VILLAGE OF BOURBONNAIS
BOURBONNAIS, ILLINOIS

FINANCIAL STATEMENTS
APRIL 30, 2018

VILLAGE OF BOURBONNAIS

TABLE OF CONTENTS

Borschnack Pelletier & Co.
Certified Public Accountants & Consultants
200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

INDEPENDENT AUDITOR'S 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, 2018, 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.

Auditor's 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 41 percent, 43 percent, and 7.4 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2018 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Village's April 30, 2017 financial statements, and in our report dated December 13, 2017, we expressed unmodified opinions on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2017, 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 January 16, 2019, 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.

Borschnack, Pelletier + Co.

Kankakee, Illinois
January 16, 2019

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, 2018. 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, 2018 are as follows:

- Growth continues in Bourbonnais. During the fiscal year 2018, twenty-five permits were issued for new single family homes and 104 permits for new or renovated commercial buildings.

- Construction continued on the new I-57 interchange at Bourbonnais Parkway. This project was completed during November of 2018.

- Construction continued on the $11 million dollar project to provide additional sewer capacity to the Bourbonnais Parkway development area. The new interceptor will be completed in two phases with completion expected during fall of 2019.

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's 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, income and other state 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. 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, 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.

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 22-58.

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, data concerning the Village's progress in funding its obligations to provide post-employment benefits to its employees, and information regarding the Village's net pension liabilities and pension contributions. Required supplementary information can be found on pages 60-68 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.

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 $35,190,944 as of April 30, 2018. The following table reflects the condensed Statements of Net Position:

	2018			2017
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Current assets	$ 12,367,976	$ 1,492,177	$ 13,860,153	$ 20,735,528
Noncurrent assets	31,039,860	16,409,710	47,449,570	42,451,788
Total assets	43,407,836	17,901,887	61,309,723	63,187,316
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	3,966,623	213,902	4,180,525	2,531,650
LIABILITIES				
Current liabilities	2,723,899	338,933	3,062,832	2,264,859
Noncurrent liabilities	24,143,698	406,293	24,549,991	25,806,331
Total liabilities	26,867,597	745,226	27,612,823	28,071,190
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	2,296,225	390,256	2,686,481	338,963
NET POSITION				
Net investment in capital assets	19,390,768	8,728,176	28,118,944	29,189,531
Restricted, Expendable	2,126,223	-	2,126,223	2,881,748
Unrestricted	(3,306,354)	8,252,131	4,945,777	5,237,534
Total net position	$ 18,210,637	$ 16,980,307	$ 35,190,944	$ 37,308,813

Discussion & Analysis

The Village's net position was $35,190,944 on April 30, 2018. The net investment in capital assets amounted to $28,118,944. This figure is arrived at by taking the original costs of the Village's capital assets, subtracting accumulated depreciation to date and the amount of remaining debt utilized to finance the acquisition of those assets.

Restricted net position totaled $2,126,223 on April 30, 2018, and are those assets restricted by ordinance or by revenue bond agreements. This reduction is due to a $400,000 Economic Incentive payment in connection with a redevelopment agreement as well as draws on the Village's Money Market account to fund continued construction of the new Sewer Interceptor project. By comparison, unrestricted net position totaled $4,945,777 for the year ended April 30, 2018. This total is the net accumulated result of the current and previous years' operations. Village operations are financed by revenues from property taxes, income taxes, sales and use taxes, charges for services and federal and state grants.

Statements of Activities –

Overall results of operations for the Village of Bourbonnais for the fiscal operating period ending April 30, 2018 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.

	2018			2017
	Governmental Activities	Business-type Activities	Total	Total
REVENUES				
Program Revenues				
Charges for service	$ 507,872	$ 6,276,064	$ 6,783,936	$ 5,954,057
Operating grants and contributions	21,793	-	21,793	15,000
Capital grants and contributions	-	-	-	94,542
General Revenues				
Property taxes	1,760,067	-	1,760,067	1,725,393
Franchise taxes	333,175	-	333,175	331,651
Income tax and other state taxes	5,927,694	-	5,927,694	6,071,458
Unrestricted investment earnings	59,148	98	59,246	31,089
Gain (loss) on sale of assets	(4,475)	-	(4,475)	12,217
Total revenues	8,605,274	6,276,162	14,881,436	14,235,407
EXPENSES				
General government	5,004,290	-	5,004,290	4,095,735
Public safety	4,610,190	-	4,610,190	4,408,038
Public works	1,311,031	-	1,311,031	1,339,077
Economic development	389,498	-	389,498	10,261
Culture and recreation	70,260	-	70,260	84,689
Interest on long-term debt	574,711	-	574,711	215,791
Debt issuance costs	-	-	-	191,945
Sewer operations	-	3,630,152	3,630,152	3,659,127
Refuse disposal	-	1,409,173	1,409,173	1,308,493
Total expenses	11,959,980	5,039,325	16,999,305	15,313,156
TRANSFERS	385,000	(385,000)	-	-
Change in net position	$ (2,969,706)	$ 851,837	$ (2,117,869)	$ (1,077,749)

Discussion & Analysis

Total Village revenues were $14,881,436 for the period. The Village's total cost (expense) to fund all governmental activities was $11,959,980 while business-type activities were $5,039,325. The majority of the increase in General Government costs was caused by the increase in interest expense on the debt service connected with the construction of the new Sewer Interceptor project. 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, 2018 amounted to $28,126,114. The investment in capital assets includes land, buildings, equipment, improvements other than buildings, underground systems, infrastructure, and construction in progress less the related debt to acquire such capital assets. This amount includes a net increase in capital assets (including additions and retirements) of $4,631,513 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 35.

Debt Outstanding

The Village's long-term debt includes certain revenue bonds issued in previous years as well as other obligations. Information relating to long-term debt can be found in the Notes to Financial Statements on pages 36-39 and 57. Pension obligations can be found on pages 40-51.

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.

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 2018, twenty-five permits were issued for new single family homes and 104 permits for new or renovated commercial buildings. This continues the positive growth pattern of the last ten years.

Construction continued on the I-57 interchange at Bourbonnais Parkway during fiscal year 2018 and was completed during November of 2018.The Village also began construction on the new Sewer Interceptor to service the commercial area surrounding the new interchange with an expected completion during fall of 2019.

Property values have begun to rise again in Bourbonnais and with the Village portion of the property tax levy currently at 5.2% 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.

With the recent expansion due to a redevelopment agreement, the Village will see additional sales tax revenue to use to continue the services provided by the Village. Also, with the completion of the new I-57 Interchange, the Village expects to see commercial and industrial development in that corridor.

The Village will be negotiating new collective bargaining agreements with its three labor unions. Management expects to be able to keep the cost of these agreements within the expected inflationary guidelines. Doing so will keep the Village's expenses within a sustainable range.

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, 2018
(With Comparative Totals for April 30, 2017)

	2018			2017
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,731,087	$ 165,812	$ 1,896,899	$ 7,734,959
Investments	8,754,296	-	8,754,296	9,641,282
Receivables	2,606,110	431,675	3,037,785	3,208,854
Internal balances	(894,690)	894,690	-	-
Other assets	171,173	-	171,173	150,433
Total Current Assets	12,367,976	1,492,177	13,860,153	20,735,528
Noncurrent assets				
Capital assets, non-depreciable	10,341,827	933,322	11,275,149	5,466,681
Capital assets, net of depreciation	20,698,033	8,080,742	28,778,775	29,955,730
Debt issuance costs, net	-	-	-	-
Investment in joint venture	-	7,395,646	7,395,646	7,029,377
Total Noncurrent Assets	31,039,860	16,409,710	47,449,570	42,451,788
Total Assets	43,407,836	17,901,887	61,309,723	63,187,316
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	139,202	-	139,202	171,676
Deferred items - IMRF	716,106	213,902	930,008	1,272,427
Deferred items - Police Pension	3,111,315	-	3,111,315	1,087,547
Total Deferred Outflows of Resources	3,966,623	213,902	4,180,525	2,531,650
Total Assets and Deferred Outflows of Resources	47,374,459	18,115,789	65,490,248	65,718,966
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	1,322,633	267,461	1,590,094	967,974
Accrued interest	202,838	-	202,838	122,454
Bonds payable	995,000	-	995,000	945,000
Capital lease payable	67,559	71,472	139,031	93,562
Current portion of notes payable	135,869	-	135,869	135,869
Total Current Liabilities	2,723,899	338,933	3,062,832	2,264,859
Noncurrent liabilities				
Bonds payable in more than one year	15,477,382	-	15,477,382	16,498,145
Capital lease payable	185,775	214,416	400,191	253,334
Accrued compensated absences	706,660	13,737	720,397	634,430
Net pension liability - IMRF	596,381	178,140	774,521	2,620,874
Net pension liability - Police Pension	7,008,894	-	7,008,894	5,495,073
Notes payable	168,606	-	168,606	304,475
Total Noncurrent Liabilities	24,143,698	406,293	24,549,991	25,806,331
Total Liabilities	26,867,597	745,226	27,612,823	28,071,190
DEFERRED INFLOWS OF RESOURCES				
Deferred items - IMRF	1,306,510	390,256	1,696,766	51,443
Deferred items - Police Pension	989,715	-	989,715	287,520
Total Deferred Inflows of Resources	2,296,225	390,256	2,686,481	338,963
Total Liabilities and Deferred Inflows of Resources	29,163,822	1,135,482	30,299,304	28,410,153
NET POSITION				
Net investment in capital assets	19,390,768	8,728,176	28,118,944	29,189,531
Restricted, Expendable	2,126,223	-	2,126,223	2,881,748
Unrestricted	(3,306,354)	8,252,131	4,945,777	5,237,534
Total Net Position	$ 18,210,637	$ 16,980,307	$ 35,190,944	$ 37,308,813

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

VILLAGE OF BOURBONNAIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018
(With Comparative Totals for the Year Ended April 30, 2017)

	2018							2017
		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Total
Governmental activities								
General government	$ 5,004,290	$ 283,997	$ 21,793	$ -	$ (4,698,500)	$ -	$ (4,698,500)	$ (3,678,425)
Public safety	4,610,190	223,875	-	-	(4,386,315)	-	(4,386,315)	(4,207,365)
Public works	1,311,031	-	-	-	(1,311,031)	-	(1,311,031)	(1,312,267)
Economic development	389,498	-	-	-	(389,498)	-	(389,498)	(10,261)
Culture and recreation	70,260	-	-	-	(70,260)	-	(70,260)	(84,689)
Interest on long-term debt	574,711	-	-	-	(574,711)	-	(574,711)	(215,791)
Total Governmental Activities	11,959,980	507,872	21,793	-	(11,430,315)	-	(11,430,315)	(9,508,798)
Business-type activities								
Sewer operations	3,630,152	4,964,732	-	-	-	1,334,580	1,334,580	730,061
Refuse disposal	1,409,173	1,311,332	-	-	-	(97,841)	(97,841)	(147,454)
Total Business-Type Activities	5,039,325	6,276,064	-	-	-	1,236,739	1,236,739	582,607
Total Primary Government	$ 16,999,305	$ 6,783,936	$ 21,793	$ -	(11,430,315)	1,236,739	(10,193,576)	(8,926,191)
General revenues:								
Property taxes, levied for general purposes					1,760,067	-	1,760,067	1,725,393
Franchise taxes					333,175	-	333,175	331,651
Income tax and other State tax revenue					5,927,694	-	5,927,694	6,071,458
Unrestricted investment earnings					59,148	98	59,246	31,089
Gain (loss) on refunding of debt					-	-	-	(73,223)
Gain (loss) on sales of assets					(4,475)	-	(4,475)	12,217
Debt issuance costs					-	-	-	(250,143)
Transfers					385,000	(385,000)	-	-
Total General Revenues and Transfers					8,460,609	(384,902)	8,075,707	7,848,442
CHANGE IN NET POSITION					(2,969,706)	851,837	(2,117,869)	(1,077,749)
NET POSITION, BEGINNING OF YEAR					21,180,343	16,128,470	37,308,813	38,386,562
NET POSITION, END OF YEAR					$ 18,210,637	$ 16,980,307	$ 35,190,944	$ 37,308,813

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

VILLAGE OF BOURBONNAIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2018
(With Comparative Totals for April 30, 2017)

	2018					2017
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Impact Fees Fund	Total Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,605,574	$ 81,932	$ 26,201	$ 17,380	$ 1,731,087	$ 7,322,004
Investments	7,782,197	-	541,527	430,572	8,754,296	9,641,282
Interest receivable	3,332	-	-	-	3,332	1,123
Due from other funds	-	-	-	-	-	469,735
Receivables from other governments	2,340,805	161,924	42,651	-	2,545,380	2,744,963
Other receivables	57,398	-	-	-	57,398	66,236
Prepaid expense	171,708	-	-	-	171,708	158,365
Total Assets	$ 11,961,014	$ 243,856	$ 610,379	$ 447,952	$ 13,263,201	$ 20,403,708
LIABILITIES						
Accounts payable and accrued expenses	$ 1,152,134	$ -	$ 1,297	$ 3,221	$ 1,156,652	$ 451,304
Salaries and benefits payable	165,981	-	-	-	165,981	173,901
Due to other funds	642,520	40,548	76,056	136,101	895,225	592,779
Total Liabilities	1,960,635	40,548	77,353	139,322	2,217,858	1,217,984
DEFERRED INFLOWS OF RESOURCES						
Unavailable tax revenue	1,599,443	161,924	-	-	1,761,367	1,969,105
Total Deferred Inflows of Resources	1,599,443	161,924	-	-	1,761,367	1,969,105
FUND BALANCES						
Nonspendable	171,708	-	-	-	171,708	158,365
Restricted for:						
Capital projects	6,138,632	-	-	-	6,138,632	11,997,505
Debt service	1,252,198	-	-	-	1,252,198	1,240,868
Economic development	251,912	41,384	-	-	293,296	989,968
Public safety	89,088	-	-	-	89,088	7,756
Street maintenance programs	-	-	533,026	-	533,026	643,156
Committed	-	-	-	308,630	308,630	301,299
Unassigned	497,398	-	-	-	497,398	1,877,702
Total Fund Balances	8,400,936	41,384	533,026	308,630	9,283,976	17,216,619
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 11,961,014	$ 243,856	$ 610,379	$ 447,952	$ 13,263,201	$ 20,403,708

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, 2018
(With Comparative Totals for April 30, 2017)

	2018	2017
Adjustments necessary to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:		
Governmental funds combined fund balance	$ 9,283,976	$ 17,216,619
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	31,039,860	26,606,864
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.	1,761,367	1,969,105
Unamortized loss on refunding of debt is not reported in the Governmental Funds Balance Sheet, but is reported in the Statement of Net Position	139,202	171,676
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and payments made after the measurement date for the Illinois Municipal Retirement Fund and the Police Pension Fund are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.	1,531,196	1,777,201
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 Statement of Net Position:		
Bonds payable	(16,472,382)	(17,443,145)
Capital lease payable	(253,334)	(346,896)
Accrued interest payable	(202,838)	(122,454)
Accrued compensated absences	(706,660)	(616,511)
Net pension liability - IMRF	(596,381)	(2,096,699)
Net pension liability - Police Pension	(7,008,894)	(5,495,073)
Notes payable	(304,475)	(440,344)
Net Position of Governmental Activities	$ 18,210,637	$ 21,180,343

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, 2018
(With Comparative Totals for the Year Ended April 30, 2017)

	2018					2017
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Impact Fees Fund	Total Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 1,555,046	$ 157,548	$ -	$ -	$ 1,712,594	$ 1,662,413
Franchise taxes	333,175	-	-	-	333,175	331,651
Fees, fines and permits	392,580	-	-	28,774	421,354	398,966
Licenses	34,950	-	-	-	34,950	34,975
Intergovernmental	5,577,325	-	496,441	-	6,073,766	5,423,436
Investment earnings	47,687	9	7,070	4,382	59,148	23,584
State, Federal and other reimbursements	109,139	-	-	-	109,139	486,586
Miscellaneous	73,361	-	-	-	73,361	58,112
Total Revenues	8,123,263	157,557	503,511	33,156	8,817,487	8,419,723
EXPENDITURES						
General government	2,800,151	56,220	-	-	2,856,371	2,375,954
Public safety	4,359,345	-	-	-	4,359,345	4,387,851
Public works	1,293,403	-	-	-	1,293,403	1,305,810
Culture and recreation	70,260	-	-	-	70,260	84,689
Economic development	-	400,000	-	-	400,000	12,765
Debt service						
Principal	1,080,869	-	-	-	1,080,869	567,985
Interest and other charges	487,616	-	-	-	487,616	139,164
Capital outlay	5,966,434	-	613,641	25,825	6,605,900	1,878,791
Total Expenditures	16,058,078	456,220	613,641	25,825	17,153,764	10,753,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,934,815)	(298,663)	(110,130)	7,331	(8,336,277)	(2,333,286)
OTHER FINANCING SOURCES (USES)						
Capital lease financing	-	-	-	-	-	337,779
Debt issuance costs	-	-	-	-	-	(250,143)
Insurance recoveries	18,559	-	-	-	18,559	-
Proceeds from debt issue	-	-	-	-	-	13,117,230
Proceeds from sale of assets	75	-	-	-	75	12,217
Transfers in	385,000	-	-	-	385,000	1,415,868
Transfers out	-	-	-	-	-	(1,190,062)
Total Other Financing Sources (Uses)	403,634	-	-	-	403,634	13,442,889
NET CHANGE IN FUND BALANCES	(7,531,181)	(298,663)	(110,130)	7,331	(7,932,643)	11,109,603
FUND BALANCES, BEGINNING OF YEAR	15,932,117	340,047	643,156	301,299	17,216,619	6,107,016
FUND BALANCES, END OF YEAR	$ 8,400,936	$ 41,384	$ 533,026	$ 308,630	$ 9,283,976	$ 17,216,619

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, 2018
(With Comparative Totals for April 30, 2017)

	2018	2017
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	$ (7,932,643)	$ 11,109,603
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.	4,432,996	189,431
Contributions of capital assets are reported only in the statement of activities	-	94,542
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.	(207,738)	224,416
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	(32,474)	(32,474)
Amortization of bond premium	25,763	25,763
(Increase) decrease in accrued compensated absences	(90,149)	87,100
(Increase) decrease in accrued interest on bonds payable	(80,384)	(69,916)
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.	-	(337,779)
Proceeds from the issuance of debt 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.	-	(13,117,230)
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.	1,174,431	567,985
Governmental funds report employer pension contributions as pension expenditures. Employer pension contributions made after the measurement date are deferred on the Statement of Activities.	86,892	105,845
Certain expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Pension expense (net of employer pension contributions not deferred)	(346,400)	(216,118)
Change in Net Position of Governmental Activities	$ (2,969,706)	$ (1,368,832)

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

VILLAGE OF BOURBONNAIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2018
(With Comparative Totals for April 30, 2017)

	2018			2017
	Enterprise Funds			
	Sewer Operating Fund	Refuse Disposal Fund	Total Enterprise Funds	Total Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	$ 19,978	$ 145,834	$ 165,812	$ 412,955
Accounts receivable, net	387,753	43,922	431,675	395,299
Interest receivable	-	-	-	1,233
Due from other funds	1,267,809	234,808	1,502,617	500,556
Total Current Assets	1,675,540	424,564	2,100,104	1,310,043
Noncurrent assets				
Investment in joint venture	7,395,646	-	7,395,646	7,029,377
Capital assets, net	9,014,064	-	9,014,064	8,815,547
Total Noncurrent Assets	16,409,710	-	16,409,710	15,844,924
Total Assets	18,085,250	424,564	18,509,814	17,154,967
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	213,902	-	213,902	252,812
Total Deferred Outflows of Resources	213,902	-	213,902	252,812
Total Assets and Deferred Outflows of Resources	18,299,152	424,564	18,723,716	17,407,779
LIABILITIES				
Current liabilities				
Accounts payable	143,017	117,358	260,375	326,523
Accrued payroll expenses	7,086	-	7,086	16,246
Due to other funds	-	607,927	607,927	385,444
Capital lease payable	71,472	-	71,472	-
Total Current Liabilities	221,575	725,285	946,860	728,213
Noncurrent liabilities				
Accrued compensated absences	13,737	-	13,737	17,919
Capital lease payable	214,416	-	214,416	-
Net pension liability - IMRF	178,140	-	178,140	524,175
Total Noncurrent Liabilities	406,293	-	406,293	542,094
Total Liabilities	627,868	725,285	1,353,153	1,270,307
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	390,256	-	390,256	9,002
Total Deferred Inflows of Resources	390,256	-	390,256	9,002
Total Liabilities and Deferred Inflows of Resources	1,018,124	725,285	1,743,409	1,279,309
NET POSITION				
Net investment in capital assets	8,728,176	-	8,728,176	8,815,547
Unrestricted	8,552,852	(300,721)	8,252,131	7,312,923
Total Net Position	$ 17,281,028	$ (300,721)	$ 16,980,307	$ 16,128,470

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, 2018
(With Comparative Totals for the Year Ended April 30, 2017)

	2018			2017
	Enterprise Funds			
	Sewer Operating Fund	Refuse Disposal Fund	Total Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 4,450,849	$ 1,305,265	$ 5,756,114	$ 5,283,892
Reimbursement revenue	26,685	-	26,685	-
Other operating revenue	120,929	6,067	126,996	124,655
Total Operating Revenues	4,598,463	1,311,332	5,909,795	5,408,547
OPERATING EXPENSES				
Personal services	713,036	-	713,036	677,654
Contractual services	2,270,190	1,409,088	3,679,278	3,558,016
Utilities	2,027	-	2,027	6,731
Repairs and maintenance	228,061	-	228,061	233,709
Other supplies and expenses	34,020	85	34,105	49,916
Depreciation	375,648	-	375,648	334,729
Total Operating Expenses	3,622,982	1,409,173	5,032,155	4,860,755
Operating Income (Loss)	975,481	(97,841)	877,640	547,792
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	98	-	98	7,505
Equity interest in joint venture operating income (loss)	366,269	-	366,269	68,457
Loss on refunding of debt	-	-	-	(73,223)
Interest expense	(7,170)	-	(7,170)	(33,642)
Total Non-operating Revenues (Expenses)	359,197	-	359,197	(30,903)
Income (Loss) Before Transfers	1,334,678	(97,841)	1,236,837	516,889
TRANSFERS FROM (TO) OTHER FUNDS	(385,000)	-	(385,000)	(225,806)
CHANGE IN NET POSITION	949,678	(97,841)	851,837	291,083
NET POSITION, BEGINNING OF YEAR	16,331,350	(202,880)	16,128,470	15,837,387
NET POSITION, END OF YEAR	$ 17,281,028	$ (300,721)	$ 16,980,307	$ 16,128,470

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, 2018
(With Comparative Totals for the Year Ended April 30, 2017)

	2018			2017
	Enterprise Funds			
	Sewer Operating Fund	Refuse Disposal Fund	Total	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 4,411,660	$ 1,308,078	$ 5,719,738	$ 5,292,380
Other receipts	147,614	6,067	153,681	124,655
Payments to suppliers	(2,601,261)	(1,408,358)	(4,009,619)	(3,857,140)
Payments to employees/retirees	(652,249)	-	(652,249)	(670,910)
Net Cash Provided by (Used In) Operating Activities	1,305,764	(94,213)	1,211,551	888,985
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from (to) other funds, net	(1,358,301)	193,723	(1,164,578)	(412,287)
Net Cash Provided by (Used In) Noncapital Financing Activities	(1,358,301)	193,723	(1,164,578)	(412,287)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(216,805)	-	(216,805)	(814,983)
Principal paid on capital debt	(71,472)	-	(71,472)	(265,000)
Interest paid on capital debt	(7,170)	-	(7,170)	(33,642)
Net Cash Used In Capital and Related Financing Activities	(295,447)	-	(295,447)	(1,113,625)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,331	-	1,331	7,505
Purchases of investments	-	-	-	(7,433)
Net Cash Provided by (Used In) Investing Activities	1,331	-	1,331	72
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(346,653)	99,510	(247,143)	(636,855)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	366,631	46,324	412,955	1,049,810
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 19,978	$ 145,834	$ 165,812	$ 412,955
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ 975,481	$ (97,841)	$ 877,640	$ 547,792
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense	375,648	-	375,648	334,729
(Increase) Decrease in				
Accounts receivable, net	(39,189)	2,813	(36,376)	8,488
Deferred items - IMRF	38,910	-	38,910	(134,751)
Increase (Decrease) in				
Accounts payable	(66,963)	815	(66,148)	(8,768)
Accrued payroll expenses	(9,160)	-	(9,160)	10,980
Accrued compensated absences	(4,182)	-	(4,182)	(4,721)
Net pension liability - IMRF	(346,035)	-	(346,035)	126,234
Deferred items - IMRF	381,254	-	381,254	9,002
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 1,305,764	$ (94,213)	$ 1,211,551	$ 888,985
NON-CASH FINANCING AND INVESTING ACTIVITIES				
Increase in investment in joint venture	$ 366,269	$ -	$ 366,269	$ 68,457
Non-cash capital additions	$ 357,360	$ -	$ 357,360	$ -
Write-off/Amortization of loss on refunding of debt	$ -	$ -	$ -	$ (71,789)
Transfer to escrow agent for refunding of debt	$ -	$ -	$ -	$ (1,161,434)
Transfer of reserve accounts to the General Fund in accordance with the requirements of newly issued General Obligation Bonds	$ -	$ -	$ -	$ (1,240,868)

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

VILLAGE OF BOURBONNAIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2018

	Pension (and other employee benefit) Trust Funds		Agency Funds	
	Police Pension Fund	Deferred Compensation Plan	Building Escrow Fund	Community Fund
ASSETS				
Cash and cash equivalents	$ 700,859	$ -	$ 15,840	$ 2,334
Interest receivable	11,366	-	-	-
Other receivables	-	-	21,025	-
Investments, at fair value				
Certificates of deposit	165,479	-	-	-
Mortgage and asset backed securities	2,941,315	-	-	-
U.S. Government Bonds and GSE Bonds	1,163,376	-	-	-
Mutual funds	10,320,747	-	-	-
Investment contract with insurance company	-	1,781,059	-	-
Due from other related entities	-	-	535	-
Prepaid benefits	51,520	-	-	-
Total Assets	15,354,662	1,781,059	37,400	2,334
LIABILITIES				
Accounts payable	-	-	4,057	-
Refunds payable and other liabilities	-	-	33,343	2,334
Total Liabilities	-	-	37,400	2,334
NET POSITION				
Net position restricted for pension benefits and other purposes	$ 15,354,662	$ 1,781,059	$ -	$ -

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, 2018

	Pension (and other employee benefit) Trust Funds	
	Police Pension Fund	**Deferred Compensation Plan**
ADDITIONS		
Contributions		
Employer	$ 662,728	$ -
Plan members	370,862	45,837
Total Contributions	1,033,590	45,837
Investment income		
Net increase (decrease) in fair value of investments	1,169,466	145,341
Interest	204,064	-
Dividends	77,680	-
Net investment income (loss)	1,451,210	145,341
Total Additions (Reductions)	2,484,800	191,178
DEDUCTIONS		
Administrative expenses	15,819	9,272
Benefits paid to participants	721,079	-
Pension transfer	45,887	-
Total Deductions	782,785	9,272
NET INCREASE (DECREASE)	1,702,015	181,906
NET POSITION RESTRICTED FOR PENSION BENEFITS AND OTHER PURPOSES		
BEGINNING OF YEAR	13,652,647	1,599,153
END OF YEAR	$ 15,354,662	$ 1,781,059

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

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, 2018.

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, 2018, the Village has reported all funds as major.

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 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.

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.

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. Property taxes levied for the calendar year 2017 are intended to finance the fiscal year ended April 30, 2018 and will be collected in fiscal year ended April 30, 2019. These property taxes are recorded as receivables and recognized as revenue in the year ended April 30, 2018. 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.

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 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 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. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* GASB Statement No. 80, *Blending Requirements for Certain Component Units an Amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements a*nd GASB Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73* during the fiscal year ended April 30, 2018.

The Village will be required to implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishment Issues* during the fiscal year ended April 30, 2019. The Village has not yet evaluated the impact of adopting these future pronouncements on the Village's financial statements.

The Village will be required to implement GASB Statement No. 83, *Certain Asset Retirement Obligations,* GASB Statement No. 84, *Fiduciary Activities,* GASB Statement No. 87, *Leases,* GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* and GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No.61.* in years following the fiscal year ended April 30, 2019. The Village has not yet evaluated the impact of adopting these future pronouncements on the Village's financial statements.

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 fund had an excess of expenditures/expenses over budgeted amounts for the year ended April 30, 2018.

Fund	Excess Expenditures
Special Tax Allocation Fund	$ 359,225
Total	$ 359,225

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 are measured at fair value and 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.

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

Certain cash and investments in the General Fund are restricted in accordance with the ordinances authorizing the issuance of the bonds. These assets are reflected as restrictions of fund balance in the Governmental Funds Balance Sheet and are restricted net position in the 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. Assets contributed prior to May 1, 2016 are recorded at fair market value as of the date donated. Assets contributed on or after May 1, 2016 are recorded at acquisition 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:

	Useful Life	Threshold
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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Deprecation expense for governmental activities is reported in the General Government expense line on the Statement of Activities.

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.

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.

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.

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).

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, debt service, 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:

Net investment in capital assets - 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 "net investment in capital assets."

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, 2018:

Fund	Deficit
Refuse Disposal Fund	$ 300,721

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 2017 were due, payable, and collected in two installments in June and September of 2018. 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

Statutes authorize the Village to make deposits/invest in commercial bank, savings and loan institutions, 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 Bourbonnais Police Pension Fund, 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.

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	$	9,101,633
Carrying amount of Investments		1,549,562
Total	$	10,651,195

Cash and Cash Equivalents	$	1,896,899
Investments		8,754,296
Total	$	10,651,195

Deposits

At April 30, 2018, the carrying amount of the Village's deposits with financial institutions for governmental and business-type activities was $9,101,633 and the bank balance was $9,275,031. 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, 2018, deposit balances were fully insured by Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral.

At April 30, 2018, the carrying amount of deposits of fiduciary activities was $561,750 and the bank balance was $562,655. At April 30, 2018, all fiduciary deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral.

Investments

At April 30, 2018, the carrying amount (and market value) of the Village's investments for governmental and business-type activities was $1,549,562. 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, 2018. As of April 30, 2018, the Village has $1,000,537 in a sweep account repurchase agreement with a local bank. The agreement calls for funds in excess of a set target amount to be swept to an investment account to purchase interests in securities and will be repurchased by the bank on a daily basis for the amount paid plus interest earned. The underlying securities are held by the counterparty to the agreement, are not covered by FDIC insurance and are not guaranteed by the Federal Government.

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The fair value of investments is categorized by levels depending on the type of inputs used for their valuation.

- *Level 1* – Unadjusted quoted prices for identical assets in active markets that are accessible at the date of measurement.
- *Level 2* – Quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the assets.
- *Level 3* – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity).

The following assets of the Village are measured at fair value as of April 30, 2018.

Asset Types	Fair Value	Level 1	Level 2	Level 3
Illinois Funds Money Market	$ 549,025	$ 549,025	$ -	$ -
Sweep Account Repurchase Agreement	1,000,537	1,000,537	-	-
Total	$ 1,549,562	$ 1,549,562	$ -	$ -

The Police Pension Fund (Fund) manages its investments in accordance with the regulations prescribed by the Illinois Pension Code. Investments at April 30, 2018 consisted of the following managed funds:

		Investment Maturities (in Years)			
Investment Types	Fair Value	No Maturity Date	Less Than 1	1-10	Over 10
Mortgage and Asset Backed Securities	$ 2,941,315	$ -	$ -	$ -	$ 2,941,315
U.S. Government Bonds and GSE Bonds	1,163,376	-	-	1,163,376	-
Mutual Funds	10,320,747	10,320,747	-	-	-
Money Market	322,762	322,762	-	-	-
Total	$14,748,200	$10,643,509	$ -	$1,163,376	$ 2,941,315

The Fund's investments at April 30, 2018 include uninsured investments for which the securities are held by brokers, dealer's trust department or an agent in the Fund's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

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, 2018, the Fund held the following investments which are subject to credit risk.

Investment Type	Standard & Poor's Rating	2018 Fair Market Value
U.S. Treasury Strips	Not Rated	$ 1,163,376
FNMA Mortgage and Asset Backed Securities	Not Rated	159,082
GNMA Mortgage and Asset Backed Securities	*	2,603,593
FHLMC Mortgage and Asset Backed Securities	AA+	178,640
Total		$ 4,104,691

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

Concentration of Credit Risk: As of April 30, 2018 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.

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, 2018:

Investment	Currency	Maturity	Fair Value
Europacific Growth Fund	Various	N/A	$ 1,261,392
Total			$ 1,261,392

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

The fair value of the Fund's investments is categorized by levels depending on the type of inputs used for their valuation. A description of the levels has been provided on page 32.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The following assets of the Fund are measured at fair value as of April 30, 2018.

Asset Types	Fair Value	Level 1	Level 2	Level 3
Mortgage and Asset Backed securities	$ 2,941,315	$ -	$ 2,941,315	$ -
U.S. Government Bonds and GSE Bonds	1,163,376	-	1,163,376	-
Mutual Funds	10,320,747	10,320,747	-	-
Money Market	322,762	322,762	-	-
Total	$ 14,748,200	$ 10,643,509	$ 4,104,691	$ -

NOTE 3 – RECEIVABLES

A summary of receivables as of April 30, 2018 is as follows:

	Total Receivable	Allowance for Doubtful Accounts	Net Receivable
Governmental Activities:			
Taxes receivable	$ 2,545,380	$ -	$ 2,545,380
Other receivables	57,398	-	57,398
Interest receivable	3,332	-	3,332
Business-Type Activities:			
Sewer services	415,125	27,372	387,753
Refuse disposal services	59,997	16,075	43,922
Total	$ 3,081,232	$ 43,447	$ 3,037,785

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.

NOTE 4 – CAPITAL ASSETS

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

	Balance May 1, 2017	Additions	Retirements	Transfers	Balance April 30, 2018
Governmental activities:					
Capital assets not being depreciated:					
Land, non-depreciable	$ 4,528,474	$ -	$ -	$ -	$ 4,528,474
Construction in progress	154,405	5,658,948	-	-	5,813,353
Capital assets being depreciated:					
Land improvements	13,071,367	11,406	-	-	13,082,773
Buildings and improvements	8,432,027	47,200	-	-	8,479,227
Equipment	7,625,929	248,881	(124,860)	-	7,749,950
Streets and improvements	14,947,368	-	-	-	14,947,368
Total	48,759,570	5,966,435	(124,860)	-	54,601,145
Less accumulated depreciation	22,152,706	1,510,330	(101,751)	-	23,561,285
Governmental activities, capital assets, net	$ 26,606,864	$ 4,456,105	$ (23,109)	$ -	$ 31,039,860
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	$ 783,802	$ 149,520	$ -	$ -	$ 933,322
Capital assets being depreciated:					
Land improvements	11,045,601	-	-	-	11,045,601
Buildings and improvements	258,500	59,800	-	-	318,300
Equipment	823,349	364,845	-	-	1,188,194
Total	12,911,252	574,165	-	-	13,485,417
Less accumulated depreciation	4,095,705	375,648	-	-	4,471,353
Business-type activities, capital assets, net	$ 8,815,547	$ 198,517	$ -	$ -	$ 9,014,064
Total capital assets, net of depreciation	$35,422,411	$ 4,654,622	$ (23,109)	$ -	$40,053,924

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds

Balances due to/from other funds at April 30, 2018, consist of the following:

Due to other funds, Governmental Funds	$ (895,225)
Due from other funds, Proprietary Funds	$ 894,690
Due from other funds, Fiduciary Funds	$ 535

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.

NOTE 5 – INTERFUND BALANCES AND ACTIVITY (continued)

Transfers to/from Other Funds

Transfers (to)/from other funds at April 30, 2018, consist of the following:

	General Fund	Sewer Operating Fund
Transfer from the Sewer Operating Fund to the General Fund to meet the debt service requirements of the series 2012 and 2016 bonds.	$ 385,000	$ (385,000)
Total transfers to (from) other funds	$ 385,000	$ (385,000)

NOTE 6 – LONG-TERM OBLIGATIONS

Bonds Payable

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.

Bonds issued and outstanding as of April 30, 2018 is comprised of the following:

$4,255,000 General Obligation Bonds (Sales Tax Alternate 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 Alternate 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.

$8,780,000 General Obligation Bonds (Sewerage System Alternate Revenue Source), Series 2016 annual installments of $335,000 to $890,000 through December 1, 2036 with interest at 2.0% to 4.0%, payable semiannually.

$4,000,000 General Obligation Bonds (Sewerage System Alternate Revenue Source), Series 2017 annual installments of $10,000 to $610,000 through December 1, 2036 with interest at 2.5% to 3.85%, payable semiannually.

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Debt Service Coverage Ratio

The Village is required by bond covenants of the General Obligation Bonds (Sales Tax Alternate Revenue source), Series 2012A to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2018, the debt service coverage ratio was 3.66.

The Village is required by bond covenants of the General Obligation Bonds (Sewerage Alternate Revenue source), Series 2012B to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2018, the debt service coverage ratio was 3.44.

The Village is required by bond covenants of the General Obligation Bonds (Sewerage System Alternate Revenue source), Series 2016 to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2018, the debt service coverage ratio was 3.66.

The Village is required by bond covenants of the General Obligation Bonds (Sewerage System Alternate Revenue source), Series 2017 to maintain a debt service coverage ratio of 1.25. During the year ended April 30, 2018, the debt service coverage ratio was 3.66.

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, 2018, the conduit debt obligation outstanding was $37,500,000. The Village has no obligation for this debt. These bonds were legally defeased by the University during fiscal year 2018.

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, 2018, the conduit debt obligation outstanding was $32,080,000. The Village has no obligation for this debt. These bonds were legally defeased by the University during fiscal year 2018.

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, 2018, the conduit debt obligation outstanding was $20,000,000. The Village has no obligation for this debt. These bonds were legally defeased by the University during fiscal year 2018.

Notes Payable

In August 2015, the Village secured a bank loan for $645,375 for the purpose of providing capital financing for roadway improvements. Under this agreement the Village is required to make 18 quarterly principal payments of $33,967 plus interest at 1.85 percent beginning December 31, 2015. This loan matures on May 31, 2020.

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations for the year ended April 30, 2018 are as follows:

	April 30, 2017	Increases	Decreases	April 30, 2018	Due Within One Year
Governmental activities:					
General Obligation Bonds, Series 2012A	$ 3,520,000	$ -	$ (200,000)	$ 3,320,000	$ 205,000
General Obligation Bonds, Series 2012B	775,000	-	(190,000)	585,000	190,000
General Obligation Bonds, Series 2016	8,780,000	-	(555,000)	8,225,000	590,000
General Obligation Bonds, Series 2017	4,000,000	-	-	4,000,000	10,000
Unamortized premium on bond issuance	368,145	-	(25,763)	342,382	-
Capital lease obligations	346,896	-	(93,562)	253,334	67,559
Compensated absences	616,511	90,149	-	706,660	-
Net pension liabilty - IMRF	2,096,699	-	(1,500,318)	596,381	-
Net pension liabilty - Police Pension	5,495,073	1,513,821	-	7,008,894	-
Notes Payable	440,344	-	(135,869)	304,475	135,869
Total long-term debt	$26,438,668	$ 1,603,970	$(2,700,512)	$ 25,342,126	$ 1,198,428
Business-type activities:					
Capital lease obligations	-	357,360	(71,472)	285,888	71,472
Compensated absences	17,919	-	(4,182)	13,737	-
Net pension liability - IMRF	524,175	-	(346,035)	178,140	-
Total long-term debt	$ 542,094	$ 357,360	$ (421,689)	$ 477,765	$ 71,472

Debt Service Requirements

Debt service requirements on bonds outstanding at April 30, 2018 are as follows:

	Governmental Activities		Business-type Activities	
Year ending April 30	Principal	Interest	Principal	Interest
2019	$ 995,000	$ 487,170	$ -	$ -
2020	1,025,000	465,245	-	-
2021	935,000	442,670	-	-
2022	750,000	420,970	-	-
2023	770,000	403,020	-	-
2024-2028	3,935,000	1,707,603	-	-
2029-2033	4,570,000	1,113,785	-	-
2034-2037	3,150,000	344,400	-	-
	$ 16,130,000	$ 5,384,863	$ -	$ -

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Debt service requirements on notes payable outstanding at April 30, 2018 are as follows:

	Governmental Activities		Business-type Activities	
Year ending April 30	Principal	Interest	Principal	Interest
2019	$ 135,869	$ 4,503	$ -	$ -
2020	135,869	1,990	-	-
2021	32,737	52	-	-
	$ 304,475	$ 6,545	$ -	$ -

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, 2018.

Assessed valuation - 2017 levy year	$ 333,727,187
Less Tax Increment Financing Districts	1,792,341
Assessed valuation, net of abatements	$ 331,934,846
Statutory debt limit - 8.625% of assessed valuation	$ 28,629,380
Total debt:	
General Obligation Bonds, Series 2012A	$ 3,320,000
General Obligation Bonds, Series 2012B	585,000
General Obligation Bonds, Series 2016	8,225,000
General Obligation Bonds, Series 2017	4,000,000
Capital Lease Obligations	539,222
Notes Payable	304,475
Total debt	$ 16,973,697
Legal debt margin	$ 11,655,683

NOTE 7 – PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; and the Bourbonnais Police Pension Fund (Police Pension Plan), which is a single-employer, defined benefit pension plan. A copy of the Police Pension Plan audit report may be obtained by writing to the Village at 600 Main Street N.W., Bourbonnais, Illinois 60914. IMRF issues a report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions and employer contributions of both plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Description

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

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

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

NOTE 7 – PENSION PLANS (continued)

Illinois Municipal Retirement Fund (IMRF) (continued)

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

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

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

	Regular
Retirees and Beneficiaries Currently Receiving Benefits	29
Inactive Plan Members Entitled to but not yet Receiving Benefits	15
Active Plan Members	30
Total	74

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2017 was 12.81%. For the fiscal year ended April 30, 2018, the employer contributed $239,216 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

NOTE 7 – PENSION PLANS (continued)

Illinois Municipal Retirement Fund (IMRF) (continued)

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

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Asset Valuation Method	5 Year Smoothed Market; 20% Corridor
Wage Growth	3.5%
Price Inflation	2.75% - Approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

NOTE 7 – PENSION PLANS (continued)

Illinois Municipal Retirement Fund (IMRF) (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table as of December 31, 2017:

Asset Class	Portfolio Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

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

1. The long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the Plan's fiduciary net position is not sufficient to pay benefits).

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

NOTE 7 – PENSION PLANS (continued)

Illinois Municipal Retirement Fund (IMRF) (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability – Regular Plan	$ 2,022,881	$ 774,521	$ (259,280)

Changes in the Net Pension Liability – Regular Plan

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2016	$ 10,927,743	$ 8,306,869	$ 2,620,874
Changes for the Year:			
Service Cost	261,947	-	261,947
Interest on the Total Pension Liability	813,452	-	813,452
Difference Between Expected and Actual Experience of the Total Pension Liability	(994,258)	-	(994,258)
Changes of Assumptions	(305,409)	-	(305,409)
Contributions - Employer	-	239,216	(239,216)
Contributions - Employees	-	84,034	(84,034)
Net Investment Income	-	1,395,037	(1,395,037)
Benefit Payments, including Refunds of Employee Contributions	(425,383)	(425,383)	-
Other (Net Transfer)	-	(96,202)	96,202
Net Changes	(649,651)	1,196,702	(1,846,353)
Balances at December 31, 2017	$ 10,278,092	$ 9,503,571	$ 774,521

NOTE 7 – PENSION PLANS (continued)

Illinois Municipal Retirement Fund (IMRF) (continued)

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

For the year ended April 30, 2018, the Village recognized pension expense for the Regular Plan of $359,716. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	$ 600,672	$ 794,996	$ (194,324)
Change in Assumptions	5,178	278,203	(273,025)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	237,266	623,567	(386,301)
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	843,116	1,696,766	(853,650)
Pension Contributions Made Subsequent to the Measurement Date	86,892	-	86,892
Total Deferred Amounts Related to IMRF	$ 930,008	$ 1,696,766	$ (766,758)

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

Year Ending April 30,	Net Deferred Outflows of Resources
2019	$ (112,273)
2020	(112,275)
2021	(230,620)
2022	(398,482)
2023	-
Thereafter	-
Total	$ (853,650)

NOTE 7 – PENSION PLANS (continued)

Police Pension Plan

The total pension liability, net pension liability, and certain sensitivity information shown in the actuaries report are based on an actuarial valuation performed as of May 1, 2017. The total pension liability was rolled-forward from the valuation date to the plan's year ending April 30, 2018 using generally accepted actuarial principles.

Plan Description

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits, employee contributions and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois General Assembly. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At May 1, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	25
Total	38

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. A police officer's salary for

NOTE 7 – PENSION PLANS (continued)

Police Pension Plan (continued)

pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2018, the Village's contribution was 34.59% of covered payroll.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of May 1, 2017, updated to April 30, 2018 using the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Actuarial Assumptions (Economic)	
Discount Rate used for the Total Pension Liability	6.54%
Long-Term Expected Rate of Return on Plan Assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.97%
Projected Individual Salary Increases	3.26% - 38.85%
Projected Increase in Total Payroll	3.50%
Consumer Price Index (Urban)	2.50%
Inflation Rate Included	2.50%

Actuarial Assumptions (Demographic)
Mortality Table L&A 2016 Illinois Police Mortality Rates;
Retirement Rates L&A 2016 Illinois Police Retirement Rates Capped at age 65
Disability Rates L&A 2016 Illinois Police Disability Rates
Termination Rates L&A 2016 Illinois Police Termination Rates
Percent Married 80.0%

NOTE 7 – PENSION PLANS (continued)

Police Pension Plan (continued)

All rates shown in the economic assumptions are assumed to be annual rates, compounded on an annual basis.

The following assumptions were changed from the prior year: The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed to 3.97% for the current year. The underlying index used is The Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect the actuary's understanding of the requirements of GASB under Statement 67 and Statement 68.

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return shown below have been provided by the investment professionals that work with the Pension Fund. Long-term Real Rates of Return are shown as the Expected Rate of Return, net of the assumed inflation rate. The expected inflation rate is 2.00% and is included in the total long-term rate of return on investments. The inflation rate is not necessarily reflective of the inflation measures used for other purposes in the report.

The target allocation rate provided in the table below is taken from the Pension Plan investment policy. The long term expected real rate of return provided in the table below is based on an arithmetic average.

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equities	65.00%	5%-6%
Fixed Income	34.00%	3%
Cash	1.00%	0%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.54%. The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

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

NOTE 7 – PENSION PLANS (continued)

Projected benefit payments are determined during the actuarial process based on the assumptions and the expected contributions are based on the funding policy of the plan.

Discount Rate Sensitivity

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

	1% Decrease (5.54%)	Current Discount Rate (6.54%)	1% Increase (7.54%)
Net Pension Liability	$ 10,685,545	$ 7,008,894	$ 4,057,612

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at April 30, 2017	$ 19,147,721	$ 13,652,648	$ 5,495,073
Changes for the Year:			
Service Cost	544,951	-	544,951
Interest on the Total Pension Liability	1,266,586	-	1,266,586
Difference Between Expected and Actual Experience of the Total Pension Liability	2,089,416	-	2,089,416
Changes of Assumptions	81,848	-	81,848
Contributions - Employer	-	662,728	(662,728)
Contributions - Employees	-	370,862	(370,862)
Net Investment Income	-	1,451,210	(1,451,210)
Benefit Payments, including Refunds of Employee Contributions	(766,966)	(766,966)	-
Other (Administrative Expense)	-	(15,820)	15,820
Net Changes	3,215,835	1,702,014	1,513,821
Balances at April 30, 2018	$ 22,363,556	$ 15,354,662	$ 7,008,894

NOTE 7 – PENSION PLANS (continued)

Police Pension Plan (continued)

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

For the year ended April 30, 2018, the Village recognized pension expense of $791,976. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	$ 2,214,282	$ 239,598	$ 1,974,684
Change in Assumptions	486,185	-	486,185
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	410,848	750,117	(339,269)
Total Deferred Amounts Related to Police Pension Plan	$ 3,111,315	$ 989,715	$ 2,121,600

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

Year Ending April 30	Net Deferred Outflows of Resources
2019	$ 328,501
2020	328,501
2021	123,077
2022	234,136
2023	338,372
Thereafter	769,013
Total	$ 2,121,600

NOTE 7 – PENSION PLANS (continued)

Pension-related amounts at April 30, 2018 for all defined benefit pension plans are shown below in the aggregate.

	IMRF Regular Plan	Police Pension Plan	Total
Employer total pension liability	$10,278,092	$22,363,556	$ 32,641,648
Employer fiduciary net position	9,503,571	15,354,662	24,858,233
Employer net pension liability (asset)	774,521	7,008,894	7,783,415
Deferred outflows of resources	930,008	3,111,316	4,041,324
Deferred inflows of resources	1,696,766	989,715	2,686,481
Pension expense (benefit)	359,716	791,976	1,151,692

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.

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.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Benefits Provided (continued)

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, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving benefits	-
Active plan members	57
Total	60

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, 2018, the Village contributed $70,576 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, 2018 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, 2018. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for April 30, 2018 were as follows:

Year Ending April 30,	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2018	$ 215,652	$ 70,576	32.7%	$ 1,045,298
2017	$ 214,339	$ 26,635	12.4%	$ 900,222
2016	$ 106,422	$ 30,709	28.9%	$ 712,518

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Annual OPEB Costs and Net OPEB Obligation (continued)

The net OPEB obligation as of April 30, 2018, was calculated as follows:

Annual required contribution	$	222,001
Interest on net OPEB obligation		45,011
Adjustment to annual required contribution		(51,360)
Annual OPEB cost		215,652
Age adjusted contributions made		(70,576)
Change in net OPEB obligation		145,076
Net OPEB obligation, beginning of year		900,222
Net OPEB obligation, end of year	$	1,045,298

Funded Status and Funding Progress

The Funded status of the plan as of April 30, 2018 was as follows:

Actuarial accrued liability (AAL)	$	2,950,654
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	2,950,654
Funded ratio (actuarial value of plan assets/AAL)		0.0%
Covered payroll (active plan members)	$	4,332,627
UAAL as a percentage of covered payroll		68.10%

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.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

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, 2017 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 advance 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, 2018, was 25 years.

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, 2018 was $2,334. 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, 2018 was $37,400.

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 and/or property taxes to the businesses. Monetary and time limitations are set forth for each reimbursement agreement.

NOTE 11 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to 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 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. There were no losses in excess of insurance coverage during the past three years.

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Village leases equipment with an original cost of $468,530 and accumulated depreciation of $58,928 for governmental activities and equipment with an original cost of $389,860 and accumulated depreciation of $35,736 for business-type activities under capital lease arrangements at April 30, 2018. Future minimum lease payments at April 30, 2018 are as follows:

Fiscal Year	Governmental Activities	Business-Type Activities
2019	$ 71,828	$ 78,292
2020	71,828	78,292
2021	71,828	78,292
2022	53,870	78,292
Total minimum lease payments	269,354	313,168
Less: amounts representing interest	16,020	27,280
Present value of minimum lease payments	$ 253,334	$ 285,888

NOTE 13 – COMMITMENTS

During fiscal year 2011 the Village of Bourbonnais called a letter of credit that was pledged 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 $211,332.

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. As of April 30, 2018, the Village has expended $463,756 for this project.

On May 1, 2017, the Village entered into an agreement with a contractor for the construction of a sewer system to service the Bourbonnais Parkway area. Under this agreement, the Village is required to reimburse the contractor for an estimated $10,135,823 of construction costs. The Village issued general obligation bonds during fiscal year 2017 as a means to finance this project. See pages 36-40 for additional information concerning these bonds. As of April 30, 2018, the Village has expended $3,877,252 for this project.

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).

NOTE 14 – INTERGOVERNMENTAL JOINT VENTURE (continued)

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, 2018, the Village's net investment in the joint venture was $7,395,646. Charges for services to the Village during the year ended April 30, 2018 were $2,096,803.

The amounts included below for the Kankakee River Metropolitan Agency were derived from financials statement that were audited by other auditors (See Auditor's Responsibility on page 1). 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, 2018 is as follows:

Statement of Revenues, Expenses and Changes in Net Position:	
Operating revenues	$ 11,732,822
Operating expenses	(9,002,943)
Non-operating income (expenses)	(1,497,479)
Change in net position	1,232,400
Ownership percentage	29.72%
Village's share of net income (loss) (equity interest in joint venture's income or loss)	$ 366,269

NOTE 15 – INTERGOVERNMENTAL REVENUE

For the year ended April 30, 2018, intergovernmental revenue reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance consisted of the following:

	2018			
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Total
State income tax	$ 1,945,020	$ -	$ -	$ 1,945,020
State sales tax	3,010,749	-	-	3,010,749
State use tax	487,716	-	-	487,716
Motor fuel tax	-	-	496,441	496,441
Other	133,840	-	-	133,840
Total	$ 5,577,325	$ -	$ 496,441	$ 6,073,766

NOTE 16 – 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. The following is a schedule of the pledged revenues and related debt:

Bond Issue	Purpose	Source of Revenue Pledged	Future Net Revenues Pledged (1)	Term of Commitment	Current Year Pledged Net Revenue to Debt Service (2)
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	$ 4,121,833	2033	126.4%
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	$ 614,500	2021	795.5%
General Obligation Bonds, Series 2016	Capital projects and to advance refund the Series 2006 Sewerage Refunding Bonds	All sales, use and property taxes collected by the Village	$10,922,630	2036	47.7%
General Obligation Bonds, Series 2017	Capital projects	All sales, use and property taxes collected by the Village	$ 5,855,900	2036	89.0%

(1) Future revenues pledged for the remaining debt service (future principal and interest payments) of the bond.

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

NOTE 17 – 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, 2018 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 18 – TAX ABATEMENTS

The Village of Bourbonnais has entered into tax rebate agreements with certain eligible businesses or property owners in order to recruit, retain and improve local business facilities or their supporting public infrastructure within the Village and to increase the overall tax base.

These agreements are entered into in accordance with the Illinois Municipal Code. Eligible businesses include new or expanding businesses within the Village that will have a positive economic impact on the Village. Eligible property owners include owners of properties being annexed into the Village for the first time. Terms of agreements in effect during fiscal year 2018 are summarized below.

On August 21, 2009 the Village entered into a nine-year agreement with a property owner to rebate any and all property tax levied in order to settle a dispute between the Village and the property owner relating an annexation agreement entered into previously by both parties. For the fiscal year ended April 30, 2018, the Village rebated $732 of property tax under this agreement.

On October 24, 2014 the Village entered into a five-year agreement with an automobile dealership to rebate 100% of property tax for costs associated with the redevelopment of an existing structure and to distribute 100% of incremental sales tax collected up to a maximum of $450,000. For the fiscal year ended April 30, 2018, the Village rebated $1,118 of property tax under this agreement. For the fiscal year ended April 30, 2018, the Village collected or rebated $96,344 of incremental sales tax under this agreement in fiscal year 2018.

On December 18, 2017 the Village entered into a ten-year agreement with an automobile dealership to rebate 100% of property tax for costs associated with the redevelopment of an existing structure and to distribute 100% of incremental sales tax collected up to a maximum of $400,000 with an initial payment of $200,000. No property tax or incremental sales tax was collected or rebated under this agreement in fiscal year 2018.

NOTE 19 – SUBSEQUENT EVENTS

In November of 2017, the Village of Bourbonnais approved a new business district that imposes an additional 1% of local sales tax, effective July 1, 2018, on general merchandise sales that occur within the district. Revenues from the additional sales tax collected are to be deposited in the Special Tax Allocation Fund, expenditures from which are restricted for purposes allowed by the Illinois Tax Increment Redevelopment Allocation Act.

On September 4, 2018, the Village entered into an agreement with a contractor for the construction of a sewer main extension. Under this agreement, the Village is required to pay the company $350,000 annually for five years for total payments of $1,750,000. The first payment is payable within thirty days of the completion of the project.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018

	2018		
	Original Budget	**Final Budget**	**Actual**
REVENUES			
Tax revenue	$ 6,777,224	$ 6,784,055	$ 7,132,371
Fine revenue	163,890	163,890	223,875
Franchise taxes	331,120	331,120	333,175
Licenses revenue	35,950	35,950	34,950
Miscellaneous revenue	60,200	60,200	121,048
Permit revenue	189,360	189,360	168,705
Reimbursement revenue	686,021	686,021	109,139
Total revenues	8,243,765	8,250,596	8,123,263
EXPENDITURES			
President and Board of Trustees Department	93,473	95,492	93,944
Administrative Department	318,857	318,859	355,400
Community Development	102,792	102,792	103,606
Police Department	4,557,221	4,550,122	4,359,345
Public Works Department	1,278,585	1,278,586	1,293,403
Code Enforcement Department	373,431	524,650	454,101
Central Services Department	1,637,678	8,493,772	1,166,676
Finance Department	295,980	359,388	331,018
Street Department	249,326	249,326	295,406
Parks Department	76,567	76,568	70,260
Capital projects	417,916	749,153	5,966,434
Debt service:			
Principal payments on debt	-	-	1,080,869
Interest and fiscal charges	-	-	487,616
Total expenditures	9,401,826	16,798,708	16,058,078
Excess of revenues over (under) expenditures	(1,158,061)	(8,548,112)	(7,934,815)
OTHER FINANCING SOURCES (USES)			
Capital reserve transfers	-	6,862,153	-
Insurance recoveries	-	-	18,559
Proceeds from the sale of capital assets	-	-	75
Transfers in	1,158,061	1,685,959	385,000
Total other financing sources (uses)	1,158,061	8,548,112	403,634
Excess of revenues and other financing sources over (under) expenditures and other uses.	$ -	$ -	$ (7,531,181)

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
SPECIAL TAX ALLOCATION FUND
FOR THE YEAR ENDED APRIL 30, 2018

	2018		
	Original Budget	**Final Budget**	**Actual**
REVENUES			
Tax revenue	$ 138,477	$ 138,477	$ 157,548
Miscellaneous revenue	3	3	9
Total revenues	138,480	138,480	157,557
Economic development	-	-	400,000
Legal and professional	39,595	39,595	5,076
Administrative and other	57,400	57,400	51,144
Total expenditures	96,995	96,995	456,220
Excess of revenues over (under) expenditures	$ 41,485	$ 41,485	$ (298,663)

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2018

	2018		
	Original Budget	**Final Budget**	**Actual**
REVENUES			
Tax revenue	$ 479,748	$ 479,748	$ 496,441
Reimbursement revenue	50,000	50,000	-
Miscellaneous revenue	2,300	2,300	7,070
Total revenues	532,048	532,048	503,511
EXPENDITURES			
Contractual service	702,000	702,000	557,072
Commodities	75,287	75,287	22,329
Capital projects	-	-	34,240
Total expenditures	777,287	777,287	613,641
Excess of revenues over (under) expenditures	(245,239)	(245,239)	(110,130)
OTHER FINANCING SOURCES (USES)			
Transfers in from reserves	245,239	245,239	-
Total other financing sources (uses)	245,239	245,239	-
Excess of revenues over (under) expenditures	$ -	$ -	$ (110,130)

VILLAGE OF BOURBONNAIS
NOTE TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2018

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Village legally adopts annual budgets for the General Fund, Special Tax Allocation Funds, Motor Fuel Tax Fund, Sewer Fund and Refuse Fund. A budget was not legally adopted for the Impact Fees 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
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED APRIL 30, 2018

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/2018	$ -	$ 2,950,654	$ 2,950,654	0.00	$ 4,332,627	68.10%
4/30/2017	$ -	$ 2,950,654	$ 2,950,654	0.00	$ 3,989,319	73.96%
4/30/2016	$ -	$ 1,977,295	$ 1,977,295	0.00	$ 3,791,725	52.15%

For the year ended April 30, 2018, the Village chose to roll forward the valuation report that was prepared to determine the actuarial accrued liability for April 30, 2017. In doing so, the Village has shown no change in the AAL and the UAAL for the year ended April 30, 2018.

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2018

Calendar Year Ended December 31,	2017	2016	2015
Total pension liability			
Service Cost	$ 261,947	$ 228,278	$ 224,220
Interest on the Total Pension Liability	813,452	702,981	655,965
Difference Between Expected and Actual Experience of the Total Pension Liability	(994,258)	921,802	95,183
Changes of Assumptions	(305,409)	(56,016)	11,988
Benefit Payments, including Refunds of Employee Contributions	(425,383)	(356,996)	(337,758)
Net Change in Total Pension Liability	(649,651)	1,440,049	649,598
Total Pension Liability – Beginning	10,927,743	9,487,694	8,838,096
Total Pension Liability – Ending	$10,278,092	$10,927,743	$ 9,487,694
Plan fiduciary net position			
Contributions – Employer	$ 239,216	$ 317,291	$ 255,640
Contributions – Employees	84,034	146,866	93,295
Net Investment Income	1,395,037	522,412	36,986
Benefit Payments, including Refunds of Employee Contributions	(425,383)	(356,996)	(337,758)
Other (Net Transfer)	(96,202)	209,606	27,857
Net Change in Plan Fiduciary Net Position	1,196,702	839,179	76,020
Plan Fiduciary Net Position – Beginning	8,306,869	7,467,690	7,391,670
Plan Fiduciary Net Position – Ending	$ 9,503,571	$ 8,306,869	$ 7,467,690
Net Pension Liability/(Asset)	$ 774,521	$ 2,620,874	$ 2,020,004
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.46%	76.02%	78.71%
Covered Valuation Payroll	$ 1,867,416	$ 2,396,460	$ 2,038,609
Net Pension Liability as a Percentage of Covered Valuation Payroll	41.48%	109.36%	99.09%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

During 2015 and 2016, the Village had one employee classified in the Elected County Officials (ECO) plan and one employee classified in the Sheriff's Law Enforcement Personnel (SLEP) plan while the remaining employees were inlcuded in the Regular plan. The amounts for 2015 and 2016 shown above are combined totals for the three plans.

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
APRIL 30, 2018

Year Ended April 30,	2018	2017	2016	2015
Total Pension Liability				
Service Cost	$ 544,951	$ 510,492	$ 456,556	$ 425,302
Interest on the Total Pension Liability	1,266,586	1,201,656	1,114,458	1,049,435
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	2,089,416	479,161	(383,361)	-
Changes of Assumptions	81,848	-	661,642	-
Benefit Payments, including Refunds of Employee Contributions	(766,966)	(670,828)	(551,971)	(533,398)
Net Change in Total Pension Liability	3,215,835	1,520,481	1,297,324	941,339
Total Pension Liability - Beginning	19,147,721	17,627,240	16,329,916	15,388,577
Total Pension Liability - Ending (A)	$ 22,363,556	$ 19,147,721	$ 17,627,240	$ 16,329,916
Plan Fiduciary Net Position				
Contributions - Employer	$ 662,728	$ 517,403	$ 448,779	$ 440,593
Contributions - Employees	370,862	458,452	183,549	171,365
Net Investment Income	1,451,210	1,374,269	(205,971)	931,431
Benefit Payments, including Refunds of Employee Contributions	(766,966)	(670,828)	(551,971)	(533,398)
Administrative expense	(15,820)	(14,688)	(22,669)	(18,547)
Net Change in Plan Fiduciary Net Position	1,702,014	1,664,608	(148,283)	991,444
Plan Fiduciary Net Position - Beginning	13,652,648	11,988,040	12,136,323	11,144,879
Plan Fiduciary Net Position - Ending (B)	$ 15,354,662	$ 13,652,648	$ 11,988,040	$ 12,136,323
Net Pension Liability - Ending (A) - (B)	$ 7,008,894	$ 5,495,073	$ 5,639,200	$ 4,193,593
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.66%	71.30%	68.01%	74.32%
Covered Valuation Payroll	$ 1,915,996	$ 1,851,204	$ 1,852,159	$ 1,664,364
Net Pension Liability as a Percentage of Covered Valuation Payroll	365.81%	296.84%	304.47%	251.96%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The covered employee payroll amount for fiscal year 2015 was not available. Pensionable salary has been reported instead.

For Fiscal Year 2016, amounts reported as changes of assumptions were to better reflect future mortality expectations. The mortality table assumption was changed from the RP-2000 Combined Healthy table with a blue collar adjustment and no projection to the RP-2000 Combined Healthy table with a blue collar adjustment, projected to the valuation date with scale BB. The disabled mortality table was changed from RP-2000 Disabled Mortality, no projection to RP-2000 projected to the valuation date with Scale BB.

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2018

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a percent of Valuation Payroll
2017	$ 239,216	$ 239,216	$ -	$ 1,867,416	12.81%
2016	317,291	317,291	-	2,396,460	13.24%
2015	255,642	255,640	2	2,038,609	12.54%

Notes to Schedule of Employer's Contributions**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Summary of Actuarial Methods and Assumptions Used in Calculation of the 2015 Contribution Rate*

Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method	Aggregate entry age normal.
Amortization Method	Level percentage of payroll, closed.
Remaining Amortization Period	Non-taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26 year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Actuarial Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75% - approximate; no explicit price inflation assumption is used.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the periods 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information	There were no benefit changes during the year.

** Notes to schedule of Contributions is same for all plans.

* Based on valuation assumptions used in the December 31, 2015 actuarial valuation.

VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
POLICE PENSION FUND
APRIL 30, 2018

Year Ended April 30	Actuarially Determined Contribution	Actual Contribution	Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2018	$ 662,728	$ 662,728	$ -	$ 1,915,996	34.59%
2017	517,403	517,403	-	1,851,204	27.95%
2016	448,779	448,779	-	1,852,159	24.23%
2015	440,593	440,593	-	1,664,364	26.47%
2014	425,667	425,667	-	1,664,364	25.58%
2013	400,372	400,372	-	1,534,174	26.10%
2012	*	355,000	*	1,611,804	22.03%
2011	389,722	389,722	-	*	*
2010	366,956	366,956	-	1,580,364	23.22%
2009	255,144	255,144	-	1,375,632	18.55%

* Information is unavailable. The Fund did not receive an actuarial report for April 30, 2011.

Notes to Schedule:

The covered employee payroll amount for fiscal year 2015 was not available. Pensionable salary has been reported instead.

Valuation Date: May 1, 2017

Actuarially determined contribution rates are calculated as of May 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Funding Method	Projected unit credit.
Actuarial cost method	Entry age normal
Actuarial Asset Method	Investment gains and losses are recognized over a 5 year period.
Long-Term Expected Rate of Return on Plan Assets	6.75%
Long-Term Expected Rate of Return on Plan Assets, prior fiscal year	6.75%
Mortality Table	L&A 2016 Illinois Police Mortality Rates
Disability Rates	L&A 2016 Illinois Police Disability Rates
Projected Individual Salary Increases	3.26% - 38.85%
Projected Increase in Total Payroll	3.50%
Percent Married	80.00%

STATISTICAL SECTION

VILLAGE OF BOURBONNAIS
ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS (UNAUDITED)
FOR THE TAX LEVY YEARS 2008 - 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
ASSESSED VALUATION	$ 331,934,846	$ 322,392,612	$ 313,051,419	$ 313,410,113	$ 314,023,975	$ 327,244,544	$ 335,201,415	$ 349,420,344	$ 329,085,517	$ 323,032,716
TAX RATES										
Corporate	0.1054	0.1061	0.1085	0.1073	0.1055	0.100	0.096	0.095	0.110	0.105
Emergency Services	0.0081	0.0080	0.0081	0.0078	0.0075	0.007	0.006	0.005	0.004	0.003
Street lighting	0.0378	0.0378	0.0386	0.0379	0.0371	0.035	0.033	0.031	0.031	0.029
Parks	0.0207	0.0207	0.0211	0.0207	0.0202	0.019	0.017	0.016	0.016	0.015
Police protection	0.0701	0.0701	0.0716	0.0704	0.0689	0.065	0.062	0.059	0.062	0.059
Police pension	0.0658	0.0658	0.0672	0.0661	0.0647	0.061	0.059	0.055	0.057	0.054
Audit	0.0122	0.0121	0.0123	0.0120	0.0117	0.011	0.011	0.010	0.009	0.008
Social security	0.0476	0.0476	0.0486	0.0477	0.0467	0.044	0.042	0.039	0.040	0.038
School crossing guard	0.0111	0.0111	0.0113	0.0110	0.0107	0.010	0.009	0.008	0.007	0.006
IMRF	0.0378	0.0378	0.0386	0.0379	0.0371	0.035	0.033	0.031	0.031	0.029
Liability insurance	0.0423	0.0423	0.0432	0.0424	0.0414	0.039	0.037	0.035	0.035	0.033
Worker's compensation	0.0058	0.0057	0.0058	0.0056	0.0054	0.005	0.004	0.004	0.003	0.002
Unemployment	0.0058	0.0057	0.0058	0.0056	0.0054	0.005	0.004	0.004	0.003	0.002
Total tax rates	0.4705	0.4708	0.4807	0.4724	0.4623	0.436	0.413	0.392	0.408	0.383
TAX EXTENSIONS										
Corporate	358,406	342,041	339,661	336,289	$ 331,295	$ 327,245	$ 321,793	$ 332,093	$ 325,795	$ 339,175
Emergency Services	27,024	25,535	25,357	24,446	23,552	22,907	20,112	17,479	13,163	9,691
Street lighting	127,687	121,683	120,838	118,782	116,503	114,536	110,617	108,367	95,435	93,677
Parks	69,925	66,516	66,054	64,876	63,433	62,176	56,984	55,931	49,363	48,454
Police protection	236,798	225,713	224,145	220,641	216,363	212,709	207,825	206,247	190,870	190,584
Police pension	222,273	211,843	210,371	207,164	203,173	199,619	197,769	192,264	177,706	174,433
Audit	40,874	38,775	38,505	37,609	36,741	35,997	36,872	34,957	29,618	25,842
Social security	160,793	153,208	152,143	149,497	146,649	143,988	140,785	136,333	125,053	122,749
School crossing guard	37,496	35,622	35,375	34,475	33,601	32,724	30,168	27,966	23,036	19,381
IMRF	127,689	121,683	120,838	118,782	116,503	114,536	110,616	108,367	95,435	93,677
Liability insurance	142,890	136,185	135,238	132,886	130,006	127,625	124,025	122,350	108,598	106,598
Worker's compensation	19,255	18,284	18,157	17,551	16,957	16,362	13,408	13,983	9,872	6,460
Unemployment	19,255	18,284	18,157	17,551	16,957	16,362	13,408	13,983	9,872	6,460
Total tax extensions	$ 1,590,365	$ 1,515,372	$ 1,504,839	$ 1,480,549	$ 1,451,733	$ 1,426,786	$ 1,384,382	$ 1,370,320	$ 1,253,816	$ 1,237,181
TAX COLLECTIONS										
General fund		$ 1,514,890	$ 1,493,419	$ 1,469,451	$ 1,444,800	$ 1,418,923	$ 1,372,277	$ 1,354,384	$ 1,246,735	$ 1,229,453
Road and bridge collections		40,156	38,204	36,337	40,850	29,300	26,581	27,724	16,342	12,853
Total tax collections		$ 1,555,046	$ 1,531,623	$ 1,505,788	$ 1,485,650	$ 1,448,223	$ 1,398,858	$ 1,382,108	$ 1,263,077	$ 1,242,306
Percentage of Village levy collected		100.0%	99.2%	99.3%	99.5%	99.4%	99.1%	98.8%	99.4%	99.2%

Borschnack Pelletier & Co.
Certified Public Accountants & Consultants
200 East Court Street • Suite 608 • Kankakee, IL 60901
815.933.1771 • fax: 815.933.1163

INDEPENDENT AUDITOR'S 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, 2018, 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 January 16, 2019. Our report includes a reference to another auditor 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 auditor's testing of internal control over financial reporting or compliance or other matters that are reported on separately by that auditor.

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 a certain deficiency in internal control that we consider to be a material weakness.

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 deficiency described in finding 18-1 in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Finding

The Village of Bourbonnais, Illinois' responses to the finding identified in our audit is described in the accompanying schedule of findings. The Village of Bourbonnais, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Kankakee, Illinois
January 16, 2019

FINDING 18-1: 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 asset and liability accounts had not been reconciled and material adjustments were needed to correct the Village's account balances as of April 30, 2018. 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 auditor to prepare financial statements and 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.

Criteria

Prudent business practices require that account balances be timely reconciled each month.

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 auditor, we may continue to help with typing and formatting of the financial statements, but cannot make management decisions regarding the preparation of the Village's financial statements. Accordingly, we wish to remind Village management that your independent auditor is 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 auditor 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. Management has reviewed, approved and accepted responsibility for the financial statements prior to their issuance.