

VILLAGE OF WADSWORTH, ILLINOIS

ANNUAL FINANCIAL REPORT

APRIL 30, 2018

VILLAGE OF WADSWORTH, ILLINOIS
TABLE OF CONTENTS

Exhibit or
Schedule

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

BASIC FINANCIAL STATEMENTS

Government - Wide Financial Statements

Statement of Net Position

A

Statement of Activities

B

Fund Financial Statements

Balance Sheet - Governmental Funds

C

Reconciliation of the Governmental Fund Balance Sheet to the
Statement of Net Position

D

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

E

Reconciliation of the Governmental Fund Statement of Revenues, Expenses,
and Changes in Fund Balances to the Statement of Activities

F

Notes to the Basic Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION (unaudited)

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios

1

Schedule of Employer Contributions

2

Notes to Schedule of Employer Contributions

Schedule of Revenues, Expenditures and Changes in Fund Balance,
Budget and Actual -

General Fund

3

Motor Fuel Tax Fund

4

Notes to Supplementary Information



D A M , S N E L L & T A V E I R N E , L T D .

C E R T I F I E D • P U B L I C • A C C O U N T A N T S

MATTHEW DABROWSKI, CPA
BARBARA HARPOLD, CPA
SCOTT LANNERS, CPA

INDEPENDENT AUDITORS' REPORT

To the President and Board of Trustees
Village of Wadsworth
Wadsworth, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Village of Wadsworth, Illinois (the "Village") as of and for the year ended April 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 misstatements, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Wadsworth, Illinois, as of April 30, 2018, and the respective changes in financial position for the year then ended in accordance with 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, Schedule of Changes in the Employer's Net Pension Liability and Related Ratios, Schedule of Employer Contributions, and budgetary comparison information on pages 3 – 8 and Schedules 1-4 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.

Dam, Snell & Taveirne, Ltd.

Dam, Snell & Taveirne, Ltd.
Certified Public Accountants
Fox Lake, Illinois
November 29, 2018

VILLAGE OF WADSWORTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018

Our discussion and analysis of the Village's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2018. Please read this information in conjunction with the audit report and financial statements.

FINANCIAL HIGHLIGHTS

- The Village's net position, which equals total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources, is \$12,673,398 at the end of the 2018 fiscal year. Unrestricted assets, a portion of net position, are assets that may be used to meet the Village's ongoing obligations to residents and creditors, is \$3,684,600 at the end of the 2018 fiscal year.
- Total Village revenues were \$2,055,352 and total expenses were \$1,436,797.
- The fiscal year end fund balance for the General Fund was \$3,766,432, an increase of \$151,131 from the beginning balance of \$3,615,301.
- The fiscal year end fund balance for the Motor Fuel Tax Fund was \$223,620, an increase of \$99,404 from the beginning balance of \$124,216.
- The Village expended approximately \$1,000,000 relating to road maintenance during the current year.

A BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the Village as a whole and present a comprehensive and longer-term view of the Village's finances. Fund financial statements follow. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The notes to financial statements and supplemental information provide additional information that is essential to a full understanding of the data provided in the financial statements.

Reporting on the Village as a Whole

One of the most important questions asked about the Village's finances is, "Is the Village, as whole, better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the modified cash basis of accounting. All of the current year's revenues and expenses are taken into account when cash is received or paid. The cash basis method is modified to capitalize fixed assets and to record depreciation on fixed assets.

These two statements report the Village's net position and the change in net position. You can think of the Village's net position—the difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads, to assess the overall health of the Village.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments,

VILLAGE OF WADSWORTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018

uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds can be divided into two categories: governmental and proprietary funds. The Village does not maintain any proprietary funds.

Governmental Funds

All of the Village's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the accrual basis of accounting. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation that follows the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and also the fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison has been provided for the General and Motor Fuel Tax Funds as required supplementary information (Schedules 3 and 4 of the report).

VILLAGE OF WADSWORTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018

ANALYSIS OF THE OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following tables present the financial position and results of operations of the Village.

Table 1
Net Position

	<u>2018</u>	<u>2017</u>
Current assets	\$ 4,160,438	\$ 3,898,535
Capital assets	<u>8,763,377</u>	<u>8,411,900</u>
Total assets	<u>12,923,815</u>	<u>12,310,435</u>
Deferred outflow of resources	<u>39,742</u>	<u>34,435</u>
Liabilities	<u>139,273</u>	<u>192,854</u>
Total liabilities	<u>139,273</u>	<u>192,854</u>
Deferred inflows of resources	<u>150,886</u>	<u>97,173</u>
Net position		
Investment in capital assets	8,763,377	8,411,900
Restricted	225,421	124,216
Unrestricted	<u>3,684,600</u>	<u>3,518,727</u>
Total net position	<u>\$ 12,673,398</u>	<u>\$ 12,054,843</u>

The Village's net position is composed of capital assets, restricted assets and unrestricted assets. Capital assets comprise \$8,763,377 or 69.15% of net position and reflect the Village's investment in fixed assets and infrastructure (for example, land, streets, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

\$225,421 or 1.78% of the Village's net position represent resources that are subject to external restrictions on how they may be used. The remaining \$3,684,600 or 29.07% of net position may be used to meet the government's ongoing obligations to citizens and creditors.

- Unrestricted amounts are sufficient to meet the immediate needs of the Village.

VILLAGE OF WADSWORTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018

Table 2
Changes in Net Position

	2018	2017
Expenses of government	\$ (1,436,797)	\$ (1,311,054)
Charges for services	131,365	170,119
Operating grants and contributions	912	14,999
Net expense	(1,304,520)	(1,125,936)
Taxes and other revenue	1,923,075	1,900,273
Increase (decrease) in net position	618,555	774,337
Net position, beginning of year	12,054,843	11,280,506
Net position, end of year	<u>\$ 12,673,398</u>	<u>\$ 12,054,843</u>

Net position for all Village activities increased during the year by \$618,555 from \$12,054,843 to \$12,673,398. This increase represents total revenues of all Village programs and services of \$2,055,352 in excess of the total Village costs of \$1,436,797.

Governmental Activities

Revenue from governmental activities was \$2,055,352 while the total cost of all programs and services was \$1,436,797. The following table depicts the major revenue sources for the Village.

Table 3
Governmental Revenues

	2018	2017
Real estate tax	\$ 40,939	\$ 44,217
Sales and use taxes	956,891	956,601
Video gaming tax	329,675	283,344
Income and other taxes	553,212	580,877
Charges for services	131,365	170,119
Operating grants and contributions	912	14,999
Interest and other income	32,426	31,208
Gain (loss) on sale of assets	9,932	4,026
	<u>\$ 2,055,352</u>	<u>\$ 2,085,391</u>

- Video gaming increased due to increased net waging activity was offset by decreased charges for services and taxes.
- Interest income increased due to increased rates at Illinois Funds during the current year.

VILLAGE OF WADSWORTH, ILLINOIS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 APRIL 30, 2018

The table below identifies the various governmental functions and the expenses associated with each.

Table 4
 Governmental Activities Expenses

	2018	2017
General government	\$ 639,601	\$ 614,422
Public works	764,231	670,985
Parks and recreation	32,965	25,647
	\$ 1,436,797	\$1,311,054

- General government expenses increased mainly due salaries during the current year.
- Public works expenses increased mainly due to increased depreciation during the current year.

Business-Type Activities

At this time the Village does not have any business-type activities.

ANALYSIS OF BALANCES AND TRANSACTIONS IN INDIVIDUAL FUNDS

Governmental Funds

- The Village had increased expenses in the general fund mainly due to salaries.
- The Village had increased depreciation in the current year.

ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS

- The Village operated within budgeted amounts for all funds during the year.

CAPITAL ASSET AND DEBT ACTIVITY

Capital Assets

The Village's investment in capital assets for its governmental activities was \$8,763,377, (net of accumulated depreciation of \$5,109,312). This investment in capital assets includes land, buildings and improvements, equipment, park improvements, and streets. The Village's investment in net capital assets increased by construction in progress relating to park improvements, infrastructure relating to road projects, land purchases, and a truck purchase during the year of \$886,863 and decreased by depreciation of \$391,146.

VILLAGE OF WADSWORTH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018

Table 5
Capital Assets (net of depreciation) - Governmental Activities

	2018	2017
Land	\$ 527,106	\$ 671,126
Construction in progress	20,718	-
Buildings	215,575	221,344
Building improvements	33,432	37,514
Office equipment	4,994	9,000
Park improvements	61,643	69,092
Other equipment	156,916	37,262
Infrastructure	7,742,993	7,366,562
Total net capital assets	\$ 8,763,377	\$ 8,411,900

- For further capital asset detail refer to Note C.

Debt

The Village had no outstanding debt during the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2018-2019 budget and the associated property tax rates and charges for services.

- Factors included planned disbursements, inflation and expected cash receipts.
- 5 year road plan.
- Current economic conditions.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Office at 847-336-7771.

VILLAGE OF WADSWORTH, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
APRIL 30, 2018

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 93,598
Investments	3,712,312
Accounts Receivable, Net of Allowances	
Property Taxes	39,270
Sales and Income Taxes	234,693
Motor Fuel Taxes	8,734
Franchise Fees	13,344
Builders and Developers	10,208
Other	40,357
Interest Receivable	7,802
Other Assets	120
Capital Assets, Non-depreciable	547,824
Capital Assets, Net of Depreciation	8,215,553
Total Assets	<u>12,923,815</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension - IMRF	39,742
Total Deferred Outflows of Resources	<u>39,742</u>
 LIABILITIES	
Accounts Payable	79,357
Accrued Payroll and Related Expenses	16,880
Developer Deposits	23,000
Escrow Deposits	5,079
Silt Fence Deposits	6,000
Park Security Deposits	800
Non-Current Liabilities	
Net Pension Liability - IMRF	8,157
Total Liabilities	<u>139,273</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenue	39,270
Pension - IMRF	111,616
Total Deferred Inflows of Resources	<u>150,886</u>
 NET POSITION	
Investment in Capital Assets	8,763,377
Restricted	
Road Projects and Maintenance	223,620
Tourism	1,801
Unrestricted	3,684,600
Total Net Position	<u>\$ 12,673,398</u>

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

VILLAGE OF WADSWORTH, ILLINOIS
 GOVERNMENT-WIDE FINANCIAL STATEMENTS
 STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for services	Operating Grants and Contributions	
Governmental Activities				Governmental Activities
General Government	\$ 639,601	\$ 128,371	\$ 912	\$ (510,318)
Public Works	764,231	-	-	(764,231)
Parks and Recreation	32,965	2,994	-	(29,971)
Total Governmental Activities	<u>\$ 1,436,797</u>	<u>\$ 131,365</u>	<u>\$ 912</u>	<u>(1,304,520)</u>

General Revenues

Taxes

Property Taxes	40,939
State Sales and Use Taxes	1,286,566
Intergovernmental Revenue	345,268
Motor Fuel Tax	97,409
Franchise Fees	110,535
Investment Earnings	29,590
Other Income	2,836
Gain (Loss) on Sale of Assets	9,932
Total General Revenues	<u>1,923,075</u>

Changes in Net Position

Net Position - Beginning of Year	12,054,843
Net Position - End of Year	<u>\$ 12,673,398</u>

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

VILLAGE OF WADSWORTH, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2018

ASSETS	General	Motor Fuel Tax	Total Governmental Funds
Cash and Cash Equivalents	\$ 93,098	\$ 500	\$ 93,598
Investments	3,497,926	214,386	3,712,312
Accounts Receivable, Net of Allowances			
Property Taxes	39,270	-	39,270
Sales and Income Taxes	234,693	-	234,693
Motor Fuel Taxes	-	8,734	8,734
Franchise Fees	13,344	-	13,344
Builders and Developers	10,208	-	10,208
Other	40,357	-	40,357
Interest Receivable	7,802	-	7,802
Other Assets	120	-	120
Total Assets	<u>\$ 3,936,818</u>	<u>\$ 223,620</u>	<u>\$ 4,160,438</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 79,357	\$ -	\$ 79,357
Accrued Payroll and Related Expenses	16,880	-	16,880
Developer Deposits	23,000	-	23,000
Escrow Deposits	5,079	-	5,079
Silt Fence Deposits	6,000	-	6,000
Park Security Deposits	800	-	800
Total Liabilities	<u>131,116</u>	<u>-</u>	<u>131,116</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	39,270	-	39,270
Total Deferred Inflows of Resources	<u>39,270</u>	<u>-</u>	<u>39,270</u>
FUND BALANCE			
Restricted			
Tourism	1,801	-	1,801
Motor Fuel	-	223,620	223,620
Committed			
Farmer's Market	5,367	-	5,367
Unassigned	3,759,264	-	3,759,264
Total Fund Balance	<u>3,766,432</u>	<u>223,620</u>	<u>3,990,052</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,936,818</u>	<u>\$ 223,620</u>	<u>\$ 4,160,438</u>

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

VILLAGE OF WADSWORTH, ILLINOIS
 RECONCILIATION OF THE GOVERNMENTAL FUND
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 APRIL 30, 2018

Fund Balance - Total Governmental Funds \$ 3,990,052

Amounts reported for governmental activities in the Statement of Net Assets
 are different because:

The cost of capital assets (land, buildings, vehicles and equipment)
 purchased or constructed is reported as an expenditure in the
 governmental funds. The Statement of Net Position includes those
 capital assets among the assets of the Village as a whole.

Capital Assets	\$ 13,872,689	
Less: Accumulated Depreciation	<u>(5,109,312)</u>	8,763,377

Long term liabilities are not due and payable in the current period
 and therefore are not reported in the fund financial statements.

Net Pension Liability - IMRF	<u>(8,157)</u>	(8,157)
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Deferred pension costs in governmental activities are not financial
 resources and therefore are not reported in the funds.

Pension Expense/Revenue - IMRF	<u>(71,874)</u>	
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Net Position of Governmental Activities	<u><u>\$ 12,673,398</u></u>	
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF WADSWORTH, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2018

	General	Motor Fuel Tax	Total Governmental Funds
REVENUES			
Intergovernmental	\$ 345,268	\$ 97,409	\$ 442,677
Property Taxes	40,939	-	40,939
Sales and Other Taxes	1,286,566	-	1,286,566
Licenses and Permits	88,952	-	88,952
Fines	11,588	-	11,588
Charges for Services	30,825	-	30,825
Franchise Fees	110,535	-	110,535
Interest Income	27,595	1,995	29,590
Grant Revenue	912	-	912
Other Revenue	2,836	-	2,836
Total Revenues	<u>1,946,016</u>	<u>99,404</u>	<u>2,045,420</u>
EXPENDITURES			
Current			
General Government	649,384	-	649,384
Public Works	1,048,059	-	1,048,059
Parks and Recreation	46,235	-	46,235
Capital Outlay	222,029	-	222,029
Total Expenditures	<u>1,965,707</u>	<u>-</u>	<u>1,965,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,691)	99,404	79,713
Other Financing Sources (Uses)			
Proceeds on Sale of Capital Assets	170,822	-	170,822
Net Change in Fund Balance	151,131	99,404	250,535
Fund Balance - Beginning of Year	3,615,301	124,216	3,739,517
Fund Balance - End of Year	<u>\$ 3,766,432</u>	<u>\$ 223,620</u>	<u>\$ 3,990,052</u>

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

VILLAGE OF WADSWORTH, ILLINOIS
 RECONCILIATION OF THE GOVERNMENTAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED APRIL 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 250,535

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.

Capital outlays	\$ 886,863	
Depreciation expense	<u>(391,146)</u>	
		495,717

Gains and losses on the sale and trade-in of capital assets are not reported in governmental funds, however, they are a component of the general revenues in the Statement of Activities.

Capital asset deletions	(144,240)	
Related accumulated depreciation	<u>-</u>	
		(144,240)

Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Pension expense		(8,167)
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Employer pension contributions are expensed in the fund financial statements but treated as a reduction in the Net Pension Liability on the government-wide financial statements.

		<u>24,710</u>
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Change in Net Assets of Governmental Activities		<u><u>\$ 618,555</u></u>
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE A - SUMMARY OF ACCOUNTING POLICIES

The Village of Wadsworth, Illinois is a primary government as defined by Governmental Accounting Standards Board (GASB) Statement 14. The Village is a municipal corporation governed by an elected president and board of trustees. The Village's major operations include highway and street maintenance, parks and recreation, and general administrative services.

1. Reporting Entity

The Village's financial reporting entity comprises the following:

Primary Government: Village of Wadsworth, Illinois

In determining the financial reporting entity, the Village complies with the provisions of GASB 14, which requires inclusion of all component units that have a significant operational or financial relationship with the Village. The Village has determined that there are no component units which would be required to be included in the Village's reporting entity.

2. Basis of Presentation

Government-Wide Statements -The government-wide financial statements (The Statement of Net Position and the Statement of Activities) report information on all of the activities of the Village. All of the operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The Village has no operating activities that would be considered "business activities".

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 to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues instead.

Fund Financial Statements – The accounts of the Village in the governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues collected and expenditures paid. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The emphasis in fund financial statements is on the major funds. The Village has no non-major funds. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditure/expenses) for the determination of major funds. The following fund types are used by the Village:

General Fund – The General 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. The General Fund is a major fund.

Special Revenue Fund – A special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. The Motor Fuel Tax Fund, a major fund, accounts for revenues and expenditures related to road projects funded by motor fuel taxes received from the State of Illinois.

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

3. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus is used.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The District recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received.

4. Assets, Liabilities, and Net Position

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

Investments – Investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization.

Receivables – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At the end of the year the allowance for uncollectible real estate accounts is \$102.

Inventories – It is the Village's policy to expense all supplies when purchased.

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

Capital Assets – Capital assets, which include land, buildings and improvements, infrastructure, vehicles and equipment, and construction in progress are reported in the government – wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$1,000 and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Under GASB 34, The Village elected to begin capitalizing infrastructure assets on May 1, 2011.

The cost of normal maintenance and repair that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Depreciation of capital assets is provided using the straight line method over the following estimated useful lives: land improvements – 10 to 15 years, building and improvements – 15 to 50 years, office equipment – 5 years, furniture and fixtures – 5 to 20 years, infrastructure – 10 to 50 years, vehicles and equipment – 7 to 15 years.

Compensated Absences – The Village's policy grants eligible employees compensated absences in varying amounts depending on length of service. Upon termination, employees are paid for all unused vacation days.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums, discounts and issuance costs are reported during the current period. In the fund financial statements, governmental funds recognize bond premiums, discounts, and issuance costs in the current period as other financing sources or uses. Likewise, the face amount of the debt issued is reported as other financing sources.

Deferred Outflows/Inflows of Resources – Governmental funds report deferred outflows in connection with a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Eliminations and Reclassifications – In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances were eliminated or reclassified.

5. Equity Classifications – Equity is classified as net assets and displayed in three components:
- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
 - b. Restricted – Consists of net assets reduced by liabilities and deferred inflows of resources related to those assets with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
 - c. Unrestricted – All other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

In the fund financial statements, the Village implemented GASB Statement No. 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 balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e. Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the Village takes the same highest level of action to remove or change the constraint.
- Assigned fund balance – amounts the Village intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. The Board of Trustees has retained the authority to assign fund balances.

6. Budgets and Budgetary Accounting

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

- a. An ordinance appropriating funds for Village purposes for the year commencing May 1 is submitted to the Village Board.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. A supplemental appropriation may be made by a 2/3 vote of the President and Board of Trustees. However, no revision may increase the total amount of the appropriation ordinance unless additional funds have been made available during the fiscal year. By statute, expenditures may not exceed appropriations at the fund level.
- d. The original appropriation was passed on July 5, 2017 and no amendments were made.

7. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE B - DEPOSITS AND INVESTMENTS

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes. Statutes authorize the Village to make deposits/investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds. The Illinois Funds Investment Pool is an external investment pool regulated by State statutes, and values participant's shares on a fair value basis. The fair value of the position in the pool is the same as the value of the pool shares.

Deposits. At April 30, 2018, the carrying amount of the Village's deposits was \$93,348, not including petty cash of \$250. The bank balance was \$93,280. In addition to deposit accounts, the Village had \$2,249,749 invested in The Illinois Funds Money Market Fund. The carrying amount of the investment was \$2,249,749.

Investments. At April 30, 2018, the Village had the following investments and maturities. (Amounts are in thousands.)

Investment Type	Investment Maturity (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Certificates of deposit	\$ 1,068	\$ -	\$ 1,068	\$ -	\$ -
US Treasury obligations	395	-	395	-	-
Total investments	\$ 1,463	\$ -	\$ 1,463	\$ -	\$ -

Interest rate risk. The Village's policy is to match maturities with cash flow requirements, with a portion continuously invested in readily available funds.

Credit risk. The Village's investments in The Illinois Funds Money Market Funds was rated AAAM by Standard and Poor's. These funds invest only in those investments that are permitted by the Illinois Compiled Statutes.

Custodial credit risk. For an investment, custodial credit is risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are registered in the Village's name. Village policy requires that bank deposits in excess of FDIC limits are collateralized with securities held by the financial institution's agents in the Village's name. At April 30, 2018, there were no funds in excess of FDIC limits.

Fair Value Measurements. GASB Statement No.72, *Fair Value Measurement and Application* establishes a fair value hierarchy for investments that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities in active markets; Level 2 inputs consist of other than quoted market prices included in Level 1 that are either directly or indirectly observable for the asset, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available. The Village's investments in certificates of deposit do not require separate reporting under GASB Statement No.72.

VILLAGE OF WADSWORTH, ILLINOIS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 APRIL 30, 2018

Fair value measurements of the Village's investments are as follows at April 30, 2018. (Amounts are in thousands.)

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
US Treasury obligations	\$ 395	\$ 395	\$ -	\$ -

The following table summarizes investments measured at fair value based on NAV per share:

April 30, 2018	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Illinois Funds	\$2,249,749	n/a	Daily	n/a

Reconciliation to Government-Wide Statement of Net Position

Deposits and investments at carrying amount:

Cash on hand	\$ 250
Cash	93,348
Illinois funds	2,249,749
Investments	1,462,563
	\$ 3,805,910

Statement of Net Position:

Cash and cash equivalents	\$ 93,598
Investments	3,712,312
	\$ 3,805,910

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Additions	Retirements	Ending Balances
Land	\$ 671,126	\$ 220	\$ (144,240)	\$ 527,106
Construction in progress	-	20,718	-	20,718
Non-depreciable assets	<u>671,126</u>	<u>20,938</u>	<u>(144,240)</u>	<u>547,824</u>
Building	472,196	-	-	472,196
Building improvements	81,672	-	-	81,672
Office equipment	232,895	-	-	232,895
Park improvements	373,260	-	-	373,260
Other equipment	180,011	157,216	-	337,227
Infrastructure assets	11,118,906	708,709	-	11,827,615
Total capital assets	<u>12,458,940</u>	<u>865,925</u>	<u>-</u>	<u>13,324,865</u>
Accumulated depreciation	4,718,166	391,146	-	5,109,312
Net capital assets	<u>7,740,774</u>	<u>474,779</u>	<u>-</u>	<u>8,215,553</u>
Total capital assets	<u>\$ 8,411,900</u>	<u>\$ 495,717</u>	<u>\$ (144,240)</u>	<u>\$ 8,763,377</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 13,857
Public works	369,841
Parks and recreation	7,448
	<u>\$ 391,146</u>

NOTE D - LONG-TERM DEBT

The Village had no long-term debt during the year ended April 30, 2018.

NOTE E - PROPERTY TAXES

The Village's property tax is levied each year on all taxable real property located in the Village and is extended by the county clerk on or before the last Tuesday in December of the year of levy. The lien date is January 1 of the year of the levy. Taxes are due to the County in two equal installments on or around June and September of the year following the levy year. Distributions are made to the Village by the County shortly after collection by the County. The 2017 levy was approved by the Village on December 5, 2017. The 2016 levy is included in the current year's revenues.

NOTE F - SOCIAL SECURITY

Employees are covered under Social Security. The Village paid \$21,325 the total required contribution, for the current fiscal year.

VILLAGE OF WADSWORTH, ILLINOIS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 APRIL 30, 2018

NOTE G - RISK MANAGEMENT

The Village is a member of the Illinois Municipal League Risk Management Association, a public entity risk pool. The pool is an unincorporated, not-for-profit association of participating Illinois municipalities formed to operate as a cooperative program of risk management, loss coverage and claims administration for municipal operations. The pool has approximately 780 participating members and provides the Village with coverage for comprehensive general liability, auto liability, property damage and workers compensation claims.

In the event of depletion of all reserves and reduction of members' equity below zero, pro rata assessments of participating members may be made to cover deficits that may occur. In the event of termination of the pool by its members, after payment of all claims and expenses, the remaining assets are to be distributed pro rata among members.

During the year ended April 30, 2018, there were no reductions in insurance coverage. The Village has not incurred any settlements in the past three years in which the claim has exceeded insurance coverage.

NOTE H – JOINT AGREEMENT

The Village has been a member of the Solid Waste Agency of Lake County since 1991. The Agency is a municipal corporation with approximately 43 members whose purpose is to provide a solution to solid waste disposal problems. Upon approval by a majority of its members, the Agency may issue bonds for which the individual members would be financially liable.

The following represents a summary of the Agency's balance sheet at November 30, 2017 and the statement of revenues and expenses for the year then ended:

Current assets	\$2,133,202
Capital assets	943,872
Designated assets	500,000
Restricted assets	<u>414,707</u>
Total assets	3,991,781
Deferred outflows of resources	146,911
Current liabilities	42,820
Deferred inflows of resources	54,305
Investment in fixed assets	943,872
Restricted	414,707
Unrestricted	<u>2,682,988</u>
Total net position	<u>\$4,041,567</u>
Revenue	\$1,085,504
Expenditures	\$1,031,955

The November 30, 2017 report is the latest date information is available. Audited financial statements of the Agency may be obtained from the Village or the Agency's administrative office located in Gurnee, Illinois. During the current fiscal year the Village was not obligated to pay any amount to the Agency.

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE G – DEFINED BENEFIT PENSION PLAN

Plan Description

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

Benefits Provided

IMRF provides retirement, disability, post retirement increases, and death benefits. Your "Tier" determines your IMRF benefits. Your tier is determined by the first date you began participating in IMRF or certain Illinois reciprocal systems. Most IMRF members participate in the Regular plan. Regular plan members work for local units of government that participate in IMRF. Government types include school districts, cities, villages, townships, counties (except Cook), fire protection districts, library districts, and park districts.

If you first participated in IMRF or reciprocal system (except Judges or General Assembly retirement systems):

- Before January 1, 2011, you are in Tier 1
- On or after January 1, 2011, you are in Tier 2

To begin receiving an IMRF Tier 1 Regular Plan pension, you:

- Must have at least eight years of service credit (can include reciprocal retirement system service credit)
- Cannot be working in any position which qualifies for IMRF participation.
- Must be at least age 55.

Although you can retire as early as age 55, age 60 is your full retirement age. Your pension may be reduced if you retire before age 60, depending upon the amount of service credit you have.

Under Tier 1, your pension is increased by 3% of the original amount on January 1 every year after you retire. Your first annual increase is based upon the number of months you are retired in your first year. If your pension effective date is January 1, your first year increase will also be 3%. Otherwise, your first year increase will be less than 3%.

Under Tier 2, your pension is increased by the lower of 3% or one-half of the increase in the Consumer Price Index (urban) for the preceding year of the original amount. Annual increases begin the January following the year you reach age 67 or after you receive one year of pension payments, whichever is later. If the CPI decreases or is zero, no increase is paid.

For additional benefit information, please see pages B-1 - B-5 of the December 31, 2017 Annual Actuarial Valuation report dated March 22, 2018 or Article 7 of the Illinois Pension Code.

VILLAGE OF WADSWORTH, ILLINOIS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 APRIL 30, 2018

Employees Covered by Benefit Terms.

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

Retirees and beneficiaries	5
Inactive, non-retired members	3
Active members	4
	12
	12

Contributions

As set by statute, the Village's regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual required contribution rate for calendar year 2017 was 11.15 percent. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

The Village's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation Rate	2.50 percent
Salary Increases	3.39 percent to 14.25 percent
Investment Rate of Return	7.50 percent

Projected retirement age was from the experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2014-2016.

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (based 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. 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. 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.

VILLAGE OF WADSWORTH, ILLINOIS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 APRIL 30, 2018

The long-term expected rate of return on pension 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 assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	37.0%	6.9%
International Equity	18.0%	6.8%
Fixed Income	28.0%	3.0%
Real Estate	9.0%	5.8%
Alternative Investments	7.0%	2.65-7.35%
Cash Equivalents	1.0%	2.25%

Single Discount Rate

The Single Discount Rate of 7.50% 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 the 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 (during the period in which the 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 (which is published by the Federal Reserve) as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; municipal bond rate is 3.31% (based on weekly rate closest to but not later than the measurement date of the "20-Bond Go Index" and the resulting single discount rate is 7.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Pension Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required.

VILLAGE OF WADSWORTH, ILLINOIS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 APRIL 30, 2018

Changes in Net Pension Liability – Calendar Year Ended December 31, 2017

Total pension liability	
Service cost	\$ 24,850
Interest on the total pension liability	52,633
Changes of benefit terms	-
Difference between expected and actual experience	17,587
Changes of assumptions	(28,854)
Benefit payments, including refunds of employee contributions	<u>(26,770)</u>
Net change in total pension liability	39,446
Total pension liability - beginning	<u>702,735</u>
Total pension liability - ending	<u><u>\$ 742,181</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 24,786
Contributions - employee	10,003
Net investment income	105,020
Benefit payments, including refunds of employee contributions	(26,770)
Other (net transfer)	<u>(7,100)</u>
Net change in plan fiduciary net position	105,939
Plan fiduciary net position - beginning	<u>628,085</u>
Plan fiduciary net position - ending	<u><u>\$ 734,024</u></u>
Net pension liability/(asset)	<u><u>\$ 8,157</u></u>
Plan fiduciary net position as a percentage of the total pension liability	98.90%
Covered valuation payroll	\$ 222,298
Net pension liability as a percentage of covered payroll	3.67%

Discount Rate Sensitivity

The following is a sensitive 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 Single Discount Rate of 7.50% 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset)	\$ 118,728	\$ 8,157	\$ (82,049)

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

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

For the year ended December 31, 2017, the Village recognized pension expense of \$8,167 and calculated net future deferred inflows of resources in the amount of \$78,664 related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,330	\$ 40,617
Changes of assumptions	405	24,696
Net difference between projected and actual earnings on pension plan investments	<u>18,217</u>	<u>46,303</u>
	32,952	111,616
Pension contributions made subsequent to the measurement date	<u>6,790</u>	-
Total deferred amounts related to pensions	<u><u>\$ 39,742</u></u>	<u><u>\$ 111,616</u></u>

Amounts reported as net future deferred inflows of resources related to pensions will be recognized as pension expense in the following periods:

Year ended December 31:	
2018	\$ (19,272)
2019	(19,243)
2020	(25,655)
2021	(13,662)
2022	(832)
Thereafter	<u>-</u>
Total	<u><u>\$ (78,664)</u></u>

NOTE I – FUND BALANCES

As of April 30, 2018, fund balances are composed of the following:

<u>Activity</u>	<u>Amount</u>
Road projects and maintenance	\$ 223,620
Tourism	1,801
Total restricted fund balance	<u><u>\$ 225,421</u></u>
 Committed for farmer's market	 <u><u>\$ 5,367</u></u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned, and finally unassigned funds, as needed, unless the Board of Trustees or the Village Administrator has provided otherwise in its commitment or assignment actions.

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO THE BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE J – SPECIAL FUNDING

The Village participates in state and federally assisted programs, including State Motor Fuel Tax allotments. These programs are subject to financial compliance audits. The audits of these programs including the year ended April 30, 2018 have not yet been completed. Accordingly, compliance with applicable special requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined at this time. The Village expects such amounts, if any, to be immaterial.

NOTE K – OTHER INDIVIDUAL FUND DISCLOSURES

Accounting principles require disclosures of certain information concerning individual funds including:

1. Excess of expenditures over budgeted amounts in individual funds. There were none.
2. Deficit fund balances or retained earnings deficits of individual funds. There were none.

NOTE L – COMMITMENTS

At April 30, 2018, the Village is committed under contracts for the park improvements and road projects. The total contract amounts for these projects are \$726,665. The amount remaining to be paid under these contracts is \$713,715.

NOTE M – SUBSEQUENT EVENTS

The Village's management has performed an analysis of the activities and transactions subsequent to April 30, 2018 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended April 30, 2018. The Village has evaluated subsequent events through November 29, 2018, the date on which the financial statements were available to be issued.

VILLAGE OF WADSWORTH, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

	AS OF DECEMBER 31,		
	2017	2016	2015
TOTAL PENSION LIABILITY			
Service cost	\$ 24,850	\$ 24,832	\$ 24,059
Interest on the total pension liability	52,633	53,970	50,470
Changes in benefit terms	-	-	-
Difference between expected and actual experience	17,587	(67,295)	(2,033)
Changes of assumptions	(28,854)	(2,004)	1,050
Benefit payments	(26,770)	(31,744)	(20,755)
Net change in total pension liability	39,446	(22,241)	52,791
Total pension liability - beginning	702,735	724,976	672,185
Total pension liability - ending	<u>\$ 742,181</u>	<u>\$ 702,735</u>	<u>\$ 724,976</u>
PLAN FIDUCIARY NET POSITION			
Employer contributions	\$ 24,786	\$ 25,569	\$ 21,372
Employee contributions	10,003	13,128	9,744
Net investment income	105,020	39,888	2,867
Benefit payments	(26,770)	(31,744)	(20,755)
Other (net transfer)	(7,100)	5,742	(5,858)
Net change in plan fiduciary net position	105,939	52,583	7,370
Plan fiduciary net position - beginning	628,085	575,502	568,132
Plan fiduciary net position - ending	<u>\$ 734,024</u>	<u>\$ 628,085</u>	<u>\$ 575,502</u>
NET PENSION LIABILITY	<u>\$ 8,157</u>	<u>\$ 74,650</u>	<u>\$ 149,474</u>
Plan fiduciary net position as a percentage of the total pension liability	98.90%	89.38%	79.38%
Covered valuation payroll	\$ 222,298	\$ 222,527	\$ 216,533
Net pension liability as a percentage of covered valuation payroll	3.67%	33.55%	69.03%

Note: The Village implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pension Plans, An Amendment to GASB Statement No. 27*. The Statement requires the last ten fiscal years of information to be presented. Information prior to 2015 was unavailable.

VILLAGE OF WADSWORTH, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Actuarially Determined Contribution (a)	Actual Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Valuation Payroll (c)	Actual Contribution as a % of Covered Valuation Payroll (b/c)
December 31,					
2015	\$ 21,372	\$ 21,372	\$ -	\$ 216,533	9.87%
2016	25,568	25,569	(1)	222,527	11.49%
2017	24,786	24,786	-	222,298	11.15%

Note: The Village implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pension Plans, An Amendment to GASB Statement No. 27*. The Statement requires the last ten fiscal years of information to be presented. Information prior to 2015 was unavailable.

VILLAGE OF WADSWORTH, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate
Based on Valuation Assumptions used in the December 31, 2015 Actuarial Valuation

Valuation Date

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

Methods and Assumptions Used to Determine 2017 Contribution Rates

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level of Percentage of Payroll, Closed
Remaining Amortization Period:	26-year closed period
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Wage Growth:	3.5%
Price Inflation:	2.75% - approximate; no explicit price inflation assumption is used in this valuation
Salary Increases:	3.75% to 14.50% including inflation
Investment Rate of Return:	7.5%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
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

Notes: There were no benefit changes during the year.

VILLAGE OF WADSWORTH, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED APRIL 30, 2018

	Original and Final Budget	Actual	Over (Under) Budget
REVENUES			
Intergovernmental			
State income tax	\$ 380,000	\$ 344,869	\$ (35,131)
State replacement tax	400	399	(1)
Real estate taxes			
General levy	21,000	20,614	(386)
Road and bridge	21,000	20,325	(675)
Sales and other taxes			
Municipal sales tax	828,000	855,338	27,338
Local use tax	97,000	100,348	3,348
Hotel use tax	1,400	1,204	(196)
Video gaming tax	288,000	329,676	41,676
Licenses and permits			
Liquor license	18,250	17,750	(500)
Motor vehicle licenses	50	28	(22)
Building permits	45,000	67,721	22,721
Scavenger licenses	1,000	1,000	-
Recycling and reclamation payments	1,000	2,453	1,453
Charges for services			
Facility rental	100	-	(100)
Zoning and other fees	28,000	27,831	(169)
Park fees	2,000	2,994	994
Franchise fees			
Cable and phone franchise	55,000	55,831	831
Telecommunications fees	65,000	54,704	(10,296)
Other revenue			
Reimbursement of fees	-	440	440
Interest income	12,000	27,595	15,595
Fines and forfeitures	2,000	11,588	9,588
Special events	-	-	-
Farmer's market vendor fees	1,000	1,353	353
Miscellaneous	3,950	1,955	(1,995)
Total revenues	<u>1,871,150</u>	<u>1,946,016</u>	<u>74,866</u>
EXPENDITURES			
General government			
Salaries-President and Board of Trustees	31,000	30,900	(100)
Salaries - Village Clerk	7,200	7,200	-
Salaries - Village Administrator	100,000	92,052	(7,948)
Salaries - Village Treasurer	10,125	7,200	(2,925)
Salaries - building and site inspectors	56,000	50,769	(5,231)
Salaries - municipal employees	218,216	142,409	(75,807)
Legal	85,000	93,477	8,477
Audit	12,500	12,500	-
Insurance	41,000	26,392	(14,608)
Dues and subscriptions	6,500	5,905	(595)
Bond premiums for village officials	-	-	-
Village hall and community center	150,000	86,129	(63,871)
Travel, registration, and truck	20,000	18,873	(1,127)
Police contractual services	-	-	-
Planning and feasibility study	-	-	-

VILLAGE OF WADSWORTH, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED APRIL 30, 2018

	Original and Final Budget	Actual	Over (Under) Budget
Stationary, printing, postage, and office supplies	2,000	1,578	(422)
Consulting fees	-	1,267	1,267
IMRF	30,000	24,710	(5,290)
Contributions	7,500	7,000	(500)
Board expense	6,000	4,157	(1,843)
Special events	12,000	12,004	4
Payroll taxes	25,500	24,862	(638)
Grant expenses	-	-	-
Total general government	<u>820,541</u>	<u>649,384</u>	<u>(171,157)</u>
Public Works			
Street lighting	80,000	54,880	(25,120)
Road maintenance and materials	1,127,500	908,342	(219,158)
Refuse Disposal	2,500	1,331	(1,169)
Engineering expenses	117,500	83,506	(33,994)
Total public works	<u>1,327,500</u>	<u>1,048,059</u>	<u>(279,441)</u>
Parks and Recreation			
Park maintenance and utilities	221,000	46,235	(174,765)
Total parks and recreation	<u>221,000</u>	<u>46,235</u>	<u>(174,765)</u>
Capital outlay			
Office equipment	-	-	-
Municipal equipment and infrastructure	165,000	222,029	57,029
Land	-	-	-
Total capital outlay	<u>165,000</u>	<u>222,029</u>	<u>57,029</u>
Contingency	-	-	-
Total expenditures	<u>2,534,041</u>	<u>1,965,707</u>	<u>(568,334)</u>
Excess (deficiency) of revenues over expenditures	(662,891)	(19,691)	643,200
Other Financing Sources (Uses)			
Proceeds for sale of capital assets	171,000	170,822	(178)
Net Change in Fund Balance	<u>\$ (491,891)</u>	151,131	<u>\$ 643,022</u>
Fund Balance - Beginning		3,615,301	
Fund Balance - Ending		<u>\$ 3,766,432</u>	

VILLAGE OF WADSWORTH, ILLINOIS
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - MOTOR FUEL TAX FUND
 YEAR ENDED APRIL 30, 2018

	Original and Final Budget	Actual	Over (Under) Budget
REVENUES			
Motor fuel tax allotments	\$ 98,500	\$ 97,409	\$ (1,091)
Interest income	500	1,995	1,495
Total revenues	<u>99,000</u>	<u>99,404</u>	<u>404</u>
EXPENDITURES			
Road maintenance	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 99,000</u>	99,404	<u>\$ 404</u>
Fund Balance - Beginning		<u>124,216</u>	
Fund Balance - Ending		<u>\$ 223,620</u>	

VILLAGE OF WADSWORTH, ILLINOIS
NOTES TO SUPPLEMENTARY INFORMATION
APRIL 30, 2018

Note 1 - Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

Note 2 - Over Expenditure of Budget

None of the funds had total expenditures which exceeded the total budget.

