

**VILLAGE OF BOURBONNAIS
BOURBONNAIS, ILLINOIS**

**FINANCIAL STATEMENTS
APRIL 30, 2019**

VILLAGE OF BOURBONNAIS

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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, 2019, 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 39 percent, 43 percent, and 2 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, 2019 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, 2018 financial statements, and in our report dated January 16, 2019, 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, 2018, 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 2, 2020, 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 solely 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 effectiveness of the Village of Bourbonnais, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Bourbonnais, Illinois' internal control over financial reporting and compliance.

Borschneck, Pelletier & Co.

Kankakee, Illinois
January 2, 2020

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 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, 2019. 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, 2019 are as follows:

- Growth continues in Bourbonnais. During Fiscal Year 2019, twenty-three permits were issued for new single-family homes and 107 permits for new or renovated commercial buildings.
- Construction continued on the new I-57 interchange at Bourbonnais Parkway. This project was completed and opened for traffic use in November of 2018.
- Construction continued on the \$13.5 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 spring of 2020.

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.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2019**

- 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.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2019**

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 22-61.

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 62-70 of this report.

Infrastructure Assets

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

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

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2019**

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 \$32,017,914 as of April 30, 2019. The following table reflects the condensed Statements of Net Position:

	2019		2018	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
ASSETS				
Current assets	\$ 6,261,590	\$ 1,881,865	\$ 8,143,455	\$ 13,860,153
Noncurrent assets	<u>36,495,674</u>	<u>16,381,126</u>	<u>52,876,800</u>	<u>47,449,570</u>
Total assets	<u>42,757,264</u>	<u>18,262,991</u>	<u>61,020,255</u>	<u>61,309,723</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	<u>6,085,324</u>	<u>448,754</u>	<u>6,534,078</u>	<u>4,180,525</u>
LIABILITIES				
Current liabilities	2,833,394	323,097	3,156,491	3,062,832
Noncurrent liabilities	<u>29,453,063</u>	<u>930,968</u>	<u>30,384,031</u>	<u>24,549,991</u>
Total liabilities	<u>32,286,457</u>	<u>1,254,065</u>	<u>33,540,522</u>	<u>27,612,823</u>
DEFERRED INFLOWS OF RESOURCES				
Total deferred inflows of resources	<u>1,703,936</u>	<u>291,961</u>	<u>1,995,897</u>	<u>2,686,481</u>
NET POSITION				
Net investment in capital assets	18,330,378	8,662,719	26,993,097	28,118,944
Restricted, Expendable	974,926	-	974,926	2,126,223
Unrestricted	<u>(4,453,109)</u>	<u>8,503,000</u>	<u>4,049,891</u>	<u>4,945,777</u>
Total net position	<u>\$ 14,852,195</u>	<u>\$ 17,165,719</u>	<u>\$ 32,017,914</u>	<u>\$ 35,190,944</u>

Discussion & Analysis

The Village's net position was \$32,017,914 on April 30, 2019. The net investment in capital assets amounted to \$26,993,097. 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.

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2019**

Restricted net position totaled \$974,926 on April 30, 2019, and consists of assets restricted for capital project, debt service, economic development and public safety. This reduction is due to draws on the Village's Money Market account to fund continued construction of the new Sewer Interceptor project. By comparison, unrestricted net position totaled \$4,049,891, for the year ended April 30, 2019. 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, 2019 are reported in the Statement of Activities for the Village. This statement reports the changes in the Village's net position for this fiscal period.

	<u>2019</u>			<u>2018</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
REVENUES				
Program Revenues				
Charges for service	\$ 608,020	\$ 6,120,834	\$ 6,728,854	\$ 6,783,936
Operating grants and contributions	-	-	-	21,793
General Revenues				
Property taxes	1,950,169	-	1,950,169	1,760,067
Franchise taxes	361,786	-	361,786	333,175
Income tax and other state taxes	6,196,986	-	6,196,986	5,927,694
Unrestricted investment earnings	68,376	190	68,566	59,246
Gain (loss) on sale of assets	(16,415)	-	(16,415)	(4,475)
Total revenues	<u>9,168,922</u>	<u>6,121,024</u>	<u>15,289,946</u>	<u>14,881,436</u>
EXPENSES				
General government	4,539,866	-	4,539,866	5,004,290
Public safety	5,257,080	-	5,257,080	4,610,190
Public works	1,791,244	-	1,791,244	1,311,031
Economic development	15,501	-	15,501	389,498
Culture and recreation	74,954	-	74,954	70,260
Interest on long-term debt	491,073	-	491,073	574,711
Sewer operations	-	3,682,226	3,682,226	3,630,152
Refuse disposal	-	1,430,036	1,430,036	1,409,173
Total expenses	<u>12,169,718</u>	<u>5,112,262</u>	<u>17,281,980</u>	<u>16,999,305</u>
TRANSFERS	<u>551,721</u>	<u>(551,721)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ (2,449,075)</u>	<u>\$ 457,041</u>	<u>\$ (1,992,034)</u>	<u>\$ (2,117,869)</u>

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2019**

Discussion & Analysis

Total Village revenues were \$15,289,946 for the period. The Village's total cost (expense) to fund all governmental activities was \$12,169,718 while business-type activities were \$5,112,262. The increase in Public Safety costs was caused by the recognition of pension expense in accordance with the actuarial valuation for the year ended April 30, 2019. A majority of these costs were funded by property tax, fines and local portions of state distributed taxes.

Capital Assets

The Village's investment in capital assets for its Governmental and Business-type Activities as of April 30, 2019 amounted to \$26,993,097. The investment in capital assets includes land, buildings, equipment, improvements other than buildings, underground systems, infrastructure, and construction in progress less accumulated depreciation and the related debt to acquire such capital assets. This amount includes a net increase in capital assets (including additions and retirements) of \$5,318,885 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 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 60. Pension and Other Post-Employment Benefits obligation information can be found on pages 40-56.

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 two Redevelopment Project Areas (TIF Districts) pursuant to the Tax Increment Allocation Redevelopment Act, as amended (the TIF Act). These TIF Districts allow the Village to utilize the incremental property taxes from the TIF Districts (Incremental Taxes) to provide funds for a wide variety of capital improvements within the respective TIF Districts 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

**VILLAGE OF BOURBONNAIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING APRIL 30, 2019**

projects, land acquisition, grants for businesses operating or desiring to operate within the TIF Districts 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

Growth continues in Bourbonnais. During the Fiscal Year 2019, twenty-three permits were issued for new single-family homes and 107 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 2019 and was completed during November of 2018. The Village also continued construction on the new sewer interceptor to service the commercial and industrial area surrounding the new interchange with an expected completion during spring of 2020.

Property values are on the rise in Bourbonnais and the Village portion of the property tax levy is currently at 5.2% of total property tax bill. Management will continue to control expenses in order to provide quality services to our residents. The Village will need to be cautious of reductions that have been discussed in the Illinois General Assembly that will reduce the amount of income tax distributions the Village 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 negotiated new collective bargaining agreements with its three labor unions. Management was successful in keeping the cost of these agreements within the expected inflationary guidelines. This will allow the Village to keep 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, 2019
(With Comparative Totals for April 30, 2018)

	<u>2019</u>		<u>2018</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,135,602	\$ 380,026	\$ 1,515,628	\$ 1,896,899
Investments	2,854,998	-	2,854,998	8,754,296
Receivables	2,939,576	551,248	3,490,824	3,037,785
Internal balances	(944,235)	944,235	-	-
Other assets	<u>275,649</u>	<u>6,356</u>	<u>282,005</u>	<u>171,173</u>
Total Current Assets	<u>6,261,590</u>	<u>1,881,865</u>	<u>8,143,455</u>	<u>13,860,153</u>
Noncurrent assets				
Capital assets, non-depreciable	16,171,789	769,720	16,941,509	11,275,149
Capital assets, net of depreciation	20,323,885	8,107,415	28,431,300	28,778,775
Investment in joint venture	-	7,503,991	7,503,991	7,395,646
Total Noncurrent Assets	<u>36,495,674</u>	<u>16,381,126</u>	<u>52,876,800</u>	<u>47,449,570</u>
Total Assets	<u>42,757,264</u>	<u>18,262,991</u>	<u>61,020,255</u>	<u>61,309,723</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	106,728	-	106,728	139,202
Deferred items - IMRF	1,502,352	448,754	1,951,106	930,008
Deferred items - Police Pension	<u>4,476,244</u>	<u>-</u>	<u>4,476,244</u>	<u>3,111,315</u>
Total Deferred Outflows of Resources	<u>6,085,324</u>	<u>448,754</u>	<u>6,534,078</u>	<u>4,180,525</u>
Total Assets and Deferred Outflows of Resources	<u>48,842,588</u>	<u>18,711,745</u>	<u>67,554,333</u>	<u>65,490,248</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	1,202,700	251,625	1,454,325	1,590,094
Accrued interest	193,702	-	193,702	202,838
Bonds payable	1,025,000	-	1,025,000	995,000
Capital lease payable	67,556	71,472	139,028	139,031
Current portion of notes payable	<u>344,436</u>	<u>-</u>	<u>344,436</u>	<u>135,869</u>
Total Current Liabilities	<u>2,833,394</u>	<u>323,097</u>	<u>3,156,491</u>	<u>3,062,832</u>
Noncurrent liabilities				
Bonds payable in more than one year	14,426,619	-	14,426,619	15,477,382
Capital lease payable	118,222	142,944	261,166	400,191
Accrued compensated absences	726,008	12,279	738,287	720,397
Net pension liability - IMRF	1,663,621	496,926	2,160,547	774,521
Net pension liability - Police Pension	9,260,985	-	9,260,985	7,008,894
Total OPEB liability	933,438	278,819	1,212,257	-
Notes payable	<u>2,324,170</u>	<u>-</u>	<u>2,324,170</u>	<u>168,606</u>
Total Noncurrent Liabilities	<u>29,453,063</u>	<u>930,968</u>	<u>30,384,031</u>	<u>24,549,991</u>
Total Liabilities	<u>32,286,457</u>	<u>1,254,065</u>	<u>33,540,522</u>	<u>27,612,823</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred items - IMRF	977,436	291,961	1,269,397	1,696,766
Deferred items - Police Pension	<u>726,500</u>	<u>-</u>	<u>726,500</u>	<u>989,715</u>
Total Deferred Inflows of Resources	<u>1,703,936</u>	<u>291,961</u>	<u>1,995,897</u>	<u>2,686,481</u>
Total Liabilities and Deferred Inflows of Resources	<u>33,990,393</u>	<u>1,546,026</u>	<u>35,536,419</u>	<u>30,299,304</u>
NET POSITION				
Net investment in capital assets	18,330,378	8,662,719	26,993,097	28,118,944
Restricted, Expendable	974,926	-	974,926	2,126,223
Unrestricted	<u>(4,453,109)</u>	<u>8,503,000</u>	<u>4,049,891</u>	<u>4,945,777</u>
Total Net Position	<u>\$ 14,852,195</u>	<u>\$ 17,165,719</u>	<u>\$ 32,017,914</u>	<u>\$ 35,190,944</u>

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

**VILLAGE OF BOURBONNAIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019
(With Comparative Totals for the Year Ended April 30, 2018)**

	2019						2018	
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total	
Governmental activities								
General government	\$ 4,539,866	\$ 284,183	\$ -	\$ -	\$ (4,255,683)	\$ -	\$ (4,255,683)	\$ (4,698,500)
Public safety	5,257,080	323,837	-	-	(4,933,243)	-	(4,933,243)	(4,386,315)
Public works	1,791,244	-	-	-	(1,791,244)	-	(1,791,244)	(1,311,031)
Economic development	15,501	-	-	-	(15,501)	-	(15,501)	(389,498)
Culture and recreation	74,954	-	-	-	(74,954)	-	(74,954)	(70,260)
Interest on long-term debt	491,073	-	-	-	(491,073)	-	(491,073)	(574,711)
Total Governmental Activities	12,169,718	608,020	-	-	(11,561,698)	-	(11,561,698)	(11,430,315)
Business-type activities								
Sewer operations	3,682,226	4,721,309	-	-	-	1,039,083	1,039,083	1,334,580
Refuse disposal	1,430,036	1,399,525	-	-	-	(30,511)	(30,511)	(97,841)
Total Business-Type Activities	5,112,262	6,120,834	-	-	-	1,008,572	1,008,572	1,236,739
Total Primary Government	\$ 17,281,980	\$ 6,728,854	\$ -	\$ -	(11,561,698)	1,008,572	(10,553,126)	(10,193,576)
General revenues:								
Property taxes, levied for general purposes					1,950,169	-	1,950,169	1,760,067
Franchise taxes					361,786	-	361,786	333,175
Income tax and other State tax revenue					6,196,986	-	6,196,986	5,927,694
Unrestricted investment earnings					68,376	190	68,566	59,246
Gain (loss) on disposal of assets					(16,415)	-	(16,415)	(4,475)
Transfers					551,721	(551,721)	-	-
Total General Revenues and Transfers					9,112,623	(551,531)	8,561,092	8,075,707
CHANGE IN NET POSITION					(2,449,075)	457,041	(1,992,034)	(2,117,869)
NET POSITION, BEGINNING OF YEAR								
As previously reported					18,210,637	16,980,307	35,190,944	37,308,813
Restatement					(909,367)	(271,629)	(1,180,996)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED					17,301,270	16,708,678	34,009,948	37,308,813
NET POSITION, END OF YEAR					\$ 14,852,195	\$ 17,165,719	\$ 32,017,914	\$ 35,190,944

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

**VILLAGE OF BOURBONNAIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2019
(With Comparative Totals for April 30, 2018)**

	2019				2018	
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Impact Fees Fund	Total Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 900,032	\$ 200,132	\$ 9,053	\$ 26,385	\$ 1,135,602	\$ 1,731,087
Investments	2,013,707	-	402,875	438,416	2,854,998	8,754,296
Interest receivable	1,455	-	-	-	1,455	3,332
Due from other funds	372,840	-	170,074	-	542,914	-
Receivables from other governments	2,513,797	259,068	41,239	-	2,814,104	2,545,380
Other receivables	124,017	-	-	-	124,017	57,398
Prepaid expense	277,576	-	-	-	277,576	171,708
Total Assets	<u>\$ 6,203,424</u>	<u>\$ 459,200</u>	<u>\$ 623,241</u>	<u>\$ 464,801</u>	<u>\$ 7,750,666</u>	<u>\$ 13,263,201</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 933,219	\$ 1,887	\$ -	\$ -	\$ 935,106	\$ 1,156,652
Salaries and benefits payable	267,594	-	-	-	267,594	165,981
Due to other funds	1,246,696	108,965	-	133,415	1,489,076	895,225
Total Liabilities	<u>2,447,509</u>	<u>110,852</u>	<u>-</u>	<u>133,415</u>	<u>2,691,776</u>	<u>2,217,858</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable tax revenue	1,636,793	259,068	-	-	1,895,861	1,761,367
Total Deferred Inflows of Resources	<u>1,636,793</u>	<u>259,068</u>	<u>-</u>	<u>-</u>	<u>1,895,861</u>	<u>1,761,367</u>
FUND BALANCES						
Nonspendable	277,576	-	-	-	277,576	171,708
Restricted for:						
Capital projects	140,707	-	-	-	140,707	6,138,632
Debt service	-	-	-	-	-	1,252,198
Economic development	255,158	89,280	-	-	344,438	293,296
Public safety	7,247	-	-	-	7,247	89,088
Street maintenance programs	-	-	623,241	-	623,241	533,026
Committed	-	-	-	331,386	331,386	308,630
Unassigned	1,438,434	-	-	-	1,438,434	497,398
Total Fund Balances	<u>2,119,122</u>	<u>89,280</u>	<u>623,241</u>	<u>331,386</u>	<u>3,163,029</u>	<u>9,283,976</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,203,424</u>	<u>\$ 459,200</u>	<u>\$ 623,241</u>	<u>\$ 464,801</u>	<u>\$ 7,750,666</u>	<u>\$ 13,263,201</u>

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, 2019
(With Comparative Totals for April 30, 2018)

	2019	2018
Adjustments necessary to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:		
Governmental funds combined fund balance	\$ 3,163,029	\$ 9,283,976
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	36,495,674	31,039,860
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.	1,895,861	1,761,367
Unamortized loss on refunding of debt is not reported in the Governmental Funds Balance Sheet, but is reported in the Statement of Net Position	106,728	139,202
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.	4,274,660	1,531,196
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	(15,451,619)	(16,472,382)
Capital lease payable	(185,778)	(253,334)
Accrued interest payable	(193,702)	(202,838)
Accrued compensated absences	(726,008)	(706,660)
Net pension liability - IMRF	(1,663,621)	(596,381)
Net pension liability - Police Pension	(9,260,985)	(7,008,894)
Notes payable	(2,668,606)	(304,475)
Total OPEB liability	(933,438)	-
Net Position of Governmental Activities	\$ 14,852,195	\$ 18,210,637

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, 2019
(With Comparative Totals for the Year Ended April 30, 2018)

	2019				2018	
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Impact Fees Fund	Total Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 1,647,289	\$ 161,885	\$ -	\$ -	\$ 1,809,174	\$ 1,712,594
Franchise taxes	361,786	-	-	-	361,786	333,175
Fees, fines and permits	500,754	-	-	17,685	518,439	421,354
Licenses	37,700	-	-	-	37,700	34,950
Intergovernmental	5,605,111	-	493,438	-	6,098,549	6,073,766
Investment earnings	48,344	163	12,025	7,844	68,376	59,148
State, Federal and other reimbursements	98,437	-	-	-	98,437	109,139
Miscellaneous	58,382	-	-	-	58,382	73,361
Total Revenues	<u>8,357,803</u>	<u>162,048</u>	<u>505,463</u>	<u>25,529</u>	<u>9,050,843</u>	<u>8,817,487</u>
EXPENDITURES						
General government	2,781,248	98,651	51,888	-	2,931,787	2,560,965
Public safety	4,591,462	-	-	-	4,591,462	4,359,345
Public works	1,793,262	-	-	-	1,793,262	1,588,809
Culture and recreation	74,954	-	-	-	74,954	70,260
Economic development	-	15,501	-	-	15,501	400,000
Debt service						
Principal	1,130,869	-	-	-	1,130,869	1,080,869
Interest and other charges	493,498	-	-	-	493,498	487,616
Capital outlay	6,832,330	-	363,360	2,773	7,198,463	6,605,900
Total Expenditures	<u>17,697,623</u>	<u>114,152</u>	<u>415,248</u>	<u>2,773</u>	<u>18,229,796</u>	<u>17,153,764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,339,820)</u>	<u>47,896</u>	<u>90,215</u>	<u>22,756</u>	<u>(9,178,953)</u>	<u>(8,336,277)</u>
OTHER FINANCING SOURCES (USES)						
Insurance recoveries	-	-	-	-	-	18,559
Loan proceeds	2,500,000	-	-	-	2,500,000	-
Proceeds from sale of assets	6,285	-	-	-	6,285	75
Transfers in	551,721	-	-	-	551,721	385,000
Total Other Financing Sources (Uses)	<u>3,058,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,058,006</u>	<u>403,634</u>
NET CHANGE IN FUND BALANCES	(6,281,814)	47,896	90,215	22,756	(6,120,947)	(7,932,643)
FUND BALANCES, BEGINNING OF YEAR	<u>8,400,936</u>	<u>41,384</u>	<u>533,026</u>	<u>308,630</u>	<u>9,283,976</u>	<u>17,216,619</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,119,122</u>	<u>\$ 89,280</u>	<u>\$ 623,241</u>	<u>\$ 331,386</u>	<u>\$ 3,163,029</u>	<u>\$ 9,283,976</u>

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, 2019
(With Comparative Totals for April 30, 2018)

	2019	2018
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	\$ (6,120,947)	\$ (7,932,643)
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.	5,455,814	4,432,996
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.	134,494	(207,738)
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	(19,348)	(90,149)
(Increase) decrease in accrued interest payable	9,136	(80,384)
Repayment of capital lease obligations is reported as an expenditure in governmental funds. However, repayment of capital lease obligations reduces the capital lease payable in the government-wide financial statements.	67,556	67,556
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.	(2,500,000)	-
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.	1,130,869	1,106,875
Governmental funds report employer pension contributions as pension expenditures. Employer pension contributions made after the measurement date are deferred on the Statement of Activities.	57,969	86,892
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)	(633,836)	(346,400)
OPEB Expense	(24,071)	-
Change in Net Position of Governmental Activities	\$ (2,449,075)	\$ (2,969,706)

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

**VILLAGE OF BOURBONNAIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2019
(With Comparative Totals for April 30, 2018)**

	2019			2018
	Enterprise Funds			Total Enterprise Funds
	Sewer Operating Fund	Refuse Disposal Fund	Total Enterprise Funds	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 58,181	\$ 321,845	\$ 380,026	\$ 165,812
Accounts receivable, net	544,454	6,794	551,248	431,675
Prepaid expense	6,356	-	6,356	-
Due from other funds	1,611,923	113,280	1,725,203	1,502,617
Total Current Assets	<u>2,220,914</u>	<u>441,919</u>	<u>2,662,833</u>	<u>2,100,104</u>
Noncurrent assets				
Investment in joint venture	7,503,991	-	7,503,991	7,395,646
Capital assets, net	8,877,135	-	8,877,135	9,014,064
Total Noncurrent Assets	<u>16,381,126</u>	<u>-</u>	<u>16,381,126</u>	<u>16,409,710</u>
Total Assets	<u>18,602,040</u>	<u>441,919</u>	<u>19,043,959</u>	<u>18,509,814</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	448,754	-	448,754	213,902
Total Deferred Outflows of Resources	<u>448,754</u>	<u>-</u>	<u>448,754</u>	<u>213,902</u>
Total Assets and Deferred Outflows of Resources	<u>19,050,794</u>	<u>441,919</u>	<u>19,492,713</u>	<u>18,723,716</u>
LIABILITIES				
Current liabilities				
Accounts payable	112,937	124,017	236,954	260,375
Accrued payroll expenses	14,671	-	14,671	7,086
Due to other funds	131,834	649,134	780,968	607,927
Capital lease payable	71,472	-	71,472	71,472
Total Current Liabilities	<u>330,914</u>	<u>773,151</u>	<u>1,104,065</u>	<u>946,860</u>
Noncurrent liabilities				
Accrued compensated absences	12,279	-	12,279	13,737
Capital lease payable	142,944	-	142,944	214,416
Net pension liability - IMRF	496,926	-	496,926	178,140
Total OPEB liability	278,819	-	278,819	-
Total Noncurrent Liabilities	<u>930,968</u>	<u>-</u>	<u>930,968</u>	<u>406,293</u>
Total Liabilities	<u>1,261,882</u>	<u>773,151</u>	<u>2,035,033</u>	<u>1,353,153</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	291,961	-	291,961	390,256
Total Deferred Inflows of Resources	<u>291,961</u>	<u>-</u>	<u>291,961</u>	<u>390,256</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,553,843</u>	<u>773,151</u>	<u>2,326,994</u>	<u>1,743,409</u>
NET POSITION				
Net investment in capital assets	8,662,719	-	8,662,719	8,728,176
Unrestricted	8,834,232	(331,232)	8,503,000	8,252,131
Total Net Position	<u>\$ 17,496,951</u>	<u>\$ (331,232)</u>	<u>\$ 17,165,719</u>	<u>\$ 16,980,307</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019
(With Comparative Totals for the Year Ended April 30, 2018)

	2019			2018
	Enterprise Funds			Total Enterprise Funds
	Sewer Operating Fund	Refuse Disposal Fund	Total Enterprise Funds	
OPERATING REVENUES				
Charges for services	\$ 4,504,262	\$ 1,395,386	\$ 5,899,648	\$ 5,756,114
Reimbursement revenue	-	-	-	26,685
Other operating revenue	108,702	4,139	112,841	126,996
Total Operating Revenues	<u>4,612,964</u>	<u>1,399,525</u>	<u>6,012,489</u>	<u>5,909,795</u>
OPERATING EXPENSES				
Personal services	667,083	-	667,083	713,268
Contractual services	2,472,452	1,429,944	3,902,396	3,672,062
Utilities	47,397	-	47,397	45,342
Repairs and maintenance	69,903	-	69,903	192,058
Other supplies and expenses	35,590	92	35,682	33,777
Depreciation	382,981	-	382,981	375,648
Total Operating Expenses	<u>3,675,406</u>	<u>1,430,036</u>	<u>5,105,442</u>	<u>5,032,155</u>
Operating Income (Loss)	<u>937,558</u>	<u>(30,511)</u>	<u>907,047</u>	<u>877,640</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	190	-	190	98
Equity interest in joint venture operating income (loss)	108,345	-	108,345	366,269
Interest expense	(6,820)	-	(6,820)	(7,170)
Total Non-operating Revenues (Expenses)	<u>101,715</u>	<u>-</u>	<u>101,715</u>	<u>359,197</u>
Income (Loss) Before Transfers	1,039,273	(30,511)	1,008,762	1,236,837
TRANSFERS FROM (TO) OTHER FUNDS	<u>(551,721)</u>	<u>-</u>	<u>(551,721)</u>	<u>(385,000)</u>
CHANGE IN NET POSITION	487,552	(30,511)	457,041	851,837
NET POSITION, BEGINNING OF YEAR				
As previously reported	17,281,028	(300,721)	16,980,307	16,128,470
Restatement	(271,629)	-	(271,629)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>17,009,399</u>	<u>(300,721)</u>	<u>16,708,678</u>	<u>16,128,470</u>
NET POSITION, END OF YEAR	<u>\$ 17,496,951</u>	<u>\$ (331,232)</u>	<u>\$ 17,165,719</u>	<u>\$ 16,980,307</u>

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

**VILLAGE OF BOURBONNAIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019
(With Comparative Totals for the Year Ended April 30, 2018)**

	2019			2018
	Enterprise Funds			Total Enterprise Funds
	Sewer Operating Fund	Refuse Disposal Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,347,561	\$ 1,432,514	\$ 5,780,075	\$ 5,719,738
Other receipts	108,702	4,139	112,841	153,681
Payments to suppliers	(2,661,778)	(1,423,377)	(4,085,155)	(4,009,619)
Payments to employees/retirees	(668,127)	-	(668,127)	(652,249)
Net Cash Provided by (Used In) Operating Activities	<u>1,126,358</u>	<u>13,276</u>	<u>1,139,634</u>	<u>1,211,551</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments from (to) other funds, net	(764,001)	162,735	(601,266)	(1,164,578)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>(764,001)</u>	<u>162,735</u>	<u>(601,266)</u>	<u>(1,164,578)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(246,052)	-	(246,052)	(216,805)
Principal paid on capital debt	(71,472)	-	(71,472)	(71,472)
Interest paid on capital debt	(6,820)	-	(6,820)	(7,170)
Net Cash Used In Capital and Related Financing Activities	<u>(324,344)</u>	<u>-</u>	<u>(324,344)</u>	<u>(295,447)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	190	-	190	1,331
Net Cash Provided by (Used In) Investing Activities	<u>190</u>	<u>-</u>	<u>190</u>	<u>1,331</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,203	176,011	214,214	(247,143)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>19,978</u>	<u>145,834</u>	<u>165,812</u>	<u>412,955</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 58,181</u>	<u>\$ 321,845</u>	<u>\$ 380,026</u>	<u>\$ 165,812</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 937,558	\$ (30,511)	\$ 907,047	\$ 877,640
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation expense	382,981	-	382,981	375,648
(Increase) Decrease in				
Accounts receivable, net	(156,701)	37,128	(119,573)	(36,376)
Prepaid expense	(6,356)	-	(6,356)	-
Deferred items - IMRF	(234,852)	-	(234,852)	38,910
Increase (Decrease) in				
Accounts payable	(30,080)	6,659	(23,421)	(66,148)
Accrued payroll expenses	7,585	-	7,585	(9,160)
Accrued compensated absences	(1,458)	-	(1,458)	(4,182)
Net pension liability - IMRF	318,786	-	318,786	(346,035)
Total OPEB liability	7,190	-	7,190	-
Deferred items - IMRF	(98,295)	-	(98,295)	381,254
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,126,358</u>	<u>\$ 13,276</u>	<u>\$ 1,139,634</u>	<u>\$ 1,211,551</u>
NON-CASH FINANCING AND INVESTING ACTIVITIES				
Increase in investment in joint venture	<u>\$ 108,345</u>	<u>\$ -</u>	<u>\$ 108,345</u>	<u>\$ 366,269</u>
Non-cash capital additions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,360</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2019

	Pension (and other employee benefit) Trust Funds		Agency Funds
	Police Pension Fund	Deferred Compensation Plan	Building Escrow Fund
ASSETS			
Cash and cash equivalents	\$ 608,327	\$ -	\$ 11,469
Interest receivable	13,247	-	-
Other receivables	-	-	24,998
Investments, at fair value			
Certificates of deposit	165,529	-	-
Mortgage and asset backed securities	3,310,627	-	-
U.S. Government Bonds and GSE Bonds	1,191,780	-	-
Mutual funds	11,141,361	-	-
Investment contract with insurance company	-	1,955,316	-
Due from other related entities	17,185	-	1,927
Prepaid benefits	915	-	-
	<u>16,448,971</u>	<u>1,955,316</u>	<u>38,394</u>
Total Assets			
LIABILITIES			
Accounts payable	83	-	4,384
Refunds payable and other liabilities	-	-	34,010
	<u>83</u>	<u>-</u>	<u>38,394</u>
Total Liabilities			
NET POSITION			
Net position restricted for pension benefits and other purposes	<u>\$ 16,448,888</u>	<u>\$ 1,955,316</u>	<u>\$ -</u>

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

VILLAGE OF BOURBONNAIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

	Pension (and other employee benefit) Trust Funds	
	Police Pension Fund	Deferred Compensation Plan
ADDITIONS		
Contributions		
Employer	\$ 723,621	\$ -
Plan members	<u>210,068</u>	<u>67,917</u>
Total Contributions	933,689	67,917
Net investment income (loss)	<u>1,010,575</u>	<u>127,743</u>
Total Additions (Reductions)	<u>1,944,264</u>	<u>195,660</u>
DEDUCTIONS		
Administrative expenses	24,368	150
Benefits paid to participants	765,102	21,253
Refund of contributions	<u>60,568</u>	<u>-</u>
Total Deductions	<u>850,038</u>	<u>21,403</u>
NET INCREASE (DECREASE)	1,094,226	174,257
NET POSITION RESTRICTED FOR PENSION BENEFITS AND OTHER PURPOSES		
BEGINNING OF YEAR	<u>15,354,662</u>	<u>1,781,059</u>
END OF YEAR	<u>\$ 16,448,888</u>	<u>\$ 1,955,316</u>

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

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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, 2019.

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, 2019, the Village has reported all funds as major.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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. This fund was dissolved during the year ended April 30, 2019.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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 2018 are intended to finance the fiscal year ended April 30, 2019 and will be collected in fiscal year ended April 30, 2020. These property taxes are recorded as receivables and recognized as revenue in the year ended April 30, 2019. This revenue is recognized in the government-wide level financial statements but is deferred in the governmental funds financial statements because it is not collected soon enough after the end of the year to pay current liabilities.

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

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

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

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

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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.

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 deposited in the General Fund and restricted for purposes relating only to areas within the business district boundaries.

New Accounting Pronouncements

The Village has adopted 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 will be required to implement GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61* during the fiscal year ended April 30, 2020. In addition, the Village will be required to implement GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 91, *Conduit Debt Obligations* in years following the fiscal year ended April 30, 2020. The Village has not yet evaluated the impact of adopting these future pronouncements on the Village's financial statements.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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 projects are controlled on a project basis. No adjustments were necessary in order to reconcile the budgetary information to the GAAP information presented in the Village's basic financial statements.

The following funds had an excess of expenditures/expenses over budgeted amounts for the year ended April 30, 2019.

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund*	\$ 7,742,556
Special Tax Allocation Fund	<u>8,985</u>
Total	<u>\$ 7,751,541</u>

* The excess expenditures were primarily paid from bond proceeds received in previous years.

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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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 related bonds. These assets are reflected as restrictions of fund balance in the Governmental Funds Balance Sheet and are included in Net Investment in Capital Assets in the Statement of Net Position.

Capital Assets

Capital assets include 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:

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

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

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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).

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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."

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2019:

<u>Fund</u>	<u>Deficit</u>
Refuse Disposal Fund	\$ 331,232

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 2018 were due, payable, and collected in two installments in June and September of 2019. The Village normally receives these taxes in July, August, September, October and November of the year collected.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2018 financial statement amounts in order to conform with the 2019 financial statement presentation.

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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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:

	Governmental and Business- type Activities	Fiduciary Activities
Carrying amount of Deposits	\$ 3,910,217	\$ 472,221
Carrying amount of Investments	460,409	15,956,872
Total	\$ 4,370,626	\$ 16,429,093
Cash and Cash Equivalents	\$ 1,515,628	\$ 619,796
Investments	2,854,998	15,809,297
Total	\$ 4,370,626	\$ 16,429,093

Deposits

At April 30, 2019, the carrying amount of the Village's deposits with financial institutions for governmental and business-type activities was \$3,910,217 and the bank balance was \$4,068,077. 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, 2019, deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral were \$724,213.

At April 30, 2019, the carrying amount of deposits of fiduciary activities was \$472,221 and the bank balance was \$474,394. At April 30, 2019, all fiduciary deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral.

Investments

At April 30, 2019, the carrying amount (and market value) of the Village's investments for governmental and business-type activities was \$460,409. These amounts represent investments in Illinois Funds. The Illinois Funds is an investment pool managed by the Illinois State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold. Illinois Funds issues a report that includes financial statements and required supplementary information for the fund as a whole. That report may be obtained online at www.auditor.illinois.gov.

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, 2019.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

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 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.

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, 2019.

<u>Asset Types</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Illinois Funds Money Market	\$ 460,409	\$ 460,409	\$ -	\$ -

The Police Pension Fund (Fund) manages its investments in accordance with the regulations prescribed by the Illinois Pension Code. Investments at April 30, 2019 consisted of the following managed funds:

<u>Investment Types</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>No Maturity Date</u>	<u>Less Than 1</u>	<u>1-10</u>	<u>Over 10</u>
Mortgage and Asset Backed Securities	\$ 3,310,627	\$ -	\$ -	\$ -	\$ 3,310,627
U.S. Government Bonds and GSE Bonds	1,191,780	-	1,191,780	-	-
Mutual Funds	11,141,361	11,141,361	-	-	-
Money Market	<u>313,104</u>	<u>313,104</u>	-	-	-
Total	<u>\$15,956,872</u>	<u>\$11,454,465</u>	<u>\$1,191,780</u>	<u>\$ -</u>	<u>\$ 3,310,627</u>

The Fund’s investments at April 30, 2019 include uninsured investments for which the securities are held by brokers, dealer’s trust department or an agent in the Fund’s name.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2019, the Fund held the following investments which are subject to credit risk.

<u>Investment Type</u>	<u>Standard & Poor's Rating</u>	<u>2019 Fair Market Value</u>
U.S. Treasury Strips	Not Rated	\$ 1,191,780
FNMA Mortgage and Asset Backed Securities	Not Rated	127,909
GNMA Mortgage and Asset Backed Securities	*	3,025,194
FHLMC Mortgage and Asset Backed Securities	AA+	<u>157,524</u>
Total		<u>\$ 4,502,407</u>

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

Concentration of Credit Risk: As of April 30, 2019, 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, 2019:

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Europacific Growth Fund	Various	N/A	\$ 1,231,391
Total			<u>\$ 1,231,391</u>

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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The following assets of the Fund are measured at fair value as of April 30, 2019.

<u>Asset Types</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mortgage and Asset Backed securities	\$ 3,310,627	\$ -	\$ 3,310,627	\$ -
U.S. Government Bonds and GSE Bonds	1,191,780	-	1,191,780	-
Mutual Funds	11,141,361	11,141,361	-	-
Money Market	313,104	313,104	-	-
Total	<u>\$ 15,956,872</u>	<u>\$ 11,454,465</u>	<u>\$ 4,502,407</u>	<u>\$ -</u>

NOTE 3 – RECEIVABLES

A summary of receivables as of April 30, 2019 is as follows:

	<u>Total Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Governmental Activities:			
Taxes receivable	\$ 2,814,104	\$ -	\$ 2,814,104
Other receivables	124,017	-	124,017
Interest receivable	1,455	-	1,455
Business-Type Activities:			
Sewer services	571,826	27,372	544,454
Refuse disposal services	22,869	16,075	6,794
Total	<u>\$ 3,534,271</u>	<u>\$ 43,447</u>	<u>\$ 3,490,824</u>

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

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2019, was as follows:

	Balance May 1, 2018	Additions	Retirements	Transfers	Balance April 30, 2019
Governmental activities:					
Capital assets not being depreciated:					
Land, non-depreciable	\$ 4,528,474	\$ 807	\$ -	\$ -	\$ 4,529,281
Construction in progress	5,813,353	6,331,033	(6,455)	(495,423)	11,642,508
Capital assets being depreciated:					
Land improvements	13,082,773	24,018	-	495,423	13,602,214
Buildings and improvements	8,479,227	361,940	-	-	8,841,167
Equipment	7,749,950	289,008	(109,026)	-	7,929,932
Streets and improvements	<u>14,947,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,947,368</u>
Total	54,601,145	7,006,806	(115,481)	-	61,492,470
Less accumulated depreciation	<u>23,561,285</u>	<u>1,528,293</u>	<u>(92,782)</u>	<u>-</u>	<u>24,996,796</u>
Governmental activities, capital assets, net	<u>\$ 31,039,860</u>	<u>\$ 5,478,513</u>	<u>\$ (22,699)</u>	<u>\$ -</u>	<u>\$ 36,495,674</u>
Business-type activities:					
Capital assets not being depreciated:					
Construction in progress	\$ 933,322	\$ 1,980	\$ -	\$ (165,582)	\$ 769,720
Capital assets being depreciated:					
Land improvements	11,045,601	5,000	-	26,420	11,077,021
Buildings and improvements	318,300	-	-	-	318,300
Equipment	<u>1,188,194</u>	<u>239,072</u>	<u>-</u>	<u>139,162</u>	<u>1,566,428</u>
Total	13,485,417	246,052	-	-	13,731,469
Less accumulated depreciation	<u>4,471,353</u>	<u>382,981</u>	<u>-</u>	<u>-</u>	<u>4,854,334</u>
Business-type activities, capital assets, net	<u>\$ 9,014,064</u>	<u>\$ (136,929)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,877,135</u>
Total capital assets, net of depreciation	<u>\$40,053,924</u>	<u>\$ 5,341,584</u>	<u>\$ (22,699)</u>	<u>\$ -</u>	<u>\$45,372,809</u>

Depreciation expense for governmental activities is reported in the General Government expenses on the Statement of Activities.

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds

Balances due to/from other funds at April 30, 2019, consist of the following:

Due to other funds, Governmental Funds	<u>\$ (946,162)</u>
Due from other funds, Proprietary Funds	<u>\$ 944,235</u>
Due from other funds, Fiduciary Funds	<u>\$ 1,927</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 5 – INTERFUND BALANCES AND ACTIVITY (continued)

Balances Due to/from Other Funds (continued)

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.

Transfers to/(from) Other Funds

Transfers to/(from) other funds during the fiscal year ended April 30, 2019 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	<u>\$ 551,721</u>	<u>\$ (551,721)</u>
Total transfers to (from) other funds	<u>\$ 551,721</u>	<u>\$ (551,721)</u>

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, 2019 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.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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, 2019, the debt service coverage ratio was 3.51.

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, 2019, the debt service coverage ratio was 2.00.

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, 2019, the debt service coverage ratio was 4.40.

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, 2019, the debt service coverage ratio was 4.40.

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.

On February 25, 2019, the Village secured a bank loan for \$2,500,000 for the purpose of providing capital financing for roadway improvements. Under this agreement the Village is required to make 20 quarterly principal and interest payments of \$76,306 (interest charged at 3.99 percent) beginning May 25, 2019 and 20 quarterly principal and interest payments of \$79,278 (interest charged at the highest prime lending rate for commercial banks as published in the Wall Street Journal) beginning May 25, 2024. This loan matures on May 25, 2029.

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Notes Payable (continued)

Changes in long-term obligations for the year ended April 30, 2019 are as follows:

	April 30, 2018	Increases	Decreases	April 30, 2019	Due Within One Year
Governmental activities:					
General Obligation Bonds, Series 2012A	\$ 3,320,000	\$ -	\$ (205,000)	\$ 3,115,000	\$ 210,000
General Obligation Bonds, Series 2012B	585,000	-	(190,000)	395,000	195,000
General Obligation Bonds, Series 2016	8,225,000	-	(590,000)	7,635,000	610,000
General Obligation Bonds, Series 2017	4,000,000	-	(10,000)	3,990,000	10,000
Unamortized premium on bond issuance	342,382	-	(25,763)	316,619	-
Capital lease obligations	253,334	-	(67,556)	185,778	67,556
Compensated absences	706,660	19,348	-	726,008	-
Net pension liability - IMRF	596,381	1,067,240	-	1,663,621	-
Net pension liability - Police Pension	7,008,894	2,252,091	-	9,260,985	-
Total OPEB Liability (see Note 19)	909,367	24,071	-	933,438	-
Notes Payable	304,475	-	(135,869)	168,606	135,869
Notes Payable	-	2,500,000	-	2,500,000	208,567
	<u> </u>				
Total long-term debt	<u>\$ 26,251,493</u>	<u>\$ 5,862,750</u>	<u>\$(1,224,188)</u>	<u>\$ 30,890,055</u>	<u>\$ 1,436,992</u>
Business-type activities:					
Capital lease obligations	285,888	-	(71,472)	214,416	71,472
Compensated absences	13,737	-	(1,458)	12,279	-
Net pension liability - IMRF	178,140	318,786	-	496,926	-
Total OPEB Liability (see Note 19)	<u>271,629</u>	<u>7,190</u>	<u>-</u>	<u>278,819</u>	<u>-</u>
	<u> </u>				
Total long-term debt	<u>\$ 749,394</u>	<u>\$ 325,976</u>	<u>\$ (72,930)</u>	<u>\$ 1,002,440</u>	<u>\$ 71,472</u>

Debt Service Requirements

Debt service requirements on bonds outstanding at April 30, 2019 are as follows:

Year ending April 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 1,025,000	\$ 465,245	\$ -	\$ -
2021	935,000	442,670	-	-
2022	750,000	420,970	-	-
2023	770,000	403,020	-	-
2024	785,000	382,820	-	-
2025-2029	4,270,000	1,603,378	-	-
2030-2034	3,915,000	961,190	-	-
2035-2037	<u>2,685,000</u>	<u>218,400</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,135,000</u>	<u>\$ 4,897,693</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 6 – LONG-TERM OBLIGATIONS (continued)

Debt Service Requirements (continued)

Debt service requirements on notes payable outstanding at April 30, 2019 are as follows:

<u>Year ending April 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 344,436	\$ 98,645	\$ -	\$ -
2021	250,981	88,260	-	-
2022	225,804	79,419	-	-
2023	234,949	70,273	-	-
2024	244,465	60,758	-	-
Thereafter	<u>1,367,971</u>	<u>204,777</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,668,606</u>	<u>\$ 602,132</u>	<u>\$ -</u>	<u>\$ -</u>

See Note 12 for capital lease obligation maturities.

Legal Debt Margin

According to Illinois statutes, the legal debt limit is 8.625% of assessed valuation. The following is the legal debt margin calculation for the year ending April 30, 2019.

Assessed valuation - 2018 levy year	\$ 342,857,938
Less Tax Increment Financing Districts	<u>2,879,567</u>
Assessed valuation, net of abatements	<u>\$ 339,978,371</u>
 Statutory debt limit - 8.625% of assessed valuation	 <u>\$ 29,323,134</u>
 Total debt:	
General Obligation Bonds, Series 2012A	\$ 3,115,000
General Obligation Bonds, Series 2012B	395,000
General Obligation Bonds, Series 2016	7,635,000
General Obligation Bonds, Series 2017	3,990,000
Capital Lease Obligations	400,194
Notes Payable	<u>2,668,606</u>
Total debt	<u>\$ 18,203,800</u>
 Legal debt margin	 <u>\$ 11,119,334</u>

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

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). All Village employees who participate in IMRF are currently enrolled in the Regular Plan.

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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2018, the following employees were covered by the benefit terms:

	<u>Regular</u>
Retirees and Beneficiaries Currently Receiving Benefits	32
Inactive Plan Members Entitled to but not yet Receiving Benefits	10
Active Plan Members	<u>36</u>
Total	<u>78</u>

Contributions. As set by statute, the Village’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village’s annual contribution rate for calendar year 2018 was 13.77%. For the fiscal year ended April 30, 2019, the Village contributed \$282,728 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2018, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality	<p>For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.</p> <p>For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives.</p> <p>For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.</p>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2018:

<u>Asset Class</u>	<u>Portfolio Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	<u>1%</u>	2.50%
Total	<u>100%</u>	

Single Discount Rate

For the Regular plans, A Single Discount Rates of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (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 contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25% for the Regular plan.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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 7.25% 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:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability – Regular Plan	\$ 3,565,732	\$ 2,160,547	\$ 995,219

Changes in the Net Pension Liability – Regular Plan

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) – (B)</u>
Balances at December 31, 2017	\$ 10,278,092	\$ 9,503,571	\$ 774,521
Changes for the Year:			
Service Cost	179,918	-	179,918
Interest on the Total Pension Liability	759,686	-	759,686
Difference Between Expected and Actual Experience of the Total Pension Liability	250,858	-	250,858
Changes of Assumptions	311,421	-	311,421
Contributions - Employer	-	282,728	(282,728)
Contributions - Employees	-	92,395	(92,395)
Net Investment Income	-	(463,074)	(463,074)
Benefit Payments, including Refunds of Employee Contributions	(477,812)	(477,812)	-
Other (Net Transfer)	-	203,808	(203,808)
Net Changes	<u>1,024,071</u>	<u>(361,955)</u>	<u>1,386,026</u>
Balances at December 31, 2018	<u>\$ 11,302,163</u>	<u>\$ 9,141,616</u>	<u>\$ 2,160,547</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2019, the Village recognized pension expense for the Regular Plan of \$208,679. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Totals</u>
Difference Between Expected and Actual Experience	\$ 581,811	\$ 595,734	\$ (13,923)
Change in Assumptions	226,718	205,988	20,730
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,067,293</u>	<u>467,675</u>	<u>599,618</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	1,875,822	1,269,397	606,425
Pension Contributions Made Subsequent to the Measurement Date	<u>75,284</u>	<u>-</u>	<u>75,284</u>
Total Deferred Amounts Related to IMRF	<u>\$ 1,951,106</u>	<u>\$ 1,269,397</u>	<u>\$ 681,709</u>

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

<u>Year Ending April 30,</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 281,836
2020	163,491
2021	(74,828)
2022	235,926
2023	-
Thereafter	<u>-</u>
Total	<u>\$ 606,425</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 7 – PENSION PLANS (continued)

Police Pension Plan

The total pension liability, net pension liability, and certain sensitivity information shown in the actuary’s report are based on an actuarial valuation performed as of May 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan’s year ending April 30, 2019 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, 2018, 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	2
Active Plan Members	<u>26</u>
Total	<u>40</u>

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

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2019, the Village’s contribution was 33.93% of covered payroll.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of May 1, 2018, updated to April 30, 2019 using the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Actuarial Assumptions (Economic)	
Discount Rate used for the Total Pension Liability	6.19%
Long-Term Expected Rate of Return on Plan Assets	6.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.79%
Projected Individual Pay Increases	2.50% - 22.33%
Projected Increase in Total Payroll	3.25%
Consumer Price Index (Urban)	2.50%
Inflation Rate Included	2.50%
Actuarial Assumptions (Demographic)	
Mortality Table	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
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%

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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 from 3.97% to 3.79% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index. 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 discount rate used in the determination of the Total Pension Liability was changed from 6.54% to 6.19%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

In the current valuation, certain economic assumptions were changed to the rates shown on the previous page. The individual pay scale assumption has been updated based on review of the settled bargaining agreement between the Village of Bourbonnais Patrol Officers and Telecommunicators and Illinois FOP Labor Council for the period May 1, 2019 through April 30, 2022. The Actuary has also updated the long-term Expected Rate of Return on Plan Assets from 6.75% to 6.50%.

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 were provided last year 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 assumed target allocation rate and the long term expected real rate of return are provided in the table below. The long term expected real rate of return is based on an arithmetic average.

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

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 7 – PENSION PLANS (continued)

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond G.O. Index. The rate shown earlier in this section of the report is the April 25, 2019 rate. The 20-Bond G.O. Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Discount Rate

The discount rate used to measure the total pension liability was 6.19%. The discount rate used in the determination of the Total Pension Liability is based on a combination of the Long-Term Expected Rate of Return on Plan investments and the municipal bond rate. Cash flow projections were used to determine the extent to 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 Long-Term 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.

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 pension liability of the Village calculated using the discount rate of 6.19% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.19%) or 1 percentage point higher (7.19%) than the current rate:

	<u>1% Decrease (5.19%)</u>	<u>Current Discount Rate (6.19%)</u>	<u>1% Increase (7.19%)</u>
Net Pension Liability	\$ 13,612,786	\$ 9,260,985	\$ 5,784,729

VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 7 – PENSION PLANS (continued)

Changes in the Net Pension Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) – (B)</u>
Balances at April 30, 2018	\$ 22,363,556	\$ 15,354,662	\$ 7,008,894
Changes for the Year:			
Service Cost	577,078	-	577,078
Interest on the Total Pension Liability	1,435,577	-	1,435,577
Difference Between Expected and Actual Experience of the Total Pension Liability	754,394	-	754,394
Changes of Assumptions	1,404,938	-	1,404,938
Contributions - Employer	-	723,621	(723,621)
Contributions - Employees	-	210,068	(210,068)
Net Investment Income	-	1,010,575	(1,010,575)
Benefit Payments, including Refunds of Employee Contributions	(825,670)	(825,670)	-
Other (Administrative Expense)	-	(24,368)	24,368
Net Changes	<u>3,346,317</u>	<u>1,094,226</u>	<u>2,252,091</u>
Balances at April 30, 2019	<u>\$ 25,709,873</u>	<u>\$ 16,448,888</u>	<u>\$ 9,260,985</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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, 2019, the Village recognized pension expense of \$1,347,568. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Totals</u>
Difference Between Expected and Actual Experience	\$ 2,595,447	\$ 191,677	\$ 2,403,770
Change in Assumptions	1,652,423	-	1,652,423
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>228,374</u>	<u>534,823</u>	<u>(306,449)</u>
Total Deferred Amounts Related to Police Pension Plan	<u>\$ 4,476,244</u>	<u>\$ 726,500</u>	<u>\$ 3,749,744</u>

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

<u>Year Ending April 30</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 559,876
2021	354,452
2022	465,511
2023	569,745
2024	529,216
Thereafter	<u>1,270,944</u>
Total	<u>\$ 3,749,744</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 7 – PENSION PLANS (continued)

Pension-related amounts at April 30, 2019 for all defined benefit pension plans are shown below in the aggregate.

	IMRF Regular <u>Plan</u>	Police Pension <u>Plan</u>	<u>Total</u>
Employer total pension liability	\$11,302,163	\$25,709,873	\$ 37,012,036
Employer fiduciary net position	9,141,616	16,448,888	25,590,504
Employer net pension liability (asset)	2,160,547	9,260,985	11,421,532
Deferred outflows of resources	1,951,106	4,476,244	6,427,350
Deferred inflows of resources	1,269,397	726,500	1,995,897
Pension expense (benefit)	208,679	1,347,568	1,556,247

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. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. 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 and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a separate report. The activities of the plan are reported in the Village's General Fund and Sewer 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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

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. Retired employees are required to pay 100% of the premiums for such coverage. 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 in the Village’s health plan as a supplement to other plans for which the retirees are eligible.

Membership

As of April 30, 2019, the measurement date, membership consisted of:

Inactive employees currently receiving benefits	4
Inactive employees entitled to benefits but not yet receiving benefits	-
Active plan members	<u>55</u>
Total	<u>59</u>

Funding Policy

The Village does not have a formal funding policy regarding OPEB. The Village negotiates the insurance premium contribution percentages between the Village and employees through the union contracts and personnel policy. All retirees contribute 100% of their 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. 75. For the fiscal year ending April 30, 2019, the Village contributed \$67,723 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.

Actuarial Assumptions and Other Inputs

The Total OPEB liability of \$1,212,257 was determined by an actuarial valuation performed as of April 30, 2018, updated to April 30, 2019 using the following actuarial methods and assumptions:

Actuarial Assumptions (Economic):

Discount Rate used for the Total OPEB Liability	
Beginning of Year	3.97%
End of Year	3.79%
Long-Term Expected Rate of Return on Plan Assets	N/A

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Assumptions and Other Inputs (continued)

High Quality 20 Year Tax-Exempt G.O. Bond Rate	
Beginning of Year	3.97%
End of Year	3.79%
 Total Payroll Increases	 2.75%
 Healthcare Cost Trend Rates	 The initial trend rate is based on the 2019 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
 Retiree Contribution Rates	 Same as Healthcare Cost Trend Rates
 Actuarial Assumptions (Demographic):	
Election at Retirement	Coverage election at retirement is assumed at the following rates: IMRF 30%, Police 30%

Mortality rates were based on the sex distinct raw rates as developed in the RP-2014 study, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates.

Change in Total OPEB Liability

	<u>4/30/2019</u>
Service cost	\$ 33,785
Interest	45,540
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	19,659
Benefit Payments	<u>(67,723)</u>
Net Change in Total OPEB Liability	31,261
Total OPEB Liability - Beginning	<u>1,180,996</u>
Total OPEB Liability - Ending	<u>\$ 1,212,257</u>
 OPEB Plan Net Position as a Percentage of the Total OPEB Liability	 0.0%
 Covered Employee Payroll	 \$ 4,387,689
 Employer's Total OPEB Liability as a Percentage of Employee Payroll	 27.63%

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Discount Rate Sensitivity

The following table presents the Total OPEB liability, calculated using a Single Discount Rate of 3.79%, as well as what the Total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease <u>(2.79%)</u>	Current Discount Rate <u>(3.79%)</u>	1% Increase <u>(4.79%)</u>
Total OPEB Liability	\$ 1,331,929	\$ 1,212,257	\$ 1,108,928

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table illustrates the sensitivity of the Total OPEB Liability to changes in the Healthcare Trend Rate as well as what the Total OPEB Liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease <u>(Varies)</u>	Healthcare Cost Trend Rates <u>(Varies)</u>	1% Increase <u>(Varies)</u>
Total OPEB Liability	\$ 1,080,958	\$ 1,212,257	\$ 1,366,237

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2019, the Village recognized OPEB expense of \$98,984. At April 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Totals</u>
Difference Between Expected and Actual Experience	\$ -	\$ -	\$ -
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Plan Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Year Ending April 30	Net Deferred Outflows of Resources
2020	\$ -
2021	-
2022	-
2023	-
2024	-
Thereafter	-
Total	\$ -

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. This fund was dissolved in August of 2018 and the remaining balance of \$2,134 was transferred to the General Fund and is being held for future donations. 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, 2019 was \$34,010.

NOTE 10 – REDEVELOPMENT CONTRACTS

The Village has a series of redevelopment contracts connected with its Tax Increment Financing Districts. 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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The Village leases equipment with an original cost of \$468,530 and accumulated depreciation of \$229,270 for governmental activities and equipment with an original cost of \$389,860 and accumulated depreciation of \$71,472 for business-type activities under capital lease arrangements at April 30, 2019. Future minimum lease payments are as follows:

Fiscal Year	Governmental Activities	Business- Type Activities
2020	\$ 71,828	\$ 78,292
2021	71,828	78,292
2022	53,870	78,292
Total minimum lease payments	197,526	234,876
Less: amounts representing interest	11,748	20,460
Present value of minimum lease payments	<u>\$ 185,778</u>	<u>\$ 214,416</u>

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. As of April 30, 2019, the balance of the funds held by the Village for this purpose was \$214,538.

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, 2019, 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 36-39 for additional information concerning these bonds. As of April 30, 2019, the Village has expended \$9,802,924 for this project.

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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 14 – INTERGOVERNMENTAL JOINT VENTURE

Effective May 1, 1996, pursuant to a Municipal Joint Sewage Treatment Agency Intergovernmental Agreement, the City of Kankakee and the villages of Aroma Park, Bourbonnais, and Bradley agreed to the establishment of an independent agency with authority to operate the Regional Wastewater Treatment Facility (RWTF), raise revenue and exercise other powers as necessary. The independent agency created is the Kankakee River Metropolitan Agency (KRMA).

The agreement requires a seven member board comprised of four persons appointed by the Mayor of the City of Kankakee and one person appointed by the Mayor of each village. A majority of five affirmative votes is required to modify this agreement, modify the methodology or the amounts of user charges, and approve bond issues or any appropriation in excess of \$50,000 or to change the membership of the agency. On April 22, 1999, KRMA acquired ownership of the RWTF.

As of April 30, 2019, the Village's net investment in the joint venture was \$7,503,991. Charges for services to the Village during the year ended April 30, 2019 were \$2,251,544.

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, 2019 is as follows:

Statement of Revenues, Expenses and	
<u>Changes in Net Position:</u>	
Operating revenues	\$ 11,358,385
Operating expenses	(9,598,074)
Non-operating income (expenses)	<u>(1,395,759)</u>
Change in net position	364,552
Ownership percentage	29.72%
Village's share of net income (loss)	
(equity interest in joint venture's income or loss)	<u>\$ 108,345</u>

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 15 – INTERGOVERNMENTAL REVENUE

For the year ended April 30, 2019, intergovernmental revenue reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance consisted of the following:

	2019			
	General Fund	Special Tax Allocation Fund	Motor Fuel Tax Fund	Total
State income tax	\$ 1,927,475	\$ -	\$ -	\$ 1,927,475
State sales tax	3,001,077	-	-	3,001,077
State use tax	559,363	-	-	559,363
Motor fuel tax	-	-	493,438	493,438
Other	117,196	-	-	117,196
Total	\$ 5,605,111	\$ -	\$ 493,438	\$ 6,098,549

NOTE 16 – 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 2019 are summarized below.

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, 2019, the Village rebated \$1,116 of property tax under this agreement and collected or rebated \$33,348 of incremental sales tax under this agreement.

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 2019.

The County also abates property taxes in various Tax Increment Financing (TIF) districts that were created under the Illinois Tax Increment Redevelopment Act (65 ILCS 5/11/74.4). The property taxes for the additional assessed valuation on new commercial property or improved existing commercial properties in these districts is paid to a tax increment financing district. These funds are available for eligible costs as defined in the TIF Act including development or redevelopment projects within the TIF district. There were no TIF abatements by the County effecting the Village during the year ended April 30, 2019.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 17 – PLEDGED REVENUE AND DEBT SERVICE REQUIREMENTS

The Village has pledged specific revenue, net of specific operating expenses, to repay the principal and interest of bonds. The following is a schedule of the pledged revenues and related debt:

<u>Bond Issue</u>	<u>Purpose</u>	<u>Source of Revenue Pledged</u>	<u>Future Net Revenues Pledged (1)</u>	<u>Term of Commitment</u>	<u>Current Year Pledged Net Revenue to Debt Service (2)</u>
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	\$ 3,820,968	2033	136.3%
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	\$ 409,875	2021	724.1%
General Obligation Bonds, Series 2016	Capital projects and to advance refund the Series 2006 Sewerage Refunding Bonds	Net revenues of the sewer system and all sales, use and property taxes collected by the Village	\$10,101,100	2036	64.6%
General Obligation Bonds, Series 2017	Capital projects	Net revenues of the sewer system and all sales, use and property taxes collected by the Village	\$ 5,700,750	2036	114.5%

(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 18 – 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, 2019 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.

**VILLAGE OF BOURBONNAIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019**

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended April 30, 2019 the Village of Bourbonnais adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other than Pensions*. As a result, the Village has recorded the following adjustments as of May 1, 2018 in order to account for this change in accounting principle.

<u>Description of Adjustment</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
To record Total OPEB liability	\$ (909,367)	\$ (271,629)	\$ (1,180,996)
Net Effect on Net Position as of May 1, 2018	<u>\$ (909,367)</u>	<u>\$ (271,629)</u>	<u>\$ (1,180,996)</u>

NOTE 20 – SUBSEQUENT EVENTS

On February 12, 2019, the Village entered into a lease agreement for the lease of several vehicles to be used by administrative personnel and the public works department. Each vehicle's lease term is sixty months and begins on the date such vehicle is delivered to the Village. No vehicles were received under this lease agreement during the fiscal year ended April 30, 2019. The first vehicle received under this lease was delivered to the Village on May 6, 2019 and the Village was utilizing thirteen vehicles under this lease agreement as of October 31, 2019. Monthly lease payments (including maintenance fees) range from \$420 to \$630, per vehicle.

On November 4, 2019, the Village Board of Trustees approved Ordinance No. 19-2183. This ordinance authorizes the issuance of General Obligation Bonds (Alternate Revenue Source) by the Village of Bourbonnais in an aggregate principal amount not to exceed \$5,000,000 for the purpose of financing street and other capital improvements.

On December 18, 2019, the State of Illinois passed Public Act 101-0610 (Act), effective January 1, 2020, which requires downstate and suburban pension funds to consolidate assets in two investment funds. One for police officers and one for firefighters. The Act stipulates that the assets and liabilities of local pension funds will remain under the ownership of each local pension board. All local pension fund assets must be transferred to their respective consolidated pension investment fund no later than 30 months after the effective date of the Act. The Village has not yet evaluated the overall effect of the Act on the Bourbonnais Police Pension Fund.

On December 27, 2019, the Village secured a bank loan for \$1,600,000 for the purpose of completing the sewer interceptor project as well as consolidating a previous loan. Under this agreement, the Village is required to make regular quarterly payments of accrued unpaid interest due (interest charged at 2.96 percent) beginning March 27, 2020. All principal is due in one principal payment on the loan's maturity date of June 27, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019**

	2019		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 6,937,742	\$ 6,937,742	\$ 7,252,400
Fine revenue	171,172	171,172	323,837
Franchise taxes	331,548	331,548	361,786
Licenses revenue	35,950	35,950	37,700
Miscellaneous revenue	69,593	69,593	106,726
Permit revenue	181,310	181,310	176,917
Reimbursement revenue	709,588	709,588	98,437
Total revenues	<u>8,436,903</u>	<u>8,436,903</u>	<u>8,357,803</u>
EXPENDITURES			
President and Board of Trustees Department	99,474	99,474	89,936
Administrative Department	459,996	459,996	763,920
Community Development	142,252	142,252	66,742
Police Department	4,667,319	4,667,319	4,591,462
Public Works Department	1,363,705	1,363,705	1,373,215
Code Enforcement Department	434,137	434,137	398,467
Central Services Department	1,091,243	1,091,243	1,163,152
Finance Department	311,307	311,307	299,031
Street Department	519,000	519,000	420,047
Parks Department	96,336	96,336	74,954
Capital projects	65,600	65,600	6,832,330
Debt service:			
Principal payments on debt	576,655	576,655	1,130,869
Interest and fiscal charges	128,043	128,043	493,498
Total expenditures	<u>9,955,067</u>	<u>9,955,067</u>	<u>17,697,623</u>
Excess of revenues over (under) expenditures	<u>(1,518,164)</u>	<u>(1,518,164)</u>	<u>(9,339,820)</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	2,500,000
Proceeds from the sale of capital assets	6,000	6,000	6,285
Transfers in	7,646,164	7,646,164	551,721
Transfers out to other funds	(6,041,941)	(6,041,941)	-
Total other financing sources (uses)	<u>1,610,223</u>	<u>1,610,223</u>	<u>3,058,006</u>
Excess of revenues and other financing sources over (under) expenditures and other uses.	<u>\$ 92,059</u>	<u>\$ 92,059</u>	<u>\$ (6,281,814)</u>

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
SPECIAL TAX ALLOCATION FUND
FOR THE YEAR ENDED APRIL 30, 2019**

	2019		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 163,132	\$ 163,132	\$ 161,885
Miscellaneous revenue	9	9	163
Total revenues	<u>163,141</u>	<u>163,141</u>	<u>162,048</u>
EXPENDITURES			
Economic development	15,000	15,000	15,501
Legal and professional	6,250	6,250	6,936
Administrative and other	83,917	83,917	91,715
Total expenditures	<u>105,167</u>	<u>105,167</u>	<u>114,152</u>
Excess of revenues over (under) expenditures	<u>\$ 57,974</u>	<u>\$ 57,974</u>	<u>\$ 47,896</u>

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2019**

	2019		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 479,748	\$ 479,748	\$ 493,438
Reimbursement revenue	37,200	37,200	-
Miscellaneous revenue	6,000	6,000	12,025
Total revenues	<u>522,948</u>	<u>522,948</u>	<u>505,463</u>
EXPENDITURES			
Contractual service	347,200	347,200	363,360
Commodities	<u>73,370</u>	<u>73,370</u>	<u>51,888</u>
Total expenditures	<u>420,570</u>	<u>420,570</u>	<u>415,248</u>
Excess of revenues over (under) expenditures	<u>\$ 102,378</u>	<u>\$ 102,378</u>	<u>\$ 90,215</u>

**VILLAGE OF BOURBONNAIS
NOTE TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2019**

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The Village legally adopts annual budgets for the General Fund, Special Tax Allocation Fund, 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2019

Calendar Year Ended December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability				
Service Cost	\$ 179,918	\$ 261,947	\$ 228,278	\$ 224,220
Interest on the Total Pension Liability	759,686	813,452	702,981	655,965
Difference Between Expected and Actual Experience of the Total Pension Liability	250,858	(994,258)	921,802	95,183
Changes of Assumptions	311,421	(305,409)	(56,016)	11,988
Benefit Payments, including Refunds of Employee Contributions	<u>(477,812)</u>	<u>(425,383)</u>	<u>(356,996)</u>	<u>(337,758)</u>
Net Change in Total Pension Liability	1,024,071	(649,651)	1,440,049	649,598
Total Pension Liability – Beginning	<u>10,278,092</u>	<u>10,927,743</u>	<u>9,487,694</u>	<u>8,838,096</u>
Total Pension Liability – Ending	<u><u>\$11,302,163</u></u>	<u><u>\$10,278,092</u></u>	<u><u>\$10,927,743</u></u>	<u><u>\$9,487,694</u></u>
Plan fiduciary net position				
Contributions – Employer	\$ 282,728	\$ 239,216	\$ 317,291	\$ 255,640
Contributions – Employees	92,395	84,034	146,866	93,295
Net Investment Income	(463,074)	1,395,037	522,412	36,986
Benefit Payments, including Refunds of Employee Contributions	(477,812)	(425,383)	(356,996)	(337,758)
Other (Net Transfer)	<u>203,808</u>	<u>(96,202)</u>	<u>209,606</u>	<u>27,857</u>
Net Change in Plan Fiduciary Net Position	(361,955)	1,196,702	839,179	76,020
Plan Fiduciary Net Position – Beginning	<u>9,503,571</u>	<u>8,306,869</u>	<u>7,467,690</u>	<u>7,391,670</u>
Plan Fiduciary Net Position – Ending	<u><u>\$ 9,141,616</u></u>	<u><u>\$ 9,503,571</u></u>	<u><u>\$ 8,306,869</u></u>	<u><u>\$7,467,690</u></u>
Net Pension Liability/(Asset)	<u><u>\$ 2,160,547</u></u>	<u><u>\$ 774,521</u></u>	<u><u>\$ 2,620,874</u></u>	<u><u>\$2,020,004</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.88%	92.46%	76.02%	78.71%
Covered Valuation Payroll	\$ 2,053,216	\$ 1,867,416	\$ 2,396,460	\$2,038,609
Net Pension Liability as a Percentage of Covered Valuation Payroll	105.23%	41.48%	109.36%	99.09%

Notes to Schedule:

This schedule is intended to present 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 included 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, 2019**

Year Ended April 30,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service Cost	\$ 577,078	\$ 544,951	\$ 510,492	\$ 456,556	\$ 425,302
Interest on the Total Pension Liability	1,435,577	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	754,394	2,089,416	479,161	(383,361)	-
Changes of Assumptions	1,404,938	81,848	-	661,642	-
Benefit Payments, including Refunds of Employee Contributions	(825,670)	(766,966)	(670,828)	(551,971)	(533,398)
Net Change in Total Pension Liability	<u>3,346,317</u>	<u>3,215,835</u>	<u>1,520,481</u>	<u>1,297,324</u>	<u>941,339</u>
Total Pension Liability - Beginning	<u>22,363,556</u>	<u>19,147,721</u>	<u>17,627,240</u>	<u>16,329,916</u>	<u>15,388,577</u>
Total Pension Liability - Ending (A)	<u>\$ 25,709,873</u>	<u>\$ 22,363,556</u>	<u>\$ 19,147,721</u>	<u>\$ 17,627,240</u>	<u>\$ 16,329,916</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 723,621	\$ 662,728	\$ 517,403	\$ 448,779	\$ 440,593
Contributions - Employees	210,068	370,862	458,452	183,549	171,365
Net Investment Income	1,010,575	1,451,210	1,374,269	(205,971)	931,431
Benefit Payments, including Refunds of Employee Contributions	(825,670)	(766,966)	(670,828)	(551,971)	(533,398)
Administrative expense	(24,368)	(15,820)	(14,688)	(22,669)	(18,547)
Net Change in Plan Fiduciary Net Position	<u>1,094,226</u>	<u>1,702,014</u>	<u>1,664,608</u>	<u>(148,283)</u>	<u>991,444</u>
Plan Fiduciary Net Position - Beginning	<u>15,354,662</u>	<u>13,652,648</u>	<u>11,988,040</u>	<u>12,136,323</u>	<u>11,144,879</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 16,448,888</u>	<u>\$ 15,354,662</u>	<u>\$ 13,652,648</u>	<u>\$ 11,988,040</u>	<u>\$ 12,136,323</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 9,260,985</u>	<u>\$ 7,008,894</u>	<u>\$ 5,495,073</u>	<u>\$ 5,639,200</u>	<u>\$ 4,193,593</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.98%	68.66%	71.30%	68.01%	74.32%
Covered Valuation Payroll	\$ 2,132,613	\$ 1,915,996	\$ 1,851,204	\$ 1,852,159	\$ 1,664,364
Net Pension Liability as a Percentage of Covered Valuation Payroll	434.26%	365.81%	296.84%	304.47%	251.96%

Notes to Schedule:

This schedule is intended to present information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2019**

<u>Calendar Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a percent of Valuation Payroll</u>
2018	\$ 282,728	\$ 282,728	\$ -	\$ 2,053,216	13.77%
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 intended to present 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 to Determine the 2018 Contribution Rate*

Actuarially determined contribution rates are calculated as of December 31, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial Cost Method	Aggregate entry age normal.
Amortization Method	Level
Remaining Amortization Period	Non-taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 25 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 20 years for most employers (three employers were financed over 29 years).
Actuarial Valuation Method	5-year smoothed market; 20% corridor
Wage Growth	3.50%
Price Inflation	2.75%
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.

* Based on valuation assumptions used in the December 31, 2016 actuarial valuation.

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
APRIL 30, 2019**

Year Ended April 30	Actuarially Determined Contribution	Actual Contribution	Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2019	\$ 723,621	\$ 723,621	\$ -	\$ 2,132,613	33.93%
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%

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

Notes to Schedule:

The Actuarially Determined Contribution shown for the current year is the statutory minimum requirement from the May 1, 2018 Actuarial Report completed for the tax levy recommendation for the December 2018 tax levy. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

Valuation Date: May 1, 2018

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:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Market Value
Inflation (CPI-U)	2.50%
Payroll Increases	3.25%
Individual Pay Increases	3.26% - 38.85%
Investment Rate of Return	6.50%
Mortality Rates	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement Rates	L&A 2016 Illinois Police Retirement Rates Capped at age 65
Termination Rates	L&A 2016 Illinois Police Termination Rates
Disability Rates	L&A 2016 Illinois Police Disability Rates

**VILLAGE OF BOURBONNAIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
APRIL 30, 2019**

Year Ended April 30,	<u>2019</u>
Total OPEB Liability	
Service Cost	\$ 33,785
Interest	45,540
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	19,659
Benefit Payments	<u>(67,723)</u>
Net Change in Total Pension Liability	31,261
Total OPEB Liability - Beginning	<u>1,180,996</u>
Total OPEB Liability - Ending (A)	<u><u>\$ 1,212,257</u></u>
OPEB Plan Net Position	
Contributions - Employer	\$ 67,723
Contributions - Member	-
Contributions - Other	-
Net Investment Income	
Benefit Payments	(67,723)
Administrative Expense	<u>-</u>
Net Change in OPEB Plan Net Position	-
OPEB Plan Net Position - Beginning	<u>-</u>
OPEB Plan Net Position - Ending (B)	<u><u>\$ -</u></u>
Net OPEB Liability - Ending (A) - (B)	<u><u>\$ 1,212,257</u></u>
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered Employee Payroll	\$ 4,387,689
Employer's Total OPEB Liability as a Percentage of Covered Employee Payroll	27.63%

Notes to Schedule:

This schedule is intended to present information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

In 2019, there was no change in the retirees' share of health insurance premiums or in the healthcare trend rates from the prior year.

STATISTICAL SECTION

VILLAGE OF BOURBONNAIS
ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS (UNAUDITED)
FOR THE TAX LEVY YEARS 2009 - 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSESSED VALUATION	<u>\$ 342,857,938</u>	<u>\$ 331,934,846</u>	<u>\$ 322,392,612</u>	<u>\$ 313,051,419</u>	<u>\$ 313,410,113</u>	<u>\$ 314,023,975</u>	<u>\$ 327,244,544</u>	<u>\$ 335,201,415</u>	<u>\$ 349,420,344</u>	<u>\$ 329,085,517</u>
TAX RATES										
Corporate	0.1046	0.1054	0.1061	0.1085	0.1073	0.1055	0.1000	0.0960	0.0950	0.1100
IMRF	0.0376	0.0378	0.0378	0.0386	0.0379	0.0371	0.0350	0.0330	0.0310	0.0310
Police protection	0.0697	0.0701	0.0701	0.0716	0.0704	0.0689	0.0650	0.0620	0.0590	0.0620
Police pension	0.0654	0.0658	0.0658	0.0672	0.0661	0.0647	0.0610	0.0590	0.0550	0.0570
Audit	0.0122	0.0122	0.0121	0.0123	0.0120	0.0117	0.0110	0.0110	0.0100	0.0090
Liability insurance	0.0421	0.0423	0.0423	0.0432	0.0424	0.0414	0.0390	0.0370	0.0350	0.0350
Street lighting	0.0376	0.0378	0.0378	0.0386	0.0379	0.0371	0.0350	0.0330	0.0310	0.0310
Parks	0.0207	0.0207	0.0207	0.0211	0.0207	0.0202	0.0190	0.0170	0.0160	0.0160
Emergency Services	0.0081	0.0081	0.0080	0.0081	0.0078	0.0075	0.0070	0.0060	0.0050	0.0040
Social security	0.0474	0.0476	0.0476	0.0486	0.0477	0.0467	0.0440	0.0420	0.0390	0.0400
School crossing guard	0.0111	0.0111	0.0111	0.0113	0.0110	0.0107	0.0100	0.0090	0.0080	0.0070
Unemployment	0.0059	0.0058	0.0057	0.0058	0.0056	0.0054	0.0050	0.0040	0.0040	0.0030
Worker's compensation	<u>0.0059</u>	<u>0.0058</u>	<u>0.0057</u>	<u>0.0058</u>	<u>0.0056</u>	<u>0.0054</u>	<u>0.0050</u>	<u>0.0040</u>	<u>0.0040</u>	<u>0.0030</u>
Total tax rates	<u>0.4683</u>	<u>0.4705</u>	<u>0.4708</u>	<u>0.4807</u>	<u>0.4724</u>	<u>0.4623</u>	<u>0.4360</u>	<u>0.4130</u>	<u>0.3920</u>	<u>0.4080</u>
TAX EXTENSIONS										
Corporate	358,629	349,859	342,041	339,661	336,289	\$ 331,295	\$ 327,245	\$ 321,793	\$ 332,093	\$ 325,795
IMRF	128,915	125,471	121,683	120,838	118,782	116,503	114,536	110,616	108,367	95,435
Police protection	238,972	232,686	225,713	224,145	220,641	216,363	212,709	207,825	206,247	190,870
Police pension	224,229	218,413	211,843	210,371	207,164	203,173	199,619	197,769	192,264	177,706
Audit	41,829	40,496	38,775	38,505	37,609	36,741	35,997	36,872	34,957	29,618
Liability insurance	144,343	140,408	136,185	135,238	132,886	130,006	127,625	124,025	122,350	108,598
Street lighting	128,915	125,471	121,683	120,838	118,782	116,503	114,536	110,617	108,367	95,435
Parks	70,972	68,711	66,516	66,054	64,876	63,433	62,176	56,984	55,931	49,363
Emergency Services	27,771	26,887	25,535	25,357	24,446	23,552	22,907	20,112	17,479	13,163
Social security	162,515	158,001	153,208	152,143	149,497	146,649	143,988	140,785	136,333	125,053
School crossing guard	38,057	36,845	35,622	35,375	34,475	33,601	32,724	30,168	27,966	23,036
Unemployment	20,229	19,252	18,284	18,157	17,551	16,957	16,362	13,408	13,983	9,872
Worker's compensation	<u>20,229</u>	<u>19,252</u>	<u>18,284</u>	<u>18,157</u>	<u>17,551</u>	<u>16,957</u>	<u>16,362</u>	<u>13,408</u>	<u>13,983</u>	<u>9,872</u>
Total tax extensions	<u>\$ 1,605,605</u>	<u>\$ 1,561,752</u>	<u>\$ 1,515,372</u>	<u>\$ 1,504,839</u>	<u>\$ 1,480,549</u>	<u>\$ 1,451,733</u>	<u>\$ 1,426,786</u>	<u>\$ 1,384,382</u>	<u>\$ 1,370,320</u>	<u>\$ 1,253,816</u>
TAX COLLECTIONS										
General fund		<u>\$ 1,549,507</u>	<u>\$ 1,514,890</u>	<u>\$ 1,493,419</u>	<u>\$ 1,469,451</u>	<u>\$ 1,444,800</u>	<u>\$ 1,418,923</u>	<u>\$ 1,372,277</u>	<u>\$ 1,354,384</u>	<u>\$ 1,246,735</u>
Percentage of Village levy collected		<u>99.22%</u>	<u>99.97%</u>	<u>99.24%</u>	<u>99.25%</u>	<u>99.52%</u>	<u>99.45%</u>	<u>99.13%</u>	<u>98.84%</u>	<u>99.44%</u>

**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, 2019, 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 2, 2020. 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.

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

Our consideration of internal control 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 19-1, that we consider 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.

Borschneck, Pelletier + Co.

Kankakee, Illinois
January 2, 2020

**VILLAGE OF BOURBONNAIS
SCHEDULE OF FINDINGS
APRIL 30, 2019**

FINDING 19-1: 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, 2019. 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 States 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.