Village of Rockton

Rockton, Illinois

Annual Financial Report

May 31, 2015

Village of Rockton, Illinois

Year Ended May 31, 2015

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Village of Rockton, Illinois

Year Ended May 31, 2015

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WIPFLi LLP

Independent Auditor's Report

To the Honorable Mayor and Village Trustees
Village of Rockton, Illinois

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Unmodified
Wagon Wheel Fund	Unmodified
Chemtool TIF Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Police Pension Trust Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Pension Trust Fund

As discussed in Note 1 to the financial statements, the Pension Trust Fund has elected to report investments at market value, which differs from the modified cash basis of accounting. The effect on the financial statements is to report a higher value of assets in the amount of approximately $453,987.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on the Pension Trust Fund" paragraph, the financial statements referred to above, present fairly, in all material respects, the respective financial position - modified cash basis of the Police Pension Trust Fund of the Village of Rockton, Illinois as of May 31, 2015, and the respective changes in financial position - modified cash basis thereof for the year then ended in accordance with the modified basis of accounting as described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, other than the Police Pension Trust Fund, of the Village of Rockton, Illinois as of May 31, 2015, and the respective changes in financial position - modified cash basis, and where applicable, cash flows thereof for the year then ended in accordance with the modified basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. Except for the Pension Trust Funds as noted above, the financial statements are prepared on the modified cash basis method 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Rockton, Illinois' basic financial statements. The additional schedules listed in the table of contents as other information, pages 44 through 56, all of 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016, on our consideration of the Village of Rockton, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Rockton, Illinois' internal control over financial reporting and compliance.

Wipfli LLP

Freeport, Illinois
January 12, 2016

Financial Statements

Village of Rockton, Illinois

Statement of Net Position - Modified Cash Basis

May 31, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 384,825	$ 753,135	$ 1,137,960
Restricted cash	262,424	41,999	304,423
Investments	171,398	25,972	197,370
Note receivable	13,203	-	13,203
Internal balances	(128,951)	128,951	-
Total current assets	702,899	950,057	1,652,956
Capital assets:			
Not depreciated	753,726	-	753,726
Depreciated (net of accumulated depreciation)	7,500,234	4,093,887	11,594,121
Total noncurrent assets	8,253,960	4,093,887	12,347,847
Total assets	8,956,859	5,043,944	14,000,803
Liabilities			
Current liabilities:			
Payroll taxes and credit union withholdings	9,538	-	9,538
Current portion-debt	430,652	138,450	569,102
Total current liabilities	440,190	138,450	578,640
Noncurrent liabilities:			
Notes payable	1,852,457	221,821	2,074,278
Capital lease payable	118,922	16,196	135,118
Bonds payable	2,302,477	1,325,000	3,627,477
Total noncurrent liabilities	4,273,856	1,563,017	5,836,873
Total liabilities	4,714,046	1,701,467	6,415,513
Net Position			
Net investment in capital assets	3,730,303	2,392,420	6,122,723
Restricted	741,550	41,999	783,549
Unrestricted	(229,040)	908,058	679,018
Total net position	$ 4,242,813	$ 3,342,477	$ 7,585,290

See accompanying notes to financial statements.

Village of Rockton, Illinois

Statement of Activities - Modified Cash Basis

Year ended May 31, 2015

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Governmental activities:				
General government	$ 1,481,718	$ 474,369	$ 51,590	$ -
Public safety	1,477,420	111,755	78,479	-
Judiciary and legal	87,706	-	-	-
Public works	1,117,253	1,755	232,283	-
Social services	9,989	-	-	-
Culture and recreation	442,175	56,042	-	-
Environment	360,203	367,063	-	-
Interest	174,659	-	-	-
Total governmental activities	$ 5,151,123	$ 1,010,984	$ 362,352	$ -
Business-type activities:				
Water	$ 580,904	$ 631,522	$ -	$ -
Sewer	538,239	556,036	-	-
Total business activities	$ 1,119,143	$ 1,187,558	$ -	$ -
General revenues:				
Taxes:				
Property taxes				
State taxes				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues				
Transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (955,759)	$ -	$ (955,759)
(1,287,186)	-	(1,287,186)
(87,706)	-	(87,706)
(883,215)	-	(883,215)
(9,989)	-	(9,989)
(386,133)	-	(386,133)
6,860	-	6,860
(174,659)	-	(174,659)
(3,777,787)	-	(3,777,787)
-	50,618	50,618
-	17,797	17,797
-	68,415	68,415
1,320,571	-	1,320,571
2,323,712	44,524	2,368,236
874	846	1,720
58,065	-	58,065
3,703,222	45,370	3,748,592
25,000	(25,000)	-
(49,565)	88,785	39,220
4,292,378	3,253,692	7,546,070
$ 4,242,813	$ 3,342,477	$ 7,585,290

Village of Rockton, Illinois

Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
Governmental Funds

May 31, 2015

	General Fund	Wagon Wheel TIF Fund	Chemtool TIF Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 56,512	$ 862	$ 285,902	$ 41,549	$ 384,825
Restricted cash	262,424	-	-	133,103	395,527
Investments	38,295	-	-	-	38,295
Loan Receivable	4,000	-	-	9,203	13,203
Total assets	$ 361,231	$ 862	$ 285,902	$ 183,855	$ 831,850
Liabilities					
Payroll taxes and credit union withholdings	$ 9,538	$ -	$ -	$ -	$ 9,538
Due to other funds	104,123	24,828	-	-	128,951
Total liabilities	113,661	24,828	-	-	138,489
Fund Balance					
Fund balance:					
Restricted	271,793	-	285,902	183,855	741,550
Unassigned	(24,223)	(23,966)	-	-	(48,189)
Total fund balance	247,570	(23,966)	285,902	183,855	693,361
Total liabilities and fund balance	$ 361,231	$ 862	$ 285,902	$ 183,855	$ 831,850

See accompanying notes to financial statements.

Village of Rockton, Illinois

Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis to the Statement of Net Position - Modified Cash Basis

May 31, 2015

Total fund balances - governmental funds	$	693,361
Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $12,297,530 and the accumulated depreciation is $4,043,570.		8,253,960
Long-term liabilities, including bonds payable and capital leases are not due and payable in the current period and therefore are not reported in the funds.		(4,704,508)
Total net position - modified cash basis - governmental activities	$	4,242,813

See accompanying notes to financial statements.

Village of Rockton, Illinois

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

Year ended May 31, 2015

	General Fund
Revenues	
Taxes	$ 3,254,615
Licenses, fees and permits	964,047
Intergovernmental	-
Other revenue	152,081
Total revenues	4,370,743
Expenditures	
Current:	
General government	1,401,019
Public safety	1,288,191
Judiciary and legal	87,706
Public works	332,569
Social services	9,989
Culture and recreation	333,658
Environment	360,203
Debt service	219,435
Capital outlay	905,516
Total expenditures	4,938,286
Excess (deficiency) of revenues over expenditures	(567,543)
Other financing sources (uses)	
Debt proceeds	732,227
Operating transfers in	25,000
Operating transfers out	-
Sale of fixed assets	20,028
Total other financing sources (uses)	777,255
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	209,712
Fund balance, beginning of year	37,858
Fund balance, end of year	$ 247,570

See accompanying notes to financial statements.

Wagon Wheel Fund	Chemtool TIF Fund	Other Governmental Funds	Total Governmental Funds
$ 113,406	$ 213,980	$ 125,552	$ 3,707,553
-	-	-	964,047
-	-	232,283	232,283
11	373	182	152,647
113,417	214,353	358,017	5,056,530
10,733	39,722	-	1,451,474
-	-	113,889	1,402,080
-	-	-	87,706
-	16,050	346,008	694,627
-	-	-	9,989
-	-	-	333,658
-	-	-	360,203
115,081	192,044	-	526,560
-	-	-	905,516
125,814	247,816	459,897	5,771,813
(12,397)	(33,463)	(101,880)	(715,283)
-	-	-	732,227
-	-	-	25,000
-	-	-	-
-	-	-	20,028
-	-	-	777,255
(12,397)	(33,463)	(101,880)	61,972
(11,569)	319,365	285,735	631,389
$ (23,966)	$ 285,902	$ 183,855	$ 693,361

Village of Rockton, Illinois

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis of Governmental Funds to the Statement of Activities - Modified Cash Basis

For the year ended May 31, 2015

Excess (deficiency) of revenues over expenditures and other financing sources (uses) - Governmental funds	$	61,972
Amounts reported for governmental activities in the statement of activities - modified cash basis - are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capitalized fixed assets ($773,236) exceeds depreciation expense ($504,447) in the period.		268,789
Debt proceeds are reported in governmental funds as other financing sources. However, the amount is recorded as a liability in the statement of net position This is the amount of debt proceeds in the period.		(732,227)
Debt payments are reported in governmental funds as expenditures. However, only the interest on bonds is recorded in the statement of activities. This is the amount of debt payments in the period.		351,901
Change in net position - modified cash basis - of governmental activities	$	(49,565)

See accompanying notes to financial statements.

Village of Rockton, Illinois

Statement of Net Position - Modified Cash Basis
Proprietary Funds

May 31, 2015

	Water Fund	Sewer Fund	Total Proprietary Funds
Assets			
Cash and cash equivalents	$ 392,142	$ 360,993	$ 753,135
Restricted cash	41,999	-	41,999
Investments	2,598	23,374	25,972
Due from other funds	-	129,172	129,172
Total current assets	436,739	513,539	950,278
Capital assets:			
Depreciated (net of accumulated depreciation)	3,239,838	854,049	4,093,887
Total noncurrent assets	3,239,838	854,049	4,093,887
Total assets	3,676,577	1,367,588	5,044,165
Liabilities			
Current liabilities			
Due to other funds	221	-	221
Current portion-debt	72,643	65,807	138,450
Total current liabilities	72,864	65,807	138,671
Noncurrent liabilities			
Capital lease payable	8,098	8,098	16,196
Notes payable	-	221,821	221,821
Bonds payable	1,325,000	-	1,325,000
Total noncurrent liabilities	1,333,098	229,919	1,563,017
Total liabilities	1,405,962	295,726	1,701,688
Net Position			
Net investment in capital assets	1,834,097	558,323	2,392,420
Restricted for:			
Restricted cash balances	41,999	-	41,999
Unrestricted	394,519	513,539	908,058
Total net position	$ 2,270,615	$ 1,071,862	$ 3,342,477

See accompanying notes to financial statements.

Village of Rockton, Illinois

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

Year ended May 31, 2015

	Water	Sewer	Total Proprietary Funds
Operating revenues			
Charges for services	$ 631,522	$ 556,036	$ 1,187,558
Operating expenses			
Operating	376,490	444,512	821,002
Depreciation	154,995	81,432	236,427
Total operating expenses	531,485	525,944	1,057,429
Operating income (loss)	100,037	30,092	130,129
Nonoperating revenues (expenses)			
Interest income	542	304	846
Replacement taxes	-	44,524	44,524
Interest expense	(49,419)	(12,295)	(61,714)
Total nonoperating revenues (expenses)	(48,877)	32,533	(16,344)
Income (loss) before operating transfers	51,160	62,625	113,785
Other financing sources			
Operating transfers out	-	(25,000)	(25,000)
Total other financing sources	-	(25,000)	(25,000)
Change in net position	51,160	37,625	88,785
Net position, beginning of year	2,219,455	1,034,237	3,253,692
Net position, end of year	$ 2,270,615	$ 1,071,862	$ 3,342,477

See accompanying notes to financial statements.

Village of Rockton, Illinois

Statement of Cash Flows - Modified Cash Basis
Proprietary Funds

Year ended May 31, 2015

	Water	Sewer	Total Proprietary Funds
Cash Flows from Operating Activities			
Cash received for services	$ 631,522	$ 556,036	$ 1,187,558
Cash payments to suppliers	(238,921)	(270,815)	(509,736)
Cash payments to employees	(114,549)	(133,997)	(248,546)
Net cash provided by operations	278,052	151,224	429,276
Cash Flows from Non-Capital Financing Activities			
Replacement taxes	-	44,524	44,524
Operating transfers in (out)	-	(25,000)	(25,000)
Net cash provided by (used in) non-capital financing activities	-	19,524	19,524
Cash Flows from Capital Financing Activities			
Proceeds from long-term debt	24,578	24,578	49,156
Payment of long-term debt	(83,840)	(74,877)	(158,717)
Interest paid on long-term debt	(49,419)	(12,295)	(61,714)
Purchase of capital assets	(78,322)	(62,753)	(141,075)
Net cash provided by (used in) capital financing activities	(187,003)	(125,347)	(312,350)
Cash Flows from Investing Activities			
Interest received	542	304	846
Purchase of investments	(46,216)	(21,503)	(67,719)
Sale of investments	125,549	1,500	127,049
Net cash provided by (used in) investing activities	79,875	(19,699)	60,176
Net increase in cash and cash equivalents	170,924	25,702	196,626
Beginning cash and cash equivalents	263,217	335,291	598,508
Ending cash and cash equivalents	$ 434,141	$ 360,993	$ 795,134

See accompanying notes to financial statements.

Village of Rockton, Illinois

Statement of Cash Flows - Modified Cash Basis (Continued)
Proprietary Funds

Year ended May 31, 2015

	Water	Sewer	Total Proprietary Funds
Reconciliation of operating income to net cash provided by (used in) operating activities			
Operating income (loss)	$ 100,037	$ 30,092	$ 130,129
Adjustments to reconcile operating income to net cash provided by operations			
Depreciation expense	154,995	81,432	236,427
Changes in assets and liabilities:			
Due from other funds	22,799	39,700	62,499
Due to other funds	221	-	221
Net cash provided by operations	$ 278,052	$ 151,224	$ 429,276

See accompanying notes to financial statements.

Village of Rockton, Illinois

Statement of Net Position
Pension Trust Fund

May 31, 2015

Assets	
Cash and deposits	$ 196,616
Investments	3,688,126
Interest Receivable	829
Total assets	3,885,571
Liabilities	
Due to others	-
Net Position	
Held in trust for pension benefits	$ 3,885,571

See accompanying notes to financial statements.

Village of Rockton, Illinois

Statement of Changes in Net Position
Pension Trust Fund

Year ended May 31, 2015

Additions		
Employer contributions	$	255,621
Contributions-employees		101,979
Interest income		123,893
Realized gain/(loss)		32,943
Unrealized gain/(loss)		40,824
Total additions		555,260
Deductions		
Benefits and refunds		23,413
Other charges and services		20,067
Total deductions		43,480
Net increase		511,780
Net position, beginning of year		3,373,791
Net position, end of year	$	3,885,571

See accompanying notes to financial statements.

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of the governmental and business-type activities of the Village of Rockton (the "government") have been prepared in conformity with the modified cash basis method of accounting, which is another comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP) as applied to government units. The financial statements of the fiduciary funds have been prepared in conformity with GAAP. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Financial Reporting Entity

The government is a municipal corporation governed by an elected mayor and six-member board of trustees (board). The accompanying financial statements present the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials are financially accountable or whose exclusion would render the financial statements misleading because of nature and significance of their relationship. The government has no entities that meet the definition of a component unit.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. It includes the receipt and use of the working cash fund which lends amounts to other funds.

The *Wagon Wheel TIF Fund* is used to account for the receipt of the Wagon Wheel TIF property taxes and the corresponding expenditures related to the TIF District.

The *Chemtool TIF Fund* is used to account for the receipt of the Chemtool TIF property taxes and the corresponding expenditures related to the TIF District.

The government reports the following major enterprise funds:

The *Water Fund* accounts for the costs related to operation of the Village water services. Funding is provided by user fees.

The *Sewer Fund* accounts for the costs related to operation of the Village sewer services. Funding is provided by user fees.

The government reports the following fiduciary funds:

The *Pension Trust Fund* accounts for the assets accumulated to pay the pension liabilities of the Village's police officers.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of presentation – fund financial statements (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary financial statements are reported using the *modified cash basis of accounting,* except for the fiduciary financial statements reporting investments at market value. Revenues are recorded when received and expenses are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with the modified cash basis of accounting.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Note 1 Summary of Significant Accounting Policies (Continued)

Budgetary information (Continued)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Statutes authorize the government to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Compiled Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved November 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 for equipment, $10,000 for buildings and improvements, $50,000 for infrastructure and an estimated useful life in excess of two years.

The government has elected to report only prospective infrastructure assets. Infrastructure includes only those assets put in place after May 1, 2004. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	40
Equipment & Vehicles	5-7
Infrastructure	10-40

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and expenditures/expenses

Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Note 1 Summary of Significant Accounting Policies (Continued)

Revenues and expenditures/expenses (Continued)

Property taxes

Property tax receipts represent the receipts primarily generated by the 2013 property tax levy.

The 2013 and 2014 levies were passed by the Board on December 17, 2013 and December 2, 2014, respectively. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable in two installments in June and September. The government receives significant distributions of tax receipts within one month of these due dates.

Compensated absences

Vacation

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service.

Sick Leave

The Village follows the policy of allowing unused sick days to accumulate. Upon leaving the employment of the Village, the employee shall, upon nonarbitrary termination, receive compensation of one half of his/her accumulated sick days pay.

The Village estimates a liability for accrued compensated absences as of May 31, 2015 to be $100,713. Since the Village follows a modified cash basis presentation, this amount is not recorded on the financial statements.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

For the year ended May 31, 2015, the General fund's expenditures exceeded appropriations by $35,438. The Police Pension fund's expenditures exceeded appropriations by $18,230. The Chemtool TIF fund's expenditures exceeded appropriations by $17,129.

Note 2 Stewardship, Compliance and Accountability (Continued)

Deficit fund equity

At May 31, 2015, the Wagon Wheel TIF Fund had a deficit fund balance of ($23,966).

Note 3 Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of May 31, 2015, the government's bank balance was $1,636,721 and $-0- of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

Note 4 Investments

As of May 31, 2015, the Village's investments were as follows:

	Fair Value
Governmental Activities	
External investment pool	$197,370
Total	$197,370
Pension Trust Fund	
External investment pool	$ 43,687
Municipal Bonds	591,922
U.S. Government Obligations	1,688,255
Equity Mutual Funds	1,364,262
Total	$3,688,126

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village has no specific policy on the interest rate risk at year-end.

Information about the sensitivity of the fair values of the Village investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

Note 4 Investments (Continued)

	Remaining Maturity (in Months)			
	12 Months or Less	13-60 Months	60+ Months	Total
External investment pool	$241,057	$ -	$ -	$ 241,057
Municipal Bonds	-	29,093	562,829	591,922
U.S. Government Obligations	201,378	528,058	958,819	1,688,255
Total	$442,435	$557,151	$1,521,648	$2,521,234

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. Presented below is the actual rating as of year-end for each investment type:

	Total as of May 31, 2015	Aaa	See Table Below
External investment pool	$241,057	$241,057	$ -
Municipal Bonds	591,922	-	591,922
Totals	$832,979	$241,057	$591,922

Rating	
A1	$104,653
A2	86,188
A3	19,398
Aa2	95,823
Aa3	138,559
Aaa	25,106
Baa1	14,157
Not rated	108,038
Total	$591,922

Concentration of Credit Risk:

The Village has no investments, other than mutual funds that are exempted from this requirement, in any one issuer that represent 5% or more of total Village's investments.

Note 4 Investments (Continued)

Custodial Credit Risk:

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of May 31, 2015 there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk:

The Village has no foreign currency risk for investments at year end.

For financial statement purposes, the Village shows Illinois funds as cash and cash equivalents.

Note 5 Capital Assets

The governmental activities capital asset activity for the year ended May 31, 2015 is as follows:

	Balance June 1, 2014	Additions	Deletions	Balance May 31, 2015
Capital assets not being depreciated:				
Land and land improvements	$ 753,726	$ -	$ -	$ 753,726
Construction in process	16,554	-	16,554	-
Total capital assets not being depreciated	770,280	-	16,554	753,726
Capital assets being depreciated:				
Infrastructure	7,387,148	613,266	-	8,000,414
Buildings and improvements	1,776,480	-	-	1,776,480
Equipment and vehicles	1,735,508	176,524	145,122	1,766,910
Total capital assets being depreciated	10,899,136	789,790	145,122	11,543,804

Note 5 Capital Assets (Continued)

Less accumulated depreciation for:				
Infrastructure	1,669,503	348,164	-	2,017,667
Buildings and improvements	716,719	44,302	-	761,021
Equipment and vehicles	1,298,023	111,981	145,122	1,264,882
Total accumulated depreciation	3,684,245	504,447	145,122	4,043,570
Total capital assets being depreciated, net:	7,214,891	285,343	-	7,500,234
Governmental activities capital assets, net	$7,985,171	$285,343	$16,554	$ 8,253,960

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

	Balance June 1, 2014	Additions	Deletions	Balance May 31, 2015
Capital assets being depreciated:				
Infrastructure	$5,486,984	$ 9,009	$ -	$5,495,993
Buildings and improvements	2,721,511	-	-	2,721,511
Equipment and vehicles	905,802	132,066	-	1,037,868
Total capital assets being depreciated	9,114,297	141,075	-	9,255,372
Less accumulated depreciation for:				
Infrastructure	2,011,711	118,695	-	2,130,406
Buildings and improvements	2,244,961	19,759	-	2,264,720
Equipment and Vehicles	668,386	97,973	-	766,359
Total accumulated depreciation	4,925,058	236,427	-	5,161,485
Business-type activities capital assets, net	$ 4,189,239	$(95,352)	$ -	$4,093,887

Note 5 Capital Assets (Continued)

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

Governmental activities:	
General government	$ 21,467
Public safety	58,289
Public works	285,685
Culture and recreation	139,006
Total depreciation expense, governmental activities	$504,447
Business-type activities:	
Water	$154,995
Sewer	81,432
Total depreciation expense, business-type activities	$236,427

Note 6 Long-Term Debt

Business-type Activities:

On January 14, 2008, the Village entered a lease agreement for the purchase of a Rubber Tire Loader and Backhoe. The Village agreed to pay $243,045 over the life of the lease. The lease is payable in quarterly installments of $10,188 at an interest rate of 4.92% due October 14, 2014. The lease was paid off during the current year.

On August 25, 2009, the Village signed a Note Payable for $560,000. The purpose of this Note is to pay off the existing Alternative Revenue Bonds which were originally held by the Rockton Sanitary District and to provide additional funds for up-grades to the sanitary treatment plant and lift stations. Repayment began on February 25, 2010 and is due semi-annually at a rate of 4.06%. Payment amount is $34,447 where part of it reduces the outstanding principal and the remaining amount is for interest. Final payment is due on August 25, 2019.

On February 1, 2013, the Village issued General Obligation Bonds with a principal amount of $1,585,000 for the purpose of refunding the 2003 General Obligation bonds and funding improvements to the water distribution system. In accordance with the bond agreement, a separate account will be maintained for the purpose of paying off the debt. At any time this account may not contain less than one-sixth of the interest coming due and one-twelfth of the principal coming due. At the beginning of each month, the Village is required to deposit that monthly fractional amount of the upcoming payment until there is a sufficient amount to pay the applicable amount on the due date. Principal and interest payments are to be made every February 1 until 2032. Interest only payments are to be made every August 1 until the principal is paid off. Principal payments range from $65,000 to $10,000 per year with interest at 3.35%.

Note 6 Long-Term Debt (Continued)

Business-type Activities (Continued):

On October 22, 2014, the Village entered a lease agreement for the purchase of 2 GMC Sierra trucks. The Village financed the trucks at a value of $49,156. The lease is payable in annual installments of $17,157 at an interest rate of 6.0% due October 22, 2016. The trucks had a book value of $44,240 at year end.

The debt service requirements to maturity are as follows:

Fiscal Year Ended 5/31	Capitalized Leases	General Obligation Bonds	Notes Payable
2016	$ 17,157	$ 111,565	$ 68,894
2017	17,157	114,388	68,894
2018	-	112,042	68,894
2019	-	114,698	68,894
2020	-	117,185	34,705
2021 – 2025	-	550,724	-
2026 – 2030	-	506,716	-
2031 – 2035	-	204,882	-
Total	34,314	1,832,200	310,281
Interest portion	2,832	442,200	30,296
Balance	$31,482	$1,390,000	$279,985

Changes in Business-Type Long-Term Debt:

	Balance at June 1, 2014	Additions	Payments	Balance at May 31, 2015
Note Payable	$ 336,023	$ -	$ 56,038	$ 279,985
Capitalized leases	20,004	49,156	37,678	31,482
General Obligation Bonds	1,455,000	-	65,000	1,390,000
Total	$1,811,027	$ 49,156	$156,090	$1,701,467

Note 6 Long-Term Debt (Continued)

Governmental Activities Long-Term Debt:

On August 11, 2006, the Village signed a Note Payable for $500,000. The purpose of this Note was to finance a feasibility study for the acquisition of Alliant Energy. The acquisition never did happen. The Village refinanced this Note Payable at a different bank on February 10, 2012. Twenty quarterly payments of $19,908 are due beginning May 10, 2012 at a rate of 3.65% with final payment due May 10, 2016.

On June 28, 2012, the Village signed a Note Payable for $138,000. The purpose of this Note is to acquire land. The Village agreed to pay 6 annual payments of $23,000 without interest with final payment due June 28, 2018.

On August 23, 2012, the Village signed a Note Payable for $60,000. The purpose of this Note is to finance the reconstruction/repaving of the Village Hall Parking Lot. The Village agreed to pay 6 annual payments of $10,000 without interest with final payment due August 1, 2018.

On June 1, 2012, the Village signed a Note Payable for $796,634. The purpose of this Note was to refinance the 2008 General Obligation Debt Certificates Series A. One annual payment of $51,460 was due on October 1, 2012, with 4 annual payments of $58,439 due beginning on October 1, 2013 with a final payment of $616,787 due on October 1, 2017 at a rate of 2.85%.

On June 1, 2012, the Village signed a Note Payable for $178,374. The purpose of this Note was to refinance the 2008 General Obligation Debt Certificates Series B. One annual payment of $12,365 was due on October 1, 2012, with 4 annual payments of $14,177 due beginning on October 1, 2013 with a final payment of $140,097 due on October 1, 2017 at a rate of 3.70%.

On June 1, 2012, the Village signed a Note Payable for $521,700. The purpose of this Note was to refinance the August 25, 2009 note payable for the Wagon Wheel TIF District area. One annual payment of $36,175 was due on October 1, 2012, with 4 annual payments of $41,465 due beginning on October 1, 2013 with a final payment of $409,740 due on October 1, 2017 at a rate of 3.70%.

On April 30, 2014, the Village signed a Note Payable for $650,000. The purpose of this Note was to finance athletic field improvements. The Village agreed to pay 6 annual payments of $120,120 which are due beginning June 30, 2015 at a rate of 2.85% with final payment due June 30, 2020.

On September 20, 2011, the Village entered a 4 year lease agreement for the purchase of a new police vehicle. The Village agreed to pay $14,341 over the life of the lease. The lease is payable in semi-annual installments of $1,954 at an interest rate of 3.9% due September 20, 2015. The book value of the vehicle is $7,594.

On August 16, 2012, the Village entered a 5 year lease agreement for the purchase of two police vehicles. The Village agreed to pay $49,333 over the life of the lease. The lease is payable in semi-annual installments of $5,557 at an interest rate of 5.5% due August 16, 2017. The book value of the vehicles is $24,666.

Note 6 Long-Term Debt (Continued)

Governmental Activities Long-Term Debt (Continued):

On October 21, 2013, the Village entered a 5 year lease agreement for the purchase of a new police vehicle. The Village agreed to pay $30,456 over the life of the lease. The lease is payable in semi-annual installments of $3,046 at an interest rate of 5.575% due December 31, 2018. The book value of the vehicles is $18,927.

On April 8, 2014, the Village entered a 5 year lease agreement for the purchase of a new police vehicle. The Village agreed to pay $29,710 over the life of the lease. The lease is payable in semi-annual installments of $2,971 at an interest rate of 5.575% due December 31, 2018. The book value of the vehicles is $18,464.

On October 22, 2014, the Village entered a 3 year lease agreement for the purchase of two new trucks. The Village agreed to finance $56,319 over the life of the leases. The leases are payable in annual installments of $19,683 at an interest rate of 5.94% due October 22, 2016. The book value of the vehicles is $50,687.

On December 5, 2014, the Village entered a 5 year lease agreement for the purchase of three new police vehicles. The Village agreed to finance $78,598 over the life of the leases. The leases are payable in annual installments of $18,174 at an interest rate of 5% due July 1, 2020. The book value of the vehicles is $70,738.

On February 17, 2009, the Village issued General Obligation Debt Certificates with a principal amount of $1,000,000 and a Second Lien Tax Increment Allocation Revenue Note with a principal amount of $1,000,000. Both amounts were issued for the purpose of financing the acquisition, construction and equipping of certain infrastructure improvements and related costs and expenses in connection with the Redevelopment Project and Plan for the Former Beloit Corporation Redevelopment Project Area. The Bonds will be retired through property tax revenue in the Chemtool TIF fund. Principal and interest payments are to be made every December 1 until 2028. Principal and interest payments are $101,852 for the TIF Note and $87,185 for the Debt Certificates. Interest rates are 8.0% for the TIF Note and 6.0% for the Debt Certificates.

On February 1, 2013, the Village issued General Obligation Bonds with a principal amount of $300,000 for the purpose of funding improvements to the athletic parks. In accordance with the bond agreement, a separate account will be maintained for the purpose of paying off the debt. At any time this account may not contain less than one-sixth of the interest coming due and one-twelfth of the principal coming due. At the beginning of each month, the Village is required to deposit that monthly fractional amount of the upcoming payment until there is a sufficient amount to pay the applicable amount on the due date. Principal and interest payments are to be made every February 1 until 2024. Interest only payments are to be made every August 1 until the principal is paid off. Principal payments range from $25,000 to $30,000 per year with interest at 2.91%.

Note 6 Long-Term Debt (Continued)

Governmental Activities Long-Term Debt (Continued):

On February 1, 2013, the Village issued General Obligation Bonds with a principal amount of $470,000 for the purpose of refinancing the 2003 GO Bonds. In accordance with the bond agreement, a separate account will be maintained for the purpose of paying off the debt. At any time this account may not contain less than one-sixth of the interest coming due and one-twelfth of the principal coming due. At the beginning of each month, the Village is required to deposit that monthly fractional amount of the upcoming payment until there is a sufficient amount to pay the applicable amount on the due date. Principal and interest payments are to be made every February 1 until 2024. Interest only payments are to be made every August 1 until the principal is paid off. Principal payments range from $35,000 to $45,000 per year with interest at 2.91%.

The debt service requirements to maturity are as follows:

Fiscal Year Ended 5/31	General Obligation Bonds	Capital Leases	Notes Payable
2016	$ 274,782	$ 64,905	$ 341,543
2017	278,037	60,981	267,201
2018	318,005	30,216	1,317,860
2019	261,404	21,073	153,120
2020	269,658	18,092	120,120
2021 - 2025	1,261,864	-	119,096
2026 - 2030	811,995	-	-
2031 - 2035	509,260	-	-
2036 - 2040	126,142	-	-
Total	$4,111,147	$195,267	$2,318,940
Interest portion	$1,709,026	$ 20,482	$ 191,338
Balance	$2,402,121	$174,785	$2,127,602

Note 6 Long-Term Debt (Continued)

Changes in Governmental Activities Long-Term Debt:

	Balance May 31, 2014	Additions	Payments	Balance May 31, 2015
Notes Payable	$1,743,213	$ 597,310	$212,921	$2,127,602
General Obligation Bonds	2,499,832	-	97,711	2,402,121
Capitalized leases	81,137	134,917	41,269	174,785
Total	$4,324,182	$732,227	$351,901	$4,704,508

The Village is subject to a debt limitation of 8.625% of its assessed valuation of $136,630,544. As of May 31, 2015 the Village had $7,079,876 of remaining legal debt margin.

Note 7 Debt Defeasance

In a prior year, the Village defeased the 2003 and 2008 General Obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the Village's government-wide financial statements. As of May 31, 2015, the amount of defeased debt from various issues outstanding but removed from the Village's financial statements amounted to $1,761,300.

Note 8 Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. The Village has no balances that are nonspendable at year end.

Note 8 Fund Balance Reporting (Continued)

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has the following balances that are restricted at year end.

a.	Unemployment (tax levy)	$ 9,369
b.	Greenspace	152,028
c.	Dare, drug enforcement & DUI	16,825
d.	Our town park	615
e.	Police agency vehicle	10,949
f.	Maintenance of bridge lookout	11,826
g.	Promotion/advertising for tourism	65
h.	Bond reserve	70,116
i.	Chemtool TIF	285,902
j.	Police Protection	22,913
k.	Motor Fuel Tax	142,825
l.	Revolving Loan	18,117
	Total	$741,550

Committed Fund Balance

The Village Council commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contract requirements. The Village Council has no balances that are committed at year end.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Village Council to assign amounts to be used for specific purposes. The Village Council has no balances that are assigned at year end.

Note 8 Fund Balance Reporting (Continued)

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund totaling ($24,223). It also includes negative fund balances in other funds, which includes the Wagon Wheel TIF balance of ($23,966).

Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Note 9 Restricted Net Position

Reservations of net position represent amounts that are not appropriable or are legally segregated for a specific purpose. Restricted net position is limited to outside third-party restrictions. The following restricted net position existed as of May 31, 2015:

a.	Unemployment (tax levy)	$ 9,369
b.	Greenspace	152,028
c.	Dare, drug enforcement & DUI	16,825
d.	Our town park	615
e.	Police agency vehicle	10,949
f.	Maintenance of bridge lookout	11,826
g.	Promotion/advertising for tourism	65
h.	Bond reserve	70,116
i.	Chemtool TIF	285,902
j.	Police Protection	22,913
k.	Motor Fuel Tax	142,825
l.	Revolving Loan	18,117
	Total	$741,550

The following funds accounted for in the Water Fund have been restricted by bond requirements as follows:

Bond & Interest	$41,999

Note 10 Interfund Balances

Below are the interfund balances as of May 31, 2015:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General Fund	$ -	$(104,123)
Wagon Wheel Fund	-	(24,828)
Proprietary funds:		
Water Fund	-	(221)
Sewer Fund	129,172	-
Total	$129,172	$(129,172)

The purpose of the interfund balances is to fund short term cash shortfalls in the General Fund, Police Protection Fund, and Water Fund.

Note 11 Transfers

Below are the interfund transfers as of May 31, 2015:

	Operating Transfers in	Operating Transfers out
Governmental funds:		
General Fund	$25,000	$ -
Proprietary funds:		
Sewer Fund	-	(25,000)
Total all funds	$25,000	$(25,000)

The purpose of this transfer was to transfer amounts from the sewer fund to the general fund to reimburse administrative costs.

Note 12 Tort Insurance Expenditures

The Village charged the following amounts towards the tort insurance levy for the year ended May 31, 2015, which resulted in no restricted fund balance.

Insurance	$42,640

Note 13 Pension Plan

Illinois Municipal Retirement Fund

Plan Description - The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy - As set by statute, the Village's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual required contribution rate for calendar year 2014 was 10.46 percent. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - The required contribution for calendar year 2014 was $63,763.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	$63,763	100%	$1,839
12/31/13	62,105	100%	1,796
12/31/12	46,389	100%	1,754

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village's regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Note 13 Pension Plan (Continued)

Illinois Municipal Retirement Fund (Continued)

Funded Status and Funding Progress - As of December 31, 2014, the most recent actuarial valuation date, the regular plan was 83.84 percent funded. The actuarial accrued liability for benefits was $1,319,304 and the actuarial value of assets was $1,106,053 resulting in an underfunded actuarial accrued liability (UAAL) of $213,251. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was $609,584 and the ratio of the UAAL to the covered payroll was 35 percent.

The schedule of funding progress, presented as other information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension

Plan description - Sworn police personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40-Article 5/3) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

Benefits provided - The following is a summary of the Police Pension Plan as provided for in the Illinois Compiled Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits under two different "Tiers". "Tier 1" (hired before 01/01/11) employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater.

The pension shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary.

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent of the amount of pension payable at the time of the increase annually thereafter.

"Tier 2" (hired on or after 01/01/11) employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank based on the highest consecutive 96 months of the final 120 months of service. Pensionable salary is capped at $106,800. The pension shall be increased 2.5% of such salary for each additional year of service over 20 up to a maximum of 75 percent of such salary.

Note 13 Pension Plan (Continued)

Police Pension (Continued)

COLA increases begin at age 60 or on the first anniversary of the pension start date whichever is later. COLA increases will be based on the lesser of one half of the CPI-U (certified by the Illinois Department of Insurance) or 3 percent of the originally granted pension.

Employees Covered by the Benefit Terms - At the June 1, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	1
Active employees	15
Total	16

Contributions - Covered employees are required to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Municipalities are required to fund the pension fund to 90 percent of the total actuarial liabilities by 2040.

The Statutes also contain a Portability Ruling that may impact the police pension fund. If a police officer transfers to another fund, that officer's former fund may be required to transfer monies to the officer's current fund if one of two requirements are met. The police officer must have either actively served in the police department for two years or the officer was involuntarily terminated for reasons other than fault of the officer. In these cases, the former fund will be required to transfer to the current fund amounts equal to twice the amounts of employee contributions to the plan plus interest at the rate of 6 percent per year, compounded annually.

Actuarial assumptions - The Total Pension Liability (TPL) in the June 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions (Economic)

Discount Rate used for the Total Pension Liability	5.87%
Long-Term Expected Rate of Return of Plan Assets	6.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.73%
Projected Individual Salary Increases	4.50% - 10.00%
Projected Increase in Total Payroll	4.50%
Consumer Price Index (Urban)	3.00%
Inflation Rate Included	3.00%

All rates shown above are assumed to be annual rates compounded on an annual basis.

Note 13 Pension Plan (Continued)

Police Pension (Continued)

Actuarial Assumptions (Demographic)

Mortality Table	L&A 2012 Illinois Police
Retirement Rates	L&A 2012 Illinois Police 100% Capped at age 65
Disability Rates	L&A 2012 Illinois Police 100%
Termination Rates	L&A 2012 Illinois Police 100%
Percent Married	80.0%

The actuarial assumptions used in the June 1, 2015 valuation were based on the results of an actuarial experience study dated November 16, 2015 for the year ending May 31, 2015. This is the first year of implementation for GASB 67. There are no changes in Net Pension Liability for changes in benefit terms, assumptions or actuarial experience.

Illinois Compiled Statutes ILCS) limit the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds, and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. During the year, no changes were made to the investment policy.

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return shown below have been provided by the investment professionals that work with the pension fund. Future real rates of return are weighted based on the target asset allocation within the Investment Policy Statement. Expected inflation is added back in. A summary of the best estimate of future real rates of returns (annual arithmetic average) are included in the table below. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	24.50%	6.90%
Small Cap Domestic Equity	7.00%	9.00%
International Equity	3.50%	7.10%
Fixed Income	65.00%	2.10%

Note 13 Pension Plan (Continued)

Police Pension (Continued)

ILCS limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on the quoted market prices as of May 31, 2015 for debt securities, equity securities and mutual funds and contract values for insurance contracts.

Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The rates provided above are intended to estimate those figures.

The expected inflation rate is 3.20% and is included in the total long-term rate of return on investments. The inflation rate is from the same source as the long-term real rates of return, and is not necessarily reflective of the inflation measures used for other purposes in the report.

Long-term rates of return may exhibit geometric properties. Geometric rates of return are equal to arithmetic rates of return when the annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. The higher the volatility, the greater the difference.

Municipal Bond Rate - The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Actuarial Assumption section is the May 28, 2015 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

Discount Rate - The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Note 13 Pension Plan (Continued)

Police Pension (Continued)

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

The plan's projected net position is expected to cover future benefit payments in full for the current employees through 2061.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the plan.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances, June 1, 2014	$5,080,479	$3,373,791	$1,706,688
Service costs	290,278	-	290,278
Interest on total pension liability	297,537	-	297,537
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	255,621	(255,621)
Employee contributions	-	101,979	(101,979)
Net investment income	-	186,693	(186,693)
Benefit payments – net of refunds	(23,412)	(23,412)	-
Administrative expense	-	(9,101)	9,101
Other changes	-	-	-
Net changes	564,403	511,780	52,623
Balances, May 31, 2015	$5,644,882	$3,885,571	$1,759,311

Note 13 Pension Plan (Continued)

Police Pension (Continued)

Sensitivity of the Village's net pension liability to changes in the discount rate - The following presents the Village's net pension liability calculated using the discount rate listed in the assumption section, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.87 percent) or 1-percentage-point higher (6.87 percent) than the current rate:

	1% Decrease (4.87%)	Current Rate (5.87%)	1% Increase (6.87%)
Net Pension Liability	$2,884,256	$1,759,311	$860,174

Note 14 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. In order to handle such risks of loss, the Village purchases insurance coverage through Illinois Municipal League Risk Management Association. The deductibles in effect through these policies as of May 31, 2015 vary with the type of coverage and risk involved. The Village may incur additional expense in the future to cover the liabilities of the Association based on claim experience. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

Note 15 Contingencies

From time to time, the Village is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

Note 16 Development Agreements

The Village established a Former Wagon Wheel Site Redevelopment Project Area, as defined by the Tax Increment Allocation Redevelopment Act. The Village has signed two agreements for commercial developments within this area. The Village signed a note for $80,000 with one developer to be paid back from property tax increments assessed on his parcel. The Village signed a note with another developer for $524,246 plus interest, to be paid back from property tax increments assessed on his parcel. The Village agreed to pay off the note in full if the developer completed his project by December 31, 2007. The developer did meet this deadline. In September, 2008, the Village issued general obligation debt certificates for $1,000,000 to pay the note plus interest, plus reimburse the Village for costs incurred to establish the Tax Increment Redevelopment area and provide for capital improvements within the redevelopment area.

Note 16 Development Agreements (Continued)

In agreements dated October 21, 2008, the Village established a Former Beloit Corporation Redevelopment Project Area, as defined by the Tax Increment Allocation Redevelopment Act. The Village has signed two agreements for commercial developments within this area. The Village signed a note for $1,000,000 with one developer to be paid back from property tax increments assessed on this parcel. The Village signed a note with another developer for $1,000,000 plus interest, to be paid back from property tax increments assessed on this parcel.

Note 17 Accounting Changes

In June 2012, the GASB issued Statement No. 67, "Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25." The government adopted this guidance for the fiscal year ending May 31, 2015.

Note 18 Pending Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." The government is required to implement this standard for the fiscal year ending May 31, 2016.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The government is required to implement this standard for the fiscal year ending May 31, 2016.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Note 19 Post-Employment Benefits

The Village has evaluated its potential other postemployment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no former employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Additionally, the Village has no former employees for which the Village was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of May 31, 2015.

Other Information (Unaudited)

Village of Rockton, Illinois

Other Information

Multiyear Schedule of Changes in Net Pension Liability and Related Ratios - Police Pension Fund

Last 10 Calendar Years

(schedule to be built prospectively from 2015)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Calendar year ending May 31,										
Total pension liability:										
Service cost	$290,278									
Interest on the total pension liability	297,537									
Benefit changes	0									
Difference between expected and actual experience	0									
Assumption changes	0									
Benefit payments and refunds	(23,412)									
Net change in total pension liability	564,403									
Total pension liability - beginning	5,080,479									
Total pension liability - ending (a)	$5,644,882									
Plan fiduciary net position:										
Employer contributions	$255,621									
Employee contributions	101,979									
Pension plan net investment income	186,693									
Benefit payments and refunds	(23,412)									
Administrative Expense	(9,101)									
Net change in plan fiduciary net position	511,780									
Plan fiduciary net position - beginning	3,373,791									
Plan fiduciary net position - ending (b)	$3,885,571									
Net pension liability(asset) - Ending (a) - (b)	1,759,311									
Plan fiduciary net position as a percentage of total pension liability	68.83%									
Covered valuation payroll	994,789									
Net pension liability as a percentage of covered valuation payroll	176.85%									

The District implemented GASB Statement No. 67 in May 2015.

Village of Rockton, Illinois

Other Information

May 31, 2015

Schedule of Funding Progress – IMRF

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {b-a)/c}
12/31/14	$1,106,053	$1,319,304	$213,251	83.84%	$609,584	34.98%
12/31/13	1,132,418	1,246,395	113,977	90.86%	536,315	21.25%
12/31/12	933,537	1,130,584	197,047	82.57%	448,634	43.92%

On a market value basis, the actuarial value of assets as of December 31, 2014 is $1,303,975. On a market basis, the funded ratio would be 98.84%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Village of Rockton. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Police Pension Fund
Multiyear Schedule of Contributions
Last 10 Calendar Years

Fiscal Year Ending May 31,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a % of Covered Valuation Payroll
2015	$245,078	$255,621	$(10,543)	$994,789	25.7%

The Village implemented GASB Statement No. 67 in May 2015.

Village of Rockton, Illinois

General Fund
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Revenues			
Taxes:			
Property taxes:			
Corporate	$ 326,502	$ 305,093	$ 21,409
Streets & bridges	54,663	51,351	3,312
Sanitation & garbage	10,722	10,133	589
IMRF	38,483	36,014	2,469
Social security	123,406	116,122	7,284
Tort liability	42,640	40,122	2,518
Audit	11,250	10,544	706
Police pension fund	255,621	245,115	10,506
Crossing guards	1,491	1,095	396
Unemployment tax	2,855	3,013	(158)
Other Taxes	22,873	22,300	573
Municipal retailers occupational tax	1,170,594	1,115,500	55,094
Replacement tax	56,627	56,900	(273)
State income tax	744,203	751,593	(7,390)
Charitable games tax	41,392	42,500	(1,108)
State use and photo processing	152,701	136,793	15,908
Telecommunications tax	198,592	221,000	(22,408)
Total taxes	3,254,615	3,165,188	89,427
Licenses, fees, and permits:			
Public utility franchises	80,538	76,300	4,238
Licenses and permits:			
Retail liquor licenses	57,538	37,500	20,038
Tobacco licenses	225	375	(150)
Other licenses and permits	7,170	9,100	(1,930)
Charges for services -			
Garbage collection fee	360,306	355,005	5,301
Electric infrastructure fee	248,846	205,110	43,736
Swimming pool	50,802	73,350	(22,548)
Traffic control	-	700	(700)
Garbage penalty	6,757	6,300	457

Village of Rockton, Illinois

General Fund (Continued)
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Revenues (Continued)			
Licenses, fees, and permits (continued):			
Fines and forfeitures	115,047	126,650	(11,603)
DUI revenue	2,746	1,000	1,746
Sporting event security	5,240	18,000	(12,760)
Employee dental and health insurance	28,832	26,475	2,357
Total licenses, fees, and permits	964,047	935,865	28,182
Intergovernmental:			
State and Federal Grants	-	75,000	(75,000)
Total intergovernmental	-	75,000	(75,000)
Other revenue:			
Rental income	21,030	18,360	2,670
Donations and reimbursements	85,018	84,800	218
Vending machine receipts	234	600	(366)
Drug forfeitures/seizures	13,473	5,000	8,473
Interest	308	500	(192)
Miscellaneous	32,018	15,800	16,218
Total other revenue	152,081	125,060	27,021
Total revenues	4,370,743	4,301,113	69,630

Village of Rockton, Illinois

General Fund (Continued)
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Expenditures			
General government:			
Administrative:			
Salaries	160,728	164,000	(3,272)
Insurance	298,803	320,804	(22,001)
Engineering	34,653	20,000	14,653
Zoning expense	4,076	3,900	176
Telephone	4,066	4,300	(234)
Professional organization	7,369	4,221	3,148
Training and Travel	11,197	10,000	1,197
Illinois municipal league conference	7,901	8,000	(99)
Supplies	8,177	9,000	(823)
Office equipment	10,860	14,043	(3,183)
Stateline bus service	25,000	25,000	-
Codification of ordinance	1,425	4,500	(3,075)
Miscellaneous	10,413	8,500	1,913
Total administrative	584,668	596,268	(11,600)
Payroll tax and tort liability:			
Unemployment insurance tax	8,601	4,200	4,401
Social security contribution	140,938	147,000	(6,062)
IMRF contributions	63,904	66,100	(2,196)
Police pension expense	255,621	245,115	10,506
Liability insurance	112,849	120,650	(7,801)
Total payroll tax and tort liability	581,913	583,065	(1,152)
Economic Development:			
Council of 100/Downtown development	61,400	82,500	(21,100)
Special events	8,378	15,000	(6,622)
Advertising	3,677	15,000	(11,323)
Total economic development	73,455	112,500	(39,045)
Audit	12,300	12,500	(200)

Village of Rockton, Illinois

General Fund (Continued)
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Expenditures (Continued)			
General government (continued):			
Treasurer:			
Village treasurer retainer	31,000	32,000	(1,000)
Buildings and grounds:			
Salaries	53,028	65,448	(12,420)
Telephone	13,376	10,000	3,376
Utilities	22,272	18,000	4,272
Maintenance equipment and supplies	29,007	33,200	(4,193)
Capital expenditures	8,777	8,777	-
Total buildings and grounds	126,460	135,425	(8,965)
Total general government	1,409,796	1,471,758	(61,962)
Public safety:			
Police Department:			
Salaries	1,069,355	1,038,944	30,411
Uniforms, badges and patches	15,869	17,950	(2,081)
Uniform cleaning	2,939	4,400	(1,461)
Equipment & vehicle maintenance	49,117	44,000	5,117
Postage and supplies	7,685	8,000	(315)
Telephone	6,727	9,600	(2,873)
Wireless communications	17,019	11,200	5,819
Forms and printing	7,498	8,300	(802)
Professional memberships	2,651	11,500	(8,849)
Travel, training and supplies	23,672	29,400	(5,728)
Gas, oil and car washes	43,925	60,000	(16,075)
Drug expenditures	16,203	6,000	10,203
Capital expenditures	87,830	10,000	77,830
DARE	737	-	737
DUI Expenditures	58	6,000	(5,942)
Lease/purchase	25,101	35,608	(10,507)
Miscellaneous	5,031	7,000	(1,969)
Total police department	1,381,417	1,307,902	73,515

Village of Rockton, Illinois

General Fund (Continued)
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Expenditures (Continued)			
Public safety (continued):			
Police commission:			
Salaries	1,800	1,800	-
Testing expenses	4,254	5,100	(846)
Legal fees	4,526	5,000	(474)
Training and travel	3,356	1,500	1,856
Publication	499	1,400	(901)
Total police commission	14,435	14,800	(365)
School crossing guards:			
Salaries and equipment	5,270	5,600	(330)
Total public safety	1,401,122	1,328,302	72,820
Judiciary and legal:			
Legal:			
Village attorney	81,088	100,000	(18,912)
Litigation expenses	6,618	30,000	(23,382)
Total legal	87,706	130,000	(42,294)
Public works:			
Streets and Sidewalks:			
Salaries	92,825	104,712	(11,887)
Uniform allowances	1,292	1,600	(308)
Equipment maintenance	26,583	20,000	6,583
Traffic light maintenance	(2,595)	9,000	(11,595)
Contract snow removal	2,490	3,000	(510)
Landscaping and restoration	2,588	1,000	1,588
Engineering	112,758	70,000	42,758
Avery storage rental	1,400	1,200	200
Supplies	932	1,250	(318)
Tools and equipment	3,107	5,000	(1,893)

Village of Rockton, Illinois

General Fund (Continued)
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Expenditures (Continued)			
Public works (continued)			
Streets and Sidewalks:			
Gas and oil	22,952	30,000	(7,048)
Traffic signs	2,976	7,000	(4,024)
Street maintenance	8,619	25,000	(16,381)
Capital expenditures	185,963	222,777	(36,814)
Electricity/pole rental	54,750	50,000	4,750
Wireless communication	892	1,500	(608)
Miscellaneous	1,000	1,000	-
Total public works	518,532	554,039	(35,507)
Social services:			
Health department:			
Animal control	9,989	12,000	(2,011)
Total social services	9,989	12,000	(2,011)
Culture and recreation:			
Public Parks:			
Salaries	51,590	70,000	(18,410)
Hut program	3,009	5,000	(1,991)
Christmas walk	6,571	6,000	571
Equipment maintenance	5,194	5,000	194
Landscaping	8,498	9,500	(1,002)
Utilities	10,056	3,000	7,056
Supplies	2,137	2,000	137
Tools and equipment	2,634	3,500	(866)
Gas and oil	138	2,000	(1,862)
Rockton athletic design	725,494	741,003	(15,509)
System repair and maintenance	4,460	6,000	(1,540)
Dog Park	17,205	20,000	(2,795)
Total public parks	836,986	873,003	(36,017)

Village of Rockton, Illinois

General Fund (Continued)
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Expenditures (Continued)			
Culture and recreation (Continued):			
Swimming Pool:			
Amenities	1,597	5,000	(3,403)
Maintenance	63,659	79,000	(15,341)
Telephone	413	300	113
Utilities	10,165	10,000	165
Water treatment testing and supplies	15,240	16,000	(760)
Miscellaneous supplies	3,443	9,450	(6,007)
Total swimming pool	94,517	119,750	(25,233)
Total culture and recreation	931,503	992,753	(61,250)
Environment:			
Garage collection:			
Residential pickup fees	360,203	358,600	1,603
Total environment	360,203	358,600	1,603
Debt service:			
Principal	202,127	-	202,127
Interest	17,308	126,272	(108,964)
Total debt service	219,435	126,272	93,163
Total expenditures	4,938,286	4,973,724	(35,438)

Village of Rockton, Illinois

General Fund (Continued)
Schedule of Revenues and Expenditures
Compared with Budget - Modified Cash Basis

Year ended May 31, 2015

	Actual	Original and Final Budget	Over (Under) Budget
Other Financing Sources (Uses)			
Debt proceeds	732,227	650,000	82,227
Operating transfers in	25,000	25,000	-
Operating transfers out	-	-	-
Sale of fixed assets	20,028	5,000	15,028
Total other financing sources (uses)	777,255	680,000	97,255
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	$ 209,712	$ 7,389	$ 202,323

Village of Rockton, Illinois

Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds

May 31, 2015

	Police Protection Fund	Motor Fuel Tax Fund	Revolving Loan Fund	Total Nonmajor Governmental Funds
Assets				
Cash and deposits	$ 22,913	$ 9,722	$ 8,914	$ 41,549
Investments	-	133,103	-	133,103
Loan Receivable	-	-	9,203	9,203
Total assets	$ 22,913	$ 142,825	$ 18,117	$ 183,855
Liabilities				
Due to other funds	$ -	$ -	$ -	$ -
Fund Balance				
Restricted	22,913	142,825	18,117	183,855
Total liabilities and fund balance	$ 22,913	$ 142,825	$ 18,117	$ 183,855

Village of Rockton, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis Nonmajor Governmental Funds

Year ended May 31, 2015

	Police Protection Fund	Motor Fuel Tax Fund	Revolving Loan Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	$ 125,552	$ -	$ -	$ 125,552
Intergovernmental	-	232,283	-	232,283
Other income	33	55	94	182
Total revenues	125,585	232,338	94	358,017
Expenditures				
Public safety	113,889	-	-	113,889
Public works	-	334,049	11,959	346,008
Total expenditures	113,889	334,049	11,959	459,897
Excess (deficiency) of revenues over (under) expenditures	11,696	(101,711)	(11,865)	(101,880)
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	11,696	(101,711)	(11,865)	(101,880)
Fund balances, beginning of year	11,217	244,536	29,982	285,735
Fund balances, end of year	$ 22,913	$ 142,825	$ 18,117	$ 183,855

Village of Rockton, Illinois

Schedule of Assessed Valuations, Rates, and Extensions

May 31, 2015

	2014	2013	2012
Assessed valuations	$136,630,544	$136,935,839	$142,645,407
Tax rates:			
Corporate	0.2318	0.2228	0.2100
Street and bridge	0.0389	0.0375	0.0369
Garbage collection	0.0074	0.0074	0.0071
IMRF	0.0279	0.0263	0.0246
Social Security	0.0871	0.0848	0.0807
Tort liability insurance	0.0301	0.0293	0.0281
Audit	0.0081	0.0077	0.0074
Unemployment	0.0008	0.0022	0.0036
School crossing guard	0.0022	0.0008	0.0008
Police protection fund	0.0890	0.0862	0.0828
Police pension	0.1633	0.1790	0.1758
Totals	0.6866	0.6840	0.6578
Tax extensions:			
Corporate	$ 316,710	$ 305,093	$ 299,555
Street and bridge	53,149	51,350	52,636
Garbage collection	10,111	10,133	10,128
IMRF	38,120	36,014	35,091
Social Security	119,005	116,122	115,115
Tort liability insurance	41,126	40,122	40,083
Audit	11,067	10,544	10,556
Unemployment	1,093	3,013	5,135
School crossing guard	3,006	1,095	1,141
Police protection fund	121,601	118,039	118,110
Police pension	223,118	245,115	250,771
Totals	$ 938,106	$ 936,640	$ 938,321
Collections (Including back tax)	$ 162,659	$ 937,147	$ 934,135
Percentage Collected	17.34%	100.05%	99.55%

WIPFLi LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

To the Honorable Mayor and Village Trustees
Village of Rockton, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rockton, Illinois as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village of Rockton, Illinois' basic financial statements and have issued our report thereon dated January 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Rockton, Illinois' internal control over financial reporting ("internal control") to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Rockton, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Rockton, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the following paragraphs.

Segregation of Duties

A good system of internal control procedures contemplates adequate segregation of duties so that no one individual can handle a transaction from its inception to its completion. Within the Village's system of internal control, there are situations whereby there is not a complete or adequate segregation of duties that arise due to legal requirements or limited number of personnel.

It would not be practical to set up procedures to detect all instances of noncompliance with controls that do exist, nor is it always practical to establish complete segregation of duties. As a result, however, many controls that are required for any given application could be circumvented without detection.

While we recognize that ultimate controls cannot be implemented with your current number of employees, we believe that continued strong supervision and review by the Trustees compensates for some of these weaknesses. Therefore, it is important that you recognize that regular and active involvement by the Trustees is an integral and critical area within the Village's system of internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Rockton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that are required to be reported under Government Auditing Standards:

For the fiscal year ended May 31, 2015, the General, Police Pension, and Chemtool TIF funds' actual expenditures exceeded the appropriated amounts. {See Note 2}.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Rockton's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Rockton's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Freeport, Illinois
January 12, 2016

WIPFLI LLP

Independent Auditor's Report on Compliance with State of Illinois Public Act 85-1142

Illinois Department of Revenue
Springfield, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rockton, Illinois, as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village of Rockton, Illinois' basic financial statements and have issued our report thereon dated January 12, 2016. These financial statements are the responsibility of the Village of Rockton, Illinois management. Our responsibility is to express opinions on these financial statements based on our audit.

We have also audited the Village of Rockton, Illinois' compliance with the provisions of subsection (q) of the Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended May 31, 2015 for the Tax Increment Financing Funds (the Wagon Wheel Fund and the Chemtool TIF Fund). The management of the Village of Rockton, Illinois, is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Village of Rockton, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Village of Rockton, Illinois, complied, in all material respects, with the requirements of subsection (q) of the Illinois Compiled Statutes 65 (ILCS) 5/11-74.43 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the year ended May 31, 2015 for the Tax Increment Financing Funds.

Wipfli LLP

Freeport, Illinois
January 12, 2016