



V I L L A G E *of*
ROSCOE
ILLINOIS

Financial Statements

Together with Independent
Auditor's Report

For the Year Ended 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Roscoe
Roscoe, Illinois

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Roscoe, Illinois (Village) as of and for the year ended December 31, 2016, 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.

Board of Trustees
Village of Roscoe

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 Village'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 Village'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, each major fund, and the aggregate remaining fund information of the Village of Roscoe, Illinois as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Trustees
Village of Roscoe

OTHER MATTERS

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, on pages 56-57, for major funds and the schedules of changes in net position, employer contributions, and funding progress for pensions and other post-retirement benefits, on pages 58-65, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Roscoe, Illinois' basic financial statements. The combining and individual non-major fund financial schedules and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial schedules and other supplementary information 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

Board of Trustees
Village of Roscoe

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial schedules and other supplementary information 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 June 20, 2017, on our consideration of the Village of Roscoe, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village of Roscoe, Illinois' internal control over financial reporting and compliance.



SIEPERT & CO., LLP
Certified Public Accountants

Beloit, Wisconsin
June 20, 2017

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VILLAGE OF ROSCOE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016
(Unaudited)

This section of the Village of Roscoe's Annual Financial Report presents our discussion and analysis of the Village's financial activities during the year ended December 31, 2016.

FINANCIAL HIGHLIGHTS

-Net asset position and performance in total – The Village's total net Position at December 31, 2016 was \$9,377,753

-Governmental activity summary – Net position for governmental activities increased by \$475,224 during the year.

-General Fund summary – The Village's General Fund balance increased \$130,539.

-Budget vs. actual – The Village's actual revenues for the General Fund were more than total budgeted revenues by \$73,724 and the actual expenditures were less than total budgeted expenditures by \$241,422.

-Net capital – Net capital and infrastructure assets increased by \$77,663.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements which present different views of the Village: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

Government-wide financial statements provide both short and long-term information about the Village's overall financial status.

Fund financial statements focus on individual parts of the Village government, reporting Village operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required supplementary information section which further explains and supports the information in the financial statements.

In addition to all of the required financial statement elements, the Village has provided sections for combining statements to provide detail on non-major funds and additional supplementary information.

The following table summarizes the major features of the Village's financial statements.

	GOVERNMENT- WIDE STATEMENTS	FUND STATEMENTS	
		Governmental Funds	Fiduciary Funds
Scope	Entire Village government (except Fiduciary funds)	Activities of the Village that are not fiduciary such as public safety	Activities in which the Village is trustee or agent of another's resources such as pension plans
Required financial statements	-Statement of net position -Statement of activities	-Balance sheet -Statement of revenues, expenditures and changes in fund balances	-Statement of fiduciary net position -Statement of changes in fiduciary net position
Accounting basis	Accrual	Modified accrual	Accrual
Measurement focus	Economic resources	Current financial resources	Economic resources
Type of assets & liability information	All assets and liabilities; both financial and capital, short and long-term	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets	All assets and liabilities. Does not contain capital assets or long-term liabilities.
Type of inflow & outflow information	All revenues and expenses during the year regardless of when cash is received or paid	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods and services that have been received and payment is due during the year or shortly thereafter	All revenues and expenses during the year regardless of when cash is received or paid. Does not include deferred inflows/outflows

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to be corporate-like in that all governmental activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to disclose bottom line results for the Village and its governmental activities.

This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities, which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services. The governmental activities reflect the Village's basic services including administration, financial services, police, and public works. Property taxes, telecommunication taxes, and shared state tax distributions finance the majority of these services.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

Governmental Funds are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. Governmental Funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for Village operations.

Fiduciary Funds are presented for certain activities when the Village's role is that of trustee (i.e. Police Pension) or agent. While Fiduciary Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

The Governmental Funds statements require reconciliation because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual) which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds, proceeds from sales of capital asset disposals, and interfund transfers as other financial sources as well as capital outlay expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the Government-Wide Statements.

INFRASTRUCTURE ASSETS

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. GASB-34 requires that these assets be valued and reported within the Governmental column of the Government-Wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity.

If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The Village has elected to depreciate assets over their useful life. If a project is considered maintenance - a recurring cost that does not extend the asset's original useful life or expand its capacity - the cost of the project will be expensed. An "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

In accordance with GASB Statement No. 34, a comparative analysis of government-wide information is presented.

NET POSITION

STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position:

Table 1
Statement of Net Position
As of December 31, 2016 and 2015

Governmental Activities		
	2016	2015
Current and other assets	\$ 6,941,539	\$ 6,645,969
Capital assets	9,567,977	9,490,314
Deferred outflows - pension liability	349,272	-
Total assets	16,858,788	16,136,283
Current liabilities	202,002	349,562
Noncurrent liabilities	5,678,989	2,800,187
Deferred inflows of resources	1,600,044	1,716,204
Total liabilities	7,481,035	4,865,953
Net assets:		
Invested in capital assets		
net of related debt	7,402,977	7,160,314
Restricted	1,755,932	1,539,110
Unrestricted	218,844	2,570,906
Total net position	\$ 9,377,753	\$ 11,270,330

NORMAL IMPACTS-NET POSITION

There are six common (basic) types of transactions that will generally affect the comparability of the Statements of Net Assets summary presentation.

Net Results Of Activities – Impacts (increases/decreases) current assets and unrestricted net assets.

Borrowing For Capital – Increases current assets and long-term debt.

Spending Borrowed Proceeds On New Capital – Reduces current assets and increases capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt will not change the invested in capital assets, net of debt.

Spending Of Non-borrowed Current Assets On New Capital – (a) Reduces current assets and increases capital assets; and (b) reduces unrestricted net assets and increases invested in capital assets, net of debt.

Principal Payment On Debt – (a) Reduces current assets and reduces long-term debt; and, (b) reduces unrestricted net assets and increases invested in capital assets, net of debt.

Reduction Of Capital Assets Through Depreciation – Reduces capital assets and invested in capital assets, net of debt.

CURRENT YEAR IMPACTS-NET POSITION

The Village's total net position at December 31, 2016 was \$9,377,753. This is a decrease of \$1,892,577 from the 2015 ending amount of \$11,270,330. This change in net position was significantly impacted by a restatement of the 2015 Net Position to correct the Village's implementation of Statement No. 68, Accounting and Financial Reporting for Pensions, of the Governmental Accounting Standards Board, (see Note 17, Prior Period Adjustment). The implementation of this financial reporting standard entailed the recognition of a net police pension liability totaling \$3,034,362 at the end of 2016. Total assets and deferred outflows of resources increased from \$16,136,283 to \$16,858,788, an increase of \$722,505. Cash and investments increased by \$171,037 or 4% from 2015. Capital assets increased by \$77,663 or less than 1% from 2015.

The total liabilities and deferred inflows of resources increased \$2,615,082 as a result of the prior period adjustment. Accounts payable, accrued liabilities and other current liabilities decreased by \$147,560. Deferred inflows of resources decreased by \$116,160. The non-current liabilities increased by \$2,878,802.

The total net position at December 31, 2016 was \$9,377,753. Nearly 79% of this amount is the investment in capital assets, net of the related debt, another 19% is restricted for capital projects, community development, debt service and maintenance of roads and bridges. This leaves 2% or \$218,844 available for any purpose.

CHANGES IN NET POSITION

The following table reflects the condensed Statement of Activities:

Table 2
Changes in Net Position
For the Years Ended December 31, 2016 and 2015

Governmental Activities		
	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 328,183	\$ 333,794
Operating grants & contributions	296,803	301,861
Capital grants & contributions	38,001	126,809
General revenues:		
Property taxes	1,312,162	1,299,192
Other taxes	3,442,017	3,577,875
Interest	10,978	4,616
Miscellaneous	64,780	51,872
Total revenues	5,492,924	5,696,019
Expenses		
Government activities:		
General government	1,151,814	1,706,183
Public safety	1,649,065	1,716,485
Highway and streets	1,920,792	1,770,261
Parks and recreation	206,777	206,832
Interest on long-term debt	89,252	101,233
Total expenses	5,017,700	5,500,994
Change in net position	475,224	195,025
Net position, beginning	11,270,330	10,777,226
Prior period change	(2,367,801)	298,079
Net position, ending	\$ 9,377,753	\$ 11,270,330

Overall, the financial condition of the Village improved during the current year as measured by the fact that net position increased \$475,224 or 2%.

For more detailed information, see the Statement of Activities.

NORMAL IMPACT-CHANGES IN NET POSITION

Reflected below are eight common (basic) impacts on revenues and expense.

Revenues:

Economic Condition – Reflects a declining, stable or growing economic environment and has a substantial impact on state income, sales, telecommunications and utility tax revenues as well as public spending habits for items such as building permits and user fees including volumes of usage.

Increase/Decrease In Village Approval Rates – While certain tax rates are set by statutes, the Village Board has authority to impose and periodically increase/decrease rates (building permit fees, etc.). The Village's property taxes are subject to tax caps, which generally limit Village increases to the lesser of the change in the Consumer Price Index for the period December 2015 to December 2016 or 5.0%.

Changing Patterns In Intergovernmental And Grant Revenue (both recurring and non-recurring) – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts On Investment Income – The Village's investment portfolio is managed with an approach utilizing competitive pricing, laddered maturities up to one year for term investments, and diversity of investments. Market conditions may cause investment income to fluctuate more than would occur with more short-term composition.

Expenses:

Changes In Programs – Within the functional expense categories (General Government, Public Safety, Public Works, etc.) individual programs may be added, deleted, or expanded to meet changing community needs

Changes In Authorized Personnel – Changes in service demand may cause the Village Board to increase/decrease authorized staffing.

Salary Increases (annual adjustments and step increases) – The Village strives to maintain a competitive salary range position in the marketplace.

Inflation – While overall inflation appears to be modest (the CPI was 2.1% at December 31, 2016), the Village is a major consumer of certain commodities and services, which typically experience inflation at a rate that can be significantly different from the CPI. Examples of such items include health insurance, fuel, electricity and operating supplies.

CURRENT YEAR IMPACTS-CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES

Revenues:

Revenues from governmental activities total \$5,492,924. Sales tax was the largest source of revenues for the year at \$1,478,896, a decrease of \$47,047. The next highest source of revenue was property tax revenue at \$1,312,162. The revenues from these two sources represent 50% of the governmental activity revenues.

Expenses:

The Village's total governmental activity expenses were \$5,017,700. The three major functional areas were general government \$1,151,814 or 23% of the total; public safety \$1,649,065 or 33% of the total; and public works of \$1,920,792 or 38%. These three functional areas account for 94% of the total expenses of the Village.

Personnel costs including wages, health & life insurance, and retirement benefits were \$2,287,060 or 44% of the total governmental expenses. This was a decrease of \$146,472 from 2015. Other major expenses were garbage collection of \$443,487.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At December 31, 2016, the governmental funds reported a combined fund balance of \$4,962,153; an increase of \$350,794 from the prior year. Capital Projects increased by \$19,227. All other governmental funds increased by \$201,028.

The Village's cash and investments increased by \$171,037 during the year ended December 31, 2016. Accounts payable and accrued liabilities decreased by \$150,375.

Total revenues as reported in the governmental funds statements were \$5,492,924 a decrease from 2015 of \$203,095. Total expenditures were \$5,142,130 a decrease from 2015 of \$366,467.

Table 3
General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 2,892,760	\$ 2,892,760	\$ 2,757,177
Intergovernmental	1,523,000	1,523,000	1,641,283
Licenses & permits	102,850	102,850	116,104
Fines & fees	264,600	264,600	269,514
Reimbursements	2,700	2,700	7,079
Interest	2,000	2,000	9,762
Miscellaneous	19,000	19,000	79,715
Total	4,806,910	4,806,910	4,880,634
Expenditures			
Expenditures and transfers out	4,743,831	4,983,039	4,750,095
Change in Fund Balance	\$ 63,079	\$ (176,129)	\$ 130,539

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At December 31, 2016, the Village's Governmental Funds had invested \$12,786,594 (see Notes to Financial Statements # 7) in a variety of capital assets, as reflected in the following schedule.

Table 4
Governmental Funds
Change in Net Capital Assets

	Beginning Balance	Net Additions/ Deletions	Ending Balance
Non-depreciable assets			
Land	\$ 1,411,226	\$ -	\$ 1,411,226
Construction in progress	-	133,842	133,842
Depreciable capital assets			
Land improvements	900,803	-	900,803
Infrastructure	5,227,785	89,815	5,317,600
Building & building improvements	3,030,696	-	3,030,696
Equipment & vehicles	1,789,204	203,223	1,992,427
	<u>12,359,714</u>	<u>426,880</u>	<u>12,786,594</u>
Accumulated depreciation on capital assets	<u>(2,869,400)</u>	<u>(349,217)</u>	<u>(3,218,617)</u>
Total	\$ 9,490,314	\$ 77,663	\$ 9,567,977

As allowed by GASB-34, the Village has elected to capitalize its infrastructure assets prospectively. During the current year, the Village expended \$89,815 of Village funds on infrastructure assets.

The Village often expends Village funds for water or sewer projects in some of the older sections of the Village. Once completed, these additions are turned over to North Park Water District or to Rock River Water Reclamation District as per intergovernmental agreements with these two agencies. The Village does not directly provide water or sewer services.

Long-term Debt

At December 31, 2016 the Village owed \$5,678,989 in long-term debt. This debt consists of \$2,183,479 in general obligation alternate revenue bonds, \$281,790 in compensated absences \$179,358 in post-employment benefits and \$3,034,362 for the Police Pension Trust Fund liability. See Notes to Financial Statement 5 for more details.

In connection with the issuance of \$3,500,000 in bonds in calendar year 2008, the Village received the credit rating of A2 from Moody's.

State statutes limit the amount of general obligation debt the Village may issue up to 8.625% of its total assessed valuation. The current debt limitation based upon the 2015 assessed valuation is \$194,208,192 leaving a debt margin of \$16,750,457.

ECONOMIC FACTORS

The Village stands to see a significant increase in development and corresponding property and real estate tax collection during 2017 and into 2018. Coming out of several years of relative inactivity from a construction standpoint, the current climate indicates a measurable increase in development.

Residential construction is taking a dramatic upturn at the start of 2017. The Village issued just 2 single-family permits and 8 multi-family permits throughout 2015, and 2016 saw a small increase to 11 single-family and 7 multi-family permits. Year to date we have issued permits for construction of 42 single family homes and 3 multi-family, with a projection of 75 permits to be issued by years end.

The local Healthcare industry has exhibited recent growth with a complete renovation and expansion to the Mercy Health completed in late 2016 is adding physical therapy, podiatry, and imaging services, and North Pointe Wellness completed a substantial facility expansion to add new surgical services.

Commercial development shows increased potential for 2017 as well. The Village issued 10 commercial permits in 2015 and just 6 in 2016. While we have issued just 3 so far in 2017, they are for developments of a significantly increased scale. With Casey's General Store coming on line in the early part of this year, and two significant commercial developments approved for 2017 construction in the general area of the Rockton and Willowbrook Roads, the three combined stand to generate in excess of \$500,000 in new sales tax revenue.

The activity at the Rockton and Willowbrook has spurred additional development interest in the area. The Village has entered into preliminary discussions with the property owners of an adjacent 70 acres that include another large scale proposal that will be presented for approval later in 2017.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Mark D. Olson CPA, Treasurer, Village of Roscoe, P.O. Box 283, Roscoe, Illinois, 61073-0283.

VILLAGE OF ROSCOE, ILLINOIS
Statement of Net Position
As of December 31, 2016

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash & equivalents:	
Pooled	\$ 3,518,715
Non-pooled	646,348
Investments - pooled	250,000
Receivables:	
Taxes	1,309,407
Other	45,614
Due from other governments	805,222
Prepaid expenses	85,412
Note receivable - due in more than one year	99,688
Net pension asset - IMRF	181,133
Capital assets:	
Non-depreciable	1,545,068
Depreciable, net of accumulated depreciation	8,022,909
Total assets	<u>16,509,516</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows - pension liability	<u>349,272</u>
Total assets, net of deferred outflows of resources	<u>16,858,788</u>
<u>LIABILITIES</u>	
Accounts payable	89,730
Accrued payroll	46,995
Accrued interest	3,793
Deposits payable	61,484
Noncurrent liabilities:	
Due within one year	460,972
Due in more than one year	5,218,017
Total liabilities	<u>5,880,991</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned taxes, licenses and interest	<u>1,600,044</u>
Total deferred inflows	<u>1,600,044</u>
Total liabilities and deferred inflows of resources	<u>7,481,035</u>
Total Assets, Net of Liabilities and Deferred Inflows	<u>\$ 9,377,753</u>
Invested in capital assets, net of related debt	\$ 7,402,977
Restricted for:	
Capital projects	824,653
Community development	252,307
Debt service	8,396
Maintenance of road and bridges	670,576
Unrestricted	<u>218,844</u>
Total Net Position	<u>\$ 9,377,753</u>

VILLAGE OF ROSCOE, ILLINOIS
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental activities:				
General government	\$ 1,151,814	\$ 118,611	\$ -	\$ -
Public safety	1,649,065	185,003	2,320	-
Public works	1,920,792	5,905	294,483	38,001
Parks & recreation	206,777	18,664	-	-
Interest on long-term debt	89,252	-	-	-
Total	\$ 5,017,700	\$ 328,183	\$ 296,803	\$ 38,001

General revenues:

Property taxes
Sales tax
Income tax
Local use tax
Telecommunications tax
Personal property replacement tax
Franchise taxes
Video game tax
Interest
Other

Total general revenues

Change in net position

Net position:

Beginning of year
Prior period adjustment
As restated, beginning of year

End of year

The accompanying notes are an integral part of this statement.

**Net (Expense)
Revenue and
Changes in
Net Position**

\$	(1,033,203)
	(1,461,742)
	(1,582,403)
	(188,113)
	<u>(89,252)</u>
	<u>(4,354,714)</u>

	1,312,162
	1,478,896
	1,036,124
	257,379
	243,208
	99,183
	80,949
	246,277
	10,978
	<u>64,780</u>
	<u>4,829,938</u>

475,224

	11,270,330
	<u>(2,367,801)</u>
	<u>8,902,529</u>

\$	<u>9,377,753</u>
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VILLAGE OF ROSCOE, ILLINOIS
Balance Sheet
Governmental Funds
As of December 31, 2016

	<u>Major Funds</u>		<u>(Nonmajor)</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash & equivalents:				
Pooled	\$ 2,587,513	\$ 769,949	\$ 161,253	\$ 3,518,715
Non-pooled	4,736	-	641,612	646,348
Investments - pooled	183,839	54,704	11,457	250,000
Receivables:				
Taxes	1,309,407	-	-	1,309,407
Notes	-	-	99,689	99,689
Other	45,614	-	-	45,614
Due from other funds	72,008	-	-	72,008
Due from other governments	779,637	-	25,585	805,222
Prepaid expenses	85,412	-	-	85,412
Total Assets	<u>\$ 5,068,165</u>	<u>\$ 824,653</u>	<u>\$ 939,596</u>	<u>\$ 6,832,414</u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Liabilities:				
Accounts payable	\$ 82,148	\$ -	\$ 7,582	\$ 89,730
Accrued wages	46,995	-	-	46,995
Other payables	61,484	-	-	61,484
Due to other funds	-	-	72,008	72,008
Total liabilities	<u>190,627</u>	<u>-</u>	<u>79,590</u>	<u>270,217</u>
Deferred Inflows of Resources:				
Unavailable licenses and taxes	<u>1,600,044</u>	<u>-</u>	<u>-</u>	<u>1,600,044</u>
Total liabilities and deferred inflows of resources	<u>1,790,671</u>	<u>-</u>	<u>79,590</u>	<u>1,870,261</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Note receivable and prepaids	85,412	-	99,689	185,101
Restricted:				
Highways, streets & bridges	-	-	670,576	670,576
Community development	-	-	152,618	152,618
Other capital projects	-	824,653	-	824,653
Debt service	-	-	8,396	8,396
Assigned				
Fund balance reserve	2,351,400	-	-	2,351,400
Unassigned:	<u>840,682</u>	<u>-</u>	<u>(71,273)</u>	<u>769,409</u>
Total fund balances	<u>3,277,494</u>	<u>824,653</u>	<u>860,006</u>	<u>4,962,153</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,068,165</u>	<u>\$ 824,653</u>	<u>\$ 939,596</u>	<u>\$ 6,832,414</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF ROSCOE, ILLINOIS
Reconciliation of Fund Balances of Governmental Funds to the
Governmental Activities in the Statement of Net Position
As of December 31, 2016

Fund Balance of Governmental Funds		\$ 4,962,153
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net pension asset does not require current financial resources therefore not recorded in the governmental funds		181,133
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets	\$ 12,786,594	
Accumulated depreciation	<u>(3,218,617)</u>	
		9,567,977
Interest on long-term debt is not accrued in governmental funds, but is recognized as an expenditure when due. All liabilities, both current and long-term, are reported on the Statement of Net Position.		(3,793)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Alternate revenue bonds, net of unamortized bond premium	(2,183,479)	
Post employment benefits	(179,358)	
Compensated absences	<u>(281,790)</u>	
		(2,644,627)
Net pension liability for the Police Pension Trust Fund is shown as a noncurrent liability on the statement of net position.		(3,034,362)
Net differences between expected and actual experiences, assumption changes, between projected and actual earnings for the Police Pension Trust Fund are recognized as deferred outflows of resources on the statement of net position.		249,873
Net differences between expected and actual experiences, assumption changes, between projected and actual earnings for the IMRF Pension Fund are recognized as deferred outflows of resources on the statement of net position.		<u>99,399</u>
Net Position of Governmental Activities		<u><u>\$ 9,377,753</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF ROSCOE, ILLINOIS
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	Major Funds		(Nonmajor)	
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 2,757,177	\$ -	\$ 277,090	\$ 3,034,267
Intergovernmental	1,641,283	38,001	294,483	1,973,767
Connection fees	-	1,500	-	1,500
Licenses and permits	116,104	-	-	116,104
Fines & fees	269,514	-	-	269,514
Reimbursements	7,079	-	-	7,079
Interest	9,762	-	1,217	10,978
Other	79,715	-	-	79,715
Total revenues	4,880,634	39,501	572,789	5,492,924
Expenditures:				
Current:				
General government	1,131,459	-	2,380	1,133,839
Public works	1,282,084	42,032	121,173	1,445,289
Police/public safety	1,711,165	-	-	1,711,165
Parks & recreation	162,117	-	-	162,117
Total current	4,286,825	42,032	123,553	4,452,410
Capital outlay	208,523	223,657	-	432,180
Debt service:	-	-	257,540	257,540
Total expenditures	4,495,348	265,689	381,093	5,142,130
Excess (Deficiency) of Revenues Over Expenditures	385,286	(226,188)	191,696	350,794
Other Financing Sources (Uses):				
Transfers in	-	245,416	9,331	254,747
Transfers out	(254,747)	-	-	(254,747)
Total other financing sources	(254,747)	245,416	9,331	(0)
Net change in fund balance	130,539	19,227	201,028	350,794
Fund Balances:				
Beginning	3,146,955	805,426	658,978	4,611,359
Ending	\$ 3,277,494	\$ 824,653	\$ 860,006	\$ 4,962,153

The accompanying notes are an integral part of this statement.

VILLAGE OF ROSCOE, ILLINOIS
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the
Governmental Activities in the Statement of Activities
For the Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds		\$ 350,794
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, only certain items according to policy are capitalized and depreciated in the Statement of Activities:		
Capital asset purchases capitalized	\$ 432,180	
Depreciation expense	<u>(354,517)</u>	77,663
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the Statement of Activities.		165,000
The change in net pension asset for the Illinois Municipal Retirement Fund is reported only in the statement of activities.		75,418
The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities.		(33,636)
The change in net pension liability for the Police Pension Trust Fund is reported only in the statement of activities.		(307,554)
The change in deferred inflows and outflows of resources for the Police Pension Trust Fund is reported only in the statement of activities.		156,936
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Net change in interest expense	41	
Amortization of bond premium	3,245	
Increase in post employment benefits	(15,848)	
Increase in compensated absences	<u>3,165</u>	<u>(9,397)</u>
Change in Net Position of Governmental Activities		\$ <u>475,224</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF ROSCOE, ILLINOIS
Statement of Fiduciary Net Position
Police Pension Fund
As of December 31, 2016

ASSETS

Cash & equivalents:	
Non-pooled	\$ 71,266
Investments	3,103,618
Interest receivable	5,168
Due from General Fund	4,794
	<hr/>
Total assets	3,184,846

LIABILITIES

Refund due to members	21,854
	<hr/>
Total liabilities	21,854

NET POSITION

Net position restricted for police pension benefits	\$ 3,162,992
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The accompanying notes are an integral part of this statement.

VILLAGE OF ROSCOE, ILLINOIS
Statement of Changes in Fiduciary Net Position
Police Pension Fund
For the Year Ended December 31, 2016

Additions:

Contributions	
Plan members	\$ 75,225
Employer	234,355
Investment earnings	
Interest	23,630
Investment income, net	93,735
Unrealized gain	71,630
Total additions	<u>498,575</u>

Deductions:

Benefits	190,378
Refund of contributions	15,719
Investment administration	5,838
Dues	2,997
Travel	2,208
Office supplies	-
Miscellaneous	1,806
Total deductions	<u>218,946</u>

Change in net position	<u>279,629</u>
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Net Position:

Beginning of year	63,618
Prior period adjustment	2,819,745
Beginning of year, as restated	<u>2,883,363</u>

End of year	<u>\$ 3,162,992</u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Roscoe, Illinois (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

A. INCORPORATION

The Village was incorporated in 1965. The Village operates under a President-Trustee form of government and provides the following services as authorized by statute: public safety (police), streets, public improvements, planning and zoning, financial, and general administrative services.

B. FINANCIAL REPORTING ENTITY

GAAP requires that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Village is a municipal corporation governed by a Board of Trustees, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The Village has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the Village is considered a primary government. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with the standards established by GASB.

POLICE PENSION EMPLOYEES RETIREMENT SYSTEM

The Village's sworn police employees participate in the Police Pension Fund ("PPF"). The PPF functions for the benefit of these employees and is governed by a five-member pension board. Funding for the PPF comes from the following sources: participant contributions as required by state statute, PPF investment returns, and contributions from the Village as determined by an independent actuarial study. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of the Village's contribution levels. Although it is legally separate from the Village, the PPF is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn police employees. The PPF is reported as a pension trust fund considered a primary government. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with the standards established by GASB.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUND ACCOUNTING

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental and fiduciary. Each category, in turn, is divided into separate funds.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets, the servicing of long-term debt and the management of funds held in trust that can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. The Village utilizes pension trust funds and agency funds which are generally used to account for assets that the Village holds in a fiduciary capacity or on behalf of others as their agent.

D. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements Statement of Net Position and the Statement of Activities report information on all of the activities of the Village and is reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations.

The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The effect of material inter-fund activity has been eliminated from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include:

- 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

THE VILLAGE REPORTS THE FOLLOWING MAJOR GOVERNMENTAL FUNDS:

The General Fund accounts for the resources devoted to finance the services traditionally associated with local government. Included in these services are general administration of the Village, financial management, police, inspection services, streets, public works, and building maintenance. Any other activity for which a special fund has not been created is accounted for in the General Fund.

The Capital Projects Fund accounts for the major capital expenditures either financed through the issuance of bonds or the receipt of grants.

E. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

MEASUREMENT FOCUS

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants, contributions, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BASIS OF ACCOUNTING

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally considered to be within 60 days after year-end. For this purpose, the Village considers revenues to be available if they are collected within 60 days after year-end. This change resulted in a consistent recognition of 12 months of income tax revenue when compared with prior years. The Village recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Those revenues susceptible to accrual are property taxes, income taxes, franchise taxes, utility taxes, licenses, interest revenue and charges for services. Sales tax and telecommunication tax owed to the state at year-end on behalf of the Village are also recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

BASIS OF ACCOUNTING (Continued)

Monies that are virtually unrestricted as to purpose of expenditure, and which are usually revocable only for failure to comply with prescribed compliance requirements are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

The Village reports deferred revenue on its financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" or "earned" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has a legal claim to them as when grant monies are received prior to the incurrences of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the financial statements and revenue is recognized.

F. CASH AND CASH EQUIVALENTS

The Village considers all cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

The Illinois Funds, a money-market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer, is reported at a \$1 per share value, which equals the Village's fair value in the pool.

G. INVESTMENTS

Investments with a maturity of one year or less and all non-negotiable certificates of deposits are recorded at cost or amortized cost, which approximates fair market value. All other investments and all investments of the pension trust funds are recorded at fair value. Fair value is determined based primarily on the basis of quoted market prices or cost plus accumulated interest.

Payments made to vendors for services that will benefit periods beyond the date of this year-end are recorded as prepaid items/expenses.

H. PROPERTY TAXES

The Village annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by the Village Board. Property taxes are recognized as a receivable at the time they are levied. Revenue from property taxes is recognized as the taxes are collected in the year intended to finance operations or when they become available to be used to pay liabilities of the current period, generally considered to be within sixty days after year end. Revenue from those taxes which are not considered available is deferred.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. PROPERTY TAXES (Continued)

The property tax calendar for the 2015 tax levy to finance 2016 operations was as follows:

Lien Date	January 1, 2016
Levy Date	December 7, 2015
First Installment Due	June 7, 2016
Second Installment Due	September 2, 2016

Tax bills were mailed at least 30 days prior to the first installment due date. Property taxes are billed and collected by the County Treasurer of Winnebago County, Illinois.

The Village's 2016 tax rates per \$100 of assessed valuation together with the related maximum tax rates are as follows:

Type of Levy	Rates Per \$100 of Assessed Valuation	
	2016 Rate	Legal Maximum
Village:		
Corporate	0.2950	0.4375
Police Protection	0.2009	0.6000
Police Pension	0.1316	None
Social Security	0.0051	None
Liability Insurance	0.0252	None
Total Village	0.6578	

The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has been recorded as a receivable and as a deferred revenue as of December 31, 2016 as the tax had been levied by the Village but would not be extended or collected until calendar year 2017.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental activities columns in the Government-Wide Financial Statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. As a result, certain capital outlay disbursements may not be recorded as a capital asset on the Statement of Net Position (e.g. water mains and sewer mains are considered capital assets but are capitalized by the respective special district and not by the Village). Capital assets are recorded at historical cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets:	
Building	50
Improvements	10-45
Equipment & Vehicle	3-15
Infrastructure	4-40

Infrastructure assets normally can be preserved for a significantly greater number of years than other capital assets because they normally (a) can be maintained in a condition that will allow them to be used longer than most other capital assets and (b) are stationary in nature. The Village elected to capitalize its infrastructure assets prospectively as provided by GASB criteria. During the year ended December 31, 2016 the Village acquired \$133,842 in construction in progress and \$298,338 in infrastructure and equipment and vehicles through purchases.

J. COMPENSATED ABSENCES

The Village employees are allowed to accumulate earned but not used vacation, sick and compensatory time benefits, subject to cap limits. All unused vacation, sick and compensatory time leave is accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in the governmental funds only if it has matured (for example, as a result of employee resignation or retirement).

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. SHORT-TERM INTER-FUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet and are eliminated in the Government-Wide Financial Statements.

L. LONG-TERM OBLIGATIONS

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities financial statements. Bond premiums are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental funds recognize bond premiums and bond discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and so will not be recognized as an inflow of resource (revenue) until that time.

N. FUND EQUITY/NET POSITION

In the fund financial statements GASB Statement No. 54 defined and requires the fund balance amounts to be reported within one of the following fund balance categories:

1. **Non-spendable** – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
2. **Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. FUND EQUITY/NET POSITION (Continued)

3. **Committed** – amounts that can be used only for specified purposes determined by a formal action of the Village Board. The Village Board is the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through the same type of action it employed to previously commit those amounts.
4. **Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village's adopted policy, the Village Board may assign amounts for specific purposes.
5. **Unassigned** – all other spendable amounts.

In the Government-Wide Financial Statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets. All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" are classified as unrestricted net assets.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted (at the fund level) for the General Fund and Special Revenue – Street & Bridge, Motor Fuel, Debt Service and Capital Projects Funds on the modified accrual basis with a line items basis by fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

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

- A. The Village Finance Committee submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to January 1, the budget is legally enacted by Village Board action. This is the amount reported as original budget.
- D. The Village Board is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriation of any fund must be approved by the Village Board as a supplemental appropriation ordinance.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

- E. Budgets are adopted and formal budgetary integration is employed as a management control device during the year for General Fund, Special Revenue Funds – Street & Bridge, Motor Fuel, Debt Service Fund and Capital Projects Fund.
- F. All budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.
- G. Budgetary authority lapses at year-end.
- H. State law requires that “expenditures be made in conformity with appropriations/ budget”. As under the budget act, transfers between line items, departments and funds may be made by administrative action. The final budget reflects all amendments made. The level of legal control is at the fund level.

3. DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the Village to make deposits in commercial banks and savings and loan institutions and to invest in obligations of the U.S.

Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans and life insurance company contracts, and in certain instances mutual funds and equity securities.

Illinois Funds is an investment pool, managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price, which approximate 100% of deposits held. The Illinois Funds are rated AAAM by Standard & Poor's.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

3. DEPOSITS AND INVESTMENTS (Continued)

The following is a summary of deposits and investments:

	Book	Bank
Primary Government:		
Cash and cash Equivalents	\$ 2,268,430	\$ 2,373,887
Cash & demand deposits Illinois Funds	1,896,633	1,896,633
Total cash primary government	\$ 4,165,063	\$ 4,270,520
Investments:		
Time deposits	\$ 250,000	\$ 250,000
Fiduciary (Police Pension Fund):		
Cash and cash Equivalents	\$ 70,609	\$ 70,609
Cash & demand deposits Illinois Funds	657	657
Total cash fiduciary	\$ 71,266	\$ 71,266
Investments:		
Time deposits	\$ 186,216	\$ 186,216
Equity	1,279,669	1,279,669
Fixed annuity	791,819	791,819
Fixed incomes	845,914	845,914
	2,917,402	2,917,402
Total investments fiduciary	\$ 3,103,618	\$ 3,103,618

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Village's deposits may not be returned. The Village's policy requires that funds on deposit in excess of FDIC insurance must be secured by 110% of the fair market value of the net amount of funds secured.

Pledged collateral is to be held by an independent third party depository. At December 31, 2016, the Village's cash deposits in the amount of \$3,808 were uninsured, which is a violation of their policy.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

3. DEPOSITS AND INVESTMENTS (Continued)

INTEREST RATE RISK

The Police Pension Fund's investment policy does not specifically address interest rate risks. At December 31, 2016 the Police Pension Fund had the following investments and maturities:

	Fair value	2017 Less than 1 year	2018-2022 1-5 years	2023-2027 6-10 years	Over 10 years
Primary Government:					
Fixed annuity	\$ 791,819	\$ 791,819	\$ -	\$ -	\$ -
Equity	1,279,669	1,279,669	-	-	-
Municipal Bonds	114,327	10,003	104,324	-	-
U.S. Treasuries	156,832	15,016	86,025	55,791	-
U.S. Agency Obligations	574,755	34,857	201,956	337,942	-
Total investments	\$ 2,917,402	\$ 2,131,364	\$ 392,305	\$ 393,733	\$ -

FAIR MARKET VALUE MEASUREMENT

The Village categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Police Pension Fund Investments

		Fair Value Measurement Using			
	12/31/2016	Level 1	Level 2	Level 3	
Investments by fair value level					
Debt Securities					
U.S. Treasury Securities	\$ 156,832	\$ 156,832	\$ -	\$ -	
U.S. Government Agencies	574,755	-	574,755	-	
Municipal Bonds	114,327	-	114,327	-	
Total debt securities	845,914	156,832	689,082	-	
Equity securities					
Mutual Funds	1,279,669	1,279,669	-	-	
Annuity	791,819	-	-	791,819	
Total securities	\$ 2,917,402	\$ 1,436,501	\$ 689,082	\$ 791,819	

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

CONCENTRATION OF CREDIT RISK

The Government's Police Pension Fund's investment policy does not specifically address concentration of credit risk. However, at December 31, 2016 the Police Pension Fund had 24.9% of its assets invested in a Life Insurance annuity contract.

4. DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable –			
General Fund	\$ 1,309,407	\$ -	\$ 1,309,407
Other governmental units:			
General Fund	<u>189,275</u>	<u>101,362</u>	<u>290,637</u>
Total deferred revenue	\$ <u>1,498,682</u>	\$ <u>101,362</u>	\$ <u>1,600,044</u>

5. NOTE RECEIVABLE

The Village has been the recipient of Community Development (CDAP) grants, proceeds of which were loaned to corporations who require help in financing the cost of expansion or starting up a business within Village boundaries as follows:

	Balance December 31, 2016	Current Portion
\$99,688 infrastructure benefit loan to be repaid in 10 years. No specific repayment schedule. Interest at 2%.	<u>\$ 99,688</u>	<u>\$ -</u>

There were no changes in note receivable balance from 2015 to 2016.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

6. INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers between funds for the year ended December 31, 2016 are as follows:

		Transfers In	Transfers Out
General Fund	*	\$ -	\$ 254,747
Special Revenue Funds:			
Debt Service Fund		9,331	-
Capital projects	*	245,416	
		\$ 254,747	\$ 254,747
* Denotes major fund			

Receivable	Payable	Purpose	Amount
General	Motor Fuel Tax Fund	Interfund cash advance	8
General	Community Development		6
General	Tax Increment Financing Fund		71,994
			72,008

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the Debt Service Fund as debt service payments become due.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being – depreciated:				
Land	\$ 1,411,226	\$ -	\$ -	\$ 1,411,226
Construction in progress	-	133,842		133,842
	1,411,226	133,842	-	1,545,068
Capital assets being depreciated –				
Land improvements	900,803	-	-	900,803
Infrastructure	5,227,785	89,815	-	5,317,600
Building and improvements	3,030,696	-	-	3,030,696
Equipment and vehicles	1,789,204	208,523	(5,300)	1,992,427
Total capital assets being depreciated	10,948,488	298,338	(5,300)	11,241,526
Accumulated depreciation	(2,869,400)	(354,517)	5,300	(3,218,617)
Total capital assets being depreciated, net	8,079,088	(56,179)	-	8,022,909
Governmental activities capital assets, net	\$ 9,490,314	\$ 77,663	\$ -	\$ 9,567,977

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

Governmental activities:	
General government	\$ 44,913
Public safety	41,627
Highway and streets	222,522
Parks & recreation	45,455
Total governmental activities, depreciation expense	\$ 354,517

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

8. LONG-TERM OBLIGATIONS

The outstanding obligations as of December 31, 2016 consist of the following:

	Balance December 31, 2016	Current Portion
\$3,500,000 General Obligation Alternative Revenue Bonds, Series 2008 (Telecommunication Tax Alternative Revenue Source). Annual principal payments ranging from \$135,000 to \$245,000 due through 2027. Interest rates vary from 3.25% to 4.18% due June 15 and December 15.	\$ 2,165,000	\$ 170,000
Bond premium, related to debt	18,479	3,042
Compensated absences	281,790	93,929
Post employment benefits	179,358	13,021
Police pension liability	3,034,362	180,980
	<u>\$ 5,678,989</u>	<u>\$ 460,972</u>

The annual debt service requirements to maturity, including principal and interest, are as follows:

Year ending December 31:	Principal	Interest	Total Payment
2017	\$ 170,000	\$ 86,290	\$ 256,290
2018	180,000	79,490	259,490
2019	185,000	72,290	257,290
2020	195,000	64,890	259,890
2021	200,000	57,090	257,090
2022-2026	1,135,000	160,035	1,295,035
2027	100,000	4,100	104,100
Total	<u>\$ 2,165,000</u>	<u>\$ 524,185</u>	<u>\$ 2,689,185</u>

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

8. LONG-TERM OBLIGATIONS (Continued)

The bonds payable, loan payable, unamortized loan payable discounts, compensated absences, and post-employment benefits are paid from General Fund revenues. Alternate revenue bonds are paid from the telecommunications taxes.

Long-term liability activity for the year ended December 31, 2016, was as follows:

Governmental	Beginning Balance	New Issues	Retired	Ending Balance
General Fund:				
Alternative Revenue Bonds	\$ 2,330,000	\$ -	\$ 165,000	\$ 2,165,000
Bond premium, related to debt	21,724	-	3,245	18,479
Compensated absences	284,955	281,790	284,955	281,790
Post employment benefits	163,510	15,848	-	179,358
Police Pension liability	2,726,808	307,554	-	3,034,362
Total	\$ 5,526,997	\$ 605,192	\$ 453,200	\$ 5,678,989

LEGAL DEBT MARGIN

The Village's aggregate indebtedness is subject to a statutory limitation by the State of Illinois of 8.625% of its equalized assessed value. At December 31, 2016, the statutory limit of the Village was \$16,750,456.

9. CONTINGENT LIABILITIES

A. LITIGATION

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

B. GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for the two plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan does not issue a separate report on the pension plan. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained at www.imrf.org.

A. ILLINOIS MUNICIPAL RETIREMENT FUND

PLAN DESCRIPTION

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED

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

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

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

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

BENEFITS PROVIDED (CONTINUED)

Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2016, the following employees were covered by the benefit terms:

	IMRF		
	Regular	SLEP	Total
Retirees and beneficiaries			
currently receiving benefits	9	-	9
Inactive plan members entitled			
to but not yet receiving benefits	4	-	4
Active plan members	11	-	11
Total	24	-	24

CONTRIBUTIONS

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 5.76%. For the fiscal year ended December 31, 2016, the Village contributed \$31,695 to the plan. 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

PENSION LIABILITY

The Village's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

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

SINGLE DISCOUNT RATE

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 1,260,653	\$ 1,366,356	\$ (105,703)
Changes for the year:			
Service cost	65,303	31,695	33,608
Interest on the total pension liability	95,079	24,762	70,317
Differences between expected and actual experience of the total pension liability	6,722	-	6,722
Net investment income	-	93,262	(93,262)
Benefit payments, including refunds of employee contributions	(51,157)	(51,157)	-
Other (net transfer)	-	92,815	(92,815)
Net changes	115,947	191,377	(75,430)
Balances at December 31, 2016	\$ 1,376,600	\$ 1,557,733	\$ (181,133)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	Single Discount Rate Assumption		
	1% Decrease 6.50%	Current 7.50%	1% Increase 8.50%
Total pension liability	\$ 1,553,074	\$ 1,376,600	\$ 1,232,578
Plan fiduciary net position	1,557,733	1,557,733	1,557,733
Net pension liability	\$ (4,659)	\$ (181,133)	\$ (325,155)

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. ILLINOIS MUNICIPAL RETIREMENT FUND (Continued)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 75,370	\$ 75,382	\$ (12)
Interest on the total pension liability	5,653	—	5,653
Differences between expected and actual experience of the total pension liability	(81,023)	—	(81,023)
Net investment income	—	5,653	(5,653)
Benefit payments, including refunds of employee contributions	—	—	—
Other (net transfer)	—	(81,035)	81,035
Net changes	(75,370)	(75,382)	12
Balances at December 31, 2016	\$ -	\$ -	\$ -

Total Net Pension Asset for IMRF plans consist of \$181,133 for Regular Plan and SLEP of \$0 for a combined IMRF net pension asset of \$181,133 at December 31, 2016.

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

	Single Discount Rate Assumption		
	1% Decrease 6.50%	Current 7.50%	1% Increase 8.50%
Total pension liability	\$ -	\$ -	\$ -
Plan fiduciary net position	-	-	-
Net pension liability	\$ -	\$ -	\$ -

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2016, the Village recognized pension expense of \$(10,087). At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Regular Plan Deferred Outflows of Resources	SLEP Deferred (Inflows)/ Outflows of Resources	Total
Deferred amounts to be recognized in pension expense in future periods:			
Differences between expected and actual experience	\$ 11,781	\$ -	\$ 11,781
Changes of assumptions	9,917	-	9,917
Net difference between projected and actual earnings on pension plan investments	76,421	1,280	77,701
Total deferred amounts to be recognized in pension expense in future periods	98,119	1,280	99,399
Pension contributions made subsequent to the measurement date	-	-	-
	\$ 98,119	\$ 1,280	\$ 99,399

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

Year Ending December 31	Regular Plan Net Deferred Outflows of Resources	SLEP Net Deferred Outflows of Resources	Total
2017	\$ 43,862	\$ 693	\$ 44,555
2018	28,031	694	28,725
2019	23,648	499	24,147
2020	2,578	(606)	1,972
	\$ 98,119	\$ 1,280	\$ 99,399

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a Pension Trust Fund. At January 1, 2016, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	12
Total	19

BENEFITS PROVIDED

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2012) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2012) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 50% of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., .5% of each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or 50% of the change in the Consumer Price Index for the proceeding calendar year.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Plan (Continued)

CONTRIBUTIONS

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. The Village made a contribution of \$234,355 for the year ended December 31, 2016, which was approximately 30.87% of covered payroll.

NET PENSION LIABILITY

The Village's net pension liability was measured at December 31, 2016. The measurement period for pension expense was January 1, 2016 to December 31, 2016. The reporting period is January 1, 2016 to December 31, 2016. The Sponsor's Net Pension Liability was measured as of December 31, 2016. The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2016.

Inflation	2.50%
Salary Increases	Service based
Discount Rate	6.50%
Investment Rate of Return	6.50%

Mortality Rate: RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date.

Disabled Mortality Rate: RP-2000 Disabled Retiree Mortality.

The date of the most recent experience study for which significant assumptions are based upon is not available.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Plan (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	28%	6.40%
Small Cap Domestic Equity	8%	8.40%
International Equity	4%	6.70%
Fixed income	60%	1.20%
Total	100%	

Discount Rate: The Discount Rate used to measure the Total Pension Liability was 6.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan'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.

For purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent; the municipal bond rate is 3.78 percent (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 6.50 percent.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Plan (Continued)

ACTUARIAL ASSUMPTIONS (Continued)

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 5,610,170	\$ 2,883,362	\$ 2,726,808
Changes for the year:			
Service cost	224,625	—	224,625
Interest on the total pension liability	372,564	—	372,564
Differences between expected and actual experience of the total pension liability	196,092	—	196,092
Changes of assumptions	—	—	—
Contributions – employer	—	234,355	(234,355)
Contributions – employees	—	75,226	(75,226)
Net investment income	—	183,154	(183,154)
Benefit payments, including refunds of employee contributions	(206,097)	(206,097)	—
Administrative expenses	—	(9,055)	—
Other (net transfer)	—	2,047	(2,047)
Net changes	587,184	279,630	307,554
Balances at December 31, 2016	\$ 6,197,354	\$ 3,162,992	\$ 3,034,362

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the plan's net pension liability calculated using the Single Discount Rate of 6.50% as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	Single Discount Rate Assumption		
	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Sponsor's Net Pension Liability	\$ 4,145,353	\$ 3,034,362	\$ 2,144,145

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Plan (Continued)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2016, the Sponsor will recognize a Pension Expense of \$384,973. On December 31, 2016, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Regular Plan Deferred Outflows of Resources
Deferred amounts to be recognized in pension expense in future periods:	
Differences between expected and actual experience	\$ 174,304
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	75,569
Total deferred amounts to be recognized in pension expense in future periods	\$ 249,873

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense as follows:

Year Ending December 31	Regular Plan Net Deferred Outflows of Resources
2017	\$ 46,488
2018	46,489
2019	46,489
2020	23,255
2021	21,788
Thereafter	65,364
	<u>\$ 249,873</u>

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

11. POSTEMPLOYMENT Benefits Other Than Pension Benefits

The Village provides Pre-65 retiree medical (including prescription drugs) and mental health coverage to all eligible retirees and their eligible dependents. Additionally, lifetime "line-of-duty" disability retiree medical (including prescription drugs) and mental health coverage is provided for all eligible police officers who are totally and permanently disabled in the line of duty. Dependents of disabled police officers receive lifetime coverage also. The Village is governed by the Public Safety Employee Benefits Act (PSEBA). Coverage is provided on a fully insured basis under the Village's health insurance plan.

Coverage to non-disabled retirees is available on a 100% contributory basis until age 65, when coverage ends. Lifetime line-of-duty disability retirement benefits are provided on a non-contributory basis. Retiree contributions for non-disabled retirees prior to age 65 are set annually to equal the renewal premium rates. The Village intends to fund the plan on a pay-as-you-go basis.

PARTICIPANT INFORMATION

At December 31, 2016, the participant's in the plan consisted of:

Active not yet at full attribution age	23
Retirees and beneficiaries currently receiving benefits	-
Total	23

Annual OPEB Cost and Net OPEB Obligation. The Village's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost of each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

	Total OPEB Liability
Annual required contribution	\$ 14,758
Interest on the total OPEB liability	6,540
Adjustment to annual required contribution	(5,450)
Annual OPEB cost (expense)	15,848
Contributions made	-
Increase in net OPEB obligation	15,848
Net changes	163,510
Balance at December 31, 2016	\$ 179,358

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

11. POSTEMPLOYMENT Benefits Other Than Pension Benefits (Continued)

PARTICIPANT INFORMATION (Continued)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed and the Net OPEB Obligation follows:

	2016	2015	2014
Annual OPEB costs	\$ 15,848	\$ 11,944	\$ 38,796
Employer contributions	\$ -	\$ 6,255	\$ 10,911
Percentage of Annual OPEB Cost Contributed	0%	52.40%	28.12%
Net OPEB Obligation	\$ 179,358	\$ 163,510	\$ 157,821

Actuarial valuations of an on going plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as RSI that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits actuarial methods and assumptions – projected unit credit method. Under this cost method, the costs attributable to past service and the current year's service are determined by prorating over all years of service the benefits expected to be paid from the plan. The normal cost for any year is determined equal to the present value of the current year's portion of the employee's expected postretirement medical benefit. The current year's portion is equal to the expected postretirement medical benefit divided by the total credited service at the anticipated retirement date. The accrued liability is determined equal to the present value of the past year's portion of the employee's expected postretirement medical benefit. The past year's portion is equal to the expected postretirement medical benefit times the ratio of the participant's credited service to the total credited service at the anticipated retirement date. The sum of these values for all employees determines the normal cost and the accrued liability for the plan.

In the December 31, 2016, actuarial valuation, the actuarial assumptions included a valuation date of January 1, 2016, discount rate of 4% and an initial healthcare cost trend rate of 8%. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized over 30 years.

12. PLEDGED TELECOMMUNICATION TAXES

The Village pledged the revenue from its telecommunications tax for the payment of the bond principal and interest on the \$3,500,000 general obligation alternate revenue bonds series 2008 that were issued in 2008 to fund the expansion and renovation of Village Hall and various water and sewer projects. During 2016, the Village reported \$243,208 in revenue from the telecommunications tax and \$9,331 in transfers from other general fund sources and expended \$165,000 for principal and \$92,540 in interest or a total of \$257,540 or 106% of the revenue from the telecommunications tax. The expected payments from this source of revenue are approximately \$257,540 per year or approximately 106% of the expected revenue from this source through 2027. The remaining amounts due will be covered by other general fund sources.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

13. RISK MANAGEMENT

LIABILITY INSURANCE

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The Village has purchased commercial insurance to provide for any expenses that may result from claims related to the aforementioned risks of loss.

The amounts of settlements have not exceeded insurance coverage in each of the past three years.

14. AGREEMENTS

The Village has approved an agreement for Trunk Sewer Extension Cost Sharing and Reimbursement of McCurry Road Trunk Sewer Phase 3. The agreement would provide that the Village would be obligated for 1/3 of the total project costs estimated not to exceed \$960,000. The Village contributed \$320,000 during 2009; however, this project is currently on hold with no scheduled construction commencement date. After completion of the project, the Village expects to recover its costs through future connection fees. The Rock River Water Reclamation District is expected to be the owner of the sewer system upon completion of the project.

The Village has entered into an annexation agreement with a developer. The agreement provides for a rebate of 50% of the sales tax generated by businesses located in the development up to a maximum of \$1,500,000. This rebate was in exchange for infrastructure improvements made by the developer. At December 31, 2016, the Village had rebated \$1,371,661 leaving a balance of \$128,337 to be rebated from future tax receipts.

The Village has entered into an agreement with another developer where the Village, in exchange for the developer completing improvements that would enhance future economic growth in the area that would normally be paid by the Village, the Village would rebate 50% of the Municipal

Retailer's Occupation Tax for a period of 11 years commencing with sales made on December 17, 2008 and thereafter. The Village has rebated \$221,379 to date under this agreement.

15. OTHER REQUIRED FUND DISCLOSURES

The Tax Increment Financing Fund had a deficit fund balance at December 31, 2016 of \$71,273. The Village incurred preliminary planning and legal expenditures for the creation of the tax increment financing district created in 2010. It is anticipated that funding the above deficit will come from future revenues and tax levies of the fund.

General Fund transfers to the Capital Project Fund exceeded the appropriated amount by \$8,478 and Capital Project fund road maintenance exceeded the appropriated amount by \$507.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Financial Statements
For the Year Ended December 31, 2016

16. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through July 17, 2017, which was the date that these financial statements were available for issuance, and determined that there were no significant unrecognized subsequent events through that date.

17. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$2,819,745 was recorded in the Police Pension Fund to increase the beginning Net Position and a prior period adjustment of \$2,367,801 was recorded in the Village's Statement of Activities to decrease the beginning Net Position. This prior period adjustment was necessary to correct the Village's implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. GASB 68 was implemented in 2015 and required a liability to be recorded in the Village's Statement of Net Position for the total pension liability. However, that liability was recorded in the Police Pension Fund rather than the Village's Government-Wide Statements.

VILLAGE OF ROSCOE, ILLINOIS
Required Supplementary Information
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Under/ Over
Revenues:				
Taxes	\$ 2,892,760	\$ 2,892,760	\$ 2,757,177	\$ (135,583)
Intergovernmental	1,523,000	1,523,000	1,641,283	118,283
Licenses & permits	102,850	102,850	116,104	13,254
Fines & fees	264,600	264,600	269,514	4,914
Reimbursements	2,700	2,700	7,079	4,379
Interest	2,000	2,000	9,762	7,762
Other	19,000	19,000	79,715	60,715
Total revenues	<u>4,806,910</u>	<u>4,806,910</u>	<u>4,880,634</u>	<u>73,724</u>
Expenditures:				
Current:				
General government	1,188,040	1,177,763	1,131,459	46,304
Public works	1,349,260	1,361,260	1,282,084	79,176
Police/public safety	1,824,807	1,818,023	1,711,165	106,858
Parks & recreation	181,724	168,100	162,117	5,983
Total current	<u>4,543,831</u>	<u>4,525,146</u>	<u>4,286,825</u>	<u>238,321</u>
Capital outlay	<u>-</u>	<u>211,624</u>	<u>208,523</u>	<u>3,101</u>
Total expenditures	<u>4,543,831</u>	<u>4,736,770</u>	<u>4,495,348</u>	<u>241,422</u>
Excess of Revenues Over Expenditures	<u>263,079</u>	<u>70,140</u>	<u>385,286</u>	<u>315,146</u>
Other financing sources (uses):				
Proceeds from note payable	-	-	-	-
Transfers out	<u>(200,000)</u>	<u>(246,269)</u>	<u>(254,747)</u>	<u>(8,478)</u>
Total other financing sources	<u>(200,000)</u>	<u>(246,269)</u>	<u>(254,747)</u>	<u>(8,478)</u>
Net change in fund balance	<u>\$ 63,079</u>	<u>\$ (176,129)</u>	<u>130,539</u>	<u>\$ 306,668</u>
Fund Balance:				
Beginning			<u>3,146,955</u>	
Ending			<u>\$ 3,277,494</u>	

VILLAGE OF ROSCOE, ILLINOIS
 Required Supplementary Information
 Schedule of Revenues, Expenditures
 and Changes in Fund Balance - Budget and Actual
 Capital Projects Fund
 For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Under/ Over</u>
Revenues:				
Intergovernmental - Grant	\$ -	\$ -	\$ 38,001	\$ 38,001
Connection fees	-	-	1,500	1,500
Total revenues	-	-	39,501	39,501
Expenditures:				
Current:				
Maintenance projects roads	-	41,525	42,032	(507)
Capital outlay				-
Police Department	-	133,842	133,842	-
Other infrastructure projects	-	89,815	89,815	-
Total expenditures	-	265,182	265,689	(507)
Excess (Deficiency) of				
Revenues Over				
Expenditures	-	(265,182)	(226,188)	40,008
Other financing sources (uses):				
Transfers in	200,000	200,000	245,416	45,416
Net change in fund balance	\$ 200,000	\$ (65,182)	19,227	\$ 85,424
Fund Balance:				
Beginning			805,426	
Ending			\$ 824,653	

VILLAGE OF ROSCOE, ILLINOIS
Required Supplementary Information
Schedule of Changes in Net Pension
Liability and Related Ratios
Illinois Municipal Retirement Fund - Regular Plan
As of December 31, 2016
Last 10 Calendar Years*

Calendar year ending December 31, 2016	2016	2015	2014
Total Pension Liability			
Service cost	\$ 65,303	\$ 60,724	\$ 50,580
Interest on the total pension liability	95,079	87,364	75,226
Benefit changes	-	-	-
Difference between expected and actual experience	6,722	1,973	29,600
Assumption changes	-	-	50,357
Benefit payments and refunds	(51,157)	(47,803)	(50,190)
Net change in total pension liability	115,947	102,258	155,573
Total Pension Liability - Beginning	1,260,653	1,158,395	1,002,822
Total Pension Liability - Ending (a)	<u>\$ 1,376,600</u>	<u>\$ 1,260,653</u>	<u>\$ 1,158,395</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 31,695	\$ 31,816	\$ 25,029
Employee contributions	24,762	25,340	20,006
Pension plan net investment income	93,262	7,172	81,762
Benefit payments and refunds	(51,157)	(47,803)	(50,190)
Other	92,815	(79,867)	10,147
Net change in plan fiduciary net position	191,377	(63,342)	86,754
Plan Fiduciary Net Position - Beginning	1,366,356	1,429,698	1,342,944
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,557,733</u>	<u>\$ 1,366,356</u>	<u>\$ 1,429,698</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (181,133)</u>	<u>\$ (105,703)</u>	<u>\$ (271,303)</u>
Plan fiduciary net position as a percentage of total pension liability	113.16%	108.38%	123.42%
Covered valuation payroll	\$ 550,266	\$ 563,120	\$ 524,230
Net pension liability as a percentage of covered valuation payroll	-32.92%	-18.77%	-51.75%

* - Fiscal year 2014 was the first year of implementation, therefore only three years are shown.

VILLAGE OF ROSCOE, ILLINOIS
 Required Supplementary Information
 Schedule of Employer Contributions
 Illinois Municipal Retirement Fund - Regular Plan
 As of December 31, 2016
 Last 10 Calendar Years*

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2014	\$ 29,514	\$ 25,029	\$ 4,485	\$ 524,230	4.77 %
2015	31,816	31,816	-	563,120	5.63
2016	31,695	31,695	-	550,266	5.76

* - Fiscal year 2015 was the first year of GASB 68 implementation for the Village, however three years of data was available and have been included for additional analysis.

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate.

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period until remaining period reaches 15 years (then 15year rolling).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.5%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.5%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study for the 2011-2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation.

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

VILLAGE OF ROSCOE, ILLINOIS
 Required Supplementary Information
 Schedule of Changes in Net Pension
 Liability and Related Ratios
 Illinois Municipal Retirement Fund - SLEP
 As of December 31, 2016
 Last 10 Calendar Years*

Calendar year ending December 31,	2016	2015	2014
Total Pension Liability			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	5,653	6,474	6,291
Benefit changes	-	-	-
Difference between expected and actual experience	(81,023)	(17,430)	(5,844)
Assumption changes	-	-	1,995
Benefit payments and refunds	-	-	-
Net change in total pension liability	(75,370)	(10,956)	2,442
Total Pension Liability - Beginning	75,370	86,326	83,884
Total Pension Liability - Ending (a)	<u>\$ -</u>	<u>\$ 75,370</u>	<u>\$ 86,326</u>
Plan Fiduciary Net Position			
Employer contributions	\$ -	\$ -	\$ -
Employee contributions	-	-	-
Pension plan net investment income	5,653	419	5,117
Benefit payments and refunds	-	-	-
Other	(81,035)	(8,745)	(5,293)
Net change in plan fiduciary net position	(75,382)	(8,326)	(176)
Plan Fiduciary Net Position - Beginning	75,382	83,708	83,884
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ 75,382</u>	<u>\$ 83,708</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ -</u>	<u>\$ (12)</u>	<u>\$ 2,618</u>
Plan fiduciary net position as a percentage of total pension liability	0.00%	100.02%	96.97%
Covered valuation payroll	\$ 0.00%	\$ 0.00%	\$ 0.00%
Net pension liability as a percentage of covered valuation payroll			

* - Fiscal year 2014 was the first year of implementation, therefore only three years are shown.

Note: Covered valuation payroll is zero because employee covered under SLEP is inactive.

VILLAGE OF ROSCOE, ILLINOIS
Required Supplementary Information
Schedule of Employer Contributions
Illinois Municipal Retirement Fund - SLEP
As of December 31, 2016
Last 10 Calendar Years*

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2014	\$ -	\$ -	\$ -	\$ -	0.00 %
2015	-	-	-	-	0.00
2016	-	-	-	-	0.00

* - Fiscal year 2015 was the first year of GASB 68 implementation for the Village, however three years of data was available and have been included for additional analysis.

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation Date:

Notes Employee covered under SLEP is not active, therefore, there are no payroll costs.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	27-year closed period until remaining period reaches 15 years (then 15year rolling).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.5%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.5%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study for the 2011-2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation.

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

VILLAGE OF ROSCOE, ILLINOIS
 Required Supplementary Information
 Schedule of Changes in Net Pension
 Liability and Related Ratios
 Police Pension Fund
 As of December 31, 2016
 Last 10 Calendar Years*

Calendar year ending December 31,	2016	2015
Total Pension Liability		
Service cost	\$ 224,625	\$ 199,079
Interest on the total pension liability	372,564	347,949
Benefit changes	-	-
Difference between expected and actual experience	196,092	-
Assumption changes	-	-
Contributions - Buy back	-	3,045
Benefit payments and refunds	(206,097)	(187,770)
Net change in total pension liability	587,184	362,303
Total Pension Liability - Beginning	5,610,170	5,247,867
Total Pension Liability - Ending (a)	\$ 6,197,354	\$ 5,610,170
Plan Fiduciary Net Position		
Employer contributions	\$ 234,355	\$ 233,182
Employee contributions	75,226	88,743
Contributions - Buy back	-	3,045
Pension plan net investment income	183,154	62,882
Benefit payments and refunds	(206,097)	(187,770)
Other - administrative expense	(7,008)	(5,581)
Net change in plan fiduciary net position	279,630	194,501
Plan Fiduciary Net Position - Beginning	2,883,362	2,688,861
Plan Fiduciary Net Position - Ending (b)	\$ 3,162,992	\$ 2,883,362
Net Pension Liability - Ending (a) - (b)	3,034,362	\$ 2,726,808
Plan fiduciary net position as a percentage of total pension liability	51.04%	51.40%
Covered valuation payroll	\$ 759,092	\$ 895,489
Net pension liability as a percentage of covered valuation payroll	399.74%	304.50%

* - Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

VILLAGE OF ROSCOE, ILLINOIS
 Required Supplementary Information
 Schedule of Employer Contributions
 Police Pension Fund
 As of December 31, 2016
 Last 10 Calendar Years*

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2015	\$ 276,837	\$ 233,182	\$ 43,655	\$ 895,489	26.04 %
2016	276,837	234,355	42,482	759,092	30.87

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate.

Valuation Date: 1/1/2016

Notes Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the year in which contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Funding Method: Entry Age Normal Actuarial Cost Method.
Amortization Method: 100% of the UAAL is amortized according to a Level Percent of Pay method over a period of 30 years beginning January 1, 2010.
Mortality Rate: RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date.
Disabled Mortality Rate: RP-2000 Disabled Retiree Mortality.
Interest Rate: 6.50% per year compounded annually, net of investment related expenses.

Retirement Age:

<u>Age</u>	<u>Rate</u>
<=49	0%
50-54	20%
55-59	25%
60-62	33%
63-69	50%
>=70	100%

Termination Rate:

<u>Age</u>	<u>Rate</u>
15-24	10.00%
25	7.50%
26-27	6.25%
28-31	5.00%
32-34	4.00%
35-37	3.00%
38-49	2.00%
>=50	3.50%

VILLAGE OF ROSCOE, ILLINOIS
Required Supplementary Information
Schedule of Employer Contributions
Police Pension Fund
As of December 31, 2016
Last 10 Calendar Years*

Methods and Assumptions Used to Determine 2016 Contribution Rates: (Continued)

Disability Rate:
70% percent of disabilities are assumed
to be in the line of duty.

Age	Rate
20	0.05%
25	0.05%
30	0.22%
35	0.26%
40	0.40%
45	0.65%
50	0.95%
55	1.30%
60	1.65%
65	2.00%

Salary Increases:

Rates vary by service from 0 to 30 years, with level increases after 30 years.

Service	Rate
0	11.00%
1	10.00%
2	9.00%
3-4	8.00%
5	6.00%
6	7.00%
7	5.50%
8-14	5.00%
15-29	4.50%
30	4.00%

Payroll Growth:
Inflation:

4.50%
2.5% per year.

Cost-of-Living Adjustments:

Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive and increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.
Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.

Marital Status:
Spouse's Age:
Actuarial Asset Method:

85% of officers are assumed to be married.
Males are assumed to be three years older than females.
Investment gains and losses are smoothed over a 5-year period.

VILLAGE OF ROSCOE, ILLINOIS
 Required Supplementary Information
 Schedule of Funding Progress
 Post Employment Benefits Other Than Pension
 As of December 31, 2016

For Calendar Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
12/31/16	\$ -	\$ 108,761	\$ 108,761	-	\$ 1,536,294	7.1%
12/31/15	-	108,761	108,761	-	1,536,294	7.1%
12/31/14	-	878,698	878,698	-	-	
12/31/13	-	878,698	878,698	-	-	
12/31/12	-	878,698	878,698	-	-	
12/31/11	-	878,698	878,698	-	-	
12/31/10	-	556,101	556,101	-	-	
12/31/09	-	531,727	531,727	-	-	
12/31/08	-	498,513	498,513	-	-	

Note: An actuarial report was completed at 12/31/15.

The actuarial value of assets is not available since the Village has not advance funded the benefits.

Covered payroll in prior years have not been reported because the information was not available.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

Legal Compliance and Accountability

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted (at the fund level) for the General Fund and Special Revenue - Street & Bridge, Motor Fuel, Debt Service and Capital Projects Funds on the modified accrual basis with a line items basis by fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

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

- A. The Village Finance Committee submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to January 1st, the budget is legally enacted by Village Board action. This is the amount reported as original budget.
- D. The Village Board is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriation of any fund must be approved by Village Board as a supplemental appropriation ordinance.
- E. Budgets are adopted and formal budgetary integration is employed as a management control device during the year for General Fund, Special Revenue Funds - Street & Bridge, Motor Fuel, Debt Service Fund and Capital Projects Fund.
- F. All budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.
- G. Budgetary authority lapses at year-end.

VILLAGE OF ROSCOE, ILLINOIS
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

Legal Compliance and Accountability (continued)

- H. State law requires that "expenditures be made in conformity with appropriations/ budget". As under the budget act, transfers between line items, departments and funds may be made by administrative action. The final budget reflects all amendments made. The level of legal control is at the fund level.

VILLAGE OF ROSCOE, ILLINOIS
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2016

	Special Revenue			
	Street & Bridge Fund	Motor Fuel Tax Fund	Community Development Assistance Program Fund	Tax Increment Financing Fund
<u>ASSETS</u>				
Cash & equivalents:				
Pooled	\$ 152,741	\$ -	\$ -	\$ 673
Non-pooled		488,988	152,624	-
Investments:	10,852	-	-	48
Pooled	-	-	-	-
Notes receivable	-	-	99,689	-
Due from other governments	-	25,585	-	-
Total assets	<u>\$ 163,593</u>	<u>\$ 514,573</u>	<u>\$ 252,313</u>	<u>\$ 721</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 7,582	\$ -	\$ -
Due to other funds	-	8	6	71,994
Total liabilities	<u>-</u>	<u>7,590</u>	<u>6</u>	<u>71,994</u>
<u>FUND BALANCES</u>				
Nonspendable - notes receivable	-	-	99,689	-
Restricted:				
Highways, streets & bridges	163,593	506,983	-	-
Community development	-	-	152,618	-
Debt service	-	-	-	-
Unrestricted				(71,273)
Total fund balances (deficit)	<u>163,593</u>	<u>506,983</u>	<u>252,307</u>	<u>(71,273)</u>
Total Liabilities and Fund Balances	<u>\$ 163,593</u>	<u>\$ 514,573</u>	<u>\$ 252,313</u>	<u>\$ 721</u>

	<u>Debt Service</u>	
<u>Total</u>	<u>Bond & Interest</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 153,414	\$ 7,839	\$ 161,253
641,612		641,612
10,900	557	11,457
-	-	-
99,689	-	99,689
25,585	-	25,585
<u>\$ 931,200</u>	<u>\$ 8,396</u>	<u>\$ 939,596</u>
 \$ 7,582	 \$ -	 \$ 7,582
72,008	-	72,008
<u>79,590</u>	<u>-</u>	<u>79,590</u>
 99,689	 -	 99,689
670,576	-	670,576
152,618	-	152,618
-	8,396	8,396
<u>(71,273)</u>		<u>(71,273)</u>
<u>851,610</u>	<u>8,396</u>	<u>860,006</u>
<u>\$ 931,200</u>	<u>\$ 8,396</u>	<u>\$ 939,596</u>

VILLAGE OF ROSCOE, ILLINOIS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue			
	Street & Bridge Fund	Motor Fuel Tax Fund	Community Development Assistance Program Fund	Tax Increment Financing Fund
Revenues:				
Taxes:				
Property taxes	\$ 27,922	\$ -	\$ -	\$ 5,959
Telecommunications	-	-	-	-
Total taxes	27,922	-	-	5,959
Intergovernmental	-	294,483	-	-
Developer fees	-	-	-	-
Interest	-	1,140	77	-
Total revenues	27,922	295,623	77	5,959
Expenditures:				
Current:				
General government	-	-	-	2,380
Highways and streets	324	120,849	-	-
Total current	324	120,849	-	2,380
Capital outlay:	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal charges	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	324	120,849	-	2,380
Excess (deficiency) of revenues over (under) expenditures	27,598	174,774	77	3,579
Other financing sources (uses):				
Transfers in	-	-	-	-
Net change in fund balances	27,598	174,774	77	3,579
Fund balances (deficit):				
Beginning	135,995	332,209	252,230	(74,852)
Ending	\$ 163,593	\$ 506,983	\$ 252,307	\$ (71,273)

	Debt Service	
Total	Bond & Interest	Total Nonmajor Governmental Funds
\$ 33,881	\$ -	\$ 33,881
-	243,208	243,208
33,881	243,208	277,090
294,483	-	294,483
-	-	-
1,217	-	1,217
329,581	243,208	572,789
2,380	-	2,380
121,173	-	121,173
123,553	-	123,553
-	-	-
-	165,000	165,000
-	92,065	92,065
-	475	475
-	257,540	257,540
123,553	257,540	381,093
206,028	(14,332)	191,696
-	9,331	9,331
206,028	(5,000)	201,028
645,582	13,396	658,978
\$ 851,610	\$ 8,396	\$ 860,006

VILLAGE OF ROSCOE, ILLINOIS
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Street & Bridge Fund
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Under/ Over</u>
Revenues:				
Property taxes	\$ 28,000	\$ 28,000	\$ 27,922	\$ (78)
Interest	100	100	-	(100)
Total revenues	<u>28,100</u>	<u>28,100</u>	<u>27,922</u>	<u>(178)</u>
Expenditures:				
Miscellaneous	-	-	324	(324)
Total expenditures	<u>-</u>	<u>-</u>	<u>324</u>	<u>(324)</u>
Net change in fund balance	<u>\$ 28,100</u>	<u>\$ 28,100</u>	27,598	<u>\$ (502)</u>
Fund balance:				
Beginning			<u>135,995</u>	
Ending			<u>\$ 163,593</u>	

VILLAGE OF ROSCOE, ILLINOIS
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Motor Fuel Tax Fund
For the Year Ended December 31, 2016

	2016			Variance
	Original Budget	Final Budget	Actual	Under/ Over
Revenues:				
Motor fuel allocations	\$ 255,000	\$ 255,000	\$ 294,483	\$ 39,483
Total intergovernmental	255,000	255,000	294,483	39,483
Interest	200	200	1,140	940
Total revenues	255,200	255,200	295,623	40,423
Expenditures:				
Public works				
Salt & sand	139,000	139,000	120,849	18,151
Total expenditures	139,000	139,000	120,849	18,151
Net change in fund balance	\$ 116,200	\$ 116,200	174,774	\$ 58,574
Fund balance:				
Beginning			332,209	
Ending			\$ 506,983	

VILLAGE OF ROSCOE, ILLINOIS
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Community Development Assistance Program Fund
For the Year Ended December 31, 2016

	<u>2016</u>
Revenues:	
Interest	<u>\$ 77</u>
Total revenues	<u>77</u>
Expenditures:	
General government	<u></u>
Net change in fund balance	77
Fund balance:	
Beginning	<u>252,230</u>
Ending	<u><u>\$ 252,307</u></u>

VILLAGE OF ROSCOE, ILLINOIS
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Tax Increment Financing Fund
For the Year Ended December 31, 2016

	<u>2016</u>
Revenues:	
Property taxes	<u>\$ 5,959</u>
Expenditures:	
General government - consulting	<u>2,380</u>
Net change in fund balance	3,579
Fund balance (deficit):	
Beginning	<u>(74,852)</u>
Ending	<u><u>\$ (71,273)</u></u>

VILLAGE OF ROSCOE, ILLINOIS
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2016

	2016			Variance
	Original Budget	Final Budget	Actual	Under/ Over
Revenues:				
Telecommunications tax	\$ 255,000	\$ 255,000	\$ 243,208	\$ (11,792)
Interest	100	100	-	(100)
Total revenues	255,100	255,100	243,208	(11,892)
Expenditures:				
Debt service:				
Principal	165,000	165,000	165,000	-
Interest	92,065	92,065	92,065	-
Fiscal charges	550	550	475	75
Total expenditures	257,615	257,615	257,540	75
Excess (deficiency) of revenues over (under) expenditures	(2,515)	(2,515)	(14,332)	(11,967)
Other financing sources (uses):				
transfers in	-	-	9,331	9,331
Net change in fund balance	<u>\$ (2,515)</u>	<u>\$ (2,515)</u>	(5,000)	<u>\$ (11,817)</u>
Fund balance:				
Beginning			13,396	
Ending			<u>\$ 8,396</u>	

VILLAGE OF ROSCOE, ILLINOIS
Schedule of Revenues - Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Under/ Over
Taxes:				
Property	\$ 1,281,760	\$ 1,281,760	\$ 1,278,281	\$ (3,479)
Sales	1,611,000	1,611,000	1,478,896	(132,104)
Total taxes	2,892,760	2,892,760	2,757,177	(135,583)
Intergovernmental:				
State income tax	1,025,000	1,025,000	1,036,124	11,124
Local use tax	195,000	195,000	257,379	62,379
Video game tax	200,000	200,000	246,277	46,277
Personal property replacement	100,000	100,000	99,183	(817)
Grants	3,000	3,000	2,320	(680)
Total intergovernmental	1,523,000	1,523,000	1,641,283	118,283
Licenses & Permits:				
Liquor licenses	80,000	80,000	85,700	5,700
Employee registration liquor	3,500	3,500	8,102	4,602
Permits	14,800	14,800	14,187	(613)
Other	4,550	4,550	8,115	3,565
Total licenses & permits	102,850	102,850	116,104	13,254
Fines & Fees:				
Cable franchise fees	42,000	42,000	44,402	2,402
Gas franchise fees	18,000	18,000	36,547	18,547
Design review fees	3,000	3,000	2,507	(493)
Traffic fines	90,000	90,000	82,564	(7,436)
DUI fines	300	300	194	(106)
Drug fines	300	300	824	524
Police agency vehicles	500	500	3,463	2,963
Notice of violations	22,500	22,500	24,385	1,885
Sewer hook-up fees	-	-	1,055	1,055
Administrative tow fees	88,000	88,000	73,574	(14,426)
Total fines & fees	264,600	264,600	269,514	4,914
Reimbursements:				
Shared sidewalk repairs	1,000	1,000	3,350	2,350
Other reimbursements	1,700	1,700	3,729	2,029
Total reimbursements	2,700	2,700	7,079	4,379
Interest:				
Interest	2,000	2,000	9,762	7,762
Other:				
Rent	4,000	4,000	14,935	10,935
Sale of assets	-	-	6,100	6,100
Miscellaneous	15,000	15,000	58,680	43,680
Total other	19,000	19,000	79,715	60,715
Total Revenues	\$ 4,806,910	\$ 4,806,910	\$ 4,880,634	\$ 73,724

VILLAGE OF ROSCOE, ILLINOIS
Schedule of Detailed Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Under/ Over
GENERAL GOVERNMENT				
General/Administration:				
Salary - Village Administrator	\$ 95,000	\$ 106,000	\$ 105,820	\$ 180
Wages - Full Time	27,540	29,440	33,525	(4,085)
Overtime	-	300	290	10
Code enforcement officer	18,500	19,310	19,305	5
Health insurance	34,900	41,684	41,291	393
Life insurance	129	169	162	7
Disability insurance	950	1,360	1,358	2
Unemployment insurance	-	10,220	11,600	(1,380)
Social security	9,374	11,024	10,994	30
IMRF	7,058	7,558	7,495	63
Special pension contribution	9,500	9,500	9,405	95
Maintenance & repairs:				
Buildings & grounds	20,000	29,500	29,294	206
Auditing services	18,000	17,000	16,537	463
Engineering	120,000	113,000	112,800	200
Legal - retainer	125,000	110,000	95,806	14,194
Public transportation - seniors	25,000	25,000	25,000	-
Telephone	9,500	9,100	9,046	54
Printing & publishing	3,800	3,300	3,121	179
Utilities	5,000	3,800	3,658	142
Training	3,500	3,500	3,410	90
Liability insurance	157,200	157,464	157,405	59
Sales tax rebate	110,000	81,554	75,531	6,023
Economic development	10,000	3,375	3,375	-
Rentals/leases	2,500	-	-	-
Liquor Commission expense	1,000	2,900	2,820	80
Information technology	44,060	30,060	27,316	2,744
Office supplies	9,000	9,000	8,647	353
Banners and displays	-	7,100	7,048	52
Computer software	5,000	1,500	855	645
Equipment	5,000	1,500	1,410	90
Special events	2,500	2,100	2,023	77
Miscellaneous	10,000	7,500	7,540	(40)
Contingency	36,047	10,100	10,100	-
Total general administration	925,058	864,918	843,986	20,932
Village Clerk:				
Salary - Clerk	18,160	18,160	17,526	634
Wages - Part Time	6,000	4,900	2,257	2,643
Social security	1,848	1,848	1,571	277
Dues	250	250	110	140
Training	1,500	2,600	2,571	29
Codification	5,000	5,000	3,847	1,153
Zoning special projects	5,000	5,000	-	5,000
Office supplies	600	600	504	96
Total village clerk department	38,358	38,358	28,386	9,972

VILLAGE OF ROSCOE, ILLINOIS
Schedule of Detailed Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Under/ Over</u>
Village Treasurer:				
Contractual services - treasurer	60,000	60,000	60,000	-
Training	2,000	2,000	-	2,000
Total treasurer department	<u>62,000</u>	<u>62,000</u>	<u>60,000</u>	<u>2,000</u>
Planning/Zoning department:				
Planning commission/consulting expense	38,000	79,708	81,203	(1,495)
WINGIS	4,400	4,400	4,239	161
Zoning committee expense	8,600	3,600	3,320	280
Dues/Memberships	400	-	-	-
Supplies	500	-	-	-
Total planning/zoning department	<u>51,900</u>	<u>87,708</u>	<u>88,762</u>	<u>(1,054)</u>
Human Resource Department:				
Wages - Full Time	46,613	56,113	56,073	40
Overtime		270	266	4
Health insurance		3,900	3,871	29
Life insurance	42	42	16	26
Disability insurance	458	108	107	1
Social security	3,566	4,256	4,251	5
IMRF	2,685	3,245	3,240	5
Dues/Memberships	190	190	190	-
Training	500	210	210	-
Travel	225	-	-	-
Total human resource department	<u>54,279</u>	<u>68,334</u>	<u>68,224</u>	<u>110</u>
Village Board				
Wages - trustees	21,500	20,610	17,478	3,132
Salary - Village president	17,000	17,000	15,082	1,918
Social security	2,945	2,945	2,466	479
IMRF		890	882	8
Municipal officials expense	15,000	15,000	6,192	8,808
Total village board	<u>56,445</u>	<u>56,445</u>	<u>42,100</u>	<u>14,345</u>
Total general government	<u>1,188,040</u>	<u>1,177,763</u>	<u>1,131,459</u>	<u>46,304</u>

VILLAGE OF ROSCOE, ILLINOIS
Schedule of Detailed Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Under/ Over
<u>PUBLIC WORKS</u>				
Highway & Streets:				
Salaries - personnel	\$ 74,100	\$ 74,600	\$ 74,547	\$ 53
Wages - full time	184,878	177,878	177,106	772
Wages - overtime	20,000	11,000	10,655	345
Wages - part time	61,800	74,100	74,064	36
Wages - part time snow plowers	30,000	28,400	28,394	6
Health insurance	51,950	55,550	55,492	58
Life insurance	650	650	321	329
Disability insurance	2,500	2,500	2,265	235
Social security	28,365	28,365	27,280	1,085
IMRF	16,069	16,069	15,086	983
Other medical/drug testing	-	1,500	1,434	66
Uniforms	4,600	6,900	6,824	76
Maintenance & repairs				
Buildings & grounds	8,000	13,900	13,880	20
Equipment	40,000	29,000	25,351	3,649
Tree maintenance/removal	20,000	21,550	21,512	38
Highways & streets	126,000	123,000	121,819	1,181
50-50 Sidewalk program	1,000	2,650	2,627	23
Road materials	10,000	16,000	15,947	53
Parts	24,000	30,600	30,582	18
Telephone	1,500	2,650	2,605	45
Utilities	7,700	6,790	4,775	2,015
Street lighting	48,000	49,150	49,116	34
Garbage collection	500,000	500,000	443,487	56,513
Information technology	3,848	3,848	3,493	355
Rentals/leases	17,800	3,800	2,948	852
Operating supplies	10,000	16,800	16,739	61
Training	2,500	1,000	550	450
Office supplies	1,500	1,860	1,860	0
Gas & oil	35,000	30,000	20,798	9,202
Signs	2,500	2,500	2,430	70
Land improvements	4,000	4,000	3,727	273
Equipment - streets	10,000	22,000	21,731	269
Miscellaneous	1,000	2,650	2,639	11
Total public works	1,349,260	1,361,260	1,282,084	79,176
<u>POLICE/PUBLIC SAFETY</u>				
Police Department:				
Wages - police chief	96,000	98,000	97,531	469
Wages - patrolmen	561,176	525,776	483,706	42,070
Wages - police secretary	37,000	37,700	37,625	75
Wages - overtime	73,000	103,000	102,125	875
Wages - part time	58,000	58,000	42,434	15,566
Salary - non union supervisors	248,000	250,200	250,120	80
Health insurance	179,000	172,216	161,183	11,033
Life insurance	1,150	1,150	845	305
Disability insurance	8,000	8,000	7,431	569
Social security	83,245	83,245	75,154	8,091
IMRF	3,662	3,662	2,162	1,500
Police pension	235,000	235,000	234,355	645
Uniforms	7,800	8,300	7,430	870
Maintenance & Repairs:				
Buildings & grounds	10,000	10,000	8,293	1,707
Equipment	25,000	23,000	27,308	(4,308)

VILLAGE OF ROSCOE, ILLINOIS
Schedule of Detailed Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Under/ Over
<u>POLICE/PUBLIC SAFETY (Continued)</u>				
Legal	30,000	30,000	28,589	1,411
Telephone	10,000	11,000	10,672	328
Utilities	2,400	2,400	1,232	1,168
Training	9,900	13,900	13,654	246
Police Commission	20,000	18,000	15,810	2,190
Animal control	13,824	13,824	13,427	397
Information Technology	12,500	10,500	6,332	4,168
Office supplies	8,000	8,500	8,417	83
Gas & oil	45,000	37,450	21,422	16,028
Equipment	25,000	26,000	25,996	4
Miscellaneous - tobacco sting	150	200	180	20
Miscellaneous	7,000	14,000	15,772	(1,772)
Total police department	<u>1,809,807</u>	<u>1,803,023</u>	<u>1,699,205</u>	<u>103,818</u>
School Crossing Guards:				
Wages - part time	15,000	15,000	11,108	3,893
Social security	-	-	852	(852)
Total public safety	<u>1,824,807</u>	<u>1,818,023</u>	<u>1,711,165</u>	<u>106,858</u>
<u>PARKS & RECREATION</u>				
Parks & Recreation:				
Wages - full time	45,000	45,000	43,459	1,541
Wages - part time	35,000	34,800	33,382	1,418
Wages - overtime	2,500	2,700	2,651	49
Health insurance	14,000	13,950	11,831	2,119
Life insurance	65	65	64	1
Disability insurance	412	462	450	12
Social security	6,311	6,211	5,904	307
IMRF	2,736	2,836	2,831	5
Uniforms	-	800	767	33
Maintenance & repairs:				
Building & grounds	28,000	17,050	16,776	274
Equipment	8,000	8,300	8,284	16
Tree maintenance/removal	15,000	7,000	6,499	501
Other	-	-	-	-
Rentals/leases	5,500	5,500	5,076	424
Utilities	9,000	7,000	6,739	261
Liability insurance	700	700	-	700
Miscellaneous	500	500	2,969	(2,469)
Gas & oil	5,000	3,500	2,975	525
Land improvements	-	2,150	2,115	35
grounds	4,000	9,576	9,344	232
Total parks & recreation	<u>181,724</u>	<u>168,100</u>	<u>162,117</u>	<u>5,983</u>
<u>CAPITAL OUTLAY</u>				
Administration				
Public Works	-	198,000	194,899	3,101
Parks and recreation	-	13,624	13,624	-
Total capital outlay	<u>-</u>	<u>211,624</u>	<u>208,523</u>	<u>3,101</u>
Total Expenditures	<u>\$ 4,543,831</u>	<u>\$ 4,736,770</u>	<u>\$ 4,495,348</u>	<u>\$ 241,422</u>

VILLAGE OF ROSCOE, ILLINOIS
Assessed Valuations and Property Tax Rates
Extensions and Collections

	Tax Years					
	2015		2014		2013	
Assessed Valuations	\$	194,208,192	\$	188,591,123	\$	192,649,920
Property tax rates (per \$100 of assessed valuation):	Maximum	Actual	Maximum	Actual	Maximum	Actual
Corporate	0.4375	0.3016	0.4375	0.3039	0.4375	0.2973
Police Pension		0.1208		0.1247		0.1220
Social Security		0.0052		0.0054		0.0052
Police Protection	0.6000	0.2056	0.6000	0.2122	0.6000	0.2077
Liability Insurance		0.0257		0.0266		0.0260
Total Tax Rate		0.6589		0.6728		0.6582
Property tax extensions:						
Corporate	\$	586,919	\$	573,114	\$	572,748
Police Pension		235,079		235,167		235,033
Social Security		10,119		10,184		10,017
Police Protection		400,101		400,180		400,134
Liability Insurance		50,013		50,164		50,089
Total Taxes Extended	\$	1,282,231	\$	1,268,809	\$	1,268,021
Property tax collections:						
Corporate	\$	585,112	\$	571,856	\$	576,263
Police Pension		234,355		234,762		236,065
Social Security		10,088		10,161		10,061
Police Protection		398,869		399,301		401,892
Liability Insurance		49,858		49,546		50,309
Total Levied Taxes Collected	\$	1,278,282	\$	1,265,626	\$	1,274,590
Percentage of Extensions Collected:		99.69 %		99.75 %		100.52 %
Amounts Transferred From Other Taxing Districts	\$	33,881	\$	33,072	\$	32,367
Total Taxes Collected	\$	1,312,163	\$	1,298,698	\$	1,306,957

VILLAGE of ROSCOE, ILLINOIS
Schedule of Legal Debt Margin
December 31, 2016

	2016	December 31, 2015	2014
Assessed Valuations*	<u>\$ 194,208,192</u>	<u>\$ 188,591,123</u>	<u>\$ 192,649,920</u>
Statutory Debt Limitation (8 5/8 % of Assessed Valuation)	<u>\$ 16,750,457</u>	<u>\$ 16,265,984</u>	<u>\$ 16,616,056</u>
Bonds payable	-	-	75,000
Loan payable (includes unamortized loan payable discount)	-	-	21,050
Sewer improvements obligations	<u>-</u>	<u>-</u>	<u>-</u>
Total payable	<u>-</u>	<u>-</u>	<u>96,050</u>
Legal Debt Margin	<u>\$ 16,750,457</u>	<u>\$ 16,265,984</u>	<u>\$ 16,520,006</u>

* Assessed values are for the tax year one year earlier. For example, the assessed value for the year ended December 31, 2016 is the assessed value of tax year 2015.

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

Board of Trustees
Village of Roscoe
Roscoe, 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, each major fund, and the aggregate remaining fund information of the Village of Roscoe, Illinois (Village) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 20, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village'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.

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Village of Roscoe

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's 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's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Siepert & Co. LLP

SIEPERT & CO., LLP
Certified Public Accountants

Beloit, Wisconsin

June 20, 2017

VILLAGE OF ROSCOE
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Financial Statement Findings

Finding No. 2016-001 Police Pension Fund not included in Village's general ledger, repeat from 2015

Criteria or Specific Requirement

All financial information and activity should be in the Village's general ledger, so that it is a complete set of books.

Condition

The Police Pension Fund activity was maintained outside of the Village's general ledger software.

Context

It was noted that the Police Pension Fund activity is being maintained in QuickBooks instead of in the Village's general ledger software.

Effect

The Village does not currently have one complete set of books, because the pension fund is being tracked outside of the general ledger software.

Cause

The Village is tracking the pension outside of the general ledger software which does not allow the Village to have a complete financial picture at any point of time.

Views of responsible officials and planned corrective actions

Management is aware that this condition exists and will attempt to record the Police Pension Fund activity in the Village's general ledger software.