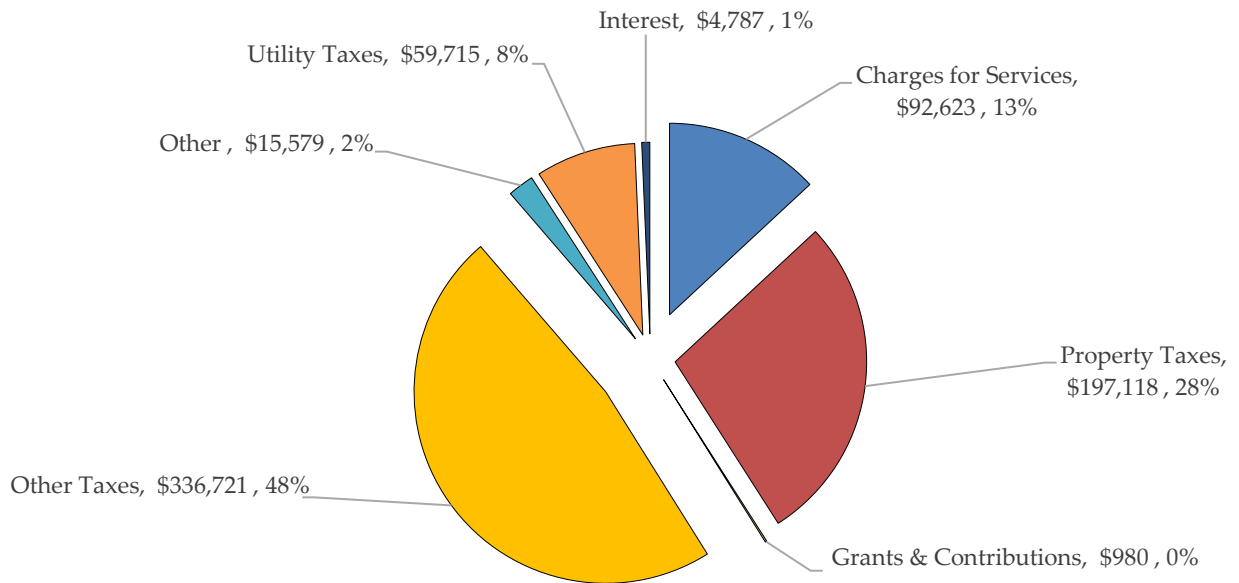
VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2018

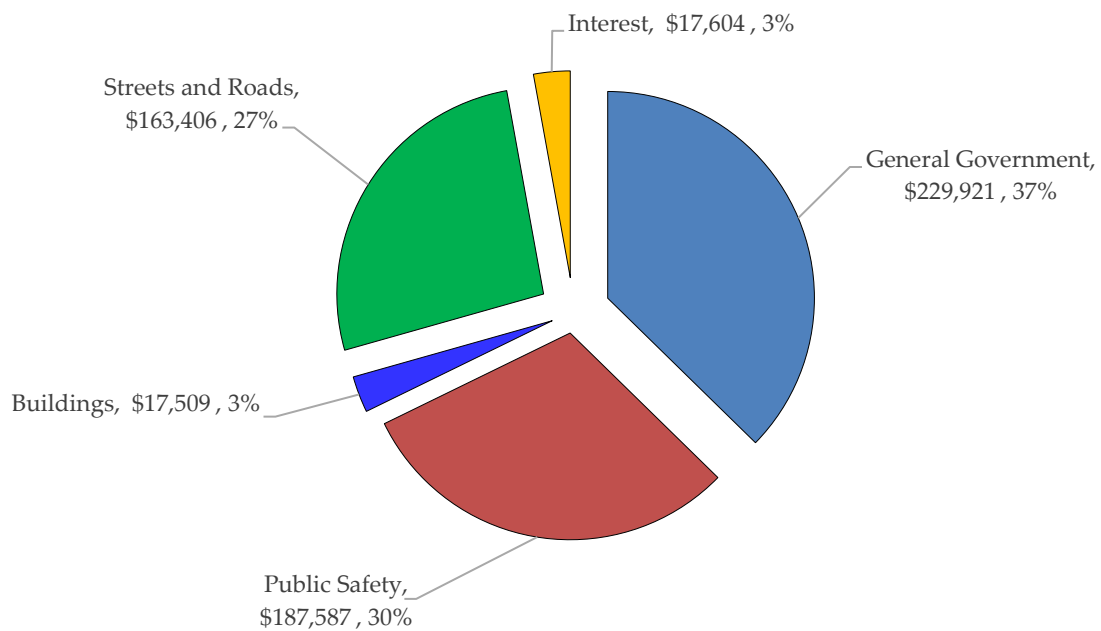
2018 GOVERNMENTAL REVENUES

ROUNDED TO THE NEAREST PERCENT



2018 GOVERNMENTAL EXPENSES

ROUNDED TO THE NEAREST PERCENT



VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2018

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, 2018, the Village's governmental funds reported combined ending fund balances of \$650,743. A portion of this amount (\$541,391) 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, 2018, the fund balance of the General Fund was \$541,391.

General Fund Budgetary Highlights

- The General Fund revenues exceeded the estimated revenues by \$44,306.
- The General Fund expenditures were less than the estimated expenditures by \$96,464.

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

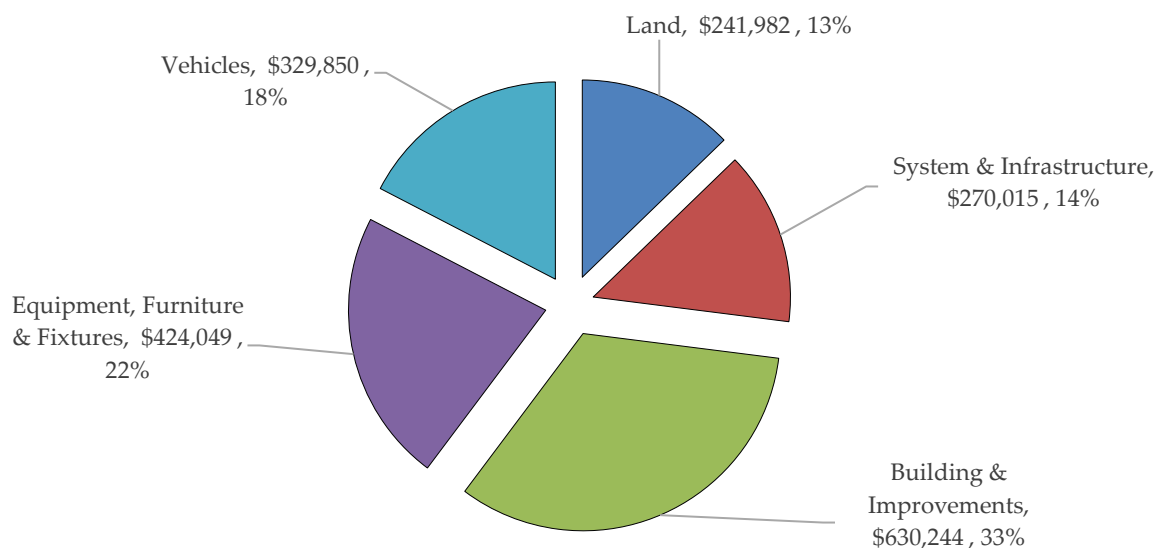
April 30, 2018

CAPITAL ASSETS

The Village's fixed assets as of April 30, 2018 amount to \$5,102,337 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 241,982	\$ 241,982	\$ 75,769	\$ 75,769	\$ 317,751	\$ 317,751
System & Infrastructure	270,015	250,515	7,887,006	7,887,006	8,157,021	8,137,521
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	54,802	41,697	384,652	371,547
Total Capital Assets	1,896,140	1,876,640	8,352,996	8,339,891	10,249,136	10,216,531
Accumulated depreciation	898,529	850,455	4,248,270	4,083,135	5,146,799	4,933,590
Total Net Capital Assets	\$ 997,611	\$ 1,026,185	\$ 4,104,726	\$ 4,256,756	\$ 5,102,337	\$ 5,282,941

2018 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - (at Cost)

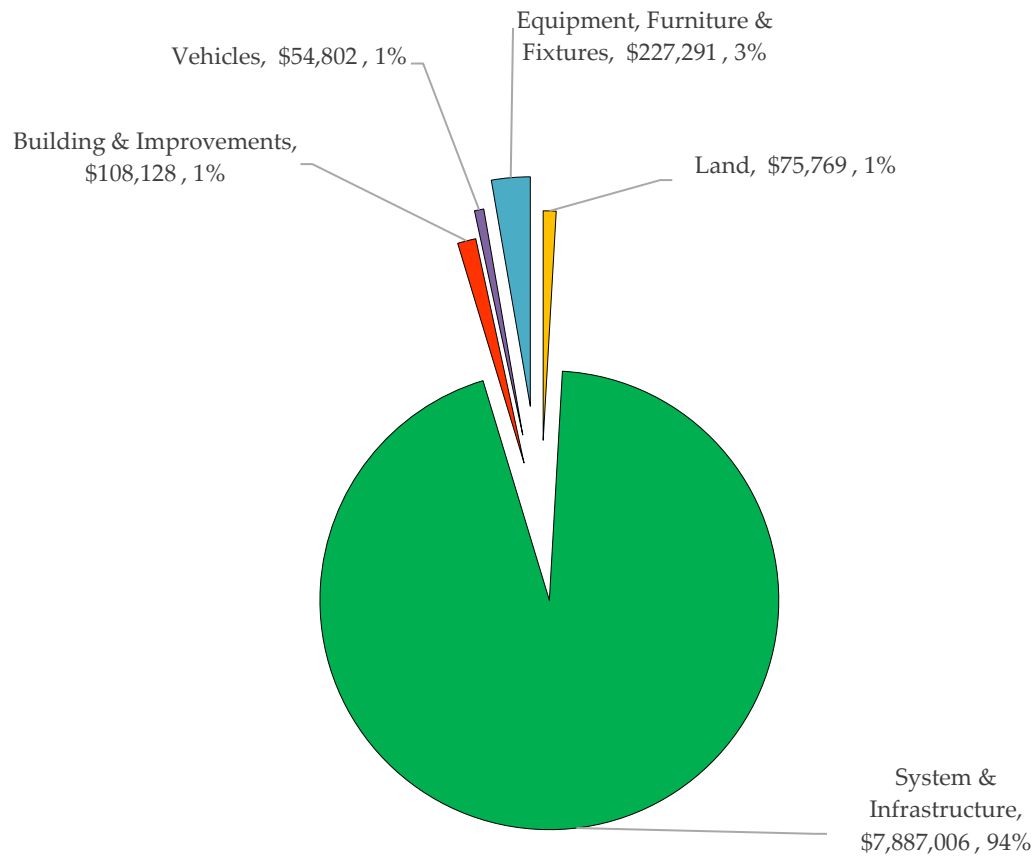


VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2018

2018 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - (at Cost)



VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2018

ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the Village for 2017 is \$24,044,767. That represents an increase in EAV of \$752,722 over the prior year's EAV. Taxes recorded in these financial statements are distributions received from the 2016 levy. A summary of the assessed valuations and extensions for tax years 2017, 2016 and 2015 is as follows:

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

Tax Levy Year	2017		2016		2015	
Assessed Valuations						
McHenry County	\$	24,044,767	\$	23,292,045	\$	21,835,815

Tax Rates and percentage						
Allocations by Fund						
Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.314804	40.56	0.314118	40.56	0.332170	40.56
Police Protection	0.154038	19.85	0.153703	19.85	0.162536	19.85
Audit	0.044811	5.77	0.044709	5.77	0.047276	5.77
Liability Insurance	0.148654	19.15	0.148320	19.15	0.156844	19.15
Street Lighting	0.044807	5.77	0.044709	5.77	0.047276	5.77
Social Security	0.069096	8.90	0.068941	8.90	0.072904	8.90
Totals	0.776210	100.00	0.774500	100.00	0.819006	100.00

Property Tax Extensions						
Funds	2017	2016	2015			
General Fund	\$ 75,694	\$ 73,164	\$ 72,532			
Police Protection	37,038	35,800	35,491			
Audit	10,775	10,414	10,323			
Liability Insurance	35,743	34,547	34,248			
Street Lighting	10,774	10,414	10,323			
Social Security	16,614	16,058	15,919			
Totals	\$ 186,638	\$ 180,397	\$ 178,836			

VILLAGE OF HEBRON, ILLINOIS

Management Discussion and Analysis - Unaudited

April 30, 2018

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

April 30, 2018

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and investments, at cost	\$ 651,746	\$ 445,982	\$ 1,097,728
Fixed Assets, net of depreciation	997,611	4,104,726	5,102,337
Total Assets	\$ 1,649,357	\$ 4,550,708	\$ 6,200,065
Liabilities			
Current Liabilities:			
Due to other funds	\$ 1,003	\$ -	\$ 1,003
Due within 1 year- Notes Payable	48,584	-	48,584
Due within 1 year - IEPA Loan	-	192,078	192,078
Non-Current Liabilities:			
Due in more than 1 year - Notes Payable	240,822	-	240,822
Due in more than 1 year - IEPA Loan	-	3,690,934	3,690,934
Deferred compensation	2,515	2,351	4,866
Total Liabilities	292,924	3,885,363	4,178,287
Net Position			
Net Investment in Capital Assets	708,205	221,714	929,919
Restricted - Motor Fuel Tax	107,677	-	107,677
Restricted - Debt Service	1,675	-	1,675
Restricted - Capital Development	-	2,566	2,566
Unrestricted	538,876	441,065	979,941
Total Net Position	\$ 1,356,433	\$ 665,345	\$ 2,021,778

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, 2018

Functions/Programs		Program Revenues		Net Revenue (Expense) and Changes in Net Position			
		Charges for Services	Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
	Expenses						
Governmental Activities							
General Government	\$ 229,921	\$ 30,444	\$ -	\$ -	\$ (199,477)	\$ -	\$ (199,477)
Public Safety	187,587	62,179	980	-	(124,428)	-	(124,428)
Streets	163,406	-	-	-	(163,406)	-	(163,406)
Buildings	17,509	-	-	-	(17,509)	-	(17,509)
Interest on Long-term debt	17,604	-	-	-	(17,604)	-	(17,604)
Total Governmental Activities	616,027	92,623	980	-	(522,424)	-	(522,424)
Business-Type Activities							
Proprietary Activities	501,361	694,599	-	-	-	193,238	193,238
Interest on Long-term debt	69,996	-	-	-	-	(69,996)	(69,996)
Total Business-Type Activities	571,357	694,599	-	-	-	123,242	123,242
Total Primary Government	\$ 1,187,384	\$ 787,222	\$ 980	\$ -	(522,424)	123,242	(399,182)
General Revenues:							
Property Taxes					197,118	-	197,118
Intergovernmental revenue					297,703	-	297,703
Utility taxes					59,715	-	59,715
Video gaming tax					39,018	-	39,018
Miscellaneous revenue					15,579	13,580	29,159
Investment Income					4,787	796	5,583
Total Revenues					613,920	14,376	628,296
Operating Transfers in/(out)					6,740	(6,740)	-
Contributed capital					-	5,592	5,592
Other financing sources					6,740	(1,148)	5,592
Changes in Net Position					98,236	136,470	234,706
Net Position, Beginning					1,258,197	528,875	1,787,072
Total Net Position, Ending					\$ 1,356,433	\$ 665,345	\$ 2,021,778

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

VILLAGE OF HEBRON, ILLINOIS

Governmental Funds - Balance Sheet

April 30, 2018

Assets	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Total
Cash	\$ 462,976	\$ 187,095	\$ 1,675	\$ 651,746
Due from other funds	79,418	-	-	79,418
Total Assets	\$ 542,394	\$ 187,095	\$ 1,675	\$ 731,164
Liabilities				
Due to other funds	\$ 1,003	\$ 79,418	\$ -	\$ 80,421
Total Liabilities	1,003	79,418	-	80,421
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	107,677	1,675	109,352
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	541,391	-	-	541,391
Total Fund Balance	541,391	107,677	1,675	650,743
Total Liabilities and Fund Balance	\$ 542,394	\$ 187,095	\$ 1,675	\$ 731,164

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, 2018

	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Total
Revenues				
Property taxes	\$ 197,118	\$ -	\$ -	\$ 197,118
Intergovernmental revenue	266,776	30,927	-	297,703
Video gaming tax	39,018	-	-	39,018
Utility taxes	59,715	-	-	59,715
Licenses, fees, and permits	30,444	-	-	30,444
Fines	61,999	-	-	61,999
Grants and donations	980	-	-	980
Interest income	2,782	1,995	10	4,787
Police vehicle fund	180	-	-	180
Miscellaneous revenue	15,579	-	-	15,579
Total Revenues	674,591	32,922	10	707,523
Expenditures				
Administrative	217,772	-	-	217,772
Police	180,289	-	-	180,289
Street	121,647	32,295	-	153,942
Building	17,509	-	-	17,509
Debt service--interest	17,604	-	-	17,604
Debt service--principal	41,512	-	-	41,512
Total Expenditures	596,333	32,295	-	628,628
Operating Transfers In/Out	6,740	-	-	6,740
Net Change in Fund Balance	84,998	627	10	85,635
Fund Balance				
Fund Balance, Beginning	456,393	107,050	1,665	565,108
Total Fund Balance, Ending	\$ 541,391	\$ 107,677	\$ 1,675	\$ 650,743

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, 2018*

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

Total Fund Balances - Total Governmental Funds	\$	650,743
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Amount net of depreciation		997,611
Other employee benefit obligations accruals are not reported in funds.		(2,515)
Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position.		(289,406)
Total Net Position of Governmental Activities	\$	<u>1,356,433</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	\$	85,635
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)		(28,574)
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.		41,512
Governmental funds do not accrue for deferred compensation but the expenses are accrued for in the Statement of Activities.		(337)
Changes in Net Position of Governmental Funds	\$	<u>98,236</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

April 30, 2018

Assets	Water & Sewer Fund	Water & Sewer Capital Development	Total
Cash	\$ 443,416	\$ 2,566	\$ 445,982
Property and equipment, net of accumulated depreciation	4,104,726	-	4,104,726
Total Assets	\$ 4,548,142	\$ 2,566	\$ 4,550,708
Liabilities			
Notes payable - current portion	\$ 192,078	\$ -	\$ 192,078
Deferred compensation - noncurrent	2,351	-	2,351
Notes payable - long-term	3,690,934	-	3,690,934
Total Liabilities	3,885,363	-	3,885,363
Net Position			
Net Investment in Capital Assets	221,714	-	221,714
Restricted	-	2,566	2,566
Unrestricted	441,065	-	441,065
Total Net Position	662,779	2,566	665,345
Total Liabilities and Net Position	\$ 4,548,142	\$ 2,566	\$ 4,550,708

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, 2018

	Water & Sewer Fund	Water & Sewer Capital Development Fund	Totals
Operating Revenue			
Sewer charges	\$ 171,947	\$ -	\$ 171,947
Water charges	522,652	-	522,652
Total Operating Revenue	<u>694,599</u>	<u>-</u>	<u>694,599</u>
Operating Expenses			
Water department expenses	167,658	-	167,658
Sewer department expenses	168,568	-	168,568
Total Operating Expenses	<u>336,226</u>	<u>-</u>	<u>336,226</u>
Operating Income Before Depreciation	<u>358,373</u>	<u>-</u>	<u>358,373</u>
Less: Depreciation/Amortization	<u>165,135</u>	<u>-</u>	<u>165,135</u>
Operating Income/(Loss)	<u>193,238</u>	<u>-</u>	<u>193,238</u>
Non-Operating Revenue/(Expense)			
Interest expense	(69,996)	-	(69,996)
Interest income	790	6	796
Miscellaneous	13,580	-	13,580
Total Non-Operating Income/(Loss)	<u>(55,626)</u>	<u>6</u>	<u>(55,620)</u>
Change in Net Position	137,612	6	137,618
Net Position			
Net Position, Beginning	526,315	2,560	528,875
Transfers in/(out)	(6,740)	-	(6,740)
Capitalized connection fees	5,592	-	5,592
Total Net Position, Ending	<u>\$ 662,779</u>	<u>\$ 2,566</u>	<u>\$ 665,345</u>

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, 2018

	Water & Sewer Fund	Water & Sewer Capital Development Fund	Totals
Cashflows from Operating Activities			
Cash received from customers and users	\$ 694,599	\$ -	\$ 694,599
Operating transfers in/(out)	(6,740)	-	(6,740)
Cash paid to suppliers	(209,887)	-	(209,887)
Cash paid for employees	(113,165)	-	(113,165)
Net Cashflows Provided by Operating Activities	364,807	-	364,807
Cashflows from Investing Activities			
Purchase of capital assets	(13,105)	-	(13,105)
Interest income	790	6	796
Net Cashflows Provided by Investing Activities	(12,315)	6	(12,309)
Cashflows from Capital and Financing Activities			
Contributed capital	5,592	-	5,592
Bond/note principal payments, net	(95,323)	-	(95,323)
Bond/note interest payments, net	(69,996)	-	(69,996)
Net Cashflows Provided by Capital and Financing Activities	(159,727)	-	(159,727)
Net Increase/(Decrease) in Cash	192,765	6	192,771
Cash at Beginning of Year	250,651	2,560	253,211
Cash at End of Year	\$ 443,416	\$ 2,566	\$ 445,982
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss) for the year	193,238	-	193,238
Operating transfers in/(out)	(6,740)	-	(6,740)
Reimbursements	13,580	-	13,580
Depreciation/amortization	165,135	-	165,135
Increase (decrease) in payroll withholdings	(406)	-	(406)
Net Cash Provided by Operating Activities	\$ 364,807	\$ -	\$ 364,807

Cash payments for interest made during the year were \$69,996.

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

VILLAGE OF HEBRON, ILLINOIS

Fiduciary Fund - Statement of Net Position - Modified Cash Basis

April 30, 2018

	Agency Fund
Assets	
Cash	\$ 4,859
Due from general fund	1,003
Total Assets	\$ 5,862
Liabilities	
Due for distribution	5,862
Total Liabilities	\$ 5,862

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018.

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, 2018

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 2017 levy was passed by the board on December 18, 2017.

NOTE 2 - DEPOSITS AND INVESTMENTS

At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$1,097,728, and the bank balances totaled \$1,170,638. 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, 2018

NOTE 3 - CAPITAL ASSETS

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

	Balance May 1, 2017	Increases	Decreases	Balance April 30, 2018
Capital Assets				
General Fund:				
Land	\$ 241,982	\$ -	\$ -	\$ 241,982
Infrastructure	250,515	19,500	-	270,015
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	7,887,006	-	-	7,887,006
Buildings & improvements	108,128	-	-	108,128
Equipment, furniture and fixtures	227,291	-	-	227,291
Vehicles	41,697	13,105	-	54,802
Total Capital Assets	10,216,531	32,605	-	10,249,136
Less: Accumulated Depreciation	4,933,590	213,209	-	5,146,799
Capital Assets (Net)	<u>\$ 5,282,941</u>	<u>\$ (180,604)</u>	<u>\$ -</u>	<u>\$ 5,102,337</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 11,812
Public safety	7,298
Street and roads	28,964

Business-Type Activities

Water and sewer	165,135
Total Depreciation	<u>\$213,209</u>

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

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, 2018

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, 2017 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	5
Total	<u>15</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 2017 was 10.40%. For the fiscal year ended April 30, 2018, the Village contributed \$18,560 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, 2017. 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, 2018

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, 2017:

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	2.50%
Salary Increases	3.39% to 14.25%
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 2017 valuation pursuant to an experience study for the period 2014-2016.
Mortality	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 projections 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.

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, 2017 Illinois Municipal Retirement Fund annual actuarial valuation report.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

Executive Summary as of December 31, 2017

Actuarial Valuation Date	12/31/2017
Measurement Date of the Net Pension Liability	12/31/2017
Fiscal Year End	4/30/2018

Membership

Number of	
- Retirees and Beneficiaries	5
- Inactive, Non-Retired Members	5
- Active Members	5
- Total	15
Covered Valuation Payroll (1)	\$ 153,177

Net Pension Liability

Total Pension Liability/(Asset)	\$ 933,699
Plan Fiduciary Net Position	947,992
Net Pension Liability/(Asset)	\$ (14,293)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.53%
Net Pension Liability as a Percentage of Covered Valuation Payroll	-9.33%

Development of the Single Discount Rate as of December 31, 2017

Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate (2)	3.31%
Last year ending December 31 in the 2018 to 2117 projection for which projected benefit payments are fully funded	2117
Resulting Single Discount Rate based on the above	7.50%
Single Discount Rate calculated using December 31, 2016 Measurement Date	7.50%

Total Pension Expense/(Income)	\$ 10,221
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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	\$ -	\$ 14,481
Changes in assumptions	-	18,237
Net difference between projected and actual earnings on pension plan investments	25,246	70,079
Total	\$ 25,246	\$ 102,797

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

(2)Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt Municipal bonds as reported in Fidelity's Index's "20-Year Municipal GO AA Index" as of December 29, 2017. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

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 3.31%, 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, 2018

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

Calendar Year Ended December 31, 2017

A. Total pension liability

1. Service Cost	\$	13,912
2. Interest on the Total Pension Liability		69,585
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		(20,504)
5. Changes of assumptions		(25,829)
6. Benefit payments, including refunds of employee contributions		(48,613)
7. Net change in total pension liability		(11,449)
8. Total pension liability – beginning		945,148
9. Total pension liability – ending	\$	933,699

B. Plan fiduciary net position

1. Contributions – employer	\$	15,931
2. Contributions – employee		6,893
3. Net investment income		149,025
4. Benefit payments, including refunds of employee contributions		(48,613)
5. Other (Net Transfer)		(14,292)
6. Net change in plan fiduciary net position		108,944
7. Plan fiduciary net position – beginning		839,048
8. Plan fiduciary net position – ending	\$	947,992

C. Net pension liability/(asset)

\$ (14,293)

D. Plan fiduciary net position as a percentage

of the total pension liability 101.53%

E. Covered Valuation payroll

\$ 153,177

F. Net pension liability as a percentage

of covered valuation payroll -9.33%

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

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 1,014,612	\$ 933,699	\$ 874,232
Plan Fiduciary Net Position	947,992	947,992	947,992
Net Pension Liability/(Asset)	\$ 66,620	\$ (14,293)	\$ (73,760)

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

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, 2018, the Village recognized pension expense of \$18,560. At April 30, 2018, 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	\$ -	\$ 14,481
Changes of assumptions	-	18,237
Net difference between projected and actual earnings on pension plan investments	25,246	70,079
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 25,246	\$ 102,797

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

Year Ending December 31	Net Deferred Outflows of Resources
2018	\$ (20,599)
2019	(19,766)
2020	(19,667)
2021	(17,519)
2022	-
Thereafter	-
Total	\$ (77,551)

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

2017 Contribution Rate *

Valuation Date: December 31, 2017

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 2017 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): 26-year closed 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 21 years for most employers (two employers were financed over 30 years). 5-Year smoothed market; 20% corridor
Asset Valuation Method	3.50%
Wage growth	2.75% - approximate; No explicit price inflation assumptions is used in this valuation.
Price Inflation	3.75% to 14.50% including inflation
Salary Increases	7.50%
Investment Rate of Return	
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	There were no benefit changes during the year
Notes	*Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

NOTE 5 - INTERFUND BALANCES

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

Interfund loan balances at April 30, 2018 consisted of the following:

Due to	Due from	Amount
General	MFT	\$ 79,418
Agency	General	\$ 1,003

NOTE 6 - LONG-TERM LIABILITY ACTIVITY

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

	Balance			Balance	Amounts
	May 1, 2017	Additions	Retirements	April 30, 2018	Due Within
Governmental Activities: Long-Term Debt					One Year
Village Hall Loan	\$ 143,787	\$ -	\$ 16,000	\$ 127,787	\$ 21,000
Equipment Capital Lease	87,601	-	20,120	67,481	21,944
House Purchase Loan	99,530	-	5,392	94,138	5,640
Total Long-Term Debt	330,918	-	41,512	289,406	48,584
Other Long Term Liabilities					
Compensated Absences	2,178	2,515	2,178	2,515	-
Total Governmental Long Term Obligations	\$ 333,096	\$ 2,515	\$ 43,690	\$ 291,921	\$ 48,584
Business-Type Activities: Long-Term Debt					
2007 IEPA Loan	\$ 3,978,335	\$ -	\$ 95,323	\$ 3,883,012	\$ 192,078
Total Long-Term Debt	3,978,335	-	95,323	3,883,012	192,078
Other Long Term Liabilities					
Compensated Absences	2,757	2,351	2,757	2,351	-
Total Business-Type Long Term Obligations	\$ 3,981,092	\$ 2,351	\$ 98,080	\$ 3,885,363	\$ 192,078

Long-term liabilities at April 30, 2018	Maturity Dates	Interest Rates	Face Amount	Carrying Amounts
Governmental Activities:				
Village Hall Loan	7/15/2024	4.250%	\$ 325,000	\$ 127,787
Equipment Capital Lease	1/1/2021	3.950%	\$ 108,970	\$ 67,481
House Purchase Loan	11/10/2020	4.500%	\$ 112,000	\$ 94,138
Business-Type Activities:				
2007 IEPA Loan	9/27/2036	1.000%	\$ 4,922,423	\$ 3,883,012

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

NOTE 6 - LONG-TERM LIABILITY ACTIVITY (CONCLUDED)

At April 30, 2018, 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
2019	48,584	14,044	62,628	192,078	38,351	230,429
2020	49,832	10,969	60,801	194,003	36,425	230,428
2021	124,203	6,231	130,434	195,948	34,481	230,429
2022	21,000	2,359	23,359	197,912	32,516	230,428
2023	22,000	1,445	23,445	199,896	30,532	230,428
2024	23,787	488	24,275	201,900	28,528	230,428
2025				203,925	26,504	230,429
2026				205,969	24,460	230,429
2027				208,034	22,395	230,429
2028				210,119	20,310	230,429
2029				212,226	18,203	230,429
2030				214,353	16,075	230,428
2031				216,502	13,927	230,429
2032				218,673	11,756	230,429
2033				220,865	9,564	230,429
2034				223,079	7,350	230,429
2035				225,315	5,113	230,428
2036				227,574	2,855	230,429
2037				114,641	573	115,214
	<u>\$ 289,406</u>	<u>\$ 35,536</u>	<u>\$ 324,942</u>	<u>\$ 3,883,012</u>	<u>\$ 379,918</u>	<u>\$ 4,262,930</u>

The Village received a loan amendment for the IEPA obligation on February 27, 2018. During the course of the year the Village paid \$69,996 toward the accrued interest and \$95,323 toward the principal on the obligation. The total of scheduled payments for the year ending April 30, 2018 was \$69,996 in interest and \$95,323 in principal.

NOTE 7 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the fiscal year ended April 30, 2018 no funds had expenditures that exceeded the appropriations.

VILLAGE OF HEBRON, ILLINOIS

Notes to Financial Statements

Year ended April 30, 2018

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 2018 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, 2018, there were no significant adjustments in premiums based on actual experience.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date on which the financial statements were available to be issued. 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, 2018

Revenues	Modified	
	Budgeted	Cash Basis
Property tax	\$ 133,010	\$ 144,083
State sales tax	80,000	77,406
State income tax	107,425	128,805
Replacement tax	-	5,135
Utility tax	58,310	59,715
State use tax	16,500	31,545
Video gaming tax	23,000	39,018
Liquor licenses	6,275	7,425
Other permits	1,125	625
Telecommunications	23,000	23,885
Interest income	1,550	2,702
Miscellaneous income	12,000	11,493
Miscellaneous services	2,300	-
Building permits	30,000	21,644
Police protection levy	35,490	35,673
Court fines	8,000	13,452
Code enforcement tickets	54,000	23,777
Police forfeiture	8,000	-
Police vehicle fund	-	180
Electronic citation	-	20
Towing/Impound fees	5,000	24,750
Interest income	20	80
Miscellaneous income	-	4,068
Grants	4,020	980
Road & Bridge Township levy	17,380	17,362
Street lighting levy	10,320	-
Miscellaneous income	-	18
Building permits parks	250	750
Building permits other	50	-
Transfers in	-	6,740
Total Revenues	\$ 637,025	\$ 681,331

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2018

Administrative Department	Budget		Modified
	Original	Final	Cash Basis
Salaries and Benefits			
Salary and wages	\$ 69,300	\$ 69,300	\$ 66,013
FICA - village share	5,000	5,000	4,093
Medicare - village share	990	990	957
Unemployment insurance	2,530	2,530	2,194
Retirement fund	3,300	3,300	2,159
Training	660	660	-
Total Salaries and Benefits	81,780	81,780	75,416
Administrative Expenses			
Maintenance - building	6,000	6,000	1,928
Maintenance - equipment	1,386	1,386	250
Contract services	8,800	8,800	5,963
Other services	2,000	2,000	2,691
Supplies & maintenance	523	523	438
Audit	5,060	5,060	4,333
Engineering services	5,775	5,775	16,611
Legal services	40,425	40,425	34,076
Postage	2,420	2,420	866
Telephone	2,200	2,200	2,972
Utilities	3,300	3,300	888
Printing	2,750	2,750	958
Technology services	4,180	4,180	3,080
Dues, memberships	1,650	1,650	2,469
Travel expense	660	660	290
Publications	1,155	1,155	2,120
Licenses	110	110	213
Garbage disposal	522	522	291
Service charges	115	115	119
Insurance	55,000	55,000	55,744
Insurance administrative - bond	220	220	-
Rentals	578	578	435
Office supplies	2,541	2,541	1,945
Computer software	1,100	1,100	828
Computer hardware	2,200	2,200	-
Principal payment	29,000	29,000	26,422
Interest payment	7,810	7,810	12,474
Miscellaneous expense	550	550	535
Community projects	-	-	575

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2018

	Budget		Modified
	Original	Final	Cash Basis
Administrative Department			
Administrative Expenses (Continued)			
Senior citizen bus service	\$ 2,500	\$ 2,500	\$ -
Contingency	2,000	2,000	-
Parks	-	-	1,738
Total Administrative Expenses	192,530	192,530	181,252
Total Administrative Department	274,310	274,310	256,668
Police Department			
Salaries and Benefits			
Salary and wages	111,100	111,100	118,261
FICA - village share	8,250	8,250	7,332
Medicare - village share	1,815	1,815	1,715
Unemployment insurance	3,850	3,850	4,159
IMRF	2,750	2,750	3,209
Training	660	660	325
Uniform allowance	1,100	1,100	1,234
Total Salaries and Benefits	129,525	129,525	136,235
Administrative Expenses			
Maintenance - building	-	-	258
Maintenance - equipment	1,100	1,100	1,140
Maintenance - vehicles	4,620	4,620	3,665
Maintenance - other	1,100	1,100	-
Contract services	13,750	13,750	11,678
Other services	1,100	1,100	860
Technology services	-	-	68
Supplies & maintenance	110	110	93
Legal services	12,100	12,100	15,445
Postage	165	165	188
Telephone	2,750	2,750	3,119
Printing	385	385	1,257
Dues	825	825	60
Garbage disposal	275	275	-
Rentals	-	-	203
Office supplies	275	275	275
Operating supplies	550	550	23
Computer software	275	275	-
Computer hardware	275	275	-
Computer software	-	-	18

VILLAGE OF HEBRON, ILLINOIS*General Fund - Schedule of Expenditures - Budget and Actual**Year Ended April 30, 2018*

	Budget		Modified
	Original	Final	Cash Basis
Administrative Department			
Administrative Expenses (Continued)			
Fuel	\$ 16,500	\$ 16,500	\$ 5,694
Principal payments	15,000	15,000	10,060
Interest expense	-	-	3,420
Equipment - new	825	825	-
Vehicle - new	35,000	35,000	-
Capital improvements	1,000	1,000	-
Miscellaneous expense	825	825	10
Contingency	5,000	5,000	-
Total Administrative Expenses	113,805	113,805	57,534
Total Police Department	243,330	243,330	193,769
Street Department			
Salaries and Benefits			
Salary and wages	23,980	23,980	36,209
Health insurance	-	-	2,542
FICA - village share	1,650	1,650	2,243
Medicare - village share	358	358	524
Unemployment insurance	1,364	1,364	215
IMRF	2,750	2,750	8,106
Uniform allowance	-	-	205
Physicals	200	200	-
Payroll expense	2,000	2,000	-
Total Salaries and Benefits	32,302	32,302	50,044
Administrative Expenses			
Maintenance - buildings	2,200	2,200	160
Maintenance - equipment	3,850	3,850	223
Maintenance - vehicles	7,920	7,920	4,314
Street maintenance	4,400	4,400	2,798
Other maintenance	275	275	-
Contract services	8,250	8,250	-
Other services	1,320	1,320	6,608
Supplies & maintenance	-	-	5,780
Postage	110	110	113
Telephone	770	770	413
Utilities	880	880	944
Printing	-	-	81

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2018

	Budget		Modified Cash Basis
	Original	Final	
Administrative Department			
Street Department			
Administrative Expenses (Continued)			
Street lighting	\$ 39,600	\$ 39,600	\$ 34,459
Office supplies	55	55	234
Computer software	-	-	18
Fuel	8,800	8,800	10,481
Road materials	1,650	1,650	502
Tree Trimming	6,270	6,270	4,475
Principal payments	14,828	14,828	5,030
Interest expense	-	-	1,710
Contingency	5,000	5,000	-
Parks	2,000	2,000	-
Total Administrative Expenses	108,178	108,178	78,343
Total Street Department	140,480	140,480	128,387
Building Department			
Salaries and Benefits			
Salary and wages	15,000	15,000	11,825
FICA - village share	1,000	1,000	733
Medicare - village share	220	220	171
Unemployment insurance	1,200	1,200	781
Total Salaries and Benefits	17,420	17,420	13,510
Administrative Expenses			
Maintenance - building	6,000	6,000	-
Maintenance - equipment	10,000	10,000	-
Maintenance - vehicle	-	-	120
Supplies & maintenance	-	-	179
Audit	77	77	-
Postage	-	-	119
Telephone	-	-	1,194
Utilities	1,100	1,100	-
Printing	-	-	174
Dues	50	50	-
Publications	-	-	325
Office supplies	30	30	719
Operating supplies	-	-	767
Computer hardware	-	-	384

VILLAGE OF HEBRON, ILLINOIS

General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2018

	Budget		Modified Cash Basis
	Original	Final	
Administrative Department			
Building Department			
Administrative Expenses (Concluded)			
Computer software	\$ -	\$ -	\$ 18
Total Administrative Expenses	17,257	17,257	3,999
Total Building Department	34,677	34,677	17,509
Total General Fund	\$ 692,797	\$ 692,797	\$ 596,333

VILLAGE OF HEBRON, ILLINOIS

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

Year Ended April 30, 2018

	Appropriations		Modified
	Original	Final	Cash Basis
Water - supply & distribution	\$ 140,800	\$ 140,800	\$ 171,947
Sewer - collection & treatment	422,135	422,135	522,652
Interest income	800	800	789
Building permits	3,000	3,000	-
Miscellaneous	4,300	4,300	13,580
Total Revenues	571,035	571,035	708,968

Sewer Department Salaries and Benefits

Salary and wages	46,480	46,480	48,735
FICA - village share	2,877	2,877	3,044
Medicare - village share	671	671	712
Health insurance	5,000	5,000	1,425
Unemployment insurance	1,771	1,771	1,222
IMRF	550	550	2,540
Physicals	500	500	-
Total Salaries and Benefits	57,849	57,849	57,678

Administration Expenses

Maintenance - buildings	1,100	1,100	217
Maintenance - vehicles	-	-	62
Maintenance - equipment	16,500	16,500	17,230
Sewer maintenance	14,300	14,300	5,041
Insurance	27,500	27,500	25,000
Contract services	825	825	750
Other services	330	330	152
Supplies & Maintenance	110	110	-
Audit	4,950	4,950	4,333
Improvements	5,500	5,500	-
Postage	220	220	1,338
Telephone	2,816	2,816	3,061
Utilities	41,580	41,580	37,030
Printing	110	110	117
Dues	2,750	2,750	2,661

VILLAGE OF HEBRON, ILLINOIS

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

Year Ended April 30, 2018

	Appropriations		Modified
	Original	Final	Cash Basis
Sewer Department			
Administration Expenses (Continued)			
Lab testing	\$ 2,750	\$ 2,750	\$ 2,147
Chemicals	11,550	11,550	7,006
Rentals	2,750	2,750	-
Meters	19,800	19,800	3,036
Office supplies	176	176	765
Operating supplies	110	110	316
Computer software	110	110	18
Loan principal	135,800	135,800	-
Loan interest	210,441	210,441	69,996
Equipment - new	-	-	600
Depreciation expense	-	-	165,135
Miscellaneous expense	275	275	10
Contingency	5,500	5,500	-
Total Administration Expenses	507,853	507,853	346,021
Total Sewer Department	565,702	565,702	403,699
Water Department Expenses			
Salaries and Benefits			
Salary and wages	60,500	60,500	49,270
Health insurance	5,000	5,000	-
FICA - village share	4,070	4,070	3,052
Medicare - village share	880	880	714
Unemployment insurance	1,760	1,760	1,331
IMRF	550	550	2,544
Training	165	165	-
Uniform allowance	1,000	1,000	38
Physicals	400	400	-
Payroll expense	400	400	-
Total Salaries and Benefits	74,725	74,725	56,949

VILLAGE OF HEBRON, ILLINOIS

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

Year Ended April 30, 2018

	Appropriations		Modified
	Original	Final	Cash Basis
Water Department Expenses			
Administrative Expenses (Concluded)			
Maintenance - buildings	\$ 6,600	\$ 6,600	\$ 70
Maintenance - vehicles	550	550	169
Maintenance - equipment	220	220	267
Water maintenance	38,621	38,621	24,429
Contract services	-	-	2,475
Other services	-	-	581
Audit	-	-	4,333
Postage	6,270	6,270	1,374
Telephone	-	-	2,075
Utilities	15,730	15,730	15,136
Printing	-	-	117
Dues	-	-	161
Insurance	27,500	27,500	25,000
Lab testing	3,300	3,300	4,752
Water testing	3,300	3,300	1,708
Chemicals	4,851	4,851	12,180
Rentals	2,750	2,750	-
Meters	19,800	19,800	14,246
Office supplies	275	275	765
Operating supplies	-	-	338
Computer software	3,300	3,300	18
Miscellaneous expense	275	275	515
Contingency	5,500	5,500	-
Total Administration Expenses	138,842	138,842	110,709
Total Water Department Expenses	213,567	213,567	167,658
Operating transfers out/(in)	-	-	6,740
Total Water and Sewer Expenses	\$ 779,269	\$ 779,269	\$ 578,097

VILLAGE OF HEBRON, ILLINOIS

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

Year Ended April 30, 2018

	Budget		Modified
	Original	Final	Cash Basis
Revenues			
Allotments	\$ 30,000	\$ 30,000	\$ 30,927
Interest income	500	500	1,994
Total Revenue	30,500	30,500	32,921
Expenditures			
Street program	45,000	45,000	19,500
Street lighting	20,000	20,000	-
Street maintenance	10,000	10,000	8,088
Road material	-	-	198
Snow removal and salt	12,000	12,000	4,509
Total Expenditures	87,000	87,000	32,295
Net Change in Fund Balance	\$ (56,500)	\$ (56,500)	\$ 626

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service Cost	\$ 13,912	\$ 12,593	\$ 10,398							
Interest on the Total Pension Liability	69,585	67,360	64,842							
Benefit Changes	-	-	-							
Difference between Expected and Actual Experience	(20,504)	(1,259)	5,290							
Assumption Changes	(25,829)	(1,572)	758							
Benefit Payments and Refunds	(48,613)	(52,432)	(42,701)							
Net Change in Total Pension Liability	(11,449)	24,690	38,587							
Total Pension Liability - Beginning	945,148	920,458	881,871							
Total Pension Liability - Ending (a)	\$ 933,699	\$ 945,148	\$ 920,458							
Plan Fiduciary Net Position										
Employer Contributions	15,931	17,321	13,843							
Employee Contributions	6,893	6,342	5,252							
Pension Plan Net Investment Income	149,025	55,571	4,017							
Benefit Payments and Refunds	(48,613)	(52,432)	(42,701)							
Other	(14,292)	1,557	15,165							
Net Change in Plan Fiduciary Net Position	108,944	28,359	(4,424)							
Plan Fiduciary Net Position - Beginning	839,048	810,689	815,113							
Plan Fiduciary Net Position - Ending (b)	\$ 947,992	\$ 839,048	\$ 810,689							
Net Pension Liability/(Asset) - Ending (a) - (b)	(14,293)	106,100	109,769							
Plan Fiduciary Net Position as a Percentage of Total Pension Liability										
	101.53%	88.77%	88.07%							
Covered Valuation Payroll	\$ 153,177	\$ 140,937	\$ 116,720							
Net Pension Liability as a Percentage of Covered Valuation Payroll										
	-9.33%	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%
2017	\$ 15,930 *	\$ 15,931	\$ (1)	\$ 153,177	10.40%

* Estimated based on a contribution rate of 10.40% and covered valuation payroll of \$153,177.

NOTES TO OTHER
INFORMATION

VILLAGE OF HEBRON, ILLINOIS

Notes to Other Information

Year Ended April 30, 2018

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.
- 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 19, 2017 and not amended during the fiscal year.
- Formal budgetary integration is not employed as a management control device during the year for any fund.
- Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis of accounting, which is comprehensive basis of

VILLAGE OF HEBRON, ILLINOIS

Notes to Other Information

Year Ended April 30, 2018

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.