

RESOLUTION 15-09-04

A RESOLUTION
ACCEPTING THE AUDIT REPORT FOR FISCAL YEAR ENDED APRIL 30, 2015

WHEREAS, pursuant to the Illinois Municipal Auditing Law, the Village of Mahomet has issued an audit of the funds and accounts to be made by an accountant retained by the Village; and

WHEREAS, audit has been conducted in conformance with such requirements by Bray, Drake, Liles and Richardson, LLP of Urbana, Illinois.

NOW THEREFORE BE IT RESOLVED BY THE VILLAGE BOARD OF TRUSTEES OF THE VILLAGE OF MAHOMET, ILLINOIS, that:

Section 1. The Board of Trustees hereby accepts the Audit Report for fiscal year ended April 30, 2015.

Section 2: A copy of such report shall be made a part of the Village's public records and open to public inspection.

PRESENTED this 22nd day of September 2015.

PASSED this 22nd day of September 2015.

APPROVED this 22nd day of September 2015.


VILLAGE PRESIDENT
VILLAGE OF MAHOMET

ATTEST:



(SEAL)


VILLAGE CLERK
VILLAGE OF MAHOMET

VILLAGE OF MAHOMET
Mahomet, Illinois

Annual Financial Report

For the Year Ended April 30, 2015

VILLAGE OF MAHOMET

Mahomet, Illinois

Annual Financial Report
For the Year Ended April 30, 2015

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Mahomet, Illinois

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JAMES P. BRAY, CPA (Retired)

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mahomet, Mahomet, Illinois (the Village) as of and for the year ended April 30, 2015, 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 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.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress – Illinois Municipal Retirement Fund, the schedule of

changes in the employer's net pension liability and related ratios – Police Pension Fund, the schedule of employer contributions – Police Pension Fund, schedule of investment returns – Police Pension Fund, and the budgetary comparison information on pages 3–10 and 41–47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

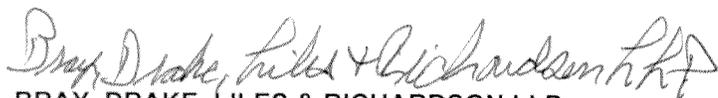
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mahomet's basic financial statements. The combining nonmajor fund financial statements and the equalized assessed valuations, tax rates, taxes extended and collected, and legal debt margin are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the equalized assessed valuations, tax rates, taxes extended and collected, and legal debt margin, and the schedule of expenditures of federal awards 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 nonmajor fund financial statements and the schedule of equalized assessed valuations, tax rates, taxes extended and collected, and legal debt margin and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2015, on our consideration of the Village of Mahomet's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Village of Mahomet's internal control over financial reporting and compliance.



BRAY, DRAKE, LILES & RICHARDSON LLP

Urbana, Illinois

September 8, 2015

BRAY, DRAKE, LILES & RICHARDSON LLP

Certified Public Accountants

Village of Mahomet

Management's Discussion and Analysis

April 30, 2015

As management of the Village of Mahomet, we offer readers of these financial statements a narrative overview and analysis of the financial activities of the Village of Mahomet for the fiscal year ended April 30, 2015.

Financial Highlights

- The total net position of the Village of Mahomet exceeded its liabilities at the close of the most recent fiscal year for both, the governmental and business-type, activities by a total of \$55,760,007 (*net position*).
- The Village's total net position increased by \$692,252 for the reporting year over the previous fiscal year.
- As of the close of the current fiscal year, the Village of Mahomet's governmental activities reported combined ending fund balances of \$4,135,390, a decrease of \$1,806,673 over the prior year. Of this amount \$1,085,531, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,085,531 or 33% of total general fund expenditures.
- The Village of Mahomet's total debt decreased by \$102,209 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Mahomet's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Mahomet's finances, in a manner similar to private-sector business. They report all funds of the Village of Mahomet including governmental activities and business-type activities.

- The *statement of net position* presents information on the Village of Mahomet's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Net assets have been increasing over the past years.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

The governmental activities of the Village of Mahomet include general government, public safety (police, ESDA), highways and streets, culture and recreation, community development, economic development and interest on long-term debt. Business-type activities include water and sewer enterprise funds.

Fund financial statements. A fund is a grouping of related accounts which is used to maintain control over resources segregated for specific activities or objectives. The Village of Mahomet, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Mahomet maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet as well as in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Tax Increment Financing Fund, which are both considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village adopts an annual appropriated budget for its general fund and other major funds. Budgetary comparison statements have been provided for the general fund and other major governmental funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-14 within this report.

Business-type activities. The Village of Mahomet maintains basic public services by providing a combined water and sewer system for residents. These functions are accounted for in this audit as business-type activities or enterprise funds. These basic proprietary fund statements can be found on pages 15-17. The Village's total net asset for all proprietary fund types was \$9,897,274 (*total net position*) including restricted net position of \$4,331,279.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's programs. The accounting method used for fiduciary funds is similar to that used for proprietary funds. The only fiduciary fund utilized by the Village is the Policemen's Pension Trust Fund. The basic fiduciary fund financial statements can be found on pages 18-19.

Notes to the financial statements. The notes provide additional information which is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes of the financial statements can be found on pages 20-40 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on pages 41-47. This required supplementary information includes information concerning the Village of Mahomet's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for its major governmental funds and related footnotes. This report also contains additional supplementary information on governmental activities and legal debt margin calculations, assessed valuations, tax rates, taxes extended and taxes collected information. Additional supplementary information can be found on pages 48-52 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Mahomet, assets exceeded liabilities by \$55,760,007 at the close of the fiscal year.

The largest portion of the Village's net position (83%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets still outstanding. The Village of Mahomet uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table reflects the condensed Statement of Net Position:

Village of Mahomet's Net Position

	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014	Total 2015	Total 2014
Current and Other Assets	\$ 7,894,728	\$ 7,957,037	\$ 5,419,418	\$ 5,034,621	\$ 13,314,146	\$ 12,991,658
Capital Assets	47,095,140	47,085,345	20,209,303	19,580,031	67,304,443	66,665,376
Total Assets	54,989,868	55,042,382	25,628,721	24,614,652	80,618,589	79,657,034
Long-term Liabilities	5,061,950	5,509,561	15,338,451	15,018,579	20,400,401	20,528,140
Other Liabilities	952,388	952,329	392,996	380,985	1,345,384	1,333,314
Total Liabilities	6,014,338	6,461,890	15,731,447	15,399,564	21,745,785	21,861,454
Deferred Inflows of Resources	3,112,797	2,727,827	-	-	3,112,797	2,727,827
Net Position:						
Net investment in						
Capital Assets	41,804,846	41,381,345	4,628,860	4,311,085	46,433,706	45,692,430
Restricted	1,455,357	1,600,623	4,331,279	4,342,979	5,786,636	5,943,602
Unrestricted	2,602,530	2,870,699	937,135	561,024	3,539,665	3,431,723
Total Net Position	\$ 45,862,733	\$ 45,852,667	\$ 9,897,274	\$ 9,215,088	\$ 55,760,007	\$ 55,067,755

A portion of the Village's net position (10%) represents resources which are subject to external restrictions on how they may be used.

Governmental Activities. Governmental activities increased the Village's net position by \$10,066, which represents 1% of the Change in Net Position of the Village. Revenues and expenditures closely matched each other during the year.

Business-type Activities. There was a total net increase in assets over the previous fiscal year of \$682,186, which represents 99% of the Change in Net Position of the Village. The increase is mainly due to an increase in charges for services.

The following table summarizes the revenues and expenses of the Village's activities:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 341,925	\$ 376,691	\$ 2,179,639	\$ 2,192,535	\$ 2,521,564	\$ 2,569,226
Operating grants & contributions	52,200	1,370,002	-	-	52,200	1,370,002
General revenues:						
Property taxes	2,860,885	2,724,105	39,390	38,802	2,900,275	2,762,907
Other taxes	2,264,214	2,313,625	-	-	2,264,214	2,313,625
Investment earnings	5,793	6,543	6,505	4,428	12,298	10,971
Miscellaneous	55,340	73,973	-	-	55,340	73,973
Total revenues	5,580,357	6,864,939	2,225,534	2,235,765	7,805,891	9,100,704
Expenses:						
General government	571,288	581,718	-	-	571,288	581,718
Public safety	1,170,771	915,347	-	-	1,170,771	915,347
Highways and streets	1,728,774	1,943,334	-	-	1,728,774	1,943,334
Culture and recreation	366,815	339,073	-	-	366,815	339,073
Planning and zoning	445,298	355,685	-	-	445,298	355,685
Economic development	1,167,237	989,885	-	-	1,167,237	989,885
Interest on long-term debt	150,108	110,708	-	-	150,108	110,708
Water department	-	-	892,877	870,853	892,877	870,853
Sewer department	-	-	620,471	663,548	620,471	663,548
Total expenses	5,600,291	5,235,750	1,513,348	1,534,401	7,113,639	6,770,151
Excess (deficiency) of revenues over expenses	(19,934)	1,629,189	712,186	701,364	692,252	2,330,553
Other financing sources (uses):						
Transfers in (out)	30,000	(121,604)	(30,000)	1,604	-	(120,000)
Change in net position	10,066	1,507,585	682,186	702,968	692,252	2,210,553
Beginning net position, as originally reported	47,242,072	45,734,487	9,215,088	8,512,120	56,457,160	54,246,607
Restatement	(1,389,405)	-	-	-	(1,389,405)	-
Beginning net position, as restated	45,852,667	45,734,487	9,215,088	8,512,120	55,067,755	54,246,607
Ending net position	\$ 45,862,733	\$ 47,242,072	\$ 9,897,274	\$ 9,215,088	\$ 55,760,007	\$ 56,457,160

Revenues for governmental activities for the Village of Mahomet are generated from a number of different sources and for the most part are dependent upon different financial factors. The majority of general revenue is derived from property taxes, which provides long-term stability, though there is a healthy balance of support from sales, income, and utility taxes.

Highways and streets expenses constituted the largest single category of expense within governmental activities totaling \$1,728,774 or 31% of total expenses of \$5,600,291. Public safety expenses were next at \$1,170,771 or 21% of total expenses in governmental activities.

Business-type activities include revenues and expenses for water and sewer utility provision. Charges for services exceeded expenditures in the reporting year by \$682,186. These excess revenues are being set aside for future infrastructure investment including the sanitary sewer treatment plant expansion.

Financial Analysis of the Government's Funds

As noted earlier, the Village of Mahomet uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Village of Mahomet's governmental funds reported combined ending fund balances of \$4,135,390, a decrease of \$1,806,673. 26% of this amount, or \$1,085,531, constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund balance decreased \$250,203 due to decreased grant revenues during the year.

The Tax Increment Financing Fund decreased by \$137,001 due to economic development expenditures exceeding revenues.

Business-type funds. Enterprise, proprietary or business-type funds are used to account business-type activities provided to the public. For the Village of Mahomet, these activities are financed by user charges including water/sewer utility billings and water/sewer system connection fees. These funds experienced an increase of \$682,186 in net position.

Budgetary Highlights

The Village staff develops a working budget prior to the beginning of each fiscal year. This working budget is based on Village Board goals of what programs to fund, 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 working budget is presented to the Village Board and adopted by a majority vote. The Village staff uses this budget to guide operations throughout the fiscal year.

The legal spending limits of the Village of Mahomet, as well as most municipal governments, are set by the appropriation ordinance. The appropriation ordinance is also developed by Village staff taking into account the maximum acceptable spending for operations and other possible contingencies. The appropriation ordinance is passed by the Village Board in accordance with State statutes. If the municipality has erred by underestimating the appropriation ordinance for a particular year there are few remedies available to correct the error.

During the fiscal year 2015, the budget was not amended. Explanations of significant variations between the original budget and final budget in the General Fund are as follows:

- In the General Fund, revenues were understated. The final budgeted amount was \$2,608,760 with actual revenues being \$2,623,382. The fiscal year expenditures ended with a positive variance in the amount of \$14,622. Property tax revenues were higher than anticipated for FY14-15, which was offset by lower grant revenues.
- Expenses in the General Fund which include general government, public safety (police, ESDA), highways and streets, community development, engineering, economic development and capital outlay had a final budgeted amount of \$3,493,469 with the actual being \$3,249,933. The fiscal year ended with a positive variance in the amount of \$243,536.

Capital Asset and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental (\$47,095,140) and business-type (\$20,209,303) activities as of April 30, 2015, totals to \$67,304,443. This investment in capital assets includes land, construction in progress, buildings and improvements, equipment, water/wastewater distribution system, and infrastructure.

Following is a Comparative Statement of Capital Assets, net of depreciation:

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,568,213	\$ 1,568,213	\$ 103,466	\$ 103,466	\$ 1,671,679	\$ 1,671,679
Construction in Progress	-	-	14,351,454	13,242,777	14,351,454	13,242,777
Buildings	3,231,696	3,007,348	4,575,020	4,922,073	7,806,716	7,929,421
Equipment	1,159,620	1,316,200	124,327	165,685	1,283,947	1,481,885
Infrastructure	41,135,611	41,193,584	1,055,036	1,146,030	42,190,647	42,339,614
Total	\$ 47,095,140	\$ 47,085,345	\$ 20,209,303	\$ 19,580,031	\$ 67,304,443	\$ 66,665,376

Additional information on the Village's capital assets can be found in Note 2.B in the Notes to Basic Financial Statements of this report.

Long-term debt. At the end of the current fiscal year, the Village of Mahomet had total bonded debt outstanding of \$6,810,000, of this amount, \$580,000 counts against the Village's statutory debt limitation of 8.625% of total assessed valuation. The entire amount is backed by the full faith and credit of the Village. Following is a comparative statement of outstanding debt:

	Governmental Activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds-						
Alternate Revenue Bonds	\$ 4,610,000	\$ 4,929,000	\$ 2,200,000	\$ 2,515,000	\$ 6,810,000	\$ 7,444,000
Notes Payable	680,294	775,000	13,380,443	12,753,946	14,060,737	13,528,946
Total	\$ 5,290,294	\$ 5,704,000	\$ 15,580,443	\$ 15,268,946	\$ 20,870,737	\$ 20,972,946

The Village of Mahomet's total debt decreased by \$102,209 during the current fiscal year. Additional information on the Village's long-term debt can be found in Note 3.J. in the Notes to Basic Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

The equalized assessed value (EAV) of taxable property in the Village of Mahomet for 2014 levy year was \$161,118,680, which represents one-third market value. Residential developments constitute 90% of the EAV. The Village's tax rate at December 31, 2014 was \$.9303 per \$100 of assessed value. Keeping the Village's tax rate low has been a long-standing goal for the Village of Mahomet. The percentage of real estate taxes collected has been over 96 percent in past years.

One of the Village's largest single sources of revenue is property taxes which are extremely stable. Increases in the Village's annual levy are limited by the Property Tax Extension Limitation Law (PTELL). PTELL limits the increase in the property tax extensions (total taxes billed for non-home rule taxing districts to the lower of the National Consumer Price index or 5%, excluding any

new growth. For the 2014 calendar year, the rate was 1.5%. The rate for 2015 calendar year is 0.8%.

State shared revenues are estimated for the 2015/2016 fiscal year to increase to \$99.00 per capita for income tax. Estimations for State Use Tax are expected to be \$19.40, per capita for out of state purchases. Motor Fuel Tax estimates are expected to decrease to \$23.80 for the upcoming fiscal year. The total per capita revenue estimates for fiscal year 2015 was \$139.80 with an estimated increase in FY 2016 to \$142.20 per capita. The revenue streams for State Shared revenues have increased over the past few years due to the increased population.

With the ongoing state budget impasse, there are still many unanswered questions in regards to how the distributions will be made to municipalities. Income Tax has been adjusted in the Village's budget document to reflect state-shared revenue estimates to \$84.15 per capita. Due to the uncertainties, the Village reduced the estimation of income tax revenue by 15%. The Motor Fuel Tax distribution was reduced in April due to an MFT account sweep by the State. Currently, the Motor Fuel Tax distributions have been suspended due to the budget stalemate.

Construction activity has been increasing over the previous years. In 2014, 117 new single-family residential lots were platted and by September 1, 2015 fifty-five (55) of those were under construction or occupied. In 2015, ninety-one (91) new lots are expected to be recorded. A new residential development on the south side of town is planned for six (6) phases with a total of 168 new lots. Thornewood Subdivision is expanding and the next and last three (3) phases will add 132 residential lots. A forty-five (45) lot last phase of Prairie Crossing is in early approval stages now. Residential development continues to be the growth area of Mahomet.

The Village, however, is also seeing more commercial construction including new buildings for Creature Comforts veterinary and boarding clinic and BBT Fabrications. Landowners of commercial properties have been actively talking to the Village and potential tenants. We anticipate these efforts will be evident in a couple of years. The Village is actively promoting our area population and market. The official Village population is grossly under-representing our 15,000 person market area. The Village's investments in infrastructure over the last ten years, including fiber-optic lines for high-speed internet, means hundreds of acres are ready for development.

The Village parks looks forward to completing a number of projects that will advance the quality of life for our residents. First, The Route 47 North Bikepath project is well underway. The project should be complete by November, 2015. Furthermore, the parks and recreation department installed a new fitness floor at the Public Works facility, allowing staff to expand fitness and indoor programming significantly. Other projects to be complete by year end includes new backstop fencing at both Taylor Ball Diamonds and new field lights on Taylor North. Finally, the parks department has completed a grant application for a kayak/canoe access at the Sangamon River Greenway. If approved, the 100% IDNR funded grant project will provide ADA access for kayak/canoe and park visitors.

Long-term financial planning-Management's top priority for the next several years will continue to center on the rehabilitation of the Village's aging infrastructure. In May 2015, the Village approved the 5-year capital plan in conjunction with the 2015 budget. The Five Year plan provides a blueprint for future spending over the next five years, including the funding of the Village's streets, as well as other infrastructure projects. The Program will be utilized by the current Board in developing a financing framework and setting priorities for individual project.

Water and Wastewater revenues are reviewed annually to see if an increase in water/wastewater rates are currently needed. The increase in water revenues will be utilized to retire current debt

for the Water Treatment plant and for upcoming water capital improvement projects. The wastewater rates have been reviewed and will not have an annual increase this year due to substantial increases in the past four years. The wastewater revenues are utilized to retire current debt issued for the East Mahomet interceptor sanitary sewer project and to repay the IEPA loan associated with the \$14 million Wastewater Treatment Plant expansion. Ordinance 15-03-03 provides that water usage charges shall increase on May 1 annually at a rate of \$.01 per 100 gallons. Water and wastewater connection fee ordinances, 15-03-01 and 15-03-02, were approved at the March 25th, 2015 Board meeting. The fees for water connections are scheduled to increase \$25 annually per review and approval of the Board. The wastewater connection fees are scheduled to increase \$25.00 per unit annually per review and approval by the Board.

The IMRF contribution rate for calendar year 2015 is 9.16% a decrease over the 2014 rate of 9.73%. The employee contribution will remain at 4.50%. The SLEP rate for 2015 is 12.07% an increase from last year's rate of 11.96%. The employee contribution for SLEP is 7.50%. Each year, an independent actuary calculates an employer contribution rate for each employer. In addition to retirement benefits, IMRF also provides death and disability benefits. Employer contributions are paid directly from the water/wastewater funds and levied funds for IMRF.

The Village will face some long-term financial challenges with increased benefit cost for employees, e.g., health insurance and funding for pension plans. The newly formed police pension fund was established and an ordinance adopted December 20, 2011, mandated by the 2010 census numbers. The future pension costs for the police department will have an unfunded accrued liability in the amount of \$644,455. The Village funds the police pension by real estate levy and a transfer from General Corporate. The Village will continue to levy taxes for contributions to the IMRF, Social Security and Police Pension funds. The Village will need to focus on finding more effective measures to reduce expenditures, efficiency in staffing and continue to provide quality services to the community.

There are currently no other known contingencies that would force a major change in the Village's budgeting, spending, or taxation.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the: Village Treasurer Jeanne Schacht, Village of Mahomet, 503 E. Main, P.O. 259, Mahomet, IL 61853 or call 217/586-4456 or email jschacht@mahomet-il.gov.

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Net Position

April 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,918,766	\$ 840,859	\$ 3,759,625
Receivables	27,426	207,806	235,232
Due from governmental entities	3,596,859	39,474	3,636,333
Prepaid items	61,615	13,056	74,671
Restricted Assets:			
Cash and cash equivalents	1,290,062	4,318,223	5,608,285
Capital Assets (net of accumulated depreciation):			
Land	1,568,213	03,466	1,671,679
Construction in progress	-	51,454	14,351,454
Buildings and improvements	3,231,696	4,575,020	7,806,716
Equipment	1,159,620	124,327	1,283,947
Infrastructure	<u>41,135,611</u>	<u>1,055,036</u>	<u>42,190,647</u>
Total assets	<u>54,989,868</u>	<u>25,628,721</u>	<u>80,618,589</u>
<u>Liabilities:</u>			
Accounts payable	130,111	45,159	175,270
Accrued expenses	93,725	27,837	121,562
Unearned revenues	262,017	-	262,017
Non-current liabilities:			
Accrued compensated absences	238,191	78,008	316,199
Due within one year	466,535	320,000	786,535
Due after more than one year	<u>4,823,759</u>	<u>15,260,443</u>	<u>20,084,202</u>
Total liabilities	<u>6,014,338</u>	<u>15,731,447</u>	<u>21,745,785</u>
<u>Deferred Inflows of Resources:</u>			
Unavailable revenue - property taxes	<u>3,112,797</u>	-	<u>3,112,797</u>
Total deferred inflows of resources	<u>3,112,797</u>	-	<u>3,112,797</u>
<u>Net Position:</u>			
Net investment in capital assets	41,804,846	4,628,860	46,433,706
Restricted for:			
Debt service	510,180	375,150	885,330
Prepaid items	61,615	13,056	74,671
Capital projects	866,993	3,943,073	4,810,066
Other	16,569	-	16,569
Unrestricted	<u>2,602,530</u>	<u>937,135</u>	<u>3,539,665</u>
Total net position	<u>\$ 45,862,733</u>	<u>\$ 9,897,274</u>	<u>\$ 55,760,007</u>

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Activities

For the Year Ended April 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:					
Governmental activities:					
General government	\$ 571,288	\$ -	\$(422,909)	\$ -	\$(42,909)
Public safety	1,170,771	54,843	(1,115,928)	-	(1,115,928)
Highways and streets	1,728,774	-	(1,728,774)	-	(1,728,774)
Culture and recreation	366,815	52,200	(175,912)	-	(175,912)
Planning and zoning	445,298	-	(445,298)	-	(445,298)
Economic development	1,167,237	-	(1,167,237)	-	(1,167,237)
Interest on long-term debt	150,108	-	(150,108)	-	(150,108)
Total governmental activities	5,600,291	52,200	(5,206,166)	-	(5,206,166)
Business-type activities:					
Water	892,877	-	-	(227,208)	(227,208)
Sewer	620,471	1,513,970	-	893,499	893,499
Total business-type activities	1,513,348	2,179,639	-	666,291	666,291
Total functions/programs	\$ 7,113,639	\$ 2,521,564	\$(5,206,166)	666,291	\$(4,539,875)
General revenues:					
Taxes:					
Property taxes			2,860,885	39,390	2,900,275
Motor fuel taxes			231,591	-	231,591
Replacement taxes			7,264	-	7,264
Income taxes			731,213	-	731,213
Sales taxes			763,728	-	763,728
Utility taxes			530,418	-	530,418
Interest income			5,793	6,505	12,298
Miscellaneous income			55,340	-	55,340
Transfers			30,000	(30,000)	-
Total general revenues			5,216,232	15,895	5,232,127
Change in net position			10,066	682,186	692,252
Net position, beginning, as originally reported			47,242,072	9,215,088	56,457,160
Restatement			(1,389,405)	-	(1,389,405)
Net position, beginning, as restated			45,852,667	9,215,088	55,067,755
Net position, ending			\$ 45,862,733	\$ 9,897,274	\$ 55,760,007

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Balance Sheet - Governmental Funds

April 30, 2015

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Other Governmental</u>	<u>Total</u>
<u>Assets:</u>				
Cash and cash equivalents	\$ 1,343,435	\$ 407,815	\$ 1,167,516	\$ 2,918,766
Due from other governments	1,243,453	1,653,431	493,463	3,390,347
Utility taxes receivable	-	-	27,426	27,426
Prepaid insurance	-	-	61,615	61,615
Restricted assets:				
Cash and cash equivalents	512,662	334,275	443,125	1,290,062
Total assets	<u>\$ 3,099,550</u>	<u>\$ 2,395,521</u>	<u>\$ 2,193,145</u>	<u>\$ 7,688,216</u>
<u>Liabilities:</u>				
Accounts payable	\$ 90,252	\$ -	\$ 39,859	\$ 130,111
Accrued salaries	41,797	-	6,104	47,901
Unearned revenue	259,005	-	3,012	262,017
Total liabilities	<u>391,054</u>	<u>-</u>	<u>48,975</u>	<u>440,029</u>
<u>Deferred Inflows of Resources:</u>				
Unavailable revenue - property taxes	<u>1,006,623</u>	<u>1,653,431</u>	<u>452,743</u>	<u>3,112,797</u>
<u>Fund balance:</u>				
Nonspendable				
Prepaid items	-	-	61,615	61,615
Restricted				
Debt service	-	334,275	-	334,275
Highways and streets	-	-	367,722	367,722
Public safety	-	-	16,569	16,569
Economic development	-	407,815	-	407,815
Committed				
Debt service	103,680	-	-	103,680
Capital projects	512,662	-	-	512,662
Economic development	-	-	-	-
Assigned				
Debt service	-	-	72,225	72,225
Capital projects	-	-	588,960	588,960
Retirement	-	-	43,311	43,311
Culture and recreation	-	-	531,869	531,869
Insurance	-	-	9,156	9,156
Unassigned	1,085,531	-	-	1,085,531
Total fund balance	<u>1,701,873</u>	<u>742,090</u>	<u>1,691,427</u>	<u>4,135,390</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,099,550</u>	<u>\$ 2,395,521</u>	<u>\$ 2,193,145</u>	

Reconciliation to Statement of Net Position:

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities of \$58,933,598, net of accumulated depreciation of \$11,838,457, are not financial resources and, therefore, are not reported in the funds. 47,095,140

Other assets are not available to pay for current-period expenditures and therefore are deferred or not recorded in the funds. 206,512

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:

Accrued compensated absences (238,191)

Bonds payable (5,336,118)

Net position of governmental activities \$ 45,862,733

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

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

For the Year Ended April 30, 2015

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 952,540	\$ 1,471,576	\$ 436,769	\$ 2,860,885
Motor fuel taxes	-	-	231,591	231,591
Replacement income taxes	7,264	-	-	7,264
Income taxes	710,809	-	-	710,809
Sales taxes	760,968	-	-	760,968
Utility taxes	-	-	534,140	534,140
Permits and licenses	148,379	-	-	148,379
Fines	38,133	-	16,710	54,843
Rentals and fees	-	-	138,703	138,703
Grant income	-	-	52,200	52,200
Developer reimbursements	-	-	-	-
Interest income	2,690	1,198	1,905	5,793
Miscellaneous	2,599	-	37,091	39,690
Total revenues	2,623,382	1,472,774	1,449,109	5,545,265
Expenditures:				
Current				
General government	535,625	-	24,268	559,893
Public safety	1,088,160	-	36,981	1,125,141
Highways and streets	642,542	-	277,535	920,077
Culture and recreation	-	-	320,934	320,934
Planning and zoning	445,298	-	-	445,298
Economic development	28,402	1,138,835	-	1,167,237
Debt Service:				
Principal	94,706	260,000	59,000	413,706
Interest and fiscal charges	65,986	74,475	12,962	153,423
Capital outlay	349,214	101,465	483,498	934,177
Total expenditures	3,249,933	1,574,775	1,215,178	6,039,886
Excess of revenues over (under) expenditures	(626,551)	(102,001)	233,931	(494,621)
Other Financing Sources (Uses):				
Sale of assets	47,355	-	-	47,355
Transfers in	423,194	-	324,278	747,472
Transfers out	(94,201)	(35,000)	(588,271)	(717,472)
Total other financing sources (uses)	376,348	(35,000)	(263,993)	77,355
Net change in fund balances	(250,203)	(137,001)	(30,062)	(417,266)
Fund balances, beginning, as originally reported	2,411,879	1,571,995	1,958,189	5,942,063
Restatement	(459,803)	(692,904)	(236,700)	(1,389,407)
Fund balances, beginning, as restated	1,952,076	879,091	1,721,489	4,552,656
Fund balances, ending	\$ 1,701,873	\$ 742,090	\$ 1,691,427	\$ 4,135,390
Reconciliation to the Statement of Activities:				
Net change in fund balances - total governmental funds				\$ (417,266)
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures while government activities report depreciation expense to allocate those expenditures over the life of the assets:				
Capital asset purchases capitalized				980,928
Net capital asset sales, disposals and trade-ins				(31,705)
Depreciation expense				(939,429)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
				19,442
New debt is an other financing source in governmental funds, while repayment of bond and loan principal is an expenditure in the governmental funds, but the new debt increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net position.				
				413,706
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 the governmental funds.				
Accrued compensated absences				(18,925)
Accrued interest				3,315
Change in Net Position of Governmental Activities				\$ 10,066

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Net Position - Proprietary Funds

April 30, 2015

	Waterworks	Sewerage	Total
<u>ASSETS</u>			
<u>Current assets:</u>			
Cash and cash equivalents	\$ 582,290	\$ 258,569	\$ 840,859
Property taxes receivable	39,474	-	39,474
Accounts receivable, net	59,799	148,007	207,806
Prepaid insurance	6,806	6,250	13,056
Total current assets	688,369	412,826	1,101,195
<u>Noncurrent assets:</u>			
Cash-restricted	255,600	4,062,623	4,318,223
Capital assets:			
Property, plant and equipment	8,411,737	20,124,330	28,536,067
Accumulated depreciation	(5,895,789)	(2,430,975)	(8,326,764)
Total noncurrent assets	2,771,548	21,755,978	24,527,526
Total assets	3,459,917	22,168,804	25,628,721
<u>LIABILITIES</u>			
<u>Current liabilities:</u>			
Accounts payable	24,016	21,143	45,159
Accrued expenses	19,466	8,371	27,837
General Obligation bonds - current	210,000	110,000	320,000
Total current liabilities	253,482	139,514	392,996
<u>Non-current liabilities:</u>			
Accrued compensated absences	38,439	39,569	78,008
Notes payable	-	13,380,443	13,380,443
General Obligation bonds	1,565,000	315,000	1,880,000
Total non-current liabilities	1,603,439	13,735,012	15,338,451
Total liabilities	1,856,921	13,874,526	15,731,447
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	740,948	3,887,912	4,628,860
Restricted:			
Restricted for prepaid items	6,806	6,250	13,056
Restricted for capital projects	-	3,943,073	3,943,073
Restricted for debt service	255,600	119,550	375,150
Unrestricted	599,642	337,493	937,135
Total net position	\$ 1,602,996	\$ 8,294,278	\$ 9,897,274

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

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

For the Year Ended April 30, 2015

	<u>Waterworks</u>	<u>Sewerage</u>	<u>Total</u>
<u>Operating Revenues:</u>			
Charges for services	\$ 660,549	\$ 1,513,403	\$ 2,173,952
Miscellaneous	<u>5,120</u>	<u>567</u>	<u>5,687</u>
Total operating revenues	<u>665,669</u>	<u>1,513,970</u>	<u>2,179,639</u>
<u>Operating Expenses:</u>			
Personal services	188,172	220,610	408,782
Supplies and materials	177,765	161,080	338,845
Contractual services	139,740	98,395	238,135
Depreciation and amortization expense	<u>338,859</u>	<u>140,386</u>	<u>479,245</u>
Total operating expenses	<u>844,536</u>	<u>620,471</u>	<u>1,465,007</u>
Operating income (loss)	<u>(178,867)</u>	<u>893,499</u>	<u>714,632</u>
<u>Non-operating Revenues (Expenses):</u>			
Property taxes	39,390	-	39,390
Grant income	-	-	-
Interest income	1,029	5,476	6,505
Interest expense	<u>(48,341)</u>	<u>-</u>	<u>(48,341)</u>
Total non-operating revenues (expenses)	<u>(7,922)</u>	<u>5,476</u>	<u>(2,446)</u>
Income (loss) before transfers in (out)	(186,789)	898,975	712,186
Transfers in (out)	<u>45,013</u>	<u>(75,013)</u>	<u>(30,000)</u>
Change in net position	(141,776)	823,962	682,186
Net position - beginning	<u>1,744,772</u>	<u>7,470,316</u>	<u>9,215,088</u>
Net position - ending	<u>\$ 1,602,996</u>	<u>\$ 8,294,278</u>	<u>\$ 9,897,274</u>

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Cash Flows

Proprietary Funds

For the Year Ended April 30, 2015

<u>Cash Flows from Operating Activities:</u>	<u>Waterworks</u>	<u>Sewerage</u>	<u>Totals</u>
Receipts from users	\$ 654,552	\$ 1,485,128	\$ 2,139,680
Payments to suppliers	(313,711)	(272,245)	(585,956)
Payments to employees	(177,004)	(212,970)	(389,974)
Other receipts (payments)	5,120	567	5,687
Net cash provided by (used in) operating activities	<u>168,957</u>	<u>1,000,480</u>	<u>1,169,437</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Property taxes	39,390	-	39,390
Operating transfers in	60,013	6,974	66,987
Operating transfers out	(15,000)	(81,987)	(96,987)
Net cash provided (used) by noncapital financing activities	<u>84,403</u>	<u>(75,013)</u>	<u>9,390</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Sale (purchase) of capital assets	-	(1,089,368)	(1,089,368)
Interest paid on capital debt	(48,342)	(6,969)	(55,311)
Capital debt proceeds	-	626,497	626,497
Principal paid on capital debt	(205,000)	(110,000)	(315,000)
Net cash used for capital and related financing activities	<u>(253,342)</u>	<u>(579,840)</u>	<u>(833,182)</u>
<u>Cash Flows from Investing Activities:</u>			
Investment income	1,030	5,476	6,506
Net cash provided (used) by investing activities	<u>1,030</u>	<u>5,476</u>	<u>6,506</u>
Net increase (decrease) in cash and cash equivalents	1,048	351,103	352,151
Cash and cash equivalents, beginning of the year	<u>836,842</u>	<u>3,970,089</u>	<u>4,806,931</u>
Cash and cash equivalents, end of the year	<u>\$ 837,890</u>	<u>\$ 4,321,192</u>	<u>\$ 5,159,082</u>
<u>Reconciliation of Operating Income (Loss)</u>			
<u>To Net Cash Provided (Used) By Operating Activities</u>			
Operating income (loss)	\$ (178,867)	\$ 893,499	\$ 714,632
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	338,859	140,386	479,245
Change in assets and liabilities:			
(Increase) decrease-accounts receivable	(6,456)	(28,275)	(34,731)
(Increase) decrease-prepaid insurance	1,125	960	2,085
Increase (decrease)-accounts payable	8,556	821	9,377
Increase (decrease)-accrued expenses	5,740	(6,911)	(1,171)
Total adjustments	<u>347,824</u>	<u>106,981</u>	<u>454,805</u>
Net cash provided (used) by operating activities	<u>\$ 168,957</u>	<u>\$ 1,000,480</u>	<u>\$ 1,169,437</u>

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Fiduciary Net Position

Fiduciary Funds

April 30, 2015

ASSETS

Cash and cash equivalents	\$ 209,919
Investments, at fair value	
Fixed income securities	657,029
Domestic equity securities	<u>74,398</u>
Total assets	<u>941,346</u>

LIABILITIES

Accounts payable	<u>-</u>
Total liabilities	<u>-</u>

Net Position Restricted For Pensions \$ 941,346

The notes to basic financial statements are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended April 30, 2015

Additions:

Employer contributions	\$ 217,260
Employee contributions	37,774
Total contributions	<u>255,034</u>

Investment income:

Net appreciation in fair value of investments	2,569
Interest and dividends	<u>4,743</u>
Total investment income	<u>7,312</u>
Less investment expense	<u>(362)</u>
Total additions	<u>261,984</u>

Deductions:

Administrative costs	<u>6,312</u>
Total deductions	<u>6,312</u>

NET INCREASE 255,672

NET POSITION RESTRICTED FOR PENSIONS

Net position - beginning of year, as originally stated	783,289
Restatement	<u>(97,615)</u>
Net position - beginning of year, as restated	<u>685,674</u>
Net position - ending of year	<u>\$ 941,346</u>

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements

April 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

1.A. REPORTING ENTITY

This report includes all of the funds of the Village. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The Village has no discretely presented component units.

The Village's financial reporting entity is composed of the following:

Primary Government: Village of Mahomet

1.B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In March 2009, the GASB issued Statement No. 54-*Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications based primarily on the extent to which the Village is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance policies and procedures.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.B. BASIS OF PRESENTATION (continued)

The government-wide financial statements (statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village has one fiduciary fund. Emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Village. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
Motor Fuel Tax	Accounts for revenues received and expenditures paid for street maintenance.
Utility Tax issue.	Accounts for electric and gas taxes and for expenses of the 1998 G.O. bond
Forfeited Funds	Accounts for revenues received from DUI and Drug fines.
IMRF	Accounts for property taxes levied and makes the required payments to the Illinois Municipal Retirement Fund.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.B. BASIS OF PRESENTATION (continued)

FUND FINANCIAL STATEMENTS (continued)

Special Revenue Funds – (continued)

Recreation	Accounts for revenues and expenses for the various recreation programs of the Village. Registration fees provide most of the revenues for operating expenses.
Social Security	Accounts for property taxes levied and makes the required payments to the Federal and State Government.
Parks	Accounts for property taxes levied for maintaining the parks in the Village.
Insurance	Accounts for property taxes levied for making the required insurance payments of the Village.
Tax Increment Financing	Accounts for the incremental property taxes realized within the Tax Increment Financing district of the Village. Expenditure of these revenues is restricted to capital improvements and redevelopment and to other taxing bodies.
Trans. System Capital Improv.	Accounts for capital improvements to the street system of the Village. Telecommunication taxes provide the revenue for these improvements.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

<i>Fund</i>	<i>Brief Description</i>
Water system.	Accounts for revenues received and expenses paid for operating the water system.
Sewer system.	Accounts for revenues received and expenses paid for operating the sewer system.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. The Village maintains one pension trust fiduciary fund:

<i>Fund</i>	<i>Brief Description</i>
Policemen's Pension Trust	Accounts for the activity of a defined benefit single employer pension plan that covers all eligible Village police officers. Revenues to make benefit payments are partially obtained from property taxes.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (see above) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

MEASUREMENT FOCUS

Governmental Funds

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

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, using the accrual basis method of accounting. On this basis, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement 33. Property taxes are recognized as revenue in the year for which the taxes are levied. Grants are recognized as revenue when eligibility requirements are met, such as allowable costs having been incurred.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified accrual basis of accounting, is used as appropriate:

On this basis, all material sources of revenue are recognized when they become measurable and available. “Available” is defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the Village, this translates to 60 days after the end of the fiscal year. Major sources of revenue susceptible to accrual include property taxes, sales taxes, income taxes, personal property replacement taxes, other intergovernmental revenues, charges for services and investment interest.

Material amounts of expenditures are recognized when the liability is incurred. Exceptions include: principal and interest on long-term debt, which is recognized when due.

Proprietary Funds

The measurement focus for proprietary funds is the flow of economic resources. All proprietary funds are accounted for using the accrual basis method of accounting. On this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Proprietary fund operating revenues consist of charges for services and miscellaneous revenue resulting from the provision of services to users. In the enterprise funds, this translates to water and sewer revenue. Operating expenses are those incurred in providing water and sewer services. Operating expenses are expenses incurred in providing the services, such as personal services, materials and supplies and contractual services.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – (continued)

MEASUREMENT FOCUS – (continued)

Fiduciary Funds

The measurement focus for fiduciary funds is the flow of economic resources. All fiduciary funds are accounted for using the accrual basis method of accounting. On this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Fiduciary fund additions consist of employer and employee contributions and earnings on investments. Deductions include employee benefit payment and administrative contractual services.

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

CAPITAL ASSETS

The Village's GAAP basis of accounting reports capital assets and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Governmental Activities

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report equipment capital assets, \$5,000 for building capital assets and \$20,000 for infrastructure capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	50-100 years
Improvements other than buildings	40-80 years
Machinery, furniture, and equipment	3-20 years
Vehicles	4-8 years
Infrastructure	40-80 years

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

CAPITAL ASSETS – (continued)

Business-Type Activities (Enterprise Funds)

Enterprise Fund capital assets valued at \$5,000 or more are capitalized within the fund. Capital assets are stated at actual or estimated historical cost. Donated fixed assets are valued at their fair market value on the date donated. Depreciation is computed on the straight-line method over the estimated useful life of the asset. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, \$7,385 of interest was capitalized. The range of estimated useful lives by type of asset is as follows:

Buildings	50-100 years
Improvements other than buildings	40-80 years
Machinery, furniture, and equipment	3-20 years
Vehicles	4-8 years
Infrastructure	40-80 years

LONG-TERM DEBT

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Fund Financial Statements

EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. 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 that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position-Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position-All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the Village's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Village board through approval of resolutions. The Village board must take the same level of action to remove or rescind the limitation. Assigned fund balance is a limitation imposed by a designee of the Village board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative fund balance in other governmental funds represents excess of expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the Village's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the Village's taxpayers are reported as program revenues. The Village has the following program revenues:

General government permits, licenses, fees, police fines and parking fees, and recreation registration fees.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans-Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services-Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements-Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers-Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES – (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances-Amounts reported in the fund financial statements are interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities-Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

1.G. PROPERTY TAXES

The Village passed its annual tax levy ordinance on November 25, 2014. The taxes are extended by the Champaign County Clerk, against the equalized assessed valuation as of January 1 of the calendar year that the levy ordinance is enacted. Property taxes become a lien at that time. Property tax bills are due and payable in two installments: the first half due in June and the balance in September. Receipts are remitted to the District by the Champaign County Collector soon after collection. Delinquent property tax bills are sold in October.

The property tax revenues recorded in the current year financial statements represent the collections of the 2013 property tax levy. The 2014 property tax levy has been recorded as a receivable and a deferred inflow since this amount is normally not collected within a time period to be available and is intended to finance the operations of fiscal year 2016. No provision has been made for delinquent property taxes since in past years the amount has averaged less than one percent per year.

1.H. USE OF ESTIMATES

The preparation of financial statements in conformity accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

1.I. COMPENSATED ABSENCES

Village employees are granted vacation, compensatory, sick and personal time in various amounts. Vacation, compensatory and personal time may be accumulated and upon separation from service; employees are eligible to receive payment for their accumulated time. Sick time is granted to union employees with no payout provision. Nonunion employees who previously had accumulated sick time can only use this time for a personal disability or for retirement (inclusion with IMRF). Such amounts are accrued when incurred in the government-wide and proprietary fund financial statements. Governmental funds record as an expenditure the amounts paid during the year that are liquidated with expendable resources. Governmental and business-type activities have recorded \$238,191 and \$78,008, respectively, as compensated absences. Compensated absences are classified as non-current on the government-wide financial statements.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

1.J. PREPAID ITEMS

In governmental and business-type funds, prepaid expenditures/expenses are deferred and expensed over the term when the services are received.

1.K. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Village's allowance for estimated uncollectible receivables at April 30, 2015 is as follows: Water Fund \$2,000 and the Sewer Fund \$3,000.

1.L. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, which arises only under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2. DETAIL NOTES-TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

2.A. CASH AND INVESTMENTS

At April 30, 2015 the carrying amount of the Village's cash, excluding the Police Pension Trust Fund, was \$9,367,910 and the bank balances totaled \$9,531,787. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000 or collateralized with securities of the U.S. government held in the Village's name by financial institutions acting as the Village's agent.

CASH – LEGAL AND CONTRACTUAL PROVISIONS

Deposits and investments are limited by Public Funds Investment Act of the State of Illinois to the following:

- Bonds, notes, certificates of indebtedness, treasury bills which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Interest-bearing savings, certificates of deposit, or time deposits of any bank as defined by the Illinois Banking Act.
- Short term obligations of corporations organized in the U.S. with assets exceeding \$500,000,000 and other specified criteria.
- Money market mutual funds registered under the Investment Company Act of 1940 provided the portfolio is limited to obligations described in points 1 and 2 above.
- Federal National Mortgage Association.
- Public Treasurers' Investment Pools.
- Repurchase agreements of government securities within the meaning of the Government Securities Act of 1986.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

2.A. CASH AND INVESTMENTS (continued):

Police Pension Trust Fund: At April 30, 2015, the Police Pension Trust Fund's carrying amount of cash was \$209,919 while the bank balance was the same. The FDIC insures bank balances up to \$250,000. As of April 30, 2015, \$209,919 of the bank balance was collateralized with securities of the U.S. government held in Police Pension Trust Fund's name by a financial institution acting as the fund's agent.

Trust Fund's Investments: The Police Pension Trust Fund is authorized to invest in bonds, notes and other obligations of the U.S. government; corporate debentures and obligations; insured mortgage notes and loans; common and preferred stocks; stock options; and other investment vehicles as set forth in Illinois Compiled Statutes.

The Police Pension Trust Fund's policy is to maintain focus on its investment decision-making process. Specifically, the Police Pension Trust Fund's benefit liabilities extend many years into the future. As such, the investment focus should be on long-term results.

The following schedule reports the fair values and maturities (using the segmented time distribution method) for the Police Pension Trust Fund's investments at April 30, 2015.

	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>Greater Than Ten Years</u>
U.S. Treasury Securities	\$412,172	\$10,844	\$401,328	\$ 0	\$ 0
Corporate Bonds	148,865	-	0	148,865	0
Tennessee Valley Auth	98,152	-	0	98,152	0
Total	<u>659,189</u>	<u>\$10,844</u>	<u>\$401,328</u>	<u>\$247,017</u>	<u>\$ 0</u>

Investments Not Sensitive to

Interest Rate Risk:

Equity Mutual Funds 70,042

REITS 2,196

Total investments \$731,427

Interest Rate Risk – The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Police Pension Trust Fund's policy requires all fixed income investments to be of investment grade quality or higher at purchase. Also, according to the provisions of the Illinois Compiled Statutes, fixed income purchases shall be limited to obligations issued or guaranteed as to principal and interest by the U.S. government or any agency or instrumentality thereof or to corporate and municipal issues. All securities shall be of "investment grade" quality (that is at the time of purchases, rated no lower than "Baa1" by Moody's and no lower than "BBB+" by Standard & Poor's). The Board, at their discretion, may impose a higher standard on an individual investment manager basis as circumstances or investment objectives dictate.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

2.A. CASH AND INVESTMENTS (continued):

Credit ratings for the Police Pension Trust Fund's investments in debt securities at April 30, 2015 (excluding investments in U.S. Treasuries, which are not considered to have credit risk) were as follows:

Disclosure Ratings for Debt Securities (S&P/Moody's)

<u>Investment Type</u>	<u>Rating</u>
U.S. Treasury Securities	Aaa
Corporate Bonds	Aaa-Aa1

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Trust Fund will not be able to recover the value of its investments or collateral securities that are the possession of an outside party. The Police Pension Trust Fund's investment policy requires all amounts in excess of any insurance limits be collateralized by securities eligible for Village investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating service to include Standard & Poor's, Moody's or Fitch. The market value of the pledge securities shall equal or exceed the portion of the deposit requiring collateralization. The Police Pension Trust Fund was uncollateralized in the amount of \$329,474 as of April 30, 2015.

Concentration of Credit Risk – The Village places no limit on the amount the Police Pension Trust Fund may invest in any one issuer. At year end, the pension trust funds had no investments, other than those issued or guaranteed by the U.S. government and mutual funds, which represents 5% or more of net position.

2.B. CAPITAL ASSETS

A summary of capital assets related to governmental and business-type activities is presented below:

	<u>Balance at</u> <u>May 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>April 30, 2015</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 1,568,213	\$ 0	\$ 0	\$ 1,568,213
Other capital assets:				
Buildings	2,542,581	112,259	0	2,654,840
Other improvements	925,957	163,711	0	1,089,668
Machinery and equipment	2,216,307	79,598	214,620	2,081,285
Infrastructure	<u>50,914,231</u>	<u>625,360</u>	<u>0</u>	<u>51,539,591</u>
Total other capital assets	<u>56,599,076</u>	<u>980,928</u>	<u>214,620</u>	<u>57,365,384</u>

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

2.B. CAPITAL ASSETS – (continued)

	<i>Balance at</i> <i>May 1, 2014</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <i>April 30, 2015</i>
<i>Governmental activities:</i>				
Less accumulated depreciation for:				
Buildings	355,458	21,709	0	377,167
Other improvements	105,732	29,913	0	135,645
Machinery and equipment	900,106	204,474	182,915	921,665
Infrastructure	<u>9,720,647</u>	<u>683,333</u>	<u>0</u>	<u>10,403,980</u>
Total accumulated depreciation	<u>11,081,943</u>	<u>939,429</u>	<u>182,915</u>	<u>11,838,457</u>
Other capital assets, net	<u>45,517,133</u>	<u>41,499</u>	<u>31,705</u>	<u>45,526,927</u>
Gov. activities capital assets, net	<u>\$47,085,346</u>	<u>\$ 41,499</u>	<u>\$ 31,705</u>	<u>\$47,095,140</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 103,466	\$ 0	\$ 0	\$ 103,466
Construction in progress	<u>13,242,777</u>	<u>1,108,678</u>	<u>0</u>	<u>14,351,455</u>
Subtotal	<u>13,346,243</u>	<u>1,108,678</u>	<u>0</u>	<u>14,454,921</u>
Other capital assets:				
Buildings and improvements	7,921,330	0	0	7,921,330
Machinery and equipment	674,614	0	19,310	655,304
Water and sewer distribution system	<u>5,504,513</u>	<u>0</u>	<u>0</u>	<u>5,504,513</u>
Total other capital assets	<u>14,100,457</u>	<u>0</u>	<u>19,310</u>	<u>14,081,147</u>
Less accumulated depreciation for:				
Buildings and improvements	2,999,257	347,053	0	3,346,310
Machinery and equipment	508,928	41,197	19,149	530,976
Water and sewer distribution system	<u>4,358,482</u>	<u>90,995</u>	<u>0</u>	<u>4,449,477</u>
Total accumulated depreciation	<u>7,866,667</u>	<u>479,245</u>	<u>19,149</u>	<u>8,326,763</u>
Other capital assets, net	<u>6,233,790</u>	<u>(479,245)</u>	<u>161</u>	<u>5,754,384</u>
Business-type activities capital assets, net	<u>\$19,580,033</u>	<u>\$ 629,433</u>	<u>\$ 161</u>	<u>\$20,209,305</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

General government	\$ 11,395
Public safety	45,630
Highways and streets	836,523
Culture and recreation	<u>45,881</u>
Total depreciation expense for governmental activities	<u>\$939,429</u>

Business-Type Activities:

Water	\$338,859
Sewer	<u>140,386</u>
Total depreciation expense for business-type activities	<u>\$479,245</u>

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

NOTE 3. OTHER NOTES

3.A. DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by Nationwide Retirement Solutions. The plan, available to all full-time Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement death or unforeseeable emergency. Contributions to the plan are recorded on the Village's books as current salaries expenditures. All assets and income of the plan are held in trust by the plan administrator for the exclusive benefit of the participants and their beneficiaries. The Village does not take an active role in the managing the plan assets. Therefore, in accordance with GASB Statement No. 32, the deferred compensation plan is not reported in the Village's financial statements.

3.B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. There has been no significant reductions in insurance coverage from coverage in prior year and the amount of settlements have not exceeded coverage in any of the past three fiscal years. The Village handles these risks as follows:

Illinois Municipal League Risk Management Association - The Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of municipalities in Illinois that have formed an association under the Illinois Intergovernmental Corporation Statute to pool its risk management needs. The pool is self-sustaining through member premiums and provides the following types of coverage: workmen's compensation, auto liability & comprehensive general liability, portable equipment, auto physical damage and property. An annual premium is charged to cover expected claims and administrative costs. The Village and any other participating entities are subject to cover loss experiences that exceed predictions through additional premiums. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

3.C. PENSION AND RETIREMENT FUND COMMITMENTS

1. Illinois Municipal Retirement Fund (IMRF):

The Village's defined benefit pension plan, Illinois Municipal Retirement (IMRF), for Regular and Sheriff's Law Enforcement Personnel (SLEP) employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent-multiple pension plan that acts as a common investment and administrative agent for local governments and school Villages in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the General Assembly of the State of Illinois. IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

3.C. PENSION AND RETIREMENT FUND COMMITMENTS – (continued)

1. Illinois Municipal Retirement Fund (IMRF) – (continued):

Funding Policy. As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary and Sheriff's Law Enforcement Personnel contribute 7.50%. State statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of their employees. The Village's contribution rate for calendar year 2014 was 9.73% of annual covered payroll for Regular and 11.96% for SLEP. 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 state statute.

Annual Pension Cost. The required contribution for calendar year 2014 was \$106,542 for Regular and \$9,739 for SLEP.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/14	\$106,542	100%	\$0
12/31/13	112,877	100%	0
12/31/12	97,781	100%	0

THREE-YEAR TREND INFORMATION FOR THE SLEP PLAN

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/14	\$ 9,739	100%	\$0
12/31/13	10,997	100%	0
12/31/12	9,776	100%	0

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the Village's Regular and SLEP plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date.

- a) The Regular plan was 90.56 percent funded. The actuarial accrued liability for benefits was \$2,982,929 and the actuarial value of assets was \$2,701,300, resulting in an underfunded actuarial accrued liability (UAAL) of \$281,629. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$1,094,988 and the ratio of the UAAL to the covered payroll was 26 percent.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

3.C. PENSION AND RETIREMENT FUND COMMITMENTS – (continued)

1. Illinois Municipal Retirement Fund (IMRF) – (continued):

- b) The SLEP plan was 64.92 percent funded. The actuarial accrued liability for benefits was \$71,585 and the actuarial value of assets was \$46,471, resulting in an underfunded actuarial accrued liability (UAAL) of \$25,114. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$81,433 and the ratio of the UAAL to the covered payroll was 31 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

2. Police Pension Fund:

The Police Pension Fund was organized in December 2011, and is exempt from federal income tax. The pension fund is created and operated under state laws that provide for a fund to be established to provide retirement, death and disability benefits for police officers and their dependents. The fund is managed by a board of five trustees made up of two persons appointed by the president of the Village and three persons elected by the members of the fund.

The defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois General Assembly. The Village of Mahomet accounts for the plan as a fiduciary pension trust fund. The Police Pension Fund's financial information is included within this financial report issued by the Village of Mahomet, and a separate publicly available financial report that includes financial statements and required supplementary information will not be issued.

The financial statements of the Police Pension Fund are prepared using the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Securities without an established market are reported at estimated fair value.

Plan Description:

The Police Pension Fund is a defined benefit single-employer pension plan that covers all sworn police personnel. Although this is a single-employer plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. This fund is accounted for and reported as a pension trust fund.

At April 30, 2015, the measurement date, membership consisted of:

Active vested and nonvested plan members 8

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

3.C. PENSION AND RETIREMENT FUND COMMITMENTS – (continued)

2. Police Pension Fund (continued):

Following is a summary of the police pension plan as provided for in the Illinois Statutes.

The police pension plan provides retirement benefits as well as death and disability benefits. There are two tiers or levels of benefits depending on when a participant enters a plan.

The police pension plan has no Tier 1 employees. Tier 2 employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service with the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes shall not exceed \$106,800 however, that amount shall increase annually by the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e. ½% for each month under age 55).

The monthly benefit of a Tier 2 police officer shall be increased annually age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.0% or ½ of the change in the Consumer Price Index for the proceeding calendar year

Police officers are required by ILCS to contribute 9.91% of their base salary to the Police Pension Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village of Mahomet is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of past service cost by the year 2040.

Net Pension Liability

The components of the net pension liability of the Police Pension Trust Fund as of April 30, 2015 were as follows:

Total pension liability	\$1,585,801
Plan fiduciary net position	941,346
Net pension liability	644,455
Plan fiduciary net position as a percentage	
Of the total pension liability	59.36%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios of the required supplementary information for additional information related to the funded status of the Fund.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)
 April 30, 2015

3.C. PENSION AND RETIREMENT FUND COMMITMENTS – (continued)

2. Police Pension Fund (continued):

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial methods and assumptions.

Latest Actuarial Valuation Date	April 30, 2015
Actuarial Cost Method	Entry Age Normal Cost
Asset Valuation Method	5-Year Smoothed Market, no corridor
Amortization Method	Ends in fiscal year 2041
Significant Actuarial Assumptions:	
Investment rate of return	6.5%
Salary increases	Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 1.5% inflation allowance
Post retirement benefit increases	3.0% interest annually
Inflation increases	1.5% annually
Mortality	RP-2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015

Discount Rate

The discount rate used to measure the total pension liability was 6.50%, the same as the prior valuation. The projected cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Fund calculated using the discount rate of 6.50% as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (7.50%)</u>
Net pension liability	\$910,895	\$644,455	\$427,765

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

3.C. PENSION AND RETIREMENT FUND COMMITMENTS – (continued)

2. Police Pension Fund (continued):

Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions and the schedule of investment returns are presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3.D. MOTOR FUEL TAX ALLOTMENT

Under current procedures, the allotments of the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved each month by the Department of Transportation, State of Illinois.

3.E. EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended April 30, 2015, the Village did not have any expenditures over the legal appropriation limits.

3.F. CONSTRUCTION COMMITMENTS

As of April 30, 2015, the Village had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of completion</u>
Wastewater Treatment Plant Expansion	\$465,000	Fall/Winter 2015
Public Works Facility	60,000	Fall 2015

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

3.G. REVENUES DUE FROM STATE AND COUNTY GOVERNMENTS

The following is a breakdown of the amounts due from the State and County governments in both the government-wide financial statements at April 30, 2015:

<u>Champaign County:</u>	
Property taxes	\$3,152,272
Police fines and fees	1,131
<u>State of Illinois:</u>	
Sales tax	182,252
Income tax	247,227
Corporate pers. repl. tax	1,177
Telecommunications tax	35,393
Motor Fuel Tax	<u>16,881</u>
Total	<u>\$3,636,333</u>

3.H. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers to/from Other Funds

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$423,194	\$94,201
Tax Increment Financing Fund	-	35,000
Nonmajor governmental funds	324,278	588,271
Major enterprise funds:		
Water Fund	60,013	15,000
Sewer Fund	-	<u>75,013</u>
Total transfers	<u>\$807,485</u>	<u>\$807,485</u>

General Fund transfers to other funds is to cover operating expenses. Transfers into the General Fund are for capital asset purchases. Transfers from Sewer Fund to Water Fund are for debt service.

3.I. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Village does not maintain a retiree healthcare plan. The Village is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you go amount necessary to provide current benefits to retirees. Any participating retired plan members would contribute 100 percent of their premium costs. An implicit rate subsidy exists even though any retirees would contribute 100 percent of their premium because of the pooled aspects of providing health benefit coverage. The subsidy is generated as a result of the basic nature of insurance – one risk group subsidizes another to arrive at a blended premium. In all likelihood, current employees who are young and healthy subsidize older retirees. The Village has unionized workers and contribution requirements can be changed by the Village board at any time.

The Village has no retirees included in its healthcare premiums at April 30, 2015 or during the year ending April 30, 2015. As a result, the Village's implicit liability is zero or some minimal amount below what is considered material for purposes of this audit report for the year ending April 30, 2015.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

3.J. LONG-TERM DEBT

The following is a summary of the Village's long-term debt transactions for the year ended April 30, 2015:

	<u>Balance</u> <u>May 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2015</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<i>Governmental activities</i>					
Capital leases payable:					
Commerce Bank	\$ 775,000	\$ -	\$ 94,706	\$ 680,294	\$ 91,535
Accr'd comp. absences	219,267	185,462	166,538	238,191	-
General obligation bonds:					
G.O. bonds (Series 2012)	639,000	-	59,000	580,000	60,000
G.O. bonds (Series 2012A) (TIF)	1,125,000	-	100,000	1,025,000	105,000
G.O. bonds (Series 2012B) (TIF)	1,765,000	-	160,000	1,605,000	160,000
G.O. bonds (Series 2013)	<u>1,400,000</u>	<u>-</u>	<u>-</u>	<u>1,400,000</u>	<u>50,000</u>
Total governmental activities long-term liabilities	<u>\$5,923,267</u>	<u>\$185,462</u>	<u>\$580,244</u>	<u>\$5,528,485</u>	<u>\$466,535</u>
<i>Business-type activities</i>					
Notes payable:					
Illinois EPA	\$12,753,946	\$626,497	\$ -	\$13,380,443	\$ -
Accrued compensated absences	64,633	34,513	21,138	78,008	-
G.O. bonds:					
G.O. bonds (2012A) (Water)	1,980,000	0	205,000	1,775,000	210,000
G.O. bonds (2012A) (Sewer)	<u>535,000</u>	<u>0</u>	<u>110,000</u>	<u>425,000</u>	<u>110,000</u>
Total business-type activities Long-term liabilities	<u>\$15,333,579</u>	<u>\$661,010</u>	<u>\$336,138</u>	<u>\$15,658,451</u>	<u>\$320,000</u>

Long-term obligations outstanding at April 30, 2015, are comprised of the following:

General Obligation Bonds, Series 2012 - On February 23, 2012, the Village issued \$750,000 of general obligation bonds. The bonds are to be retired in annual installments ranging from \$70,500 to \$72,000 beginning December 1, 2012 through December 1, 2023 with interest payable semiannually at interest rates ranging from .90% to 2.75%. The bonds will be repaid from governmental funds via the Transportation System Capital Improvement Fund. These bonds were issued to provide financing for Village road systems.

General Obligation Bonds Waterworks and Sewerage Refunding Bonds, Series 2012A - On May 2, 2012, the Village issued \$4,055,000 of general obligation bonds with an average interest rate of 2.0% to 3.0% to current refund on July 1, 2012 \$2,250,000 of the General Obligation Waterworks and Sewerage Refunding Bonds, Series 2003A with an average interest rate of 3.50% to 4.25% and the General Obligation Waterworks and Sewerage Bonds, Series 2003B with an average interest rate of 3.50% to 4.00%. These bonds will also provide financing for a water and sewer project. The bonds are to be retired in annual installments ranging from \$125,000 to \$415,000 beginning December 1, 2013 through January 1, 2024 with interest payable semiannually at interest rates ranging from 2.00% to 3.00%. The bonds will be repaid from operating revenues of the governmental funds via the Tax Increment Financing Fund (\$1,225,000), Water Fund (\$2,185,000) and the Sewer Fund (\$645,000).

General Obligation Bonds, Series 2012B - On May 2, 2012, the Village issued \$1,920,000 of general obligation bonds. The bonds are to be retired in annual installments ranging from \$155,000 to \$200,000 beginning January 1, 2013 through January 1, 2024 with interest payable semiannually at interest rates ranging from 2.00% to 3.00%. The bonds will be repaid from incremental revenues of the governmental funds via the Tax Increment Financing Fund. These bonds were issued to provide financing for Village road systems within the Tax Increment Financing District.

VILLAGE OF MAHOMET
Mahomet, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2015

3.J. LONG-TERM DEBT (continued)

General Obligation Bonds, Series 2013 - On December 18, 2013, the Village issued \$1,400,000 of general obligation bonds. The bonds are to be retired in annual installments ranging from \$50,000 to \$100,000 beginning July 1, 2014 through January 1, 2034 with interest payable semiannually at interest rates ranging from 3.00% to 4.50%. The bonds will be repaid from governmental funds via the General Fund. These bonds were issued to provide financing for the Village Public Works building.

The annual debt service requirements for bonds payable are:

Year ending <u>April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$375,000	\$ 135,180	\$ 320,000	\$ 55,150
2017	386,000	127,540	330,000	48,750
2018	397,000	119,514	320,000	42,150
2019	403,000	109,748	330,000	34,152
2020	414,000	99,713	220,000	25,900
2021-25	1,830,000	319,615	680,000	40,950
2026-30	425,000	141,025	-	-
2031-35	380,000	43,424	-	-
2036-40	-	-	-	-
Total	<u>\$4,610,000</u>	<u>\$1,095,759</u>	<u>\$2,200,000</u>	<u>\$247,052</u>

Capital Leases – On November 1, 2013, the Village entered into a capital lease agreement at an interest rate of 1.976% with Commerce Bank to purchase various pieces of transportation department equipment. The lease obligation is effective during the period from November 1, 2013 through July 1, 2021. Annual lease payments of interest and principal begin on July 1, 2014. Total payments for the equipment are \$840,585 (principal of \$775,000 and interest of \$65,585). The lease meets the criteria of a capital lease since it transfers risk and benefits of ownership to the lessee by the end of the lease term. Capital lease payments are reflected as debt service expenditures at the government fund reporting level. The assets acquired through the capital lease total \$775,000 and accumulated depreciation claimed at year end was \$94,702. The General Fund is making the payments on the lease.

Notes Payable – The Village entered into a loan agreement with The Illinois Environmental Protection Agency \$13,473,000 for the sewer treatment plant. The total amount drawn on the note is \$13,380,443 at year end. The note bears interest at 1.25% and will have semi-annual payments of interest and principal for a twenty-year term upon completion of the plant. The sewer fund will be repaying this loan. This loan is not in repayment as of April 30, 2015.

The annual debt service requirements for capital leases and notes payable are:

Year ending <u>April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 91,535	\$ 13,538	\$ -	\$ -
2017	93,357	11,716	-	-
2018	95,215	9,858	-	-
2019	97,109	7,964	-	-
2020	99,042	6,031	-	-
2021-25	204,036	6,110	-	-
2026-30	-	-	-	-
2031-35	-	-	-	-
2036-40	-	-	-	-
Total	<u>\$680,294</u>	<u>\$55,217</u>	<u>\$ -</u>	<u>\$ -</u>

3.K. RESTATEMENT

Implementation of GASB 65 has corrected fund balance on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances by \$(1,389,405) to properly reflect to account for a prior year overstatement of property taxes recognized. Additionally, Beginning Net Position for Governmental Activities in the Statement of Activities has been restated by \$(1,389,405) to account for a prior year overstatement of property taxes recognized.

Required Supplementary Information

VILLAGE OF MAHOMET

Mahomet, Illinois

REQUIRED SUPPLEMENTARY INFORMATION

Illinois Municipal Retirement Fund Schedule of Funding Progress (Unaudited)

April 30, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) ---Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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Regular Non-SLEP Personnel

12/31/14	\$2,701,300	\$2,982,929	\$281,629	90.56%	\$1,094,988	25.72%
12/31/13	2,566,981	2,686,400	119,419	95.55%	979,834	12.19%
12/31/12	2,209,036	2,401,486	192,450	91.99%	914,697	21.04%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$3,033,872. On a market basis, the funded ratio would be 101.71%.

Sheriff's Law Enforcement Personnel

12/31/14	\$46,471	\$71,585	\$25,114	64.92%	\$81,433	30.84%
12/31/13	31,072	48,362	17,290	64.25%	78,776	21.95%
12/31/12	15,208	29,957	14,749	50.77%	70,029	21.06%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$51,007. On a market basis, the funded ratio would be 71.25%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Mahomet. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

VILLAGE OF MAHOMET

Mahomet, Illinois

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Police Pension Fund (Unaudited)

April 30, 2015

	<u>2015</u>
Total Pension Liability	
Service cost	\$ 104,269
Interest	89,045
Changes of benefit terms	-
Differences between expected and actual experience	(43,009)
Changes of assumptions	65,567
Benefit payments, including refunds of member contributions	-
Net change in total pension liability	<u>215,872</u>
Total pension liability - beginning	<u>1,369,929</u>
Total pension liability - ending	<u>\$ 1,585,801</u>
 Plan Fiduciary Net Position	
Contributions - employer	\$ 217,260
Contributions - member	37,774
Net investment income	6,950
Benefit payments, including refunds of member contributions	-
Administrative expense	<u>(6,312)</u>
Net change in plan fiduciary net position	255,672
Plan net position - beginning	<u>685,674</u>
Plan net position - ending	<u>\$ 941,346</u>
 Employer's Net Pension Liability	 <u>\$ 644,455</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 59.36%
 Covered - Employee Payroll	 431,059
 Employer's Net Pension Liability as a Percentage of Covered - Employee Payroll	 149.51%

VILLAGE OF MAHOMET
Mahomet, Illinois

Schedule of Employer Contributions - Police Pension Fund (Unaudited)
April 30, 2015

Fiscal Year Ending	Actuarially Determined Contribution (a)	Actual Contribution (b)	Contribution Deficiency (Excess) (a)-(b)	Covered Payroll (d)	Actual Contribution as a % of Covered Payroll (b)/(d)
2015	\$ 109,973	\$ 217,260	\$ (107,287)	\$ 431,059	50.40%

VILLAGE OF MAHOMET

Mahomet, Illinois

Schedule of Investment Returns - Police Pension Fund (Unaudited)

April 30, 2015

Annual Money-Weighted Rate
of Return, Net of Investment Expense

April 30, 2015

0.49%

VILLAGE OF MAHOMET

Mahomet, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - General Fund

For the Year Ended April 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<u>Revenues:</u>				
Property taxes	\$ 946,150	\$ 946,150	\$ 952,540	\$ 6,390
Replacement taxes	5,800	5,800	7,264	1,464
Income taxes	709,000	709,000	710,809	1,809
Sales taxes	777,000	777,000	760,968	(16,032)
Utility taxes	-	-	-	-
Motor fuel tax	-	-	-	-
Permits, licenses and cable fees	95,600	95,600	148,379	52,779
Fines	33,000	33,000	38,133	5,133
Rentals and fees	36,000	36,000	-	(36,000)
Grant income	-	-	-	-
Developer reimbursements	-	-	-	-
Interest income	2,110	2,110	2,690	580
Miscellaneous	4,100	4,100	2,599	(1,501)
Total revenues	2,608,760	2,608,760	2,623,382	14,622
<u>Expenditures:</u>				
Current				
General government	578,520	578,520	535,625	42,895
Public safety	1,012,294	1,012,294	1,088,160	(75,866)
Highways and streets	756,326	756,326	642,542	113,784
Culture and recreation	-	-	-	-
Planning and zoning	453,758	453,758	445,298	8,460
Economic development	41,500	41,500	28,402	13,098
Debt service				
Principal	-	-	94,706	(94,706)
Interest expense and fiscal charges	56,019	56,019	65,986	(9,967)
Capital outlay	595,052	595,052	349,214	245,838
Total expenditures	3,493,469	3,493,469	3,249,933	243,536
Excess (deficiency) of revenues over (under) expenditures	(884,709)	(884,709)	(626,551)	258,158
<u>Other financing sources (uses):</u>				
Sale of assets	79,000	79,000	47,355	(31,645)
Transfers in	409,345	409,345	423,194	13,849
Transfers out	(335,185)	(335,185)	(94,201)	240,984
Total other financing sources (uses)	153,160	153,160	376,348	223,188
Net change in fund balances	(731,549)	(731,549)	(250,203)	481,346
Fund balances - beginning				
as originally reported	2,411,879	2,411,879	2,411,879	-
Restatement	(459,803)	(459,803)	(459,803)	-
Fund balances - beginning as restated	1,952,076	1,952,076	1,952,076	-
Fund balances - ending	\$ 1,220,527	\$ 1,220,527	\$ 1,701,873	\$ 481,346

The notes to budgetary comparison schedules are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - Tax Increment Financing Fund

For the Year Ended April 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property taxes	\$ 1,479,335	\$ 1,479,335	\$ 1,471,576	\$ (7,759)
Replacement taxes	-	-	-	-
Income taxes	-	-	-	-
Sales taxes	-	-	-	-
Utility taxes	-	-	-	-
Motor fuel tax	-	-	-	-
Permits, licenses and cable fees	-	-	-	-
Fines	-	-	-	-
Rentals and fees	-	-	-	-
Grant income	-	-	-	-
Developer reimbursements	-	-	-	-
Interest income	300	400	1,198	798
Miscellaneous	-	-	-	-
Total revenues	<u>1,479,635</u>	<u>1,479,735</u>	<u>1,472,774</u>	<u>(6,961)</u>
<u>Expenditures:</u>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Planning and zoning	-	-	-	-
Economic development	1,072,490	1,072,490	1,138,835	(66,345)
Debt service				
Principal	-	-	260,000	(260,000)
Interest expense and fiscal charges	-	-	74,475	(74,475)
Capital outlay	101,000	101,000	101,465	(465)
Total expenditures	<u>1,173,490</u>	<u>1,173,490</u>	<u>1,574,775</u>	<u>(401,285)</u>
Excess (deficiency) of revenues over (under) expenditures	306,145	306,245	(102,001)	394,324
<u>Other financing sources (uses):</u>				
Sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(456,915)	(456,915)	(35,000)	(421,915)
Total other financing sources (uses)	<u>(456,915)</u>	<u>(456,915)</u>	<u>(35,000)</u>	<u>(421,915)</u>
Net change in fund balances	<u>(150,770)</u>	<u>(150,670)</u>	<u>(137,001)</u>	<u>(27,591)</u>
Fund balances - beginning				
as originally reported	1,571,995	1,571,995	1,571,995	-
Restatement	(692,904)	(692,904)	(692,904)	-
Fund balances - beginning as restated	<u>879,091</u>	<u>879,091</u>	<u>879,091</u>	<u>-</u>
Fund balances - ending	<u>\$ 728,321</u>	<u>\$ 728,421</u>	<u>\$ 742,090</u>	<u>\$ (27,591)</u>

The notes to budgetary comparison schedules are an integral part of this statement.

VILLAGE OF MAHOMET

Mahomet, Illinois

Notes to Budgetary Comparison Schedules

April 30, 2015

Budget Law:

The Village board prepares its annual operating budget under the provisions of the Illinois Municipal Budget Law. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to the end of the first quarter of each fiscal year, a board designated person or persons designated by the board submits to the board a proposed operating budget for the year commencing on May 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.
- c. Subsequent to the public hearings the budget is adopted by the board.

The legal level of control at which expenditures may not legally exceed appropriations is at the fund level.

Basis of Accounting

The budget is prepared on the modified accrual basis of accounting.

Supplementary Information

VILLAGE OF MAHOMET

Mahomet, Illinois

Balance Sheet

Nonmajor Governmental Funds - (continued)

April 30, 2015

	<u>Forfeited Funds</u>	<u>IMRF Fund</u>	<u>Recreation Fund</u>	<u>Social Security Fund</u>	<u>Parks Fund</u>	<u>Insurance Fund</u>
<u>Assets:</u>						
Cash	\$ -	\$ 15,523	\$ 135,580	\$ 27,788	\$ 416,837	\$ 9,156
Cash - restricted	16,569	-	-	-	-	-
Property taxes receivable	-	88,293	-	114,394	95,382	82,654
Due from State of Illinois	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	61,615
Total assets	\$ 16,569	\$ 103,816	\$ 135,580	\$ 142,182	\$ 512,219	\$ 153,425
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ -	\$ 9,600	\$ -	\$ 1,832	\$ -
Accrued salaries	-	-	2,653	-	3,451	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	3,012	-	-	-
Total liabilities	-	-	15,265	-	5,283	-
<u>Deferred Inflows of Resources:</u>						
Unavailable revenue - property taxes	-	88,293	-	114,394	95,382	82,654
<u>Fund Balances:</u>						
Nonspendable	-	-	-	-	-	61,615
Restricted	16,569	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	15,523	120,315	27,788	411,554	9,156
Unassigned	-	-	-	-	-	-
Total fund balances	16,569	15,523	120,315	27,788	411,554	70,771
Total liabilities, deferred inflows of resources and fund balances	\$ 16,569	\$ 103,816	\$ 135,580	\$ 142,182	\$ 512,219	\$ 153,425

(continued)

VILLAGE OF MAHOMET
Mahomet, Illinois

Balance Sheet
Nonmajor Governmental Funds
April 30, 2015

	Transportation System Capital Improvement	Utility Tax	Motor Fuel Tax	Totals
Assets:				
Cash	\$ 506,744	\$ 55,888	\$ -	\$ 1,167,516
Cash - restricted	72,225	-	354,331	443,125
Property taxes receivable	72,020	-	-	452,743
Due from State of Illinois	23,839	-	16,881	40,720
Utility taxes receivable	-	27,426	-	27,426
Prepaid insurance	-	-	-	61,615
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 674,828	\$ 83,314	\$ 371,212	\$ 2,193,145
Liabilities:				
Accounts payable	\$ 24,937	\$ -	\$ 3,490	\$ 39,859
Accrued salaries	-	-	-	6,104
Unearned revenue	-	-	-	3,012
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	24,937	-	3,490	48,975
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	72,020	-	-	452,743
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances:				
Nonspendable	-	-	-	61,615
Restricted	-	-	367,722	384,291
Committed	-	-	-	-
Assigned	577,871	83,314	-	1,245,521
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	577,871	83,314	367,722	1,691,427
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 674,828	\$ 83,314	\$ 371,212	\$ 2,193,145

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds - (continued)

For the Year Ended April 30, 2015

	<u>Forfeited Funds</u>	<u>IMRF Fund</u>	<u>Recreation Fund</u>	<u>Social Security Fund</u>	<u>Parks Fund</u>	<u>Insurance Fund</u>
Revenues:						
Property taxes	\$ -	\$ 85,621	\$ -	\$ 108,766	\$ 89,334	\$ 81,608
Motor fuel taxes	-	-	-	-	-	-
Rentals, fees and services	-	-	138,397	-	306	-
Utility taxes	-	-	-	-	-	-
Fines	16,710	-	-	-	-	-
Grant income	-	-	-	-	52,200	-
Developer reimbursements	-	-	-	-	-	-
Interest income	15	52	159	69	367	42
Miscellaneous	-	-	26,461	-	7,640	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	16,725	85,673	165,017	108,835	149,847	81,650
Expenditures:						
Current						
General government	-	-	-	-	-	24,268
Public safety	7,513	-	-	-	-	29,468
Highways and streets	-	-	-	-	-	24,268
Culture and recreation	-	-	178,546	-	133,722	8,666
Planning and zoning	-	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	2,374	-	125,783	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	7,513	-	180,920	-	259,505	86,670
Excess of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,212	85,673	(15,903)	108,835	(109,658)	(5,020)
Other Financing Sources (Uses):						
Sales of assets	-	-	-	-	-	-
Operating transfers in	-	15,000	22,623	-	186,454	10,000
Operating transfers out	-	(112,929)	(5,000)	(103,342)	(7,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(97,929)	17,623	(103,342)	179,454	10,000
Excess of revenues and other sources over (under) expenditures and other uses	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	9,212	(12,256)	1,720	5,493	69,796	4,980
Fund balances, beginning of the year,						
as originally reported	7,357	74,191	118,595	81,252	390,128	110,027
Restatement	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	(46,412)	-	(58,957)	(48,370)	(44,236)
Fund balances, beginning of the year,						
as restated	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,357	27,779	118,595	22,295	341,758	65,791
Fund balances, end of the year						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 16,569	\$ 15,523	\$ 120,315	\$ 27,788	\$ 411,554	\$ 70,771

(continued)

VILLAGE OF MAHOMET

Mahomet, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
 For the Year Ended April 30, 2015

	<u>Transportation System Capital Improvement</u>	<u>Utility Tax</u>	<u>Motor Fuel Tax</u>	<u>Totals</u>
Revenues:				
Property taxes	\$ 71,440	\$ -	\$ -	\$ 436,769
Motor fuel taxes	-	-	231,591	231,591
Rentals, fees and services	-	-	-	138,703
Utility taxes	146,579	387,561	-	534,140
Fines	-	-	-	16,710
Grant income	-	-	-	52,200
Developer reimbursements	-	-	-	-
Interest income	671	106	424	1,905
Miscellaneous	-	-	2,990	37,091
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	218,690	387,667	235,005	1,449,109
Expenditures:				
Current				
General government	-	-	-	24,268
Public safety	-	-	-	36,981
Highways and streets	-	-	253,267	277,535
Culture and recreation	-	-	-	320,934
Planning and zoning	-	-	-	-
Debt service				
Principal retirement	59,000	-	-	59,000
Interest and fiscal charges	12,962	-	-	12,962
Capital outlay	355,341	-	-	483,498
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	427,303	-	253,267	1,215,178
Excess of revenues over (Under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(208,613)	387,667	(18,262)	233,931
Other Financing Sources (Uses):				
Sales of assets	-	-	-	-
Operating transfers in	90,201	-	-	324,278
Operating transfers out	-	(360,000)	-	(588,271)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	90,201	(360,000)	-	(263,993)
Excess of revenues and other sources over (under) expenditures and other uses	<hr/>	<hr/>	<hr/>	<hr/>
	(118,412)	27,667	(18,262)	(30,062)
Fund balances, beginning of the year,				
as originally reported	735,008	55,647	385,984	1,958,189
Prior period adjustment	<hr/>	<hr/>	<hr/>	<hr/>
	(38,725)	-	-	(236,700)
Fund balances, beginning of the year,				
as restated	<hr/>	<hr/>	<hr/>	<hr/>
	696,283	55,647	385,984	1,721,489
Fund balances, end of the year				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 577,871	\$ 83,314	\$ 367,722	\$ 1,691,427

VILLAGE OF MAHOMET

Mahomet, Illinois

Equalized Assessed Valuations, Tax Rates, Taxes Extended and Collected and Legal Debt Margin

April 30, 2015

Tax Levy Year	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Equalized Assessed Valuation	\$ 161,118,680	\$ 153,001,608	\$ 148,738,628	\$ 148,616,600	\$ 145,331,681
 <u>Tax Rates</u>					
General	0.3452	0.3414	0.3314	0.3098	0.3343
Bond	0.0447	0.0468	0.0482	0.0478	0.0468
IMRF	0.0548	0.0561	0.0560	0.0591	0.0713
Fire protection	0.0245	0.0255	0.0254	0.0252	0.0264
Police protection	0.1192	0.1177	0.1141	0.1129	0.1145
Police pension	0.0588	0.0638	0.0688	0.0707	-
Audit	0.0098	0.0102	0.0082	0.0076	0.0066
Liability insurance	0.0513	0.0535	0.0509	0.0494	0.0521
Street and bridge	0.0320	0.0314	0.0316	0.0325	0.0449
Park	0.0592	0.0585	0.0568	0.0562	0.0573
ESDA	0.0009	0.0009	0.0009	0.0009	0.0009
Social security	0.0710	0.0714	0.0713	0.0535	0.0581
1/2 road and bridge	<u>0.0589</u>	<u>0.1179</u>	<u>0.1158</u>	<u>0.1109</u>	<u>0.1088</u>
 Total	 <u>0.9303</u>	 <u>0.9951</u>	 <u>0.9794</u>	 <u>0.9365</u>	 <u>0.9220</u>
 Taxes extended - in total	 <u>\$ 1,498,841</u>	 <u>\$ 1,432,413</u>	 <u>\$ 1,415,990</u>	 <u>\$ 1,353,008</u>	 <u>\$ 1,303,490</u>
 Taxes collected	 <u>\$ -</u>	 <u>\$ 1,428,141</u>	 <u>\$ 1,363,977</u>	 <u>\$ 1,305,379</u>	 <u>\$ 1,255,883</u>
 Percentage of Extensions					
Collected	<u>0.00%</u>	<u>99.70%</u>	<u>96.33%</u>	<u>96.48%</u>	<u>96.35%</u>

Note: Does not include tax increment area.

SCHEDULE OF LEGAL DEBT MARGIN

Assessed valuation	\$ <u>161,118,680</u>
Debt limit - 8.625%	\$ 13,896,486
Outstanding general obligation bonds	6,810,000
Less alternate revenue source general obligation bonds	<u>(6,230,000)</u>
Legal debt margin	<u>\$ 13,316,486</u>

Single Audit Section

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JAMES P. BRAY, CPA (Retired)

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

To the Honorable President and Board of Trustees
Village of Mahomet
Mahomet, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mahomet, Mahomet, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the Village of Mahomet, Mahomet, Illinois' basic financial statements and have issued our report thereon dated September 8, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Mahomet, Mahomet, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Mahomet, Mahomet, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. The material weaknesses are described at 2015-001 and 2015-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Mahomet, Mahomet, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Mahomet, Mahomet, Illinois' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BRAY, DRAKE, LILES & RICHARDSON LLP

Urbana, Illinois

September 8, 2015

BRAY, DRAKE, LILES & RICHARDSON LLP
Certified Public Accountants

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JAMES P. BRAY, CPA (Retired)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable President and Board of Trustees
Village of Mahomet
Mahomet, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Village of Mahomet, Mahomet, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village of Mahomet's major federal programs for the year ended April 30, 2015. The Village of Mahomet, Mahomet, Illinois' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Village of Mahomet, Mahomet, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Mahomet, Mahomet, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Village of Mahomet, Mahomet, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the Village of Mahomet, Mahomet, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2015.

Report on Internal Control Over Compliance

Management of Village of Mahomet, Mahomet, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Village of Mahomet, Mahomet, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the

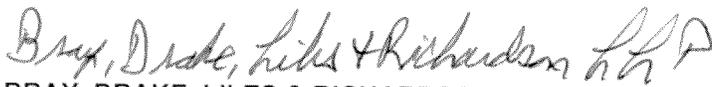
effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Village of Mahomet, Mahomet, Illinois' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 to be material weaknesses.

The Village of Mahomet, Mahomet, Illinois' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village of Mahomet, Mahomet, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



BRAY, DRAKE, LILES & RICHARDSON LLP

Urbana, Illinois

September 8, 2015

BRAY, DRAKE, LILES & RICHARDSON LLP

Certified Public Accountants

VILLAGE OF MAHOMET
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Mahomet.
2. Two material weaknesses were disclosed during the audit of the financial statements and are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Village of Mahomet were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for the Village of Mahomet expresses an unqualified opinion on the major federal program.
5. Two material weaknesses relating to the audit of internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was: Capitalization Grants for Clean Water State Revolving Funds (CFDA# 66.458).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Village of Mahomet was determined to not be a low risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

2015-001 Segregation of Duties

Condition: The number of accounting staff available is inadequate to provide proper segregation of duties.

Criteria: Add additional staff to properly segregate the accounting duties so as to provide reasonable assurance that assets are properly safeguarded.

Effect: Because of the failure to adequately segregate the accounting duties, assets may be subject to misappropriation.

Recommendation: Due to budgetary constraints, additional accounting staff is not a realistic alternative; the Village Administrator, Village Treasurer and Board of Trustees should be taking active roles in overseeing the accounting processes.

Grantee Response: We have implemented a dual signature requirement for all checks. Due to space and budgetary constraints, it is not feasible to hire additional accounting staff.

VILLAGE OF MAHOMET
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2015

B. FINDINGS-FINANCIAL STATEMENT AUDIT – (continued)

2015-002 Financial Statement Preparation

Condition: Management has chosen to rely on the audit firm to prepare its annual financial report.

Criteria: Management should be able to prepare its financial statements in accordance with generally accepted accounting principles.

Effect: A material misstatement could occur.

Recommendation: Due to budgetary constraints, additional accounting staff is not a realistic alternative;

Grantee Response: Budgetary and space constraints prevents us from adding additional accounting staff; the Village Administrator and Village Treasurer will be taking more active roles in overseeing the financial statement preparation process.

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

VILLAGE OF MAHOMET
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended April 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Environmental Protection Agency			
Passed-through Illinois Environmental Protection Agency/ Bureau of Water:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	L17-301600	<u>\$ 626,497</u>
Subtotal Capitalization Grants for Clean Water State Revolving Funds			<u>626,497</u>
Total U.S. Environmental Protection Agency			<u>626,497</u>
Total expenditures of federal awards			<u>\$ 626,497</u>

Notes:

Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Village of Mahomet under programs of the federal government for the year ended April 30, 2015. The information in this Schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Village of Mahomet, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Village of Mahomet.

Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

VILLAGE OF MAHOMET
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended April 30, 2015

None reported.

BRAY, DRAKE, LILES & RICHARDSON LLP
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JAMES P. BRAY, CPA (Retired)

Honorable President and Board of Trustees
Village of Mahomet
Mahomet, Illinois

We have audited the financial statements of the government activities, each major fund, and the aggregate remaining fund information of Village of Mahomet for the year ended April 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 8, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Mahomet are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending April 30, 2015. We noted no transactions entered into by the Village of Mahomet during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

Management's estimate of the useful lives of capital assets is based upon past experience. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no material misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 8, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issue

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of trustees and management of the Village of Mahomet and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



BRAY, DRAKE, LILES & RICHARDSON LLP

Urbana, Illinois

September 8, 2015