

VILLAGE OF DOWNS, ILLINOIS

Annual Financial Report

For the Fiscal Year Ended April 30, 2016

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STRIEGEL KNOBLOCH & COMPANY, L.L.C.

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Independent Auditor's Report

The Board of Trustees
Village of Downs, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Downs, Illinois ("Village"), as of and for the year ended April 30, 2016, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village, as of April 30, 2016, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which has been omitted and budgetary comparison information on pages 39 through 42 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the Village of Downs's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Downs's internal control over financial reporting and compliance.

Striegel Knobloch & Company LLC

Bloomington, Illinois
December 23, 2016

BASIC FINANCIAL STATEMENTS

VILLAGE OF DOWNS, ILLINOIS

Statement of Net Position

April 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents (Notes 1 and 2)	\$ 826,976	\$ 431,692	\$ 1,258,668
Restricted cash and cash equivalents	-	28,423	28,423
Receivables (net) (Note 1):			
Property taxes (Note 5)	416,709	-	416,709
Intergovernmental	40,362	-	40,362
Accounts	7,485	41,169	48,654
Prepaid expenses	12,476	-	12,476
Prepaid loan	-	55,887	55,887
Internal balances	3,147	(3,147)	-
Loan receivable	-	1,806,348	1,806,348
Capital assets, net of accumulated depreciation (Notes 1 and 3)	344,897	10,347,123	10,692,020
Total assets	1,652,052	12,707,495	14,359,547
Liabilities			
Accounts payable	\$ 29,882	\$ 66,550	\$ 96,432
Accrued payroll taxes	3,667	3,129	6,796
Other liabilities	87	-	87
Intergovernmental payables	-	8,318	8,318
Customer deposits	-	28,423	28,423
Deferred revenue	3,455	-	3,455
Notes payable (Note 4):			
Due within one year	16,410	332,890	349,300
Due in more than one year	43,235	4,548,603	4,591,838
Total liabilities	96,736	4,987,913	5,084,649
Deferred Inflows of Resources			
Deferred property tax (Note 5)	416,709	-	416,709
Net Position			
Invested in capital assets, net of related debt (Note 1)	285,252	7,327,865	7,613,117
Restricted for (Note 1):			
Tax increment financing districts	536,440	-	536,440
Motor fuel tax	28,730	-	28,730
Events	3,785	-	3,785
Streets, alley and sidewalks	9,746	-	9,746
Park committee	4,558	-	4,558
Village market	1,121	-	1,121
Unrestricted (Note 1)	268,975	391,717	660,692
Total net position	1,138,607	7,719,582	8,858,189
Total liabilities, deferred inflows of resources, and net position	\$ 1,652,052	\$ 12,707,495	\$ 14,359,547

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS

Statement of Activities

For the Year Ended April 30, 2016

		Program Revenues			
Expenses	Fees, Licenses and Permits	Fines	User Charges	Operating Grants and Contributions	
Governmental activities:					
General government	\$ 262,599	\$ 31,390	\$ 500	\$ 59,978	\$ 6,772
Public safety	54,485	-	-	17,390	-
Public works and economic development	46,341	-	-	-	-
Streets and alleys	48,833	-	-	-	-
Culture and recreation	33,951	-	-	-	-
Interest on long-term debt	387	-	-	-	-
	<u>446,596</u>	<u>31,390</u>	<u>500</u>	<u>77,368</u>	<u>6,772</u>
Total governmental activities					
Business-type activities:					
Water	132,907	-	-	167,180	-
Sewer	319,437	94,629	-	65,318	-
	<u>452,344</u>	<u>94,629</u>	<u>-</u>	<u>232,498</u>	<u>-</u>
Total business- type activities					
Total primary government	<u>\$ 898,940</u>	<u>\$ 126,019</u>	<u>\$ 500</u>	<u>\$ 309,866</u>	<u>\$ 6,772</u>

General revenues:

Taxes:

 Property taxes

 Income tax

 Motor fuel tax

 Replacement tax

 Sales tax

 Use tax

 Video gaming tax

Gain on sale of capital assets

Transfers

Miscellaneous income

Unrestricted investment earnings

Total general revenues

Change in net position

Net position – beginning (as restated)

Net position - ending

The accompanying notes are an integral part of this statement.

<u>Program Revenues</u> <u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
\$ -	\$ (163,959)	\$ -	\$ (163,959)
-	(37,095)	-	(37,095)
-	(46,341)	-	(46,341)
-	(48,833)	-	(48,833)
-	(33,951)	-	(33,951)
<u>-</u>	<u>(387)</u>	<u>-</u>	<u>(387)</u>
<u>-</u>	<u>(330,566)</u>	<u>-</u>	<u>(330,566)</u>
-	-	34,273	34,273
<u>-</u>	<u>-</u>	<u>(159,490)</u>	<u>(159,490)</u>
<u>-</u>	<u>-</u>	<u>(125,217)</u>	<u>(125,217)</u>
<u>\$ -</u>	<u>(330,566)</u>	<u>(125,217)</u>	<u>(455,783)</u>
	385,741	-	385,741
	102,798	-	102,798
	25,707	-	25,707
	2,866	-	2,866
	27,774	-	27,774
	23,199	-	23,199
	10,508	-	10,508
	600	860	1,460
	(160,388)	160,388	-
	20,191	786	20,977
	<u>733</u>	<u>28,524</u>	<u>29,257</u>
	<u>439,729</u>	<u>190,558</u>	<u>630,287</u>
	109,163	65,341	174,504
	<u>1,029,444</u>	<u>7,654,241</u>	<u>8,683,685</u>
	<u>\$ 1,138,607</u>	<u>\$ 7,719,582</u>	<u>\$ 8,858,189</u>

VILLAGE OF DOWNS, ILLINOIS

Balance Sheet – Governmental Funds

April 30, 2016

	General Fund	Downtown TIF I Fund	Downs Crossing TIF II Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 2)	\$ 356,511	\$ 233,878	\$ 299,618	\$ (63,031)	\$ 826,976
Property tax receivable (Note 5)	74,688	152,401	164,270	25,350	416,709
Intergovernmental tax receivable	37,242	-	-	3,120	40,362
Accounts receivable, net	6,842	-	-	644	7,486
Due from other funds (Note 6)	2,981	-	2,944	161	6,086
Total assets	\$ 478,264	\$ 386,279	\$ 466,832	\$ (33,756)	\$ 1,297,619
Liabilities					
Accounts payable	\$ 9,537	\$ -	\$ -	\$ 20,345	\$ 29,882
Accrued payroll tax	2,337	-	-	1,329	3,666
Deferred revenue	-	-	-	3,455	3,455
Other liabilities	87	-	-	-	87
Due to other funds (Note 6)	-	-	-	2,939	2,939
Total liabilities	11,961	-	-	28,068	40,029
Deferred Inflows of Resources					
Deferred property tax (Note 5)	74,688	152,401	164,270	25,350	416,709
Fund Balance					
Restricted for:					
Tax increment financing district	-	233,878	302,562	-	536,440
Motor fuel tax	-	-	-	28,730	28,730
Events	-	-	-	3,785	3,785
Streets, alley and sidewalk	-	-	-	-	-
Park committee	-	-	-	4,558	4,558
Village market	-	-	-	1,121	1,121
Unassigned	391,615	-	-	(125,368)	266,247
Total fund balance	391,615	233,878	302,562	(87,174)	840,881
Total liabilities, deferred inflows of resources, and fund balance	\$ 478,264	\$ 386,279	\$ 466,832	\$ (33,756)	\$ 1,297,619

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS, ILLINOIS

Reconciliation of Fund Balance of Governmental Funds to the
Statement of Net Position of Governmental Activities

April 30, 2016

Fund balance of governmental funds	\$	840,881
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of \$580,650 net of accumulated depreciation of \$235,753 are not current financial resources and, therefore, are not reported in the governmental fund.		344,897
Other assets not available to defray the cost of current expenses are not reported in the fund financial statements.		
Prepaid expenses		12,474
Long-term liabilities are not payable with current financial resources and are not reported in the governmental funds.		
Note payable		<u>(59,645)</u>
Net position of governmental activities	\$	<u>1,138,607</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS, ILLINOIS

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds**

For the Year Ended April 30, 2016

	<u>General Fund</u>	<u>Downtown TIF I Fund</u>	<u>Downs Crossing TIF II Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 68,753	\$ 139,057	\$ 156,958	\$ 20,973	\$ 385,741
Income tax	102,798	-	-	-	102,798
Motor fuel tax	-	-	-	25,707	25,707
Replacement tax	2,866	-	-	-	2,866
Sales tax	27,774	-	-	-	27,774
Use tax	23,199	-	-	-	23,199
Video gaming tax	-	-	-	10,509	10,509
Donations	-	-	-	6,772	6,772
Fines, fees, permits and licenses	17,053	-	-	10,240	27,293
Charges for services	59,978	-	-	17,390	77,368
Interest income	315	186	215	17	733
Other income	<u>1,580</u>	<u>-</u>	<u>-</u>	<u>23,207</u>	<u>24,787</u>
Total revenue	<u>304,316</u>	<u>139,243</u>	<u>157,173</u>	<u>114,815</u>	<u>715,547</u>
Expenditures:					
Current:					
General government	182,727	-	-	16,884	199,611
Public safety	-	-	-	51,091	51,091
Public works and economic development	-	62,304	7,083	37,621	107,008
Streets and alleys	-	-	-	33,091	33,091
Culture and recreation	-	-	-	33,951	33,951
Debt service:					
Principal	-	-	-	12,381	12,381
Interest	-	-	-	387	387
Capital outlay	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>79,882</u>	<u>164,882</u>
Total expenditures	<u>267,727</u>	<u>62,304</u>	<u>7,083</u>	<u>265,288</u>	<u>602,402</u>
Excess (deficiency) of revenue over (under) expenditures	36,589	76,939	150,090	(150,473)	113,145

-Continued-

VILLAGE OF DOWNS, ILLINOIS

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds - Continued**

For the Year Ended April 30, 2016

	<u>General Fund</u>	<u>Downtown TIF I Fund</u>	<u>Downs Crossing TIF II Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources:					
Loan proceeds	-	-	-	53,350	53,350
Proceeds from sale of capital assets	-	-	-	600	600
Transfers in	85,000	-	-	12,436	97,436
Transfers out	<u>-</u>	<u>(126,915)</u>	<u>(130,909)</u>	<u>-</u>	<u>(257,824)</u>
Total other financing sources	<u>85,000</u>	<u>(126,915)</u>	<u>(130,909)</u>	<u>66,386</u>	<u>(106,438)</u>
Net change in fund balance	121,589	(49,976)	19,181	(84,087)	6,707
Fund balance, beginning of year	<u>270,026</u>	<u>283,854</u>	<u>283,381</u>	<u>(3,087)</u>	<u>834,174</u>
Fund balance, end of year	\$ <u>391,615</u>	\$ <u>233,878</u>	\$ <u>302,562</u>	\$ <u>(87,174)</u>	\$ <u>840,881</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS, ILLINOIS

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Governmental Activities in the Statement of Activities

April 30, 2016

Net change in fund balance – total governmental funds	\$	6,707
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in the fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives; depreciation (\$23,941) for the year is less than capital outlays (\$164,882) reported in the governmental funds.		140,941
Repayment of loan principal is an expenditure in the governmental fund; however, the repayment reduces long-term liabilities in the statement of net position.		12,381
Loan proceeds are reported as an other financing source in the fund financial statement because they are a source of current financial resources; however, this is an increase to long-term liabilities in the statement of net position.		(53,350)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Prepaid expense		<u>2,484</u>
Change in net position of governmental activities	\$	<u>109,163</u>

VILLAGE OF DOWNS, ILLINOIS

Statement of Net Position – Proprietary Funds

April 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current assets:			
Cash and cash equivalents (Note 2)	\$ 139,352	\$ 292,340	\$ 431,692
Accounts receivable, net	15,656	25,513	41,169
Prepaid loan	55,887	-	55,887
Due from other funds (Note 6)	237	-	237
Current portion of loans receivable	-	58,269	58,269
Restricted cash and cash equivalents (Note 2)	28,423	-	28,423
Total current assets	239,555	376,122	615,677
Noncurrent assets:			
Loan receivable	-	1,748,079	1,748,079
Capital assets (Note 3):			
Land	59,000	-	59,000
Well site	1,000	-	1,000
Water and sewer systems	334,486	10,987,057	11,321,543
Equipment	883,222	12,554	895,776
Accumulated depreciation	(711,995)	(1,218,201)	(1,930,196)
Total noncurrent assets	565,713	11,529,489	12,095,202
Total assets	\$ 805,268	\$ 11,905,611	\$ 12,710,879

VILLAGE OF DOWNS, ILLINOIS

Statement of Net Position – Proprietary Funds – Continued

April 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 23,469	\$ 43,081	\$ 66,550
Accrued payroll taxes	3,129	-	3,129
Intergovernmental payable	-	8,318	8,318
Customer deposits	28,423	-	28,423
Note payable - current	41,791	291,099	332,890
Due to other funds (Note 6)	3,147	237	3,384
Total current liabilities	99,959	342,735	442,694
Noncurrent liabilities:			
Notes payable less current maturities (Note 4)	182,122	4,366,481	4,548,603
Total noncurrent liabilities	182,122	4,366,481	4,548,603
Total liabilities	282,081	4,709,216	4,991,297
Net Position			
Invested in capital assets, net of related debt	397,687	6,930,178	7,327,865
Unrestricted	125,500	266,217	391,717
Total net position	523,187	7,196,395	7,719,582
Total liabilities and net position	\$ 805,268	\$ 11,905,611	\$ 12,710,879

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS, ILLINOIS

**Statement of Revenues, Expenses and Changes in
Fund Net Position – Proprietary Funds**

For the Year Ended April 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues:			
Charges for services	\$ 167,180	\$ 60,722	\$ 227,902
Other	<u>786</u>	<u>33,083</u>	<u>33,869</u>
Total operating revenues	<u>167,966</u>	<u>93,805</u>	<u>261,771</u>
Operating expenses:			
Operating, maintenance, general and administrative expense	93,785	44,761	138,546
Depreciation	<u>32,452</u>	<u>274,676</u>	<u>307,128</u>
Total operating expenses	<u>126,237</u>	<u>319,437</u>	<u>445,674</u>
Operating income (loss)	<u>41,729</u>	<u>(225,632)</u>	<u>(183,903)</u>
Non-operating revenue (expense):			
Gain on sale of capital assets	860	-	860
Miscellaneous	-	94,629	94,629
Interest income	23	14	37
Interest expense	<u>(6,670)</u>	<u>-</u>	<u>(6,670)</u>
Total non-operating revenue (expense)	<u>(5,787)</u>	<u>94,643</u>	<u>88,856</u>
Income before transfers	<u>35,942</u>	<u>(130,989)</u>	<u>(95,047)</u>
Transfers in	<u>60,388</u>	<u>100,000</u>	<u>160,388</u>
Change in net position	96,330	(30,989)	65,341
Net position, beginning of year	<u>426,857</u>	<u>7,227,384</u>	<u>7,654,241</u>
Net position, end of year	<u>\$ 523,187</u>	<u>\$ 7,196,395</u>	<u>\$ 7,719,582</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS, ILLINOIS

Statement of Cash Flows – Proprietary Funds – Continued

For the Year Ended April 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from (used in) operating activities:			
Cash received from customers	\$ 152,310	\$ 70,102	\$ 222,412
Cash payments to employees for services	(47,686)	(31,344)	(79,030)
Cash payment to suppliers for goods and services	(49,914)	(7,757)	(57,671)
Net cash provided by (used in) operating activities	54,710	31,001	85,711
Cash flows from (used in) non-capital financing activities:			
Proceeds from sewer debt fees			
Advances on intergovernmental payables	-	8,318	8,318
Advances received (paid) on interfund loans	8,910	237	9,147
Transfers (to) from other funds	60,388	100,000	160,388
Net cash provided by (used in) non-capital financing activities	69,298	108,555	177,853
Cash flows from (used in) capital and related financing activities:			
Proceeds from sewer debt fees	-	96,885	96,885
Proceeds from administrative fees	-	6,061	6,061
Amounts received on loan receivable	-	136,420	136,420
Purchase of capital assets	(14,454)	-	(14,454)
Proceeds from sale of capital assets	860	-	860
Principal paid on notes payable	(40,685)	(291,099)	(331,784)
Interest paid on notes payable	(6,670)	-	(6,670)
Payments on prepaid loans	(30,846)	-	(30,846)
Net cash provided by (used in) capital and related financing activities	(91,795)	(51,733)	(143,528)

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS, ILLINOIS

Statement of Cash Flows – Proprietary Funds – Continued

For the Year Ended April 30, 2016

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from (used in) investing activities:			
Interest from investments	23	14	37
Net cash provided by (used in) investing activities	23	14	37
Net increase (decrease) in cash and cash equivalents	32,236	87,837	120,073
Cash and cash equivalents, beginning of year	107,116	204,503	311,619
Cash and cash equivalents, end of year	\$ 139,352	\$ 292,340	\$ 431,692
Note: Capital asset purchases included in accounts payable	\$ 18,831	\$ 12,554	\$ 31,385
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 41,729	\$ (225,632)	\$ (183,903)
Adjustments:			
Depreciation	32,452	274,676	307,128
Change in assets and liabilities:			
(Increase) decrease in:			
Restricted cash	(2,678)	-	(2,678)
Accounts receivable	(15,656)	(23,703)	(39,359)
(Decrease) increase in:			
Accounts payable	(4,832)	5,660	828
Accrued expenses	1,017	-	1,017
Meter deposits	2,678	-	2,678
Net cash provided by (used in) operating activities	\$ 54,710	\$ 31,001	\$ 85,711

The accompanying notes are an integral part of this statement.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements

April 30, 2016

Note 1 – Summary of Significant Accounting Policies:

Reporting Entity

The Village of Downs, Illinois (the Village) is a municipal corporation governed by an elected Mayor and a Board of Trustees. The accompanying financial statements present the operations of the primary government.

In evaluating how to define the government for financial reporting purposes, the Village has considered all potential component units. Generally accepted accounting principles require that the financial statements present component units for which the Village is considered to be financially accountable. The Village has determined that it is not financially accountable for any component units and, therefore, no component units have been made a part of this statement.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information for the Village as a whole. For the most part, the effect of interfund activity has been removed from the statements. The statements report governmental activities of the Village separately from those that are considered business-type activities. Taxes and intergovernmental revenues normally support governmental activities, whereas business-type activities rely, to a significant extent, on fees and charges to external customers.

The Village has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition or improvement of those assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges for fees, licenses and permits, 2) fines, 3) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 4) operating grants and contributions. Taxes and other revenue sources not properly included among program revenues are reported as general revenues.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Fund Financial Statements

The fund financial statements provide information about the Village’s funds. 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 non-major funds.

Proprietary fund operating revenue, such as charges for services, generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, generally result from non-exchange transactions or ancillary activities.

Proprietary fund operating expenses include costs directly related to providing services and producing and delivering goods. All expenses not meeting this definition are reported as non-operating expenses.

The Village reports the following major governmental funds:

General Fund

The General Corporate Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.

Tax Increment Financing Fund I

The TIF Fund I accounts for all revenues and expenditures related to the Village’s TIF District I redevelopment project.

Tax Increment Financing Fund II

The TIF Fund II accounts for all revenues and expenditures related to the Village’s TIF District II redevelopment project.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Fund Financial Statements - Continued

The Village reports the following major proprietary funds:

Water Fund

The Water Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sewer Fund

The Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the Village reports the following non-major governmental fund types:

- Special Revenue Funds account for resources obtained from specific revenue sources that are legally restricted for expenditures for specific purposes. Special Revenue Funds account for taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus describes the type of transactions or events reported on the operating statements. Basis of accounting refers to when transactions are recorded in the accounts and reported in the financial statements. The government-wide financial statements and proprietary 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when a liability is incurred. Fixed assets are not capitalized but instead are charged to current expenditures when purchased.

The Village reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed and revenue is recognized.

Assets, Liabilities, and Net Position or Equity

➤ Deposits and Investments

The Village’s cash and cash equivalents consist of checking account balances, certificates of deposit, money market accounts, savings accounts and Illinois Funds and are stated at cost without provision for accrued interest. Reported amounts approximate market values.

Except where otherwise required, the Village maintains all deposits in a bank account in the name of the Village. These deposits are invested on a short-term basis with interest income being allocated to the funds based on their respective balance.

➤ Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are either due to/from other funds or advances to/from other funds. Other outstanding balances between funds are reported as due to/from other funds. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Assets, Liabilities, and Net Position or Equity – Continued

➤ Capital Assets

Capital assets consisting of property, plant, equipment, and infrastructure assets are reported in either the governmental or business-type activities columns in the government-wide financial statements.

All capital assets and intangible assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their fair market value on the date donated.

Depreciation of all exhaustible capital assets and intangible assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation and amortization are reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Electric light plant and system	20 – 30 years
Waterworks and sewage system	20 – 30 years
Infrastructure	20 years
Machinery and equipment	5 – 10 years
Furniture and office equipment	5 – 10 years

Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems. The Village has elected to report only those infrastructure fixed assets that were acquired or constructed after April 30, 2005.

➤ Restricted Assets

Certain assets of the Village are restricted as to use as. There is also a specific deposit in the Water Fund that has been restricted. The money was received from water customers for meter deposits.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Assets, Liabilities, and Net Position or Equity – Continued

➤ Long-Term Obligations

In the government-wide financial statements, and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

➤ Fund Equity

The Village has implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory, prepaid expenses, long-term receivables) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Assets, Liabilities, and Net Position or Equity – Continued

The Village establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balances are established by the Village through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

➤ Village Services

Village services include Public Safety (Police), Recreation, Public Works Projects, Streets, Alleys and Sidewalks, Water Distribution, Sewage Treatment, Planning, Zoning, and General Administrative Services.

Budgets and Budgetary Accounting

The Village is under the appropriations method as described in the Illinois Compiled Statutes. The Annual Appropriations Ordinance passed by the Village is the legally binding document which restricts the Village's maximum expenditure of funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the estimates.

Private-Sector Standards

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 2 – Deposits and Investments:

The Village maintains a cash pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the financial statement as “cash and cash equivalents.” In addition, investments are separately held by several of the Village’s funds. The investments are governed by an investment policy.

Deposits

Custodial credit risk for deposits is the risk that in the event of failure of the financial institution holding the Village’s deposits, the Village’s deposits may not be returned to it. The Village’s investment policy indicates that the Treasurer, at her discretion, may require that collateralization of certain public deposits be performed through pledging of appropriate securities by the depository.

The carrying amount of the Village’s deposits and investments with financial institutions, including restricted cash, was \$1,287,091, and the bank balance was \$1,299,481. The institutions’ balances are categorized as follows:

Amount insured by FDIC	\$ 500,000
Uninsured and collateralized with securities held by the pledging financial institution but not in the name of the Village	<u>799,481</u>
Total institutions’ balances	<u>\$ 1,299,481</u>

The following security was pledged as collateral for these deposits in excess of the maximum depository insurance:

<u>Security</u>	<u>CUSIP</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Fair Value</u>
FHL2933 AD	31395MRM3	4.50%	2/15/2020	<u>\$ 1,295,641</u>

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 3 – Capital Assets:

Capital asset activity for the year ended April 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ <u>35,069</u>	\$ <u>54,773</u>	\$ <u>-</u>	\$ <u>89,842</u>
Total capital assets not being depreciated	<u>35,069</u>	<u>54,773</u>	<u>-</u>	<u>89,842</u>
Capital assets being depreciated:				
Buildings	142,909	42,756	-	185,665
Equipment	182,522	67,353	-	249,875
Infrastructure	<u>55,268</u>	<u>-</u>	<u>-</u>	<u>55,268</u>
Total capital assets being depreciated	<u>380,699</u>	<u>110,109</u>	<u>-</u>	<u>490,808</u>
Less accumulated depreciation for:				
Building	(86,528)	(3,573)	-	(90,101)
Equipment	(112,635)	(17,605)	-	(130,240)
Infrastructure	<u>(12,649)</u>	<u>(2,763)</u>	<u>-</u>	<u>(15,412)</u>
Total accumulated depreciation	<u>(211,812)</u>	<u>(23,941)</u>	<u>-</u>	<u>(235,753)</u>
Total capital assets being depreciated, net	<u>168,887</u>	<u>86,168</u>	<u>-</u>	<u>255,055</u>
Governmental activities capital assets, net	<u>\$ 203,956</u>	<u>\$ 140,941</u>	<u>\$ -</u>	<u>\$ 344,897</u>

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 3 – Capital Assets – Continued:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 59,000	\$ -	\$ -	\$ 59,000
Total capital assets not being depreciated	<u>59,000</u>	<u>-</u>	<u>-</u>	<u>59,000</u>
Capital assets being depreciated:				
Well site	1,000	-	-	1,000
Water plant	334,486	-	-	334,486
Sewer system	10,987,057	-	-	10,987,057
Equipment	<u>849,937</u>	<u>45,839</u>	<u>-</u>	<u>895,776</u>
Total capital assets being depreciated	<u>12,172,480</u>	<u>45,839</u>	<u>-</u>	<u>12,218,319</u>
Less accumulated depreciation for:				
Well site	(367)	(50)	-	(417)
Water plant	(128,693)	(10,855)	-	(139,548)
Sewer system	(943,525)	(274,676)	-	(1,218,201)
Equipment	<u>(550,483)</u>	<u>(21,547)</u>	<u>-</u>	<u>(572,030)</u>
Total accumulated depreciation	<u>(1,623,068)</u>	<u>(307,128)</u>	<u>-</u>	<u>(1,930,196)</u>
Total capital assets being depreciated, net	<u>10,549,412</u>	<u>(261,289)</u>	<u>-</u>	<u>10,288,123</u>
Business-type activities capital assets, net	<u>\$ 10,608,412</u>	<u>\$ (261,289)</u>	<u>\$ -</u>	<u>\$ 10,347,123</u>

Depreciation expense was charged to functions/programs of the primary government in the following manner:

Governmental activities:	
General government	\$ 4,706
Public safety	3,393
Streets	<u>15,842</u>
Total depreciation expense – governmental activities	<u>\$ 23,941</u>
Business-type activities:	
Water	\$ 32,452
Sewer	<u>274,676</u>
Total depreciation expense – business-type activities	<u>\$ 307,128</u>

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 4 – Long-Term Debt:

Governmental Activities

Note payable to First State Bank of Bloomington, for the purchase of equipment with semi-annual payments of \$6,384, including principal and interest at 2.45% with a maturity date of July 2016. The balance at April 30, 2016, was \$ 6,295.

Note payable to First Farmers State Bank of Bloomington, for the purchase of a truck with monthly payments of \$ 952 including principal and interest at 2.69% with a maturity date of April 2021. The balance at April 30, 2016, was \$53,350.

The following is a summary of the Village’s bank notes payable future annual debt service principal and interest requirements:

<u>Year Ended</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 16,410	\$ 1,388	\$ 17,798
2018	10,391	1,036	11,427
2019	10,674	753	11,427
2020	10,965	462	11,427
2021	11,205	163	11,368
	<u>\$ 59,645</u>	<u>\$ 3,802</u>	<u>\$ 63,447</u>

Business-Type Activities

In 2004, the Village borrowed funds from the Illinois Environmental Protection Agency for water improvements. The total amount borrowed, plus accrued interest, was \$423,451. The interest rate is 2.570%. The Village continues to make semi-annual principal and interest payments of \$13,938 until the maturity of the note on February 1, 2023. The balance as of April 30, 2016 was \$177,542. This note is being repaid by the Water Fund.

In 2012, the Village borrowed funds from the Illinois Environmental Protection Agency for the construction of the sewer system. The total amount borrowed, plus accrued interest, was \$5,668,091. The interest rate is 0.000%. The Village continues to make semi-annual principal and interest payments of \$145,549 until the maturity of the note on November 19, 2031. The balance as of April 30, 2016 was \$4,657,580. This note is being repaid by the Sewer Fund.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 4 – Long-Term Debt – Continued:

Business-Type Activities - Continued

The following is a summary of the Village’s IEPA notes payable future annual debt service principal and interest requirements:

<u>Year Ended</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 314,561	\$ 4,413	\$ 318,974
2018	315,168	3,806	318,974
2019	315,790	3,184	318,974
2020	316,429	2,545	318,974
2021	317,084	1,890	318,974
2022-2026	1,509,500	1,745	1,511,245
2027-2031	1,455,492	-	1,455,492
2032	<u>291,098</u>	<u>-</u>	<u>291,098</u>
	<u>\$ 4,835,122</u>	<u>\$ 17,583</u>	<u>\$ 4,852,705</u>

Note payable to First State Bank of Bloomington, for the purchase of equipment with semi-annual payments of \$9,740, including principal and interest at 2.750% with a maturity date of July 2018.

The following is a summary of the Village’s bank notes payable future annual debt service principal and interest requirements:

<u>Year Ended</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 18,329	\$ 1,150	\$ 19,479
2018	18,837	642	19,479
2019	<u>9,205</u>	<u>127</u>	<u>9,332</u>
	<u>\$ 46,371</u>	<u>\$ 1,919</u>	<u>\$ 48,290</u>

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 4 – Long-Term Debt – Continued:

Note payable to the United States Department of Agriculture for water system improvements with monthly payments of \$3,000. The loan currently has a credit balance of \$ 55,887, because the loan has not been fully dispersed but the Village has continued to make the monthly required payments.

Changes in general long-term liability activity for the year ended April 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes payable	\$ 18,676	\$ 53,350	\$ 12,381	\$ 59,645	\$ 16,410
	<u>\$ 18,676</u>	<u>\$ 53,350</u>	<u>\$ 12,381</u>	<u>\$ 59,645</u>	<u>\$ 16,410</u>
Business-Type Activities					
Notes payable					
IEPA	\$ 5,149,092	\$ -	\$ 313,970	\$ 4,835,122	\$ 314,561
Notes payable:					
bank	64,185	-	17,814	46,371	18,329
	<u>\$ 5,213,277</u>	<u>\$ -</u>	<u>\$ 331,784</u>	<u>\$ 4,881,493</u>	<u>\$ 332,890</u>

Note 5 – Property Taxes:

The Village’s tax levy ordinance related to the taxes collected in 2015 was adopted December 2014. Property taxes are assessed and attached as an enforceable lien on property as of January 1 of each year. Taxes normally are collected between May 1 and September 1 (the last day of payment without penalty or interest) of the following year. The McLean County Treasurer is responsible for collecting and disbursing the tax monies to the Village.

In accordance with generally accepted accounting principles, property taxes are recognized as revenue in the budgetary year for which they are levied. Property taxes receivable are recorded as deferred revenue since they are budgeted to pay next year’s expenses.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 5 – Property Taxes - Continued:

Property taxes receivable as of April 30, 2016, consist of the following:

	2015 Tax Levy Year
General Fund	\$ 74,688
Downtown TIF I Fund	152,401
Downs Crossing TIF II Fund	164,270
Non-Major Governmental Funds	25,350
Total	\$ 416,709

Note 6 – Interfund Loans and Transfers:

Generally accepted accounting principles require disclosure, as part of the financial statements, of certain information concerning individual funds. Such items not disclosed elsewhere include the following:

➤ Individual fund interfund loans at April 30, 2016, were as follows:

	Receivable From	Payable To
General Fund:		
Police Fund	\$ 2,778	-
Water Fund	203	-
Downs Crossing TIF II Fund:		
Water Fund	2,944	-
Water Fund:		
General Fund	-	203
Downs Crossing TIF II	-	2,944
Sewer Fund	237	
Motor Fuel Tax Fund:		
Streets, Alleys, and Sidewalks Fund	161	-
Streets, Alleys, and Sidewalks Fund:		
Motor Fuel Tax Fund	-	161
Police Fund		
General Fund	-	2,778
Sewer Fund		
Water Fund	-	237

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 6 – Interfund Loans and Transfers - Continued:

Origin of Interfund Balances

During the course of normal operations, the Village has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services. The interfund receivables/payables owed to the various funds reflect advances made and received that are still outstanding as of April 30, 2016. All interfund balances are expected to be repaid in a future fiscal year.

Interfund transfers consist of the following transactions:

	<u>Transfer From</u>	<u>Transfer To</u>
General Fund:		
Downtown TIF I Fund	\$ 85,000	\$ -
Downtown TIF I Fund:		
General Fund	-	85,000
Water Fund	-	19,479
Sewer Fund	-	10,000
TIF III	-	12,436
Downs Crossing TIF II Fund:		
Water Fund	-	40,909
Sewer Fund	-	90,000
TIF III Fund:		
Downtown TIF I Fund	12,436	-
Water Fund:		
Downtown TIF I Fund	40,909	-
Downs Crossing TIF II Fund	19,479	-
Sewer Fund:		
Downtown TIF I Fund	10,000	-
Downs Crossing TIF II Fund	90,000	-

Transfers are used to provide resources from unrestricted funds revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 7 – Risk Management:

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has joined together with other municipalities in the State of Illinois to form the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for its member municipalities. The Village pays an annual premium to IMLRMA for its general insurance coverage which includes workers' compensation, comprehensive general liability, inland marine, automobile physical damage, and property loss. Each area of coverage is subject to limitations that would be comparable to commercial insurance coverage. The agreement for formation of the IMLRMA provides that IMLRMA will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of \$15 million for each insured event. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

Note 8 – Deficit Fund Balance:

Deficits related to the primary government not visible in the basic financial statements are as follows:

<u>Fund</u>	<u>Amount of deficit</u>
Streets Fund	\$ (3,567)
TIF III Fund	(61,557)
Police Fund	(60,244)

Deficits in the TIF III fund will be eliminated when property tax revenue begins to be collected for the TIF district.

VILLAGE OF DOWNS, ILLINOIS

Notes to Financial Statements – Continued

April 30, 2016

Note 9 – Restatement of Fund Balance and Net Position:

During the year ended April 30, 2016, the Village discovered errors that had been made in recording certain amounts; net assets have been restated to reflect the corrected balances.

The following financial statement items were affected by this error correction as of April 30, 2015:

	As Previously Stated	As Restated	Effect of Correction
<i><u>Statement of Net Position</u></i>			
Governmental Activities:			
Prepaid expenses	\$ -	\$ 9,990	\$ 9,990
Net position	1,019,454	1,029,444	9,990
<i><u>Balance Sheet – Governmental Funds</u></i>			
General Fund:			
Fund Balance	\$ 215,675	\$ 270,026	\$ 54,351
Non-Major Governmental Funds:			
Fund Balance	51,264	(3,087)	(54,351)

Note 10 – Subsequent Events:

No events have occurred subsequent to April 30, 2016, that are required to be disclosed in these financial statements. This evaluation was made as of December 23, 2016, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF DOWNS, ILLINOIS

Budgetary Comparison Schedule – General Fund

For the Year Ended April 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property	\$ 71,345	\$ 71,345	\$ 68,753	\$ (2,592)
Income tax	99,297	99,297	102,798	3,501
Replacement tax	2,500	2,500	2,866	366
Sales tax	27,500	27,500	27,774	274
Use tax	19,458	19,458	23,199	3,741
Fines, fees, permits and licenses	3,700	3,700	17,053	13,353
Charges for services	55,500	55,500	59,978	4,478
Interest	200	200	315	115
Other	1,000	1,000	1,580	580
Total revenues	280,500	280,500	304,316	23,816
Expenditures				
General	238,644	238,644	182,727	(55,917)
Capital outlay	12,000	12,000	85,000	73,000
Total expenditures	250,644	250,644	267,727	17,083
Excess (deficiency) of revenues over (under) expenditures	29,856	29,856	36,589	6,733
Other financing sources:				
Loan proceeds	12,000	12,000	-	(12,000)
Transfer in	-	-	85,000	85,000
Transfer out	(52,368)	(52,368)	-	52,368
Net change in fund balance	(10,512)	(10,512)	121,589	132,101
Fund balance – beginning of year	270,026	270,026	270,026	-
Fund balance – end of year	\$ 259,514	\$ 259,514	\$ 391,615	\$ 132,101

VILLAGE OF DOWNS, ILLINOIS

Budgetary Comparison Schedule – Downtown TIF I Fund

For the Year Ended April 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 136,000	\$ 136,000	\$ 139,057	\$ 3,057
Interest	<u>180</u>	<u>180</u>	<u>186</u>	<u>6</u>
Total revenues	<u>136,180</u>	<u>136,180</u>	<u>139,243</u>	<u>3,063</u>
Expenditures				
Public works and economic development	<u>381,700</u>	<u>381,700</u>	<u>62,304</u>	<u>(319,396)</u>
Total expenditures	<u>381,700</u>	<u>381,700</u>	<u>62,304</u>	<u>(319,396)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(245,520)</u>	<u>(245,520)</u>	<u>76,939</u>	<u>322,459</u>
Other financing sources				
Transfer in	-	-	-	-
Transfer out	<u>(27,000)</u>	<u>(27,000)</u>	<u>(126,915)</u>	<u>(99,915)</u>
Net change in fund balance	(272,520)	(272,520)	(49,976)	(222,544)
Fund balance – beginning of year	<u>283,854</u>	<u>283,854</u>	<u>283,854</u>	<u>-</u>
Fund balance – end of year	<u>\$ 11,334</u>	<u>\$ 11,334</u>	<u>\$ 233,878</u>	<u>\$ 222,544</u>

VILLAGE OF DOWNS, ILLINOIS

Budgetary Comparison Schedule – Downs Crossing TIF II Fund

For the Year Ended April 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 157,000	\$ 157,000	\$ 156,958	\$ (42)
Interest	<u>180</u>	<u>180</u>	<u>215</u>	<u>35</u>
Total revenues	<u>157,180</u>	<u>157,180</u>	<u>157,173</u>	<u>(7)</u>
Expenditures				
Public works and economic development	<u>252,260</u>	<u>252,260</u>	<u>7,083</u>	<u>(245,177)</u>
Total expenditures	<u>252,260</u>	<u>252,260</u>	<u>7,083</u>	<u>(245,177)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,080)</u>	<u>(95,080)</u>	<u>150,090</u>	<u>245,170</u>
Other financing sources				
Transfer in	-	-	-	-
Transfer out	<u>(190,000)</u>	<u>(190,000)</u>	<u>(130,909)</u>	<u>59,091</u>
Net change in fund balance	(285,080)	(285,080)	19,181	304,261
Fund balance – beginning of year	<u>283,381</u>	<u>283,381</u>	<u>283,381</u>	<u>-</u>
Fund balance – end of year	<u>\$ (1,699)</u>	<u>\$ (1,699)</u>	<u>\$ 302,562</u>	<u>\$ 304,261</u>

VILLAGE OF DOWNS, ILLINOIS

Note to Required Supplementary Information

April 30, 2016

Note 1 – Budget Policy and Practice:

The Village operates under an Annual Appropriation Ordinance that sets a limit on what may be spent during the fiscal year. The Village staff also develops an annual budget in greater detail than the appropriation ordinance. This budget is based on the Village’s goals of what programs are to be funded, capital projects and purchases desired, levels of taxation, types and amounts of user fees, estimates of state revenues, historical operating expenses and desired cash reserves and fund balance. The appropriation is based on the budget. The appropriation ordinance must be adopted by majority vote of the Village Council before the end of the first quarter of the fiscal year. The Village staff uses this budget to guide operations during the fiscal year.

One fund had expenditures in excess of budgeted amounts for the year ended April 30, 2016. The following fund had expenditures in excess of budgeted amounts:

<u>Fund</u>	<u>Amount of excess</u>
General Fund	\$ 17,083

OTHER SCHEDULES

VILLAGE OF DOWNS, ILLINOIS

Combining Balance Sheet – Non-Major Governmental Funds

April 30, 2016

	Special Revenue			
	Motor Fuel Fund	Events	Streets, Alleys, and Sidewalks	Park Committee
Assets				
Cash and cash equivalents (Note 2)	\$ 28,793	\$ 6,461	\$ (1,554)	\$ 5,592
Property tax receivable (Note 5)	-	-	22,223	3,127
Intergovernmental tax receivable	2,287	-	-	-
Accounts receivable, net	96	300	-	-
Due from other funds (Note 6)	<u>161</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 31,337</u>	<u>\$ 6,761</u>	<u>\$ 20,669</u>	<u>\$ 8,719</u>
Liabilities				
Accounts payable	\$ 2,607	\$ 2,976	\$ 1,852	\$ 434
Accrued payroll tax	-	-	-	-
Due to other funds (Note 6)	-	-	161	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>
Total liabilities	<u>2,607</u>	<u>2,976</u>	<u>2,013</u>	<u>1,034</u>
Deferred Inflows of Resources				
Deferred inflows related to property tax receivable	<u>-</u>	<u>-</u>	<u>22,223</u>	<u>3,127</u>
Fund Balance				
Restricted for:				
Motor fuel tax	28,730	-	-	-
Events	-	3,785	-	-
Streets, alleys, and sidewalks	-	-	-	-
Park committee	-	-	-	4,558
Village market	-	-	-	-
Tax increment financing III	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(3,567)</u>	<u>-</u>
Total fund balance	<u>28,730</u>	<u>3,785</u>	<u>(3,567)</u>	<u>4,558</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 31,337</u>	<u>\$ 6,761</u>	<u>\$ 20,669</u>	<u>\$ 8,719</u>

- Continued -

<u>Special Revenue</u>			
<u>Village Market</u>	<u>Tax Increment Financing Fund III</u>	<u>Police Fund</u>	<u>Total Non-Major Governmental Funds</u>
\$ 1,876	\$ (50,837)	\$ (53,362)	\$ (63,031)
-	-	-	25,350
-	-	833	3,120
-	-	248	644
<u>-</u>	<u>-</u>	<u>-</u>	<u>161</u>
<u>\$ 1,876</u>	<u>\$ (50,837)</u>	<u>(52,281)</u>	<u>\$ (33,756)</u>
\$ -	\$ 10,720	\$ 1,756	\$ 20,345
-	-	1,329	1,329
-	-	2,778	2,939
<u>755</u>	<u>-</u>	<u>2,100</u>	<u>3,455</u>
<u>755</u>	<u>10,720</u>	<u>7,963</u>	<u>28,068</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>25,350</u>
-	-	-	28,730
-	-	-	3,785
-	-	-	-
-	-	-	4,558
1,121	-	-	1,121
-	-	-	-
<u>-</u>	<u>(61,557)</u>	<u>(60,244)</u>	<u>(125,368)</u>
<u>1,121</u>	<u>(61,557)</u>	<u>(60,244)</u>	<u>(87,174)</u>
<u>\$ 1,876</u>	<u>\$ (50,837)</u>	<u>(52,281)</u>	<u>\$ (33,756)</u>

VILLAGE OF DOWNS, ILLINOIS

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Non-Major Governmental Funds

For the Year Ended April 30, 2016

	Special Revenue			
	Motor Fuel Fund	Events	Streets, Alleys, and Sidewalks	Park Committee
Revenues:				
Property Taxes	\$ -	\$ -	\$ 20,003	\$ 970
Motor Fuel Tax	25,707	-	-	-
Video gaming tax	-	-	-	-
Donations and grants	-	4,768	-	2,004
Charges for services	-	-	-	-
Fines, fees, permits and licenses	-	-	-	-
Other Income	-	21,581	-	1,526
Interest	17	-	-	-
Total revenue	<u>25,724</u>	<u>26,349</u>	<u>20,003</u>	<u>4,500</u>
Current expenditures:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public works and economic development	-	-	-	-
Streets and alleys	23,732	-	9,359	-
Culture and recreation	-	27,720	-	6,231
Debt Service - principal	-	-	12,381	-
Debt Service - interest	-	-	387	-
Capital outlay	-	790	79,092	-
Total expenditures	<u>23,732</u>	<u>28,510</u>	<u>101,219</u>	<u>6,231</u>
Excess (deficiency) of revenues over (under) expenditures	1,992	(2,161)	(81,216)	(1,731)
Other financing sources				
Loan proceeds	-	-	53,350	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	12,436	-
Transfers out	-	-	-	-
Net change in fund balance	1,992	(2,161)	(15,430)	(1,731)
Fund balance, beginning of year	<u>26,738</u>	<u>5,946</u>	<u>11,863</u>	<u>6,289</u>
Fund balance, end of year	<u>\$ 28,730</u>	<u>\$ 3,785</u>	<u>\$ (3,567)</u>	<u>\$ 4,558</u>

- Continued -

<u>Special Revenue</u>			
<u>Village Market</u>	<u>Tax Increment Financing Fund III</u>	<u>Police Fund</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 20,973
-	-	-	25,707
-	-	10,509	10,509
-	-	-	6,772
5,618	-	4,622	10,240
-	-	17,390	17,390
-	-	100	23,207
<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>
<u>5,618</u>	<u>-</u>	<u>32,621</u>	<u>114,815</u>
4,925	11,959	-	16,884
-	-	51,091	51,091
-	37,621	-	37,621
-	-	-	33,091
-	-	-	33,951
-	-	-	12,381
-	-	-	387
<u>-</u>	<u>-</u>	<u>-</u>	<u>79,882</u>
<u>4,925</u>	<u>49,580</u>	<u>51,091</u>	<u>265,288</u>
693	(49,580)	(18,470)	(150,473)
-	-	-	53,350
-	-	600	600
-	-	-	12,436
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
693	(49,580)	(17,870)	(84,087)
<u>428</u>	<u>(11,977)</u>	<u>(42,374)</u>	<u>(3,087)</u>
<u>\$ 1,121</u>	<u>\$ (61,557)</u>	<u>\$ (60,244)</u>	<u>\$ (87,174)</u>

SUPPLEMENTAL STATISTICAL SECTION

VILLAGE OF DOWNS, ILLINOIS

Schedule of Assessed Valuation, Property Tax Rates and Tax Extensions – Unaudited

April 30,

	Tax Years			
	2015	2014	2013	2012
Rate Setting Assessed Valuation	\$ <u>15,849,866</u>	\$ <u>14,969,237</u>	\$ <u>14,174,199</u>	\$ <u>14,144,029</u>
Increment Valuation (for TIF)	\$ <u>3,470,090</u>	\$ <u>3,349,997</u>	\$ <u>3,307,148</u>	\$ <u>3,350,523</u>
Tax Rates:				
Corporate	0.2386	0.2495	0.2500	0.2407
Road and Bridge	0.0000	0.0000	0.0000	0.0000
Audit	0.0315	0.0334	0.0353	0.0382
Liability Insurance	0.0946	0.1002	0.1058	0.1061
Street Lighting	0.0088	0.0000	0.0000	0.0000
Parks	0.0196	0.0067	0.0116	0.0114
Social Security	<u>0.0861</u>	<u>0.0935</u>	<u>0.0839</u>	<u>0.0682</u>
Total	<u>0.4792</u>	<u>0.4833</u>	<u>0.4866</u>	<u>0.4646</u>
Tax Extensions:				
Corporate	\$ 37,813	\$ 37,345	\$ 35,436	\$ 34,046
Road and Bridge	-	-	-	-
Audit	5,001	4,500	5,001	5,400
Liability Insurance	15,000	15,001	15,001	15,000
Street Lighting	1,400	-	-	-
Parks	3,100	1,000	4,650	1,612
Social Security	<u>13,648</u>	<u>14,001</u>	<u>11,891</u>	<u>9,648</u>
Total	<u>\$ 75,962</u>	<u>\$ 70,847</u>	<u>\$ 71,979</u>	<u>\$ 65,706</u>

VILLAGE OF DOWNS, ILLINOIS

Schedule of Legal Debt Margin – Unaudited

April 30, 2016

Total Assessed Valuation – 2015 Tax Year	\$ <u>15,849,866</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ <u>1,367,051</u>
Total Applicable Debt: General Obligation Bonds	<u> -</u>
Legal Debt Margin	\$ <u>1,367,051</u>