

**VILLAGE OF BOURBONNAIS  
BOURBONNAIS, ILLINOIS**

**FINANCIAL STATEMENTS  
APRIL 30, 2015**

VILLAGE OF BOURBONNAIS

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Village of Bourbonnais  
Bourbonnais, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bourbonnais, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Village of Bourbonnais, Illinois' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kankakee River Metropolitan Agency, which represent 38.1 percent, 42.2 percent, and 16.3 percent, respectively, of the assets, net position, and revenue of the Sewer Operating Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Kankakee River Metropolitan Agency, is based solely on the report of the other auditors. 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 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 auditors' 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 audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bourbonnais, Illinois as of April 30, 2015 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

The Village of Bourbonnais adopted new accounting guidance, GASB Statement No. 67, *Financial Reporting for Pension Plans*, which modified certain disclosures in the notes to the financial statements and the required supplementary information. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the Village's April 30, 2014 financial statements, and in our report dated December 3, 2014, we expressed unmodified opinions on those financial statements. In our opinion, the summarized comparative information presented here in as of and for the year ended April 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Bourbonnais, Illinois' basic financial statements. The statistical section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015, on our consideration of the Village of Bourbonnais, 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 the 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 Bourbonnais, Illinois' internal control over financial reporting and compliance.

*Borschneck, Pelletier + Co.*

December 2, 2015

**VILLAGE OF BOURBONNAIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING APRIL 30, 2015**

This section of the Village of Bourbonnais' (Village) comprehensive annual financial report presents management's discussion and analysis of the Village's financial performance during the fiscal year that ended on April 30, 2015. Please read this analysis in conjunction with the Village's basic financial statements, which follow this section.

**Financial Highlights**

Summary financial highlights for the fiscal year ending April 30, 2015 are as follows:

- Growth continues in Bourbonnais. During the fiscal year 2015, Thirty-three permits were issued for new single family homes.
- The Village made funding arrangements for the repairs to Career Center Road. This project was completed in the summer of 2015.
- The Village began the relining of its sewer line running from Larry Power Road to Armour Road. This will complete the relining from 5000 N Road to Armour Road.
- The Brickstone Brewery began construction on its facility along Brown Boulevard. The Village assisted in this development by constructing an access road to be used by the Brewery and other developments in that area.

**Overview of the Financial Statements**

The Village's annual report consists of four parts - 1) *management's discussion and analysis* (this section), 2) *the basic financial statements*, 3) *required supplementary information*, and 4) *a statistical section* that presents optional statistical information. The basic financial statements include two types of statements that present different views of the Village' financial condition.

- The first two statements are *government wide financial statements* that provide both long-term and short-term information about the Village's overall financial status. These appear first and include the Statement of Net Position and the Statement of Activities. They report information about the Village as a whole. These statements are prepared using the accrual method of accounting which is the accounting method used by most private sector businesses. The Statement of Net Position includes all of the Village's assets, deferred outflows, liabilities, and deferred inflows except the fiduciary funds. All current year revenues and expenses are reported in the Statement of Activities. These two statements report the governmental and business-type activities of the Village that include all services performed by the Village. These activities are funded primarily by property taxes, charges for services and federal and state grants.
- The Statement of Net Position shows the Village's assets, deferred outflows, liabilities, and deferred inflows. The difference between total assets, deferred outflows, liabilities, and deferred inflows equals the net position of the Village. A deficit occurs when there are more liabilities and deferred inflows than there are assets and deferred outflows to pay those liabilities. This statement measures the financial strength of the Village; the greater the net position figure, generally the indication of a healthier financial position for the

**VILLAGE OF BOURBONNAIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING APRIL 30, 2015**

Village. This statement helps management determine if the Village will be able to fund current obligations and whether they have resources available for future use.

- The Statement of Activities shows the current year change in net position on a revenues minus expenses basis. It generally shows the operating results for a given year of the Village. Any excess of revenues over expenses results in a surplus for the year that in turn increases the net position available to fund future needs of the Village. Excess expenses over revenues have an opposite impact on net position.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government wide statements. Funds that are separately stated as major funds include the General Fund, Special Tax Allocation Fund, Motor Fuel Tax Fund, Motor Fuel Tax Bond Fund, Impact Fees Fund, Sewer Operating Fund, and Refuse Disposal Fund.
- The *governmental funds* statements illustrate how general government services like public safety were financed in the short-term as well as what remains for future spending. They report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes a long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances both include reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

- *Proprietary fund* statements offer short and long-term financial information about the activities the government operates like businesses, such as the Sewer Operating Fund. Information provided is consistent with the focus provided by the government-wide financial statements, but is separately stated for each major enterprise fund.
- *Fiduciary funds* - The Village is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Village's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Village's government-wide financial statements because the Village cannot use these assets to finance its operations. Separately issued financial statements for the Bourbonnais Police Pension Fund may be obtained by contacting the Village of Bourbonnais.

**VILLAGE OF BOURBONNAIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING APRIL 30, 2015**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Financial Statements can be found on pages 22-46.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the major governmental fund budgetary schedules and data concerning the Village's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 47-51 of this report.

**Infrastructure Assets**

Historically, a government's largest group of assets (infrastructure - roads, bridges, storm sewers, etc.) are neither reported nor depreciated in the governmental fund financial statements. Governmental Accounting Standards Board (GASB) Statement No. 34 requires that these assets be valued and reported within the Governmental Activities column of the government-wide statements. Additionally, the government must elect to either 1) depreciate these assets over their estimated useful life or 2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The Village has chosen to depreciate assets over their useful life.

If an improvement project is considered a recurring cost that does not extend the asset's original useful life or expand its capacity, the cost of that project will be expensed. For example, an "overlay" of a road will be expensed, whereas a "rebuild" of a road will be capitalized.

**VILLAGE OF BOURBONNAIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING APRIL 30, 2015**

**Government-Wide Financial Statements – Condensed Financial Information**

Reports summarizing both long-term and short-term information regarding the financial condition of the Village are contained in the Statement of Net Position and the Statement of Activities which follow:

**Statements of Net Position –**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Village of Bourbonnais, net position was \$44,791,565 as of April 30, 2015. The following table reflects the condensed Statements of Net Position:

	<b>2015</b>			<b>2014</b>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets	\$ 9,188,152	\$ 2,987,741	\$ 12,175,893	\$ 12,671,647
Noncurrent assets	<u>25,656,714</u>	<u>14,669,443</u>	<u>40,326,157</u>	<u>36,747,354</u>
Total assets	<u>34,844,866</u>	<u>17,657,184</u>	<u>52,502,050</u>	<u>49,419,001</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total deferred outflows of resources	<u>236,623</u>	<u>86,147</u>	<u>322,770</u>	<u>368,496</u>
<b>LIABILITIES</b>				
Current liabilities	700,015	424,578	1,124,593	1,152,251
Noncurrent liabilities	<u>5,469,906</u>	<u>1,438,756</u>	<u>6,908,662</u>	<u>7,546,352</u>
Total liabilities	<u>6,169,921</u>	<u>1,863,334</u>	<u>8,033,255</u>	<u>8,698,603</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	23,309,787	6,367,786	29,677,573	25,932,338
Restricted	4,098,574	1,184,152	5,282,726	6,310,236
Unrestricted	<u>1,503,207</u>	<u>8,328,059</u>	<u>9,831,266</u>	<u>8,846,320</u>
<b>Total net position</b>	<u>\$ 28,911,568</u>	<u>\$ 15,879,997</u>	<u>\$ 44,791,565</u>	<u>\$ 41,088,894</u>

**Discussion & Analysis**

The Village's net position was \$44,791,565 on April 30, 2015. Capital assets, net of related debt, amounted to \$29,677,573. This figure is arrived at by taking the original costs of the Village's capital assets, subtracting accumulated depreciation to date and comparing this figure to the amount of remaining debt utilized to finance the acquisition of those assets.

**VILLAGE OF BOURBONNAIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING APRIL 30, 2015**

Restricted net position totaled \$5,282,726 on April 30, 2015, and are those assets restricted by ordinance or by revenue bond agreements. By comparison, unrestricted net position totaled \$9,831,266 for the year ended April 30, 2015. This total is the net accumulated result of the current and previous years' operations. Village operations are based on revenues from property taxes, charges for services, state and federal aid and grants and local funds received to fund Village programs.

**Statements of Activities –**

Overall results of operations for the Village of Bourbonnais for the fiscal operating period ending April 30, 2015 are reported in the Statement of Activities for the Village. This statement reports the changes in the Village's net position for this fiscal period.

	<u>2015</u>			<u>2014</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
<b>REVENUES</b>				
Program Revenues				
Charges for service	\$ 637,096	\$ 5,909,807	\$ 6,546,903	\$ 6,385,203
Operating grants and contributions	79,509	-	79,509	77,561
General Revenues				
Property taxes	1,669,828	-	1,669,828	1,821,114
Franchise taxes	315,556	-	315,556	295,828
Income tax and other state taxes	5,940,602	-	5,940,602	5,256,600
Unrestricted investment earnings	15,033	7,328	22,361	24,264
Other financing sources - donated assets	2,286,741	-	2,286,741	-
Gain (loss) on sale of assets	5,142	-	5,142	6,000
<b>Total revenues</b>	<u>10,949,507</u>	<u>5,917,135</u>	<u>16,866,642</u>	<u>13,866,570</u>
<b>EXPENSES</b>				
General government	3,978,181	-	3,978,181	4,091,455
Public safety	3,758,521	-	3,758,521	3,504,990
Public works	1,188,136	-	1,188,136	1,242,283
Economic development	1,319	-	1,319	45,606
Culture and recreation	88,944	-	88,944	52,955
Interest on long-term debt	165,531	-	165,531	168,903
Sewer operations	-	2,854,455	2,854,455	2,822,318
Refuse disposal	-	1,128,884	1,128,884	1,063,851
<b>Total expenses</b>	<u>9,180,632</u>	<u>3,983,339</u>	<u>13,163,971</u>	<u>12,992,361</u>
<b>TRANSFERS</b>	689,346	(689,346)	-	-
<b>Change in net position</b>	<u>\$ 2,458,221</u>	<u>\$ 1,244,450</u>	<u>\$ 3,702,671</u>	<u>\$ 874,209</u>

**VILLAGE OF BOURBONNAIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING APRIL 30, 2015**

**Discussion & Analysis**

Total Village revenues were \$16,866,642 for the period. The Village's total cost (expense) to fund all governmental activities was \$9,180,632 while business-type activities were \$3,983,339. A majority of these costs were funded by property tax, user fees and state aid.

**Capital Assets**

The Village's investment in capital assets for its Governmental and Business-type Activities as of April 30, 2015 amounted to \$33,618,353. The investment in capital assets includes land, buildings, equipment, improvements other than buildings, underground systems, infrastructure, and construction in progress. This amount includes a net increase in capital assets (including additions and retirements) of \$2,799,916 for the current fiscal year. Detailed information regarding the change in capital assets for Governmental and Business-type Activities is included in the Notes to the Financial Statements on page 34.

**Debt Outstanding**

The Village's long-term debt consists of certain revenue bonds issued in previous years. Information relating to long-term debt can be found in the Notes to Financial Statements on pages 35-37.

**Governmental Activities**

**General Government**

As the name implies, the general government component of the Village has at its core those basic municipal services which are most often associated with local government: i.e. police department, public works, code enforcement, building and zoning and recreation. These services are supported primarily through those revenues received through real estate property tax, sales tax and other shared revenues received by the Village, including fees and other charges. To this extent they do not have a dedicated revenue stream or streams, but instead must rely on a limited or finite number of dollars available each year within which these programs and services must be funded.

**Tax Increment Financing Districts (TIF)**

The Village has established a Redevelopment Project Area ("TIF District") pursuant to the Tax Increment Allocation Redevelopment Act, as amended (the "TIF Act"). The TIF District allows the Village to utilize the incremental property taxes by the TIF District ("Incremental Taxes") to provide funds for a wide variety of capital improvements within the respective TIF District and other eligible costs allowed pursuant to the TIF Act which would otherwise potentially require utilization of other revenues of the Village or other capital financing options allowed by law. The Incremental Taxes have been used to fund street improvements, utility projects, land acquisition, grants for businesses operating or desiring to operate within the TIF District and to pay for various other eligible costs permitted by the TIF Act.

**VILLAGE OF BOURBONNAIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDING APRIL 30, 2015**

**Business-type Activities**

The Village of Bourbonnais' "Business-type Activities" are comprised of the Sewer Operating Fund, which supports the operation and maintenance of the sewer utilities and the Refuse Disposal Fund, which accounts for the Village's refuse disposal services. These funds continue to be well managed enterprises which allow the Village to provide these taxpayer services in an efficient and cost effective manner.

**Economic Factors and Next Year's Budget and Rates**

Despite economic conditions to the contrary, growth continues in Bourbonnais. During the fiscal year 2015, thirty-three permits were issued for new single family homes. This continues the positive growth pattern of the last ten years.

The Village closed out the Downtown TIF District projects with the completion of the new parking lot and improvements to Benoit and Toni Streets. In fiscal 2015, the Village began the establishment of a new TIF District in the downtown area to continue to develop that area. The Village extended the major sewer relining project from Larry Power Road to Armour Road. The Village also secured financing to repave Career Center Road from Route 102 to 6500 North. That project was completed during the summer of 2015.

Various new businesses opened in the Village including Brickstone Production Brewery, the relocation of Cigna Healthcare and Sammy's Pizza.

Property values have remained relatively stable in Bourbonnais and with the Village portion of the property tax levy currently at 4.7% of total property tax bill; management will continue to control expenses in order to continue to provide quality services to our residents. The Village will need to be cautious of reductions that have been discussed in the General Assembly that will reduce the amount of income tax distributions that it receives. Planning for proposed reductions could limit some of the services that the Village provides should those cuts be enacted.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, customers, taxpayers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives and expends. If you have questions about this report or need additional financial information, please contact the Village of Bourbonnais Municipal Office, 600 Main Street NW, Bourbonnais, Illinois 60914.

**VILLAGE OF BOURBONNAIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2015**  
**(With Comparative Totals for April 30, 2014)**

	<b>2015</b>			<b>2014</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 3,107,319	\$ 960,402	\$ 4,067,721	\$ 4,574,437
Investments	3,227,624	1,226,065	4,453,689	4,603,704
Receivables	2,724,352	385,690	3,110,042	2,929,770
Internal balances	(19,539)	19,539	-	-
Other assets	148,396	396,045	544,441	563,736
Total current assets	<u>9,188,152</u>	<u>2,987,741</u>	<u>12,175,893</u>	<u>12,671,647</u>
<b>Noncurrent assets</b>				
Capital assets, non-depreciable	4,264,409	-	4,264,409	4,264,409
Capital assets, net of depreciation	21,392,305	7,961,639	29,353,944	26,554,028
Investment in joint venture	-	6,707,804	6,707,804	5,928,917
Total noncurrent assets	<u>25,656,714</u>	<u>14,669,443</u>	<u>40,326,157</u>	<u>36,747,354</u>
Total Assets	<u>34,844,866</u>	<u>17,657,184</u>	<u>52,502,050</u>	<u>49,419,001</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding	236,623	86,147	322,770	368,496
Total deferred outflows of resources	<u>236,623</u>	<u>86,147</u>	<u>322,770</u>	<u>368,496</u>
Total assets and deferred outflows of resources	<u>35,081,489</u>	<u>17,743,331</u>	<u>52,824,820</u>	<u>49,787,497</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	244,881	142,061	386,942	428,541
Accrued interest	55,663	27,517	83,180	89,973
Bonds payable	375,000	255,000	630,000	610,000
Capital lease payable	24,471	-	24,471	23,737
Total current liabilities	<u>700,015</u>	<u>424,578</u>	<u>1,124,593</u>	<u>1,152,251</u>
<b>Noncurrent liabilities</b>				
Bonds payable in more than one year	4,750,270	1,425,000	6,175,270	6,813,862
Capital lease payable	51,233	-	51,233	75,704
Accrued compensated absences	668,403	13,756	682,159	656,786
Total noncurrent liabilities	<u>5,469,906</u>	<u>1,438,756</u>	<u>6,908,662</u>	<u>7,546,352</u>
Total Liabilities	<u>6,169,921</u>	<u>1,863,334</u>	<u>8,033,255</u>	<u>8,698,603</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	23,309,787	6,367,786	29,677,573	25,932,338
Restricted, Expendable	4,098,574	1,184,152	5,282,726	6,310,236
Unrestricted	1,503,207	8,328,059	9,831,266	8,846,320
Total Net Position	<u>\$ 28,911,568</u>	<u>\$ 15,879,997</u>	<u>\$ 44,791,565</u>	<u>\$ 41,088,894</u>

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

**VILLAGE OF BOURBONNAIS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2015  
(With Comparative Totals for the year ended April 30, 2014)**

	2015					2014				
	Program Revenues			Capital		Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Grants and Contributions	Governmental Activities	Business- type Activities	Total	Total	Total	Total
<b>Governmental activities</b>										
General government	\$ 3,978,181	\$ 406,802	\$ -	\$ -	\$ (3,571,379)	\$ -	\$ (3,571,379)	\$ (3,571,379)	\$ (3,448,211)	\$ (3,448,211)
Public safety	3,758,521	230,294	79,509	-	(3,448,718)	-	(3,448,718)	(3,448,718)	(3,234,555)	(3,234,555)
Public works	1,188,136	-	-	2,286,741	1,098,605	-	1,098,605	1,098,605	(1,242,283)	(1,242,283)
Economic development	1,319	-	-	-	(1,319)	-	(1,319)	(1,319)	(45,606)	(45,606)
Culture and recreation	88,944	-	-	-	(88,944)	-	(88,944)	(88,944)	(52,955)	(52,955)
Interest on long-term debt	165,531	-	-	-	(165,531)	-	(165,531)	(165,531)	(168,903)	(168,903)
Total governmental activities	9,180,632	637,096	79,509	2,286,741	(6,177,286)	-	(6,177,286)	(6,177,286)	(8,192,513)	(8,192,513)
<b>Business-type activities</b>										
Sewer operations	2,854,455	4,783,451	-	-	-	1,928,996	1,928,996	1,928,996	1,654,193	1,654,193
Refuse disposal	1,128,884	1,126,356	-	-	-	(2,528)	(2,528)	(2,528)	8,723	8,723
Total business-type activities	3,983,339	5,909,807	-	-	-	1,926,468	1,926,468	1,926,468	1,662,916	1,662,916
Total primary government	\$ 13,163,971	\$ 6,546,903	\$ 79,509	\$ 2,286,741	\$ (6,177,286)	\$ 1,926,468	\$ (4,250,818)	\$ (4,250,818)	\$ (6,529,597)	\$ (6,529,597)
<b>General revenues:</b>										
Property taxes, levied for general purposes					1,669,828	-	1,669,828	1,669,828	1,821,114	1,821,114
Franchise taxes					315,556	-	315,556	315,556	295,828	295,828
Income tax and other State tax revenue					5,940,602	-	5,940,602	5,940,602	5,256,600	5,256,600
Unrestricted investment earnings					15,033	7,328	22,361	22,361	24,264	24,264
Gain (loss) on sales of assets					5,142	-	5,142	5,142	6,000	6,000
Transfers					689,346	(689,346)	-	-	-	-
Total general revenues and transfers					8,635,507	(682,018)	7,953,489	7,953,489	7,403,806	7,403,806
<b>CHANGE IN NET POSITION</b>					2,458,221	1,244,450	3,702,671	3,702,671	874,209	874,209
<b>NET POSITION, BEGINNING OF YEAR</b>										
As previously reported					26,453,347	14,635,547	41,088,894	41,088,894	38,397,312	38,397,312
Prior period adjustment					-	-	-	-	1,817,373	1,817,373
As restated					26,453,347	14,635,547	41,088,894	41,088,894	40,214,685	40,214,685
<b>NET POSITION, END OF YEAR</b>					\$ 28,911,568	\$ 15,879,997	\$ 44,791,565	\$ 44,791,565	\$ 41,088,894	\$ 41,088,894

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

**VILLAGE OF BOURBONNAIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2015**

(With Comparative Totals for April 30, 2014)

	2015					2014	
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Motor Fuel Tax Bond Fund	Impact Fees Fund	Total Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,748,455	\$ 345,695	\$ -	\$ -	\$ 13,169	\$ 3,107,319	\$ 4,372,053
Investments	2,004,136	-	802,415	-	421,073	3,227,624	3,384,968
Interest receivable	901	-	-	-	-	901	1,676
Due from other funds	1,970	50,073	7,133	-	52,312	111,488	25,439
Receivables from other governments	2,572,766	102,987	43,332	-	-	2,719,085	2,571,188
Other receivables	4,366	-	-	-	-	4,366	2,244
Prepaid expense	150,144	-	-	-	-	150,144	120,730
<b>TOTAL ASSETS</b>	<b>\$ 7,482,738</b>	<b>\$ 498,755</b>	<b>\$ 852,880</b>	<b>\$ -</b>	<b>\$ 486,554</b>	<b>\$ 9,320,927</b>	<b>\$ 10,478,298</b>
<b>LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 93,277	\$ 2,979	\$ 847	\$ -	\$ -	\$ 97,103	\$ 158,087
Salaries and benefits payable	147,778	-	-	-	-	147,778	130,679
Due to other funds	131,375	1,400	-	-	-	132,775	514,310
Total liabilities	372,430	4,379	847	-	-	377,656	803,076
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable tax revenue	1,814,521	102,987	-	-	-	1,917,508	1,825,679
Total deferred inflows of resources	1,814,521	102,987	-	-	-	1,917,508	1,825,679
<b>FUND BALANCES</b>							
Nonspendable	150,144	-	-	-	-	150,144	120,730
Restricted for:							
Capital projects	2,202,443	-	-	-	-	2,202,443	2,268,708
Debt service	-	-	-	-	-	-	1,492
Economic development	646,394	391,389	-	-	-	1,037,783	2,196,853
Public safety	6,315	-	-	-	-	6,315	4,882
Street maintenance programs	-	-	852,033	-	-	852,033	657,832
Committed	-	-	-	-	-	-	468,536
Unassigned	2,290,491	-	-	-	486,554	2,790,491	2,130,510
Total fund balances	5,295,787	391,389	852,033	-	486,554	7,025,763	7,849,543
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,482,738</b>	<b>\$ 498,755</b>	<b>\$ 852,880</b>	<b>\$ -</b>	<b>\$ 486,554</b>	<b>\$ 9,320,927</b>	<b>\$ 10,478,298</b>

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

**VILLAGE OF BOURBONNAIS  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
AND THE STATEMENT OF NET POSITION  
APRIL 30, 2015  
(With Comparative Totals for April 30, 2014)**

	<b>2015</b>	<b>2014</b>
Adjustments necessary to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:		
Governmental funds combined fund balance	\$ 7,025,763	\$ 7,849,543
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	25,656,714	22,819,443
Revenues deferred in the Governmental Fund Balance Sheet due to lack of availability to pay for current-period expenditures are recognized in the Statement of Net Position.	1,917,508	1,825,679
Unamortized loss on refunding of debt is not reported in the Governmental Funds Balance Sheet, but is reported in the Statement of Net Position	236,623	269,096
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. All liabilities are reported in the Statements of Net Position:		
Bonds payable	(5,125,270)	(5,503,862)
Capital lease payable	(75,704)	(99,441)
Interest payable	(55,663)	(58,746)
Compensated absences	(668,403)	(648,365)
Net Position of Governmental Activities	<b>\$ 28,911,568</b>	<b>\$ 26,453,347</b>

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

**VILLAGE OF BOURBONNAIS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED APRIL 30, 2015**  
 (With Comparative Totals for the Year Ended April 30, 2014)

	2015						2014	
	Special Tax		Motor Fuel		Impact Fees	Total	Governmental	Total
	Allocation	Fund	Motor Fuel	Tax Bond				
<b>REVENUES</b>	<b>General Fund</b>	<b>Fund</b>	<b>Motor Fuel</b>	<b>Tax Bond</b>	<b>Fund</b>	<b>Fund</b>	<b>Governmental</b>	<b>Governmental</b>
Property taxes	\$ 1,485,650	\$ 92,349	\$ -	\$ -	\$ -	\$ -	\$ 1,577,999	\$ 1,570,895
Franchise taxes	315,556	-	-	-	-	-	315,556	295,828
Fees, fines and permits	447,250	-	-	-	36,776	-	484,026	580,312
Licenses	37,100	-	-	-	-	-	37,100	31,850
Intergovernmental	4,978,806	-	456,592	-	-	-	5,435,398	5,066,691
Investment earnings	12,403	2	123	-	2,505	-	15,033	17,211
State, Federal and other reimbursements	299,185	-	285,528	-	-	-	584,713	267,470
Miscellaneous	115,970	-	-	-	-	-	115,970	223,956
<b>Total revenues</b>	<b>7,691,920</b>	<b>92,351</b>	<b>742,243</b>	<b>-</b>	<b>39,281</b>	<b>-</b>	<b>8,565,795</b>	<b>8,054,213</b>
<b>EXPENDITURES</b>								
General government	2,213,631	60,358	-	-	-	-	2,273,989	2,277,144
Public safety	3,724,418	-	-	-	-	-	3,724,418	3,464,343
Public works	1,195,084	-	-	-	-	-	1,195,084	1,235,628
Culture and recreation	88,944	-	-	-	-	-	88,944	52,955
Economic development	-	-	-	-	-	-	-	39,109
Debt service	-	-	-	-	-	-	-	-
Principal	370,000	-	-	-	-	-	370,000	250,000
Interest and other charges	141,660	-	-	-	-	-	141,660	147,104
Capital outlay	533,358	1,193,179	548,042	-	21,263	-	2,295,842	3,686,054
<b>Total expenditures</b>	<b>8,267,095</b>	<b>1,253,537</b>	<b>548,042</b>	<b>-</b>	<b>21,263</b>	<b>-</b>	<b>10,089,937</b>	<b>11,152,337</b>
Excess (deficiency) of revenues over (under) expenditures	(575,175)	(1,161,186)	194,201	-	18,018	-	(1,524,142)	(3,098,124)
<b>OTHER FINANCING SOURCES (USES)</b>								
Capital lease financing	-	-	-	-	-	-	-	126,251
Proceeds from sale of assets	11,016	-	-	-	-	-	11,016	-
Transfers in	690,838	-	-	-	-	-	690,838	-
Transfers out	-	-	-	(1,492)	-	-	(1,492)	-
<b>Total other financing sources (uses)</b>	<b>701,854</b>	<b>-</b>	<b>-</b>	<b>(1,492)</b>	<b>-</b>	<b>-</b>	<b>700,362</b>	<b>126,251</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>126,679</b>	<b>(1,161,186)</b>	<b>194,201</b>	<b>(1,492)</b>	<b>18,018</b>	<b>(823,780)</b>	<b>(823,780)</b>	<b>(2,971,873)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>5,169,108</b>	<b>1,552,575</b>	<b>657,832</b>	<b>1,492</b>	<b>468,536</b>	<b>7,849,543</b>	<b>7,849,543</b>	<b>10,821,416</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 5,295,787</b>	<b>\$ 391,389</b>	<b>\$ 852,033</b>	<b>\$ -</b>	<b>\$ 486,554</b>	<b>\$ 7,025,763</b>	<b>\$ 7,025,763</b>	<b>\$ 7,849,543</b>

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

**VILLAGE OF BOURBONNAIS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**  
**APRIL 30, 2015**  
**(With Comparative Totals for April 30, 2014)**

	<u>2015</u>	<u>2014</u>
Adjustments necessary to convert the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities are as follows:		
Combined Change in Fund Balances	\$ (823,780)	\$ (2,971,873)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities capital outlay expenditures over the capitalization threshold set by the Village are capitalized and depreciated over their useful lives.	550,530	1,825,171
Contributions of capital assets are reported only in the statement of activities	2,286,741	-
Revenues recognized in the Statement of Activities that do not provide current financial resources are deferred in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.	91,829	250,219
The following expenses reported on the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Amortization of loss on refunding of debt	(32,473)	(32,474)
Amortization of bond premium	8,592	8,592
(Increase) decrease in accrued compensated absences	(20,038)	(74,791)
(Increase) decrease in accrued interest on bonds payable	3,083	2,083
Capital lease financing is reported on the governmental fund financial statements as an other financing source, but is reported as a liability on the government-wide financial statements.	-	(126,251)
Repayment of capital lease obligations is reported as an expenditure in governmental funds. However, repayment of capital lease obligations reduces the capital lease payable in the government-wide financial statements.	23,737	67,564
Repayment of long-term debt is reported as an expenditure in governmental funds. However, repayment of long-term debt reduces long-term liabilities in the government-wide financial statements.	<u>370,000</u>	<u>250,000</u>
Change in Net Position of Governmental Activities	<u>\$ 2,458,221</u>	<u>\$ (801,760)</u>

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

**VILLAGE OF BOURBONNAIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2015**  
**(With Comparative Totals for April 30, 2014)**

	<u>2015</u>			<u>2014</u>
	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>	
	<u>Operating</u>	<u>Disposal</u>	<u>Enterprise</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 567,604	\$ 392,798	\$ 960,402	\$ 197,359
Cash and cash equivalents - restricted	-	-	-	5,025
Investments - restricted	1,226,065	-	1,226,065	1,218,736
Accounts receivable, net	355,541	28,923	384,464	353,299
Interest receivable	1,226	-	1,226	1,363
Prepaid expense	396,045	-	396,045	440,860
Due from other funds	380,219	45,409	425,628	764,555
Total current assets	<u>2,926,700</u>	<u>467,130</u>	<u>3,393,830</u>	<u>2,981,197</u>
<b>Noncurrent assets</b>				
Investment in joint venture	6,707,804	-	6,707,804	5,928,917
Capital assets, net	7,961,639	-	7,961,639	7,998,994
Total noncurrent assets	<u>14,669,443</u>	<u>-</u>	<u>14,669,443</u>	<u>13,927,911</u>
Total Assets	<u>17,596,143</u>	<u>467,130</u>	<u>18,063,273</u>	<u>16,909,108</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding	86,147	-	86,147	99,400
Total deferred outflows of resources	<u>86,147</u>	<u>-</u>	<u>86,147</u>	<u>99,400</u>
Total assets and deferred outflows of resources	<u>17,682,290</u>	<u>467,130</u>	<u>18,149,420</u>	<u>17,008,508</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	42,365	94,069	136,434	132,622
Accrued payroll expenses	5,627	-	5,627	7,153
Due to other funds	711	405,378	406,089	273,538
Accrued interest	27,517	-	27,517	31,227
Bonds, notes, and loans payable	255,000	-	255,000	240,000
Total current liabilities	<u>331,220</u>	<u>499,447</u>	<u>830,667</u>	<u>684,540</u>
<b>Noncurrent liabilities</b>				
Accrued compensated absences	13,756	-	13,756	8,421
Bonds, notes, and loans payable	1,425,000	-	1,425,000	1,680,000
Total noncurrent liabilities	<u>1,438,756</u>	<u>-</u>	<u>1,438,756</u>	<u>1,688,421</u>
Total Liabilities	<u>1,769,976</u>	<u>499,447</u>	<u>2,269,423</u>	<u>2,372,961</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	6,367,786	-	6,367,786	6,178,394
Restricted for bond retirement	568,097	-	568,097	568,097
Restricted for repairs and maintenance	616,055	-	616,055	612,372
Unrestricted	8,360,376	(32,317)	8,328,059	7,276,684
Total Net Position	<u>\$ 15,912,314</u>	<u>\$ (32,317)</u>	<u>\$ 15,879,997</u>	<u>\$ 14,635,547</u>

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

**VILLAGE OF BOURBONNAIS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2015**  
**(With Comparative Totals for the Year Ended April 30, 2014)**

	<u>2015</u>			<u>2014</u>
	<u>Enterprise Funds</u>			<u>Total</u> <u>Enterprise</u> <u>Funds</u>
	<u>Sewer</u> <u>Operating</u> <u>Fund</u>	<u>Refuse</u> <u>Disposal</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,851,912	\$ 1,121,823	\$ 4,973,735	\$ 4,613,981
Other operating revenue	<u>152,652</u>	<u>4,533</u>	<u>157,185</u>	<u>189,865</u>
Total operating revenues	<u>4,004,564</u>	<u>1,126,356</u>	<u>5,130,920</u>	<u>4,803,846</u>
<b>OPERATING EXPENSES</b>				
Personal services	472,612	-	472,612	431,912
Contractual services	1,791,004	1,128,834	2,919,838	2,880,562
Utilities	5,678	-	5,678	6,267
Repairs and maintenance	204,124	-	204,124	184,790
Other supplies and expenses	38,547	50	38,597	46,569
Depreciation	<u>256,513</u>	<u>-</u>	<u>256,513</u>	<u>240,104</u>
Total operating expenses	<u>2,768,478</u>	<u>1,128,884</u>	<u>3,897,362</u>	<u>3,790,204</u>
Operating income (loss)	<u>1,236,086</u>	<u>(2,528)</u>	<u>1,233,558</u>	<u>1,013,642</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment income	7,328	-	7,328	7,053
Equity interest in joint venture operating income (loss)	778,887	-	778,887	745,239
Gain (loss) on sales of assets	-	-	-	6,000
Interest expense	<u>(85,977)</u>	<u>-</u>	<u>(85,977)</u>	<u>(95,965)</u>
Total non-operating revenues (expenses)	<u>700,238</u>	<u>-</u>	<u>700,238</u>	<u>662,327</u>
Income (loss) before transfers	1,936,324	(2,528)	1,933,796	1,675,969
<b>TRANSFERS TO OTHER FUNDS</b>	<u>(689,346)</u>	<u>-</u>	<u>(689,346)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	1,246,978	(2,528)	1,244,450	1,675,969
<b>NET POSITION, BEGINNING OF YEAR</b>				
As previously reported	14,665,336	(29,789)	14,635,547	13,007,309
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,731)</u>
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>	<u>14,665,336</u>	<u>(29,789)</u>	<u>14,635,547</u>	<u>12,959,578</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 15,912,314</u>	<u>\$ (32,317)</u>	<u>\$ 15,879,997</u>	<u>\$ 14,635,547</u>

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

**VILLAGE OF BOURBONNAIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED APRIL 30, 2015**  
**(With Comparative Totals for the Year Ended April 30, 2014)**

	2015			2014
	Enterprise Funds			Total Enterprise Funds
	Sewer Operating Fund	Refuse Disposal Fund	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 3,830,796	\$ 1,111,774	\$ 4,942,570	\$ 4,544,472
Other receipts	152,652	4,533	157,185	189,865
Payments to suppliers	(1,990,726)	(1,128,884)	(3,119,610)	(3,336,897)
Payments to employees	(468,803)	-	(468,803)	(427,950)
Net cash provided by (used in) operating activities	<u>1,523,919</u>	<u>(12,577)</u>	<u>1,511,342</u>	<u>969,490</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments from (to) other funds, net	<u>(459,952)</u>	<u>240,979</u>	<u>(218,973)</u>	<u>(492,990)</u>
Net cash provided by (used in) noncapital financing activities	<u>(459,952)</u>	<u>240,979</u>	<u>(218,973)</u>	<u>(492,990)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the sale of capital assets	-	-	-	6,000
Purchase of capital assets	(219,158)	-	(219,158)	(535,667)
Principal paid on capital debt	(240,000)	-	(240,000)	(235,000)
Interest paid on capital debt	(75,329)	-	(75,329)	(85,169)
Net cash used in capital and related financing activities	<u>(534,487)</u>	<u>-</u>	<u>(534,487)</u>	<u>(849,836)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	7,465	-	7,465	7,053
Purchases of investments	(7,329)	-	(7,329)	(6,990)
Net cash provided by (used in) investing activities	<u>136</u>	<u>-</u>	<u>136</u>	<u>63</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	529,616	228,402	758,018	(373,273)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>37,988</u>	<u>164,396</u>	<u>202,384</u>	<u>575,657</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 567,604</u>	<u>\$ 392,798</u>	<u>\$ 960,402</u>	<u>\$ 202,384</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,236,086	\$ (2,528)	\$ 1,233,558	\$ 1,013,642
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense	256,513	-	256,513	240,104
Changes in assets and liabilities				
Accounts receivable, net	(21,116)	(10,049)	(31,165)	(82,313)
Prepaid expense	44,815	-	44,815	(123,413)
Accounts payable	3,812	-	3,812	(82,492)
Accrued payroll expenses	(1,526)	-	(1,526)	3,962
Accrued compensated absences	5,335	-	5,335	-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 1,523,919</u>	<u>\$ (12,577)</u>	<u>\$ 1,511,342</u>	<u>\$ 969,490</u>
<b>NON-CASH FINANCING AND INVESTING ACTIVITIES</b>				
Increase in investment in joint venture	<u>\$ 778,887</u>	<u>\$ -</u>	<u>\$ 778,887</u>	<u>\$ 745,239</u>
Amortization of loss on refunding of debt	<u>\$ 14,358</u>	<u>\$ -</u>	<u>\$ 14,358</u>	<u>\$ 14,358</u>

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

**VILLAGE OF BOURBONNAIS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
APRIL 30, 2015**

	Pension (and other employee benefit)		Agency Funds	
	Trust Funds			
	Police	Deferred	Building	
	Pension	Compensation	Escrow	Community
	Fund	Plan	Fund	Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 263,675	\$ -	\$ 7,964	\$ 5,327
Interest receivable	9,282	-	-	-
Other receivables	-	-	18,173	-
Investments, at fair value				
Certificates of deposit	163,521	-	-	-
Mortgage and asset backed securities	2,782,519	-	-	-
U.S. Government Bonds and GSE Bonds	1,129,428	-	-	-
Mutual funds	7,749,001	-	-	-
Investment contract with insurance company	-	1,316,394		
Due from other related entities	-	-	1,748	-
Prepaid benefits	38,897	-	-	-
	<u>12,136,323</u>	<u>1,316,394</u>	<u>27,885</u>	<u>5,327</u>
<b>Total Assets</b>				
<b>LIABILITIES</b>				
Accounts payable	-	-	1,664	-
Refunds payable and other liabilities	-	-	26,221	5,327
	<u>-</u>	<u>-</u>	<u>27,885</u>	<u>5,327</u>
<b>Total Liabilities</b>				
<b>NET POSITION</b>				
Net position restricted for pension benefits and other purposes	<u>\$ 12,136,323</u>	<u>\$ 1,316,394</u>	<u>\$ -</u>	<u>\$ -</u>

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

**VILLAGE OF BOURBONNAIS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015**

	<b>Pension (and other employee benefit) Trust Funds</b>	
	<b>Police Pension Fund</b>	<b>Deferred Compensation Plan</b>
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 440,593	\$ -
Plan members	<u>171,365</u>	<u>63,650</u>
Total contributions	<u>611,958</u>	<u>63,650</u>
Investment income		
Net increase (decrease) in fair value of investments	699,927	100,398
Interest	164,150	-
Dividends	<u>71,420</u>	<u>-</u>
	935,497	100,398
Less investment expenses	<u>4,066</u>	<u>-</u>
Net investment income (loss)	<u>931,431</u>	<u>100,398</u>
Total additions (reductions)	<u>1,543,389</u>	<u>164,048</u>
<b>DEDUCTIONS</b>		
Administrative expenses	18,546	9,254
Benefits paid to participants	518,228	8,226
Refund of contributions	<u>15,170</u>	<u>173,433</u>
Total deductions	<u>551,944</u>	<u>190,913</u>
<b>NET INCREASE (DECREASE)</b>	991,445	(26,865)
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS AND OTHER PURPOSES</b>		
<b>BEGINNING OF YEAR</b>	<u>11,144,878</u>	<u>1,343,259</u>
<b>END OF YEAR</b>	<u>\$ 12,136,323</u>	<u>\$ 1,316,394</u>

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

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

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

The accompanying basic financial statements of the Village of Bourbonnais (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as established by the Governmental Accounting Standards Board (“GASB”).

**Financial Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position, results of operations, and cash flows of the Village of Bourbonnais and any component units. The criteria used to determine if a legally separate organization’s financial statements should be included and the manner in which they should be displayed center on the nature of financial accountability. Among factors determining this financial accountability include the degree to which the governing body is controlled by the Village as manifested by the ability to appoint a majority of its voting board, approval of its budget, the degree to which it provides a financial benefit or burden to the Village or the extent to which it is fiscally dependent. No component units were deemed to be present for the fiscal year ended April 30, 2015.

**Basis of Presentation**

The financial activities of the Village consist of both governmental-type activities and business-type activities. A brief description of the Village’s government-wide and fund financial statements is as follows:

**Government-wide Financial Statements:** The government-wide Statement of Net Position and Statement of Activities report the overall financial activity of the Village, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fines, fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not included in program revenues are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Village’s funds, including its fiduciary funds. Separate statements are presented for each fund category, governmental, proprietary and fiduciary. 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. For the year ended April 30, 2015, the Village has reported all funds as major.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Major Funds**

The Village has presented the following governmental funds as major:

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

**Special Tax Allocation Fund** – The Special Tax Allocation Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for special purposes. The Special Tax Allocation Fund includes the transactions of the Village's two tax increment financing districts.

**Motor Fuel Tax Fund** – This fund accounts for motor fuel taxes received by the Village. These taxes are restricted for uses approved by the Illinois Department of Transportation.

**Motor Fuel Tax Bond Fund** – This fund accounts for debt service expenditures related to revenue bonds issued by the Village under the Motor Fuel Tax Fund. Amounts in this fund are restricted by the bond indenture for debt service.

**Impact Fees Fund** – This fund accounts for impact fees collected from developers as a result of Village ordinance. These funds are committed for capital development projects.

The Village has presented the following proprietary funds as major:

**Sewer Operating Fund** – This fund accounts for the Village's sewer and solid waste operations.

**Refuse Disposal Fund** – This fund accounts for the Village's refuse disposal operations.

**Other Funds**

Additionally, the Village reports the following fiduciary-type funds:

**Pension (and other employee benefit) Trust Funds** - These funds account for the accumulation of retirement and disability benefits held in trust for the police pension plan and the Village's deferred compensation plan. See Note 7 for a description of each plan.

**Building Escrow Agency Fund** - This agency-type fund accounts for the accumulation of fees assessed to contractors arising from residential development held by the Village in a purely custodial capacity. These fees will either be used to pay expenses related to the development incurred on behalf of the contractor or they will be refunded to the contractor.

**Community Agency Fund** - This agency-type fund accounts for accumulated donations received from individuals and businesses which are then redistributed to charitable organizations. These funds are held by the Village in a purely custodial capacity.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus and Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Village receives value without directly giving equal value in exchange, include property tax revenue, grants and other contributions. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, property taxes levied for the calendar year 2014, which will be collected in fiscal year ended April 30, 2016, are recorded as receivables and recognized in the year ended April 30, 2015. This revenue is recognized in the government-wide level financial statements, but is deferred in the governmental funds financial statements because it is not collected soon enough after the end of the year to pay current liabilities.

Revenue from grants, contributions, and other similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Village must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Village on a reimbursement basis.

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

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the Village has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collectible within sixty days after the end of the fiscal year. Expenditures generally are recorded when the related liability is incurred. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property taxes, sales taxes, income taxes, utility taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent that they are measurable and available. Service fees are recognized as revenues as they are earned.

Property taxes receivable which are expected to be paid to the Village within sixty days are considered available and are recognized as revenue. Sales, income and other taxes are considered to be measurable when they have been collected by the State or other collection agent and are recognized as revenue if they are expected to be received by the Village within sixty days. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned because they are both measurable and available.

The Village reports certain revenues as deferred inflows of resources on its financial statements. Deferred inflows of resources arise when potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Deferred inflows of resources also arise when the resources are received by the Village before it has a legal claim to them or prior to the provision of services.

Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met and the revenue becomes available.

**New Accounting Pronouncements**

The Village has adopted GASB Statement No. 67, *Financial Reporting for Pensions – an Amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* during the fiscal year ended April 30, 2015.

The Village will be required to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* during the fiscal year ended April 30, 2016. The Village has not yet evaluated the impact of adopting these future pronouncements on the Village's financial statements.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgets and Budgetary Accounting**

The Village adopts annual budgets for the General Fund and Special Revenue Funds. No legally adopted budgets are prepared for capital project funds. Expenditures for capital project funds are controlled on a project basis. No adjustments were necessary in order to reconcile the budgetary information to the GAAP information presented in the Village's basic financial statements.

The following funds that had an excess of expenditures/expenses over budgeted amounts for the year ended April 30, 2015.

<u>Fund</u>	<u>Excess Expenditures</u>
Special Tax Allocation Fund	<u>\$ 1,120,897</u>
Total	<u>\$ 1,120,897</u>

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less from the date of acquisition.

**Investments**

Investments include certificates of deposit with maturities in excess of 90 days at the time of acquisition. Investments for the Bourbonnais Police Pension Fund are reported at fair value, determined by closing market prices at year-end as reported by the investment custodian.

**Investment in Joint Venture**

The investment in joint venture is reported using the equity method of accounting.

**Interfund Transactions**

The Village has the following types of interfund transactions:

**Loans** - Amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

**Reimbursements** - Repayments from funds responsible for certain expenditures or expenses made to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Transfers** - Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

**Prepaid Expense**

Prepaid expense consists of certain payments to vendors which reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

**Restricted Assets – Enterprise Fund**

Certain cash and investments in the Sewer Operating Fund are restricted in accordance with the ordinances authorizing the issuance of the revenue bonds. These assets are reflected as restricted investments and restrictions of net position in the Proprietary Fund Statement of Net Position.

**Capital Assets**

Capital assets includes land, buildings, improvements, equipment, and infrastructure assets, purchased or acquired which are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Thresholds used for capitalizing assets are noted below. Other costs incurred for repairs and maintenance are expensed as incurred.

In accordance with GASB Statement No. 34, infrastructure assets are reported prospectively from the date of implementation and therefore infrastructure assets acquired prior to May 1, 2004 have not been recorded in the Village's basic financial statements.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>	<u>Threshold</u>
Buildings and improvements	20-50 years	\$ 10,000
Land	N/A	\$ 100,000
Land improvements	10-30 years	\$ 10,000
Equipment	2-20 years	\$ 5,000
Water and sewer lines	33-100 years	\$ 10,000
Streets and improvements	25 years	\$ 100,000
Intangible assets	2-20 years	\$ 5,000

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has one item that qualifies for reporting in this category. It is the unamortized loss on refunding reported in the government-wide statement of net position and the proprietary funds statement of net position. An unamortized loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one item which qualifies for reporting in this category. Under the modified accrual basis of accounting, unavailable tax revenue is reported only in the governmental funds balance sheet. The governmental funds balance sheet reports unavailable tax revenue from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

**Long-Term Debt, Bond Premiums, Discounts and Prepaid Debt Service Insurance**

In the government-wide and proprietary fund financial statements, outstanding debts are reported as liabilities. Bond premiums and discounts, as well as prepaid debt service insurance, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid debt service insurance is reported as an asset and amortized over the term of the related debt.

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

**Accrued Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated vacation and sick leave balances for Village employees. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Village employees are entitled to certain compensated absences based on their length of employment. The liability has been calculated using the employees' current salary level and includes salary related cost (e.g. FICA and Medicare Tax).

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Balances**

Fund Balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet:

Nonspendable Fund Balance – the portion of a governmental fund's net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. Amounts reported as nonspendable include prepaid expenses.

Restricted Fund Balance – the portion of a governmental fund's net position that are subject to external enforceable legal restrictions. Amounts reported as restricted include fund balances that are restricted for capital projects, economic development, public safety, and street maintenance programs.

Committed Fund Balance – the portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision making. Amounts reported as committed include impact fees collected as a result of a Village ordinance which requires these fees to be used for capital development. These fees may only be modified or rescinded by an action of the Village Board.

Assigned Fund Balance – the portion of a governmental fund's net position denoted for an intended use of the resources. The Village has no assigned fund balances.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose.

It is the Village's policy to first spend restricted funds if restricted funds are available. Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first, followed by assigned and then unassigned.

**Net Position**

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

**Invested in Capital Assets, Net of Related Debt** - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted** - This consists of the portion of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources when they are needed.

**Unrestricted** - This consists of the portion of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deficit Fund Balances/Net Position**

The following funds had a deficit fund balance/net position for the year ended April 30, 2015:

Fund	Deficit
Refuse Disposal Fund	\$ 32,317

**Property Taxes**

Property taxes are levied annually on all taxable real property located in the Village. The Village must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector/Treasurer who remits to the Village its share of the collection. Taxes levied for calendar year 2014 were due, payable, and collected in two installments in June and September of 2015. The Village normally receives these taxes in July, August, September, October and November of the year collected.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications**

Certain reclassifications have been made to the 2014 financial statement amounts in order to conform with the 2015 financial statement presentation.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

Statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements (meeting certain statutory requirements), certain rated instruments of commercial paper and Illinois State Treasurer's investment pool (Illinois Funds). Similar investments are permitted for the Police Pension trust funds, which is governed by the Illinois Pension Code.

The Bourbonnais Police Pension Fund manages its investments in accordance with the regulations prescribed by the Illinois Pension Code.

The Village's investment policies require all uninsured deposits with financial institutions to be fully collateralized with the collateral held by an independent third party acting as the Village's agent and held in the name of the Village and pension trust fund, respectively.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS** (continued)

A reconciliation of deposits and investments presented in this disclosure and the financial statement captions shown on the government-wide Statement of Net Position is as follows:

Carrying amount of Deposits	\$ 7,714,259
Carrying amount of Investments	807,151
Total	\$ 8,521,410

Cash and Cash Equivalents	\$ 4,067,721
Investments	4,453,689
Total	\$ 8,521,410

**Deposits**

At April 30, 2015, the carrying amount of the Village's deposits with financial institutions for governmental and business-type activities was \$7,714,259 and the bank balance was \$7,785,996. These amounts represent cash in banks and certificates of deposit.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of a bank failure, deposits may not be returned. At April 30, 2015, deposit balances were fully insured by Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral.

At April 30, 2015, the carrying amount of deposits of fiduciary activities was \$361,644 and the bank balance was \$361,716. At April 30, 2015, all fiduciary deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral.

**Investments**

At April 30, 2015, the carrying amount (and market value) of the Village's investments for governmental and business-type activities was \$807,151. These amounts represent investments in Illinois Funds, a pooled investment fund.

*Custodial Credit Risk and Credit Risk*– Custodial credit risk is the risk that, in the event of a custodian failure, investment principal may not be returned. The Illinois Funds are arranged and contracted by the Treasurer of the State of Illinois and collateralized as required by that contract. Illinois Funds was rated AAAM by Standard and Poor's as of April 30, 2015.

*Interest Rate Risk* – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investments value. The Village has not adopted a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

**Police Pension Fund (Fund)**

The Fund manages its investments in accordance with the regulations prescribed by the Illinois Pension Code. Investments at April 30, 2015 consisted of the following managed funds:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>No Maturity Date</u>	<u>Less Than 1</u>	<u>1-10</u>	<u>Over 10</u>
Mortgage and Asset Backed securities	\$ 2,782,519	\$ -	\$ -	\$ -	\$ 2,782,519
U.S. Government Bonds and GSE Bonds	1,129,428	-	-	1,129,428	-
Mutual Funds	7,749,001	7,749,001	-	-	-
Money Market	73,132	73,132	-	-	-
<b>Total</b>	<b><u>\$11,734,080</u></b>	<b><u>\$ 7,822,133</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,129,428</u></b>	<b><u>\$ 2,782,519</u></b>

The Fund's investments at April 30, 2015 include uninsured and unregistered investments for which the securities are held by the brokers, dealer's trust department or an agent in the Fund's name.

**Credit Risk:** Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of April 30, 2015, the Fund held the following investments which are subject to credit risk.

<u>Investment Type</u>	<u>Standard &amp; Poor's Rating</u>	<u>2015 Fair Market Value</u>
U.S. Treasury Strips	Not Rated	\$ 1,129,428
FNMA Mortgage and Asset Backed Securities	Not Rated	255,434
GNMA Mortgage and Asset Backed Securities	*	2,136,452
FHLMC Mortgage and Asset Backed Securities	AA+	390,633
<b>Total</b>		<b><u>\$ 3,911,947</u></b>

\* Guaranteed by the full faith and credit of the United States Government.

**Concentration of Credit Risk:** As of April 30, 2015 more than five percent of the Fund's investments are in the Government National Mortgage Association and U.S. Treasury Strips.

**Interest Rate Risk:** Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's value. The Fund has not adopted a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

The Fund invests in mortgage backed securities. These securities are reported at fair value and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Foreign currency risk: The Fund's exposure to foreign currency risk (valued in U.S. dollars) is as follows as of April 30, 2015:

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Europacific Growth Fund	Various	N/A	<u>\$ 1,039,200</u>
Total			<u>\$ 1,039,200</u>

The Fund has not adopted a formal policy that limits the Fund's exposure to foreign currency risk.

**NOTE 3 – RECEIVABLES**

A summary of receivables as of April 30, 2015 is as follows:

	<u>Total Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
Taxes receivable	\$ 2,719,085	\$ -	\$ 2,719,085
Other receivables	4,366	-	4,366
Interest receivable	901	-	901
Business-Type Activities:			
Sewer services	364,138	8,597	355,541
Refuse disposal services	38,557	9,634	28,923
Interest receivable	1,226	-	1,226
Total	<u>\$ 3,128,273</u>	<u>\$ 18,231</u>	<u>\$ 3,110,042</u>

Taxes receivable include amounts due from the County of Kankakee and the State of Illinois for property, sales, use and income tax collected on behalf of the Village of Bourbonnais. For receivables other than sewer services receivable and refuse disposal services receivable, the Village believes these amounts are fully collectible and therefore no allowance for doubtful accounts has been established.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2015, was as follows:

	Balance <u>May 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>April 30, 2015</u>
<b>Governmental activities:</b>					
Land, non-depreciable	\$ 4,264,409	\$ -	\$ -	\$ -	\$ 4,264,409
Land improvements	9,216,025	167,119	-	710,939	10,094,083
Buildings and improvements	8,209,759	5,291	-	10,026	8,225,076
Construction in progress	2,652,215	1,108,670	-	(1,135,497)	2,625,388
Equipment	6,239,085	452,897	(85,878)	-	6,606,104
Streets and improvements	<u>10,572,178</u>	<u>2,361,412</u>	-	<u>414,532</u>	<u>13,348,122</u>
Total general fixed assets	41,153,671	4,095,389	(85,878)	-	45,163,182
Less accumulated depreciation	<u>18,334,228</u>	<u>1,252,694</u>	<u>(80,454)</u>	-	<u>19,506,468</u>
Governmental activities, capital assets, net	<u>\$22,819,443</u>				<u>\$ 25,656,714</u>
<b>Business-type activities:</b>					
Land improvements	\$10,004,486	\$ 180,878	\$ -	\$ 364,864	\$10,550,228
Buildings and improvements	258,500	-	-	-	258,500
Construction in progress	364,864	14,528	-	(364,864)	14,528
Equipment	<u>568,219</u>	<u>23,752</u>	-	-	<u>591,971</u>
Total proprietary fixed assets	11,196,069	219,158	-	-	11,415,227
Less accumulated depreciation	<u>3,197,075</u>	<u>256,513</u>	-	-	<u>3,453,588</u>
Business-type activities, Capital assets, net	<u>\$ 7,998,994</u>				<u>\$ 7,961,639</u>
Total capital assets, Net of depreciation	<u>\$30,818,437</u>				<u>\$33,618,353</u>

**NOTE 5 – INTERFUND BALANCES AND ACTIVITY**

**Balances Due to/from Other Funds**

Balances due to/from other funds at April 30, 2015, consist of the following:

Due to other funds, Governmental Funds	<u>\$ (21,287)</u>
Due from other funds, Proprietary Funds	<u>\$ 19,539</u>
Due from other funds, Fiduciary Funds	<u>\$ 1,748</u>

These balances resulted from the time lag between the dates that 1) reimbursable expenditures occurred, 2) transactions were recorded in the accounting system, and 3) payments between funds are made. All interfund balances are expected to be repaid within one year.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 5 – INTERFUND BALANCES AND ACTIVITY (continued)**

**Transfers to/from Other Funds**

Transfers to/from other funds at April 30, 2015, consist of the following:

Transfer from the Sewer Operating Fund to the General Fund to meet the debt service requirements of the series 2012 bonds.	\$ 689,346
Transfer from the Motor Fuel Tax Bond Fund to the General Fund to close out the Motor Fuel Tax Bond Fund.	<u>1,492</u>
Total transfers to/from other funds	<u>\$ 690,838</u>

**NOTE 6 – LONG-TERM OBLIGATIONS**

Bonds have been issued to provide funds for redevelopment projects, for the advance refunding of bonds previously issued for Motor Fuel Tax Fund and Sewer Operating Fund projects, and for capital projects related to the Sewer Operating Fund.

Long-term debt issued and outstanding as of April 30, 2015 is comprised of the following:

\$2,710,000 Sewerage Refunding Revenue Bonds, Series 2006 due in annual installments of \$30,000 to \$305,000 through December 1, 2020 with interest at 3.45% to 4.125%, payable semiannually.

\$4,255,000 General Obligation Bonds (Sales Tax Alternative Revenue source), Series 2012A due in annual installments of \$70,000 to \$270,000 through December 1, 2032 with interest at 2.0% to 3.45%, payable semiannually.

\$1,645,000 General Obligation Bonds (Sewerage Alternative Revenue source), Series 2012B due in annual installments of \$150,000 to \$200,000 through December 1, 2020 with interest at 2.0% to 2.5%, payable semiannually.

**Debt Service Coverage Ratio**

The Village is required by bond covenants of the Sewerage Refunding Revenue Bonds, Series 2006 to charge fees sufficient in order to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2015, the debt service coverage ratio was 4.68.

The Village is required by bond covenants of the General Obligation Bonds (Sales Tax Alternative Revenue source), Series 2012A to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2015, the debt service coverage ratio was 8.94.

The Village is required by bond covenants of the General Obligation Bonds (Sewerage Alternative Revenue source), Series 2012B to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2015, the debt service coverage ratio was 5.20.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 6 – LONG-TERM OBLIGATIONS (continued)**

**Conduit Debt**

In July 2007, the Village issued \$45,000,000 in industrial project revenue bonds for the express purpose of providing capital financing to Olivet Nazarene University. At April 30, 2015, the conduit debt obligation outstanding was \$40,650,000. The Village has no obligation for this debt.

In July 2010, the Village issued \$35,000,000 in industrial project revenue bonds for the express purpose of providing capital financing to Olivet Nazarene University. At April 30, 2015, the conduit debt obligation outstanding was \$33,440,000. The Village has no obligation for this debt.

In June 2013, the Village issued \$20,000,000 in industrial project revenue bonds for the express purpose of providing capital financing to Olivet Nazarene University. Principal payments begin November 1, 2037. At April 30, 2015, the conduit debt obligation outstanding was \$20,000,000. The Village has no obligation for this debt.

Changes in long-term obligations for the year ended April 30, 2015 are as follows:

	<u>April 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2015</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds Payable:					
General Obligation Bonds, Series 2012A	\$ 4,110,000	\$ -	\$ (190,000)	\$ 3,920,000	\$ 195,000
General Obligation Bonds, Series 2012B	<u>1,320,000</u>	<u>-</u>	<u>(180,000)</u>	<u>1,140,000</u>	<u>180,000</u>
Total bonds principal	5,430,000	-	(370,000)	5,060,000	375,000
Unamortized premium on bond issuance	<u>73,862</u>	<u>-</u>	<u>(8,592)</u>	<u>65,270</u>	<u>-</u>
Total bonds payable	5,503,862	-	(378,592)	5,125,270	375,000
Capital lease	99,441	-	(23,737)	75,704	24,471
Compensated absences	<u>648,365</u>	<u>20,038</u>	<u>-</u>	<u>668,403</u>	<u>-</u>
Total long-term debt	<u>\$ 6,251,668</u>	<u>\$ 20,038</u>	<u>\$ (402,329)</u>	<u>\$ 5,869,377</u>	<u>\$ 399,471</u>
<b>Business-type activities:</b>					
Bonds Payable:					
Sewerage Refunding Revenue Bonds (2006)	\$ 1,920,000	\$ -	\$ (240,000)	\$ 1,680,000	\$ 255,000
Total bonds principal	1,920,000	-	(240,000)	1,680,000	255,000
Compensated absences	<u>8,421</u>	<u>5,335</u>	<u>-</u>	<u>13,756</u>	<u>-</u>
Total long-term debt	<u>\$ 1,928,421</u>	<u>\$ 5,335</u>	<u>\$ (240,000)</u>	<u>\$ 1,693,756</u>	<u>\$ 255,000</u>

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 6 – LONG-TERM OBLIGATIONS (continued)**

**Debt Service Requirements**

Debt service requirements on bonds outstanding at April 30, 2015 are as follows:

Year ending April 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 375,000	\$ 133,590	\$ 255,000	\$ 63,840
2017	390,000	126,090	265,000	55,575
2018	390,000	118,290	275,000	45,820
2019	395,000	110,490	285,000	35,843
2020	405,000	100,615	295,000	24,300
2021-2025	1,350,000	376,223	305,000	12,581
2026-2030	1,205,000	204,980	-	-
2031-2033	550,000	39,025	-	-
	<u>\$ 5,060,000</u>	<u>\$ 1,209,303</u>	<u>\$ 1,680,000</u>	<u>\$ 237,959</u>

See Note 12 for capital lease obligation maturities.

**Legal Debt Margin**

According to Illinois statutes, the legal debt limit is 8.625% of assessed valuation. The following is the legal debt margin calculation for the year ending April 30, 2015.

Assessed valuation - 2014 levy year	\$ 313,410,113
Less Tax Increment Financing Districts	<u>1,179,891</u>
Assessed valuation, net of abatements	<u>\$ 312,230,222</u>
 Statutory debt limit - 8.625% of assessed valuation	 <u>\$ 26,929,857</u>
 Total debt:	
General Obligation Bonds, Series 2012A	\$ 3,920,000
General Obligation Bonds, Series 2012B	<u>1,140,000</u>
Total debt	<u>\$ 5,060,000</u>
 Legal debt margin	 <u>\$ 21,869,857</u>

**NOTE 7 – PENSION PLANS**

**Defined Contribution Plan**

In accordance with the Internal Revenue Code Section 457, the Village sponsors a defined contribution plan for which employees may elect to have contributions withheld from their gross wages and deposited into the plan on their behalf. The Village has contracted Nationwide Retirement Solutions to administer the plan and has no oversight or control over funds deposited into the plan by employees. Employees manage and invest funds held in their own accounts. There is no matching requirement by the Village for this plan.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 7 – PENSION PLANS (continued)**

**Defined Benefit Pension Plan**

**Plan Description** - The Village of Bourbonnais, Illinois' defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer 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 (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

**Funding Policy** - As set by statute, Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2014 was 13.59 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 Village's required contribution for the year ended April 30, 2015 was \$267,881.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2015	\$ 267,881	100%	\$ -
4/30/2014	\$ 264,015	100%	\$ -
4/30/2013	\$ 265,938	100%	\$ -

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 percent 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 employer 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 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.

**Funded Status and Funding Progress** - As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 66.68 percent funded. The actuarial accrued liability for benefits was \$5,396,398 and the actuarial value of assets was \$3,598,235, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,798,163. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$1,974,879 and the ratio of the UAAL to the covered payroll was 91 percent.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 7 – PENSION PLANS (continued)**

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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**

**Plan Description** - The Bourbonnais Police Pension Fund is a single-employer defined benefit pension plan that covers the full-time police officers of the Village of Bourbonnais. It was created and is administered as prescribed by "Article 3, Police Pension Fund - Municipalities 500,000 and Under" of the Illinois Pension Code (40 Illinois Compiled statutes, 5, Article 3). The Bourbonnais Police Pension Fund will issue a separate financial report for the year ended April 30, 2015. A copy of that report may be obtained by contacting the Village of Bourbonnais.

**Summary of Significant Accounting Policies** - The Bourbonnais Police Pension Fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** - Investments are reported at fair value based upon quoted market prices. Cash deposits are reported at carrying amounts which reasonably estimates fair value.

**Annual Pension Cost and Net Pension Obligation** – The Village’s required contribution for fiscal year 2015 was \$440,593 for the Police Pension Plan.

**Three-Year Trend Information for the Police Pension Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2015	\$ 440,593	100%	\$ -
4/30/2014	\$ 425,667	100%	\$ -
4/30/2013	\$ 400,372	100%	\$ -

**Funded Status and Funding Progress** - As of April 30, 2014, the actuarial valuation date, the police pension plan was 73.0 percent funded. The actuarial accrued liability for benefits was \$15,036,841 and the actuarial value of assets was \$11,004,384, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,032,457. The covered payroll (annual payroll of active employees covered by the plan) was \$1,664,364 and the ratio of the UAAL to the covered payroll was 242.28 percent.

A schedule of funding progress, presented in the Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 7 – PENSION PLANS (continued)**

**Actuarial Methods and Assumptions** - In the April 30, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included (a) 6.75 percent investment rate of return and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) included a cost of living adjustment of 1.25 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments. The remaining amortization period at April 30, 2014 was approximately 26 years.

**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

In addition to providing pension benefits as described in Note 7, the Village provides post-employment health care benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and any employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activities of the plan are reported in the Village's General Fund.

**Benefits Provided**

The Village offers post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans or meet COBRA requirements, except for the Public Works union employees, who are covered under the union's insurance plan.

All health care benefits are provided through the Village's health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; and prescriptions. Eligibility in the Village sponsored health care plan is not discontinued upon eligibility for federally sponsored health care benefits. The retirees may continue on the Village's health plan as a supplement to other plans for which the retirees are eligible.

**Membership**

At April 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Active plan members	<u>102</u>
Total	<u>104</u>

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Funding Policy**

The Village negotiates the contribution percentages between the Village and employees through the union contracts and personnel policy. All retirees contribute 100% of the actuarially determined premium to the plan to cover the cost of providing the benefits to the current members via the insured plan (pay as you go) which results in an implicit subsidy as defined by the GASB Statement No. 45. For the fiscal year ending April 30, 2015, the Village contributed \$38,841 toward the implicit subsidy. The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

**Annual OPEB Costs and Net OPEB Obligation**

The Village performed a valuation for the plan as of April 30, 2015 using actuarial software to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2015. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2015 were as follows:

<u>Year Ending April 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 104,020	\$ 38,841	37.3%	\$ 636,805
2014	\$ 261,566	\$ 33,311	12.7%	\$ 571,627
2013	\$ 279,576	\$ 35,108	12.6%	\$ 343,372

The net OPEB obligation as of April 30, 2015, was calculated as follows:

Annual required contribution	\$ 106,248
Interest on net OPEB obligation	28,581
Adjustment to annual required contribution	<u>(30,810)</u>
Annual OPEB cost	104,019
Age adjusted contributions made	<u>(38,841)</u>
Change in net OPEB obligation	65,178
Net OPEB obligation, beginning of year	<u>571,627</u>
Net OPEB obligation, end of year	<u>\$ 636,805</u>

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

**Funded Status and Funding Progress**

The Funded status of the plan as of April 30, 2015 was as follows:

Actuarial accrued liability (AAL)	\$ 1,332,647
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,332,647</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 3,188,482
UAAL as a percentage of covered payroll	41.80%

Note: The Actuarial accrued liability decreased significantly in fiscal year 2015 as a result of a change in benefits of the plan which caused a 50% decrease in member participation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2015 valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate starting at 7.0% initially and 5.2% ultimately. Both rates include a 2.5% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2015, was 25 years.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 9 – AGENCY FUNDS**

In 1995, the Village established a Community Fund which received donations from taxpayers to be used for Youth Groups and Senior Citizens' programs. The balance in this fund at April 30, 2015 was \$5,327. The Village also has a Building Escrow Fund which accounts for the accumulation of fees assessed to contractors arising from residential development. These fees will either be used to pay expenses related to the development incurred on behalf of the contractor or they will be refunded to the contractor. The balance in this fund at April 30, 2015 was \$26,221.

**NOTE 10 – REDEVELOPMENT CONTRACTS**

The Village has a series of redevelopment contracts connected with its Tax Increment Financing District. These contracts are set up to refund a portion of sales tax and/or property taxes to the businesses. Monetary maximums and time limitations are set forth for each reimbursement agreement.

On December 30, 2013, the Village, through its Tax Increment Financing Redevelopment Plan, entered into a redevelopment contract where the Village has agreed to convey certain real property to the developer and that the Village will initially pay to construct a private access road with an estimated cost of \$257,000. This private access road will provide access to certain real property to be owned by the developer and other real property located adjacent to that property. The developer is required to reimburse the Village for 36 percent of the costs of construction of the private access road by making five equal payments to the Village over a five year period. The Developer is required to pay all plan review fees and sewer tap on fees charged by the Village. As of April 30, 2015, the Village had expended \$150,417 for this project.

This agreement is contingent upon the Developer determining that the redevelopment project as described in the agreement is economically feasible and that suitable and affordable financing is available. In addition, the agreement is contingent upon the Village and the Developer agreeing to and recording restrictive covenants on the real property described in the agreement. If any of these contingencies are not met, either the Village or the Developer may declare the agreement null and void.

**NOTE 11 – RISK MANAGEMENT**

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Village has contracted with various insurance carriers to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. In addition, the Village works at prevention activities to keep risk exposure at a minimum level through employee training and education and monitoring of such risks. Risk management activities are accounted for in the General Fund and the Sewer Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that may produce claims, but for which have not been asserted, are considered. There have been no significant reductions in the insurance coverages of the Village during the current fiscal year.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 12 – CAPITAL LEASE OBLIGATIONS**

The Village leases equipment with an original cost of \$130,751 and accumulated depreciation of \$39,225 under a capital lease arrangement at April 30, 2015. Future minimum lease payments at April 30, 2015 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 26,810
2017	26,810
2018	<u>26,810</u>
Total minimum lease payments	80,430
Less: amounts representing interest	<u>4,726</u>
Present value of minimum lease payments	<u>\$ 75,704</u>

**NOTE 13 – COMMITMENTS**

During fiscal year 2011 the Village of Bourbonnais called a letter of credit that was pledged to the Village by a developer as surety for completion of improvements to the Stone Mill Farms subdivision. These funds were deposited into a certificate of deposit and along with the investment earnings are required to be used by the Village to complete certain improvements in the Stone Mill Farms subdivision. The balance of the funds held by the Village for this purpose was \$207,142.

On October 23, 2013, the Village entered into an intergovernmental agreement with the State of Illinois, Department of Transportation for the construction of an interchange at Interstate 57 and reconstruction of Bourbonnais Parkway. Under this agreement the Village is required to reimburse the State for an estimated \$730,000 of construction costs.

**NOTE 14 – INTERGOVERNMENTAL JOINT VENTURE**

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA). The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amounts of user charges, and approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2015, the Village's net investment in the joint venture was \$6,707,804. Charges for services to the Village during the year ended April 30, 2015 were \$1,649,462.

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 14 – INTERGOVERNMENTAL JOINT VENTURE (continued)**

The amounts included below for the Kankakee River Metropolitan Agency were derived from financials statement that were audited by other auditors whose report has been furnished to us. We did not audit the financial statements of the Kankakee River Metropolitan Agency. Financial statements of the joint venture can be obtained by contacting the Village of Bourbonnais.

Pertinent financial information for the joint venture as of April 30, 2015 is as follows:

Statement of Revenues, Expenses and Changes in Net Position:	
Operating revenues	\$ 9,534,059
Operating expenses	(6,731,307)
Non-operating income (expenses)	<u>(181,999)</u>
Change in net position	2,620,753
 Ownership percentage	 29.72%
 Village's share of net income (loss) (equity interest in joint venture's income or loss)	  \$ <u>778,887</u>

**NOTE 15 – LOSS CONTINGENCIES**

The Village is involved in litigation from time to time on a variety of matters in connection with the services it provides. The Village Attorney estimates that the amount of actual or potential claims against the Village as of April 30, 2015 will not materially affect the financial condition of the Village or any of the individual funds. Settlement amounts are not expected to exceed insurance coverage. Therefore, the General Fund contains no provision for estimated claims.

**NOTE 16 – INTERGOVERNMENTAL REVENUE**

As of April 30, 2015, intergovernmental revenue reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance consisted of the following:

	2015			Total	2014
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund		
State income tax	\$ 1,824,620	\$ -	\$ -	\$ 1,824,620	\$ 1,537,742
State sales tax	2,704,335	-	-	2,704,335	2,691,588
State use tax	376,918	-	-	376,918	309,692
Motor fuel tax	-	-	456,592	456,592	480,968
Other	72,933	-	-	72,933	46,701
Total	<u>\$ 4,978,806</u>	<u>\$ -</u>	<u>\$ 456,592</u>	<u>\$ 5,435,398</u>	<u>\$ 5,066,691</u>

**VILLAGE OF BOURBONNAIS  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015**

**NOTE 17 – PLEDGED REVENUE AND DEBT SERVICE REQUIREMENTS**

The Village has pledged specific revenue, net of specific operating expenses, to repay the principal and interest of revenue bonds. All segment reporting requirements are included in the fund financial statements. The following is a schedule of the pledged revenues and related debt:

<u>Bond Issue</u>	<u>Purpose</u>	<u>Source of Revenue Pledged</u>	<u>Future Net Revenues Pledged (1)</u>	<u>Term of Commitment</u>	<u>Current Year Pledged Net Revenue to Debt Service (2)</u>
Sewerage Refunding Revenue Bonds, Series 2006	To advance refund a portion of the Series 2001 revenue bonds	Net revenues of the Village's sewer system	\$ 1,917,959	2021	77.8%
General Obligation Bonds, Series 2012A	Capital projects and to advance refund the series 2003 Motor Fuel Tax General Obligation Bonds	All sales, use and property taxes collected by the Village	\$ 5,033,528	2033	90.7%
General Obligation Bonds, Series 2012B	To advance refund the remaining portion of the Series 2001 revenue bonds	Moneys to the credit of the Surplus account of the Sewer Fund, and advalorem taxes levied against all property in the Village	\$ 1,235,775	2021	215.2%

(1) Total future principal and interest payments on debt.

(2) Current year pledged net operating revenue (excluding depreciation) vs. total future debt service.

**NOTE 18 –SUBSEQUENT EVENTS**

On August 31, 2015, the Village secured a bank loan in the amount of \$645,375 with interest at 1.85%. Monthly interest payments begin on September 30, 2015 and the loan principal balance is to be repaid in 36 equal installments beginning December 31, 2015. This loan matures on May 31, 2020. The proceeds from this loan are to be used for roadway improvements within the Village.

## REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF BOURBONNAIS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2015**

	<b>2015</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Tax revenue	\$ 6,159,004	\$ 6,159,004	\$ 6,464,456
Fine revenue	162,135	162,135	230,294
Franchise taxes	298,700	298,700	315,556
Licenses revenue	32,750	32,750	37,100
Miscellaneous revenue	84,100	84,100	128,373
Permit revenue	159,403	159,403	216,956
Reimbursement revenue	247,270	247,270	299,185
Total revenues	<u>7,143,362</u>	<u>7,143,362</u>	<u>7,691,920</u>
<b>EXPENDITURES</b>			
President and Board of Trustees Department	97,985	97,985	111,451
Administrative Department	223,697	223,697	196,254
Community Development	114,372	114,372	110,245
Police Department	3,551,047	3,551,047	3,724,418
Public works Department	1,174,866	1,174,866	1,195,084
Code enforcement Department	342,537	342,537	311,210
Central services Department	1,964,929	1,964,929	1,022,763
Finance Department	242,803	242,803	237,911
Street Department	154,106	154,106	223,797
Parks Department	52,177	52,177	88,944
Capital projects	-	-	533,358
Debt service:			
Principal payments on debt	-	-	370,000
Interest and fiscal charges	-	-	141,660
Total expenditures	<u>7,918,519</u>	<u>7,918,519</u>	<u>8,267,095</u>
Excess of revenues over (under) expenditures	<u>(775,157)</u>	<u>(775,157)</u>	<u>(575,175)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from debt issue	510,236	510,236	-
Proceeds from the sale of capital assets	-	-	11,016
Transfers in	264,921	264,921	690,838
Total other financing sources (uses)	<u>775,157</u>	<u>775,157</u>	<u>701,854</u>
Excess of revenues and other financing sources over (under) expenditures and other uses.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,679</u>

**VILLAGE OF BOURBONNAIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**  
**SPECIAL TAX ALLOCATION FUND**  
**FOR THE YEAR ENDED APRIL 30, 2015**

	<b>2015</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Tax revenue	\$ 93,768	\$ 93,768	\$ 92,349
Miscellaneous revenue	250	250	2
Total revenues	<u>94,018</u>	<u>94,018</u>	<u>92,351</u>
<b>EXPENDITURES</b>			
Legal and professional	2,040	2,040	16,878
Dues and seminars	-	-	650
Administrative and other	30,600	30,600	42,830
Other capital projects	-	-	1,193,179
Total expenditures	<u>32,640</u>	<u>32,640</u>	<u>1,253,537</u>
Excess of revenues over (under) expenditures	<u>\$ 61,378</u>	<u>\$ 61,378</u>	<u>\$ (1,161,186)</u>

**VILLAGE OF BOURBONNAIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**  
**MOTOR FUEL TAX FUND**  
**FOR THE YEAR ENDED APRIL 30, 2015**

	<b>2015</b>		
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Tax revenue	\$ 457,987	\$ 457,987	\$ 456,592
Reimbursement revenue	130,000	130,000	285,528
Miscellaneous revenue	<u>500</u>	<u>500</u>	<u>123</u>
Total revenues	<u>588,487</u>	<u>588,487</u>	<u>742,243</u>
<b>EXPENDITURES</b>			
Contractual service	420,797	420,797	308,294
Commodities	167,690	167,690	189,480
Capital projects	<u>-</u>	<u>-</u>	<u>50,268</u>
Total expenditures	<u>588,487</u>	<u>588,487</u>	<u>548,042</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,201</u>

**VILLAGE OF BOURBONNAIS  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
APRIL 30, 2015**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

The Village adopts annual budgets for the General Fund, Special Tax Allocation Funds, Motor Fuel Tax Fund, Sewer Fund and Refuse Fund. Expenditures for capital project funds are controlled on a project basis.

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

1. Prior to July 1, the Village Treasurer submits to the Village Board of Trustees a proposed operating budget for the fiscal year which had commenced May 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to August 1, the budget is legally enacted through passage of the annual appropriation ordinance. This ordinance places legal restrictions on expenditures for the General Fund and at the fund level for the Special Revenue Funds. Once approved, the Village Board of Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.
4. Control of and amendments to the budget rest with the Village Board of Trustees. No supplemental appropriations were necessary during the year. Original and final approved budget amounts have been presented in the budgetary comparison schedules.
5. Appropriations for all funds are adopted on a basis consistent with the accrual basis of accounting.

**VILLAGE OF BOURBONNAIS  
SCHEDULES OF FUNDING PROGRESS  
FOR THE YEAR ENDED APRIL 30, 2015**

**Illinois Municipal Retirement Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Entry Age (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2014	\$ 3,598,235	\$ 5,396,398	\$ 1,798,163	66.68	\$ 1,974,879	91.05%
12/31/2013	\$ 3,707,135	\$ 5,251,138	\$ 1,544,003	70.60	\$ 1,979,533	78.00%
12/31/2012	\$ 2,932,908	\$ 4,778,164	\$ 1,845,256	61.38	\$ 1,888,382	97.72%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$4,272,995. On a market value basis, the funded ratio would be 79.18%. The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Bourbonnais. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**Bourbonnais Police Pension Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Entry Age (b)	Unfunded AAL (UAAL) (b-a)			
4/30/2014	\$ 11,004,384	\$ 15,036,841	\$ 4,032,457	73.18	\$ 1,664,364	242.28%
4/30/2013	\$ 10,171,618	\$ 13,891,882	\$ 3,720,264	73.22	\$ 1,534,174	242.49%
4/30/2012	\$ 9,596,915	\$ 12,353,234	\$ 2,756,319	77.69	\$ 1,611,804	171.01%

**Other Post-Employment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Entry Age (b)	Unfunded AAL (UAAL) (b-a)			
4/30/2014	\$ -	\$ 1,332,647	\$ 1,332,647	0.00	\$ 3,188,482	41.80%
4/30/2013	\$ -	\$ 2,857,074	\$ 2,857,074	0.00	\$ 3,188,482	89.61%
4/30/2012	\$ -	\$ 3,319,615	\$ 3,319,615	0.00	\$ 3,536,052	93.88%

The ALL decreased significantly in FY15 as a result of a change in benefits of the plan which caused a 50% decrease in member participation.

## **STATISTICAL SECTION**

**VILLAGE OF BOURBONNAIS**  
**ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS (UNAUDITED)**  
**FOR THE TAX LEVY YEARS 2005 - 2014**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>ASSESSED VALUATION</b>	\$ 313,410,113	\$ 314,023,975	\$ 327,244,544	\$ 335,201,415	\$ 349,420,344	\$ 329,085,517	\$ 323,032,716	\$ 293,060,541	\$ 259,001,987	\$ 234,471,154
<b>TAX RATES</b>										
Corporate	0.1073	0.1055	0.100	0.096	0.095	0.110	0.105	0.116	0.115	0.122
Emergency Services	0.0078	0.0075	0.007	0.006	0.005	0.004	0.003	0.002	0.002	0.003
Street lighting	0.0379	0.0371	0.035	0.033	0.031	0.031	0.029	0.029	0.032	0.030
Parks	0.0207	0.0202	0.019	0.017	0.016	0.016	0.015	0.014	0.016	0.017
Police protection	0.0704	0.0689	0.065	0.062	0.059	0.062	0.059	0.060	0.064	0.062
Police pension	0.0661	0.0647	0.061	0.059	0.055	0.057	0.054	0.055	0.059	0.056
Audit	0.0120	0.0117	0.011	0.011	0.010	0.009	0.008	0.007	0.008	0.008
Social security	0.0477	0.0467	0.044	0.042	0.039	0.040	0.038	0.039	0.042	0.040
School crossing guard	0.0110	0.0107	0.010	0.009	0.008	0.007	0.006	0.005	0.005	0.006
IMRF	0.0379	0.0371	0.035	0.033	0.031	0.031	0.029	0.029	0.032	0.033
Liability insurance	0.0424	0.0414	0.039	0.037	0.035	0.035	0.033	0.034	0.038	0.040
Worker's compensation	0.0056	0.0054	0.005	0.004	0.004	0.003	0.002	0.001	0.001	0.001
Unemployment	0.0056	0.0054	0.005	0.004	0.004	0.003	0.002	0.001	0.001	0.001
Total tax rates	0.4724	0.4623	0.436	0.413	0.392	0.408	0.383	0.392	0.415	0.419
<b>TAX EXTENSIONS</b>										
Corporate	336,289	\$ 331,295	\$ 327,245	\$ 321,793	\$ 332,093	\$ 325,795	\$ 339,175	\$ 339,950	\$ 297,852	\$ 286,055
Emergency Services	24,446	23,552	22,907	20,112	17,479	13,163	9,691	5,861	5,180	7,034
Street lighting	118,782	116,503	114,536	110,617	108,367	95,435	93,677	84,988	82,881	70,341
Parks	64,876	63,433	62,176	56,984	55,931	49,363	48,454	41,028	41,440	39,860
Police protection	220,641	216,363	212,709	207,825	206,247	190,870	175,836	175,836	165,761	145,372
Police pension	207,164	203,173	199,619	197,769	192,264	177,706	174,433	161,183	152,811	131,304
Audit	37,609	36,741	35,997	36,872	34,957	29,618	25,842	20,514	20,720	18,758
Social security	149,497	146,649	143,988	140,785	136,333	125,053	122,749	114,294	108,781	93,788
School crossing guard	34,475	33,601	32,724	30,168	27,966	23,036	19,381	14,653	12,950	14,068
IMRF	118,782	116,503	114,536	110,616	108,367	95,435	93,677	84,988	82,881	77,375
Liability insurance	132,886	130,006	127,625	124,025	122,350	108,598	106,598	99,640	98,421	93,788
Worker's compensation	17,551	16,957	16,362	13,408	13,983	9,872	6,460	2,931	2,590	2,345
Unemployment	17,551	16,957	16,362	13,408	13,983	9,872	6,460	2,931	2,590	2,345
Total tax extensions	\$ 1,480,549	\$ 1,451,733	\$ 1,426,786	\$ 1,384,382	\$ 1,370,320	\$ 1,253,816	\$ 1,237,181	\$ 1,148,797	\$ 1,074,858	\$ 982,433
<b>TAX COLLECTIONS</b>										
General fund	\$ 1,444,800	\$ 1,418,923	\$ 1,418,923	\$ 1,372,277	\$ 1,354,384	\$ 1,246,735	\$ 1,229,453	\$ 1,139,895	\$ 1,061,904	\$ 972,528
Road and bridge collections	40,850	29,300	29,300	26,581	27,724	16,342	12,853	23,382	23,133	23,232
Total tax collections	\$ 1,485,650	\$ 1,448,223	\$ 1,448,223	\$ 1,398,858	\$ 1,382,108	\$ 1,263,077	\$ 1,242,306	\$ 1,163,277	\$ 1,085,037	\$ 995,760
Percentage of Village levy collected	99.5%	99.4%	99.4%	99.1%	98.8%	99.4%	99.2%	98.8%	99.0%	98.5%



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Village of Bourbonnais  
Bourbonnais, Illinois

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Bourbonnais, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise Village of Bourbonnais, Illinois' basic financial statements and have issued our report thereon dated December 2, 2015. Our report includes a reference to other auditors who audited the financial statements of the Kankakee River Metropolitan Agency, as described in our report on the Village of Bourbonnais, Illinois' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Bourbonnais, Illinois' internal control over financial reporting (internal control) to determine the audit 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 Bourbonnais, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Bourbonnais, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in findings 15-1 and 15-2 in the accompanying schedule of findings to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Bourbonnais, Illinois' 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Village of Bourbonnais, Illinois' Response to Findings**

Village of Bourbonnais, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings. Village of Bourbonnais, Illinois' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### **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 Bourbonnais, Illinois' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Bourbonnais, Illinois' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Borschnack, Pelletier + Co.*

December 2, 2015

**VILLAGE OF BOURBONNAIS  
SCHEDULE OF FINDINGS  
APRIL 30, 2015**

**FINDING 15-1: PREPARATION OF FINANCIAL STATEMENTS AND DISCLOSURES**

**Condition**

The Village of Bourbonnais (Village) did not prepare financial statements and disclosures in accordance with accounting principles generally accepted in the United States of America. Certain material adjustments were needed to correct the Village's account balances as of April 30, 2015. These adjustments have been proposed to Village management and have been approved for posting to the Village's accounts by Village management.

**Cause**

Due to the limited amount of resources available, the Village has historically depended on its auditors to reconcile certain yearend balances, to prepare financial statements and to prepare disclosures in accordance with accounting principles generally accepted in the United States of America. Certain accounts within the Village of Bourbonnais' accounting records have essentially been maintained on the cash basis of accounting and required adjustments to convert the account balances to the accrual basis of accounting.

**Effect**

Not preparing financial statements in accordance with accounting principles generally accepted in the United State of America results in the inaccurate reporting of financial information.

**Recommendation**

We recommend the Village reconcile all account balances to detailed records as a part of its yearend closing process in order to provide accurate account balances in accordance with accounting principles generally accepted in the United States.

As your auditors, we may continue to help with typing and formatting of the financial statements, but cannot perform reconciliation procedures or make management decisions regarding the preparation of the Village's financial statements. Accordingly, we wish to remind Village management that your independent auditors are not part of the Village's internal control system.

We understand the Village has assigned an individual to oversee the preparation of the financial statements and disclosures. We recommend the Village continue to do so in the future.

**Management's Response**

Village management will reconcile account balances prior to providing such information to our auditors and will continue to assign an individual to oversee the preparation of the financial statements and disclosures in order to ensure that all management decisions related to this process are made by Village management.

**VILLAGE OF BOURBONNAIS  
SCHEDULE OF FINDINGS  
APRIL 30, 2015**

**FINDING 15-2: CAPITAL ASSET ADDITIONS NOT RECORDED**

**Condition**

During our audit we noted that the Village of Bourbonnais (Village) had failed to record a capital assets acquired via an intergovernmental agreement with the State of Illinois, Department of Transportation (IDOT). The agreement states that IDOT was to pay 80 percent of the construction cost of a street known as Burns Road Phase II. The total construction costs (before depreciation) of the street paid for by IDOT was \$2,128,400.

In addition, the Village failed to record streets and improvements totaling \$158,341 that were conveyed to the Village by a developer.

Adjustments to record the assets noted above have been proposed to Village management and have been approved for posting to the Village's accounts by Village management.

**Cause**

Village management typically reviews expenditures recorded in the general ledger at yearend to determine capital asset activity that should be reflected in the financial statements. Village officials stated that not recording the assets noted above was an oversight due to a lack of established procedure and communication on conveyed property.

**Effect**

Not recording capital assets in accordance with accounting principles generally accepted in the United State of America results will cause capital assets to be understated.

**Recommendation**

We recommend the Village implement procedures to ensure that all capital asset transactions are recorded at the time they occur.

**Management's Response**

Village management has purchased the necessary software package and training to ensure that capital assets will be properly recorded.



Certified Public Accountants & Consultants

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December 2, 2015

To the Board of Trustees and management  
of the Village of Bourbonnais  
Bourbonnais, 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 Bourbonnais for the year ended April 30, 2015 and have issued our report thereon dated December 2, 2015. 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.

In planning and performing our audit, we considered the Village of Bourbonnais' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Village of Bourbonnais' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Bourbonnais' internal control over financial reporting.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. The following is a description of the matters noted:

Capital Assets Inventory

The Village currently does not maintain a complete capital assets inventory. The Village does maintain a list of capital assets that are currently being depreciated. In addition, the Village maintains a list of insured assets for its insurance carrier. However, the Village does not maintain a list of capital assets that are fully depreciated and therefore cannot perform an annual physical inventory to ensure that capital assets have not been misappropriated.

As auditors, we have previously been able to rely on prior audits to ensure the beginning balance is accurate. We then test the activity (additions and deletions) during the current year to determine if capital asset balances are accurately stated. Changes in accounting standards will require the Village to create a complete capital asset inventory as any successor auditor will likely perform additional procedures to ensure that beginning balances are accurately stated.

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Disbursements

During our audit, we noted 12 of 45 disbursements tested totaling \$51,425 that were not listed on the accounts payable list provided to the Board of Trustees. These disbursements included disbursements for towing services, postage, supplies (including ammunition for the police department), employee reimbursements and a transfer of funds between bank accounts.

In addition, we noted one disbursement for the purchase of ammunition totaling \$3,982 where the vendor's invoice was found to be mathematically incorrect. The vendor's invoice listed four items with separate costs per item that totaled \$3,832. However, the total price listed on the invoice was \$3,982, which is \$150 more than the total of the individual items.

In addition, we identified certain material weaknesses that have been reported to you in our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

This communication is intended solely for the information and use of management and the Board of Trustees of the Village of Bourbonnais and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Borschnack, Pelletier + Co.*

Borschnack, Pelletier & Co.