



VILLAGE OF MONTGOMERY, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MAY 1, 2016—APRIL 30, 2017



**VILLAGE OF MONTGOMERY,
ILLINOIS**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
APRIL 30, 2017**

Prepared by:
Justin VanVooren, Director of Finance

VILLAGE OF MONTGOMERY, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Montgomery including the list of principal officials, the organization chart, the letter of transmittal, and the certificate of achievement for excellence in financial reporting.



VILLAGE OF MONTGOMERY
Principal Officials

Village President

Matthew Brolley
(Term expires April 2021)

Village Trustees

Steve Jungermann
(Term Expires April 2021)

Stan Bond
(Term Expires April 2019)

Denny Lee
(Term Expires April 2021)

Pete Heinz
(Term Expires April 2019)

Theresa Sperling
(Term Expires April 2021)

Doug Marecek
(Term Expires April 2019)

Village Clerk

Penelope Fitzpatrick
(Term Expires April 2021)

Management Staff

Jeff Zoephel

Village Administrator

Daniel Meyers

Chief of Police

Todd Hoppenstedt

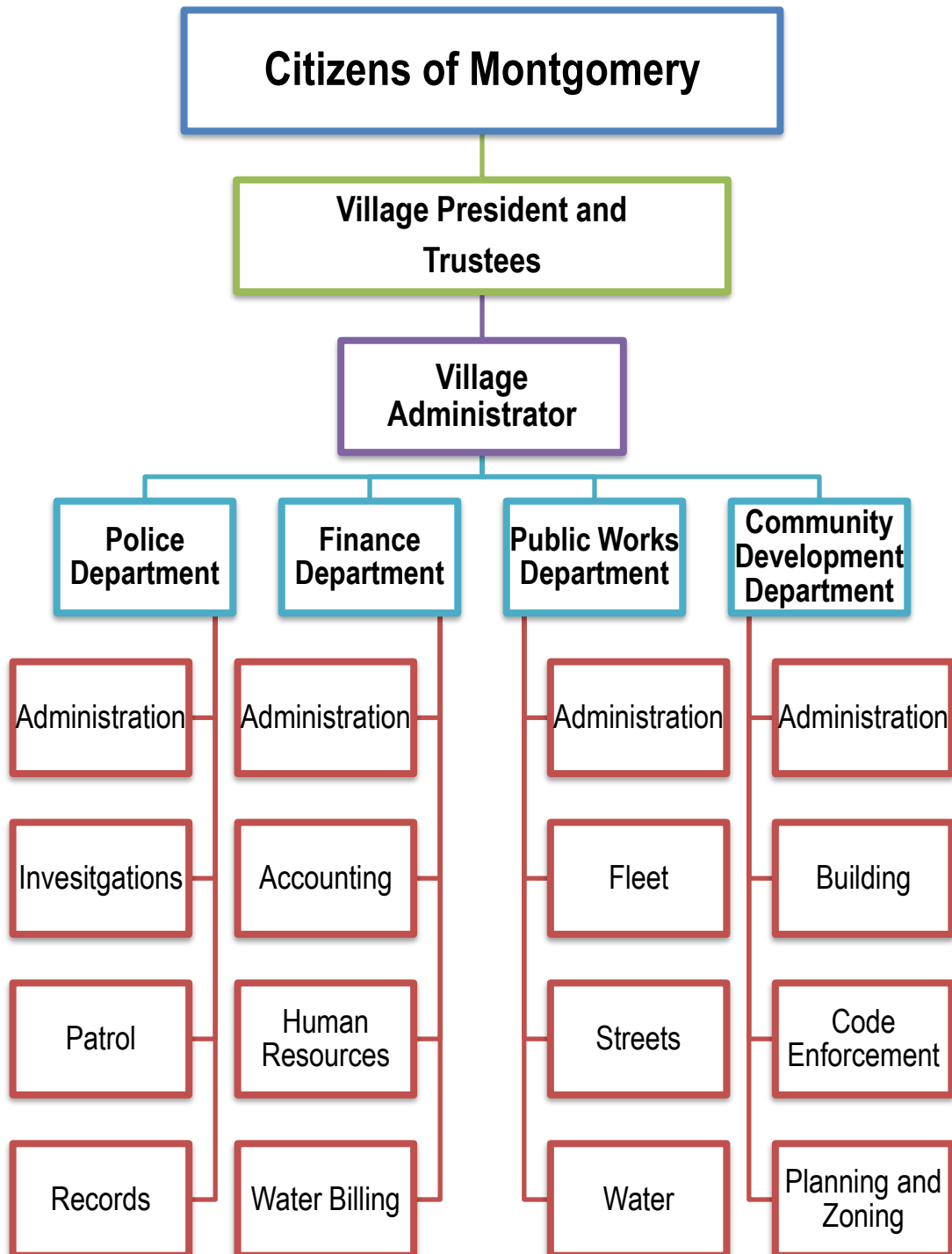
Director of Public Works

Justin VanVooren

Director of Finance

Richard Young

Director of Community Development





August 16, 2017

The Honorable Village President
Members of the Board of Trustees
Village Administrator
Citizens of the Village of Montgomery

Village Board

Matt Brolley
Village President

Penny FitzPatrick
Village Clerk

Trustees:
Stan Bond
Peter Heinz
Steve Jungermann
Denny Lee
Doug Marecek
Theresa Sperling

Staff

Jeff Zoepfel
Village
Administrator

Daniel Meyers
Chief of Police

Todd Hoppenstedt
Dir. of Public Works

Justin VanVooren
Director of Finance

Richard Young
Dir. of Community
Development

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America (GAAS) by an independent firm of certified public accountants. Pursuant to that requirement, the Comprehensive Annual Financial Report (CAFR) of the Village of Montgomery, Illinois (Village) for the fiscal year ended April 30, 2017, is hereby submitted.

This report consists of management's representations concerning the finances of the Village. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village has established a comprehensive internal control framework that is designed both to protect the Village's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village's financial statements in conformity with GAAP. Because the cost of the internal controls should not exceed anticipated benefits, the Village's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of any material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village's financial statements have been audited by Lauterbach & Amen, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Village for the year ended April 30, 2017, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the Village's financial statements for the fiscal year ended April 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

Profile of the Village of Montgomery

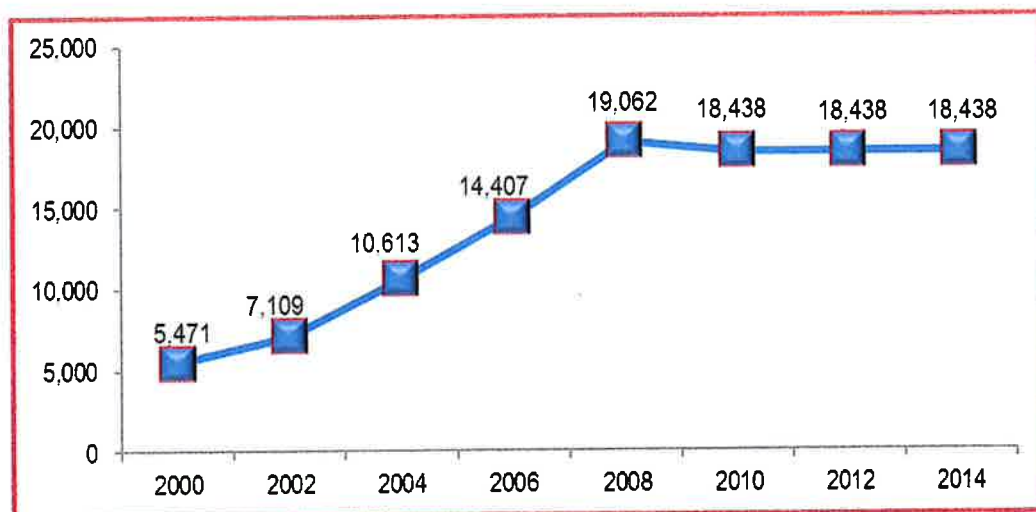
The Village of Montgomery is a growing community nestled along the banks of the Fox River in northern Illinois, located in both southern Kane and northern Kendall counties. Situated approximately 40 miles southwest of Chicago, the Village is bordered by Aurora to the north and east, Oswego and Boulder Hill to the south, Sugar Grove to the northwest, and Yorkville to the southwest. Montgomery also sits at a strategic nexus of multiple regional transportation routes. One of its primary assets is its access to major transportation corridors, including U.S. Route 30, U.S. Route 34, IL Route 47, and Interstate 88, which runs east-west approximately 3.5 miles north of the Village.

Montgomery was founded in 1835 by entrepreneur Daniel Gray, who purchased several land grants from the Federal government and pursued industrial development along the Fox River. The settlement was called "Graystown" for several years, but eventually he persuaded the other settlers to call the little village "Montgomery" after the county in New York that he and several other settlers had come from. Daniel Gray was a man of much energy and enterprise. No sooner had he settled in the place than he commenced improvements on a grand scale. A store, foundry, reaper and header manufacturing shop over 100 feet in length, a second foundry built of stone, and one of the best stone grist-mills in the country, appeared in rapid succession. The stone grist mill, built by Gray in 1853, has been beautifully restored and is listed on the National Register of Historic Places. The Village of Montgomery was incorporated in 1858.

Montgomery's early growth continued to align with its industrial roots. After a brief setback in growth, due to the arrival of the McCormick Works at Chicago that out competed Montgomery's reaper plant, the construction of the Chicago, Burlington & Quincy (CB&Q) Railroad reinvigorated local industrial activity. The rail line shipped Montgomery's produce, spring water, and livestock to Chicago markets. In 1899, Riverview Park (later Fox River Park) opened as an amusement park, which drew crowds from as far as Morris and Chicago on express interurbans. The park was replaced in 1943 by United Wallpaper Company and then by AT&T. Lyon Metallic, Montgomery's first modern factory, moved to Montgomery from Chicago in 1906, drawing a reverse commute from Aurora and further stabilizing the economy. The introduction of Caterpillar, the world's leading manufacturer of construction and mining equipment, further cemented the Village's strong industrial core.

For many years, Montgomery maintained a fairly stable population of around 5,000 residents, with 5,471 residents at the 2000 decennial census. However, a sharp increase in residential development after 2000 has altered the industrial character and transformed Montgomery into a more suburban community of 18,438 residents by the 2010 decennial census. Despite an astounding population increase of 237% in just ten years, Montgomery has been successful in maintaining its warm, small-town atmosphere. The graph below shows Montgomery's population growth throughout the years.

Montgomery's Population Growth



Governance

Policy making and legislative authority are vested in the Village Board, which consists of the Village President and six Village Trustees. The President is elected at-large to a four-year term and the Trustees are elected at-large to staggered four-year terms. The Village Clerk is also elected to a four year term. The Village Board is responsible for, among other things, passing ordinances and resolutions, adopting the budget, and appointing a full-time professional Village Administrator. The Village Administrator is responsible for the day-to-day operations and staffing of the Village.



The Village Board, pictured from left to right, includes: front row – Village Trustee Theresa Sperling, Village Trustee Denny Lee, Village President Matt Brolley, former Village Clerk Tiffany Francis, Village Trustee Pete Heinz; back row – Village Trustee Steve Jungermann, Village Trustee Doug Marecek, and Village Trustee Stan Bond. Village Clerk Penny Fitzpatrick was appointed to complete Ms. Francis term and was elected in April 2017 to serve through April 2021.

The Village of Montgomery is committed to providing their citizens with a full range of services including police protection, the construction and maintenance of highways, streets and infrastructure, water treatment and distribution, planning and zoning, and general administrative services.

The overall goal of the budget process is to present the Village Board with a budget that best addresses the needs and desires of the Village of Montgomery in the most efficient and effective manner possible. The budget process is an opportunity for the Village to assess and evaluate how it commits its financial resources and makes decisions regarding their continued use. The process, if conducted effectively, will

result in a clearly spelled out plan for the future of this organization and a general collective understanding of how and where limited fiscal resources will be directed.

The budget serves as a policy document, financial plan, operations guide, and communications device. As a policy document, it contains a statement of entity-wide financial policies and non-financial goals and objectives of the Village. As a financial plan, it serves as the Village's primary instrument for promoting solvency, efficiency, and collective choices regarding the distribution and allocation of available resources. As an operations guide, it articulates the departmental action plans and how each of these plans will be accomplished. As a communications device, it contains information pertaining to key issues facing the Village, priorities for the coming year, accomplishments of prior years, and more.

The budget process for the Village of Montgomery involves the citizens, the Village President and Village Board, Village Administrator, Department Heads, supervisors and many others throughout the organization. Each person plays a critical role in the development of the budget for the upcoming year. Department Heads are responsible for evaluating the needs of their departments and divisions, soliciting input from supervisors and staff, and compiling those needs and priorities into a cohesive and straightforward budget request. The Village Board is critical in evaluating the budget, asking questions, and eventually approving the budget. Residents and their needs are, of course, the driving force behind the budget process. In addition, residents have opportunities to view the budget proposal and attend the Board meetings and public hearing when the budget is addressed.

The Village has adopted sections 5/8-2-9.1 through and including sections 5/8-2-9.10 of Chapter 65 of the Illinois Compiled Statutes (Municipal Code) providing for a municipality's financial operation under an annual budget in lieu of an appropriation ordinance. The budget process in the Village of Montgomery extends over seven months and culminates in April with the Village Board's adoption of the Village budget in advance of the beginning of the new fiscal year on May 1. The approved budget provides the authority to expend funds in the new fiscal year. Although much of the time and effort in preparing the budget takes place during the months of October through March, the development, implementation, monitoring and review of the Village's budget is part of a comprehensive process that occurs throughout the entire year.

Staff begins preparing the next year's budget nearly nine (9) months prior to adoption of the budget. In September, the Finance Department begins the process of moving the prior year budget numbers to the correct column (in Excel) so Departments can update as necessary. A budget form for each line item is required and additional details should be added to the budget forms where possible. This process ends with the budget/CIP kickoff meeting in early November.

All Departments are required to attend the kickoff meeting and receive a Department Budget Preparation Manual (Manual). The Manual includes the purpose and legal basis for the budget, as well as the budget calendar and instructions to complete the budget form noted above. In addition, separate forms are provided for new personnel (PRF), program (BRF), and capital (CRF) requests. Each operating department is responsible for submitting its own budget requests following the detailed instructions in the Manual. Any new personnel or vehicle requests are submitted to the Finance Department in mid-December, while the budget forms, program requests, and capital requests are submitted to the Finance Department in January.

The Director of Finance prepares revenue estimates in January based upon historical trends, economic forecasts of authoritative sources, and anticipated activities and events in the community which are expected to have a local economic impact. The Director of Finance consolidates all the information gathered from departments in order to analyze budget requests as a whole. Additional information is collected and any minor adjustments are made by the Director of Finance. The product is the budget as requested by all departments to the Village Administrator.

The Village Administrator and Director of Finance review each department's requests and make any necessary recommendations to achieve a balanced budget. The Village Administrator and Director of Finance then meet with the director of each department individually in late January or early February to discuss each respective budget request and any recommendations. The Village Administrator reviews the entire budget, ensures that it is consistent with the priorities and guidance of the Village Board, and fashions a feasible fiscal plan. The overall goal of the process is to have the Village Administrator recommend a balanced budget to the Village Board for review starting in February.

The Village Board and staff conduct a series of meetings beginning in February and ending in March. A public hearing is held in March in order to allow for input on the process by residents of the community and to meet the Village's statutory obligations. Notices to participate in public meetings are provided in the local newspaper and on the Village's website. The Village Administrator, Director of Finance, and Department Heads are present at the hearings to address the issues and concerns by the Village President, Trustees and general public.

Based upon staff recommendations and its own findings, the Village Board may direct additions, deletions, or revisions to the proposed budget. The Director of Finance revises the proposed budget as directed by the Village Board and the Director of Finance submits it to the Village Board for formal approval in late March. The final budget is adopted by ordinance. As noted previously, the budget ordinance must be adopted prior to the start of the fiscal year and filed with the county clerk within 30 days of adoption.

Local Economy

Municipal revenue streams traditionally have been reasonably constant and predictable. For municipalities in their growth stage, such as Montgomery, expenditure growth frequently exceeds revenue needed to fund new operating and capital programs. The budget cycle provides an opportunity to review lists of new services and programs which could be provided to residents and enhance the Village.

The Great Recession hit just as the Village was spending millions of dollars on capital improvements to pay for the dramatic increase in the Village's population. The Village had also seen an increase in the demand for services due to Montgomery's tremendous population growth and had to hire more employees. Health insurance and police pension contributions had increased more than 50% during this time period as well. The Village had to take action to reverse the trend before it depleted its financial reserves. Between fiscal year 2011 and fiscal year 2015, the Village reduced staffing; moved \$150,000 of snow removal expenditures to the Motor Fuel Tax Fund from the General Fund; reduced or removed salary increases; and eliminated the local Dispatch Center (savings of approximately \$200,000 to use regional dispatch center KenCom).

Residential development stayed level in 2014 and 2015 at 31 and 28 new single family permits, respectively. Although we saw a drop in new single family homes in 2016, the Village saw interest in new multi-family homes increase. In addition, S.R. Jacobson Companies has proposed a 468 unit upscale apartment complex on the east side of the Village. Lastly, there are 3 developments with buildable single family lots, of which 1 is currently selling homes.

The Village saw commercial and industrial development rebound beginning in 2015, through 2016, and even further into 2017. The Village works with the Montgomery Economic Development Corporation to attract new businesses to the community. We have seen several new businesses build from the ground up over the last year including a 2 unit in-line building (Mattress Firm and AT&T) and Fuller's Car Wash, as well as other new businesses occupying vacant buildings like U-Haul, 9ers Grill, Pig Dog Pub, and Binny's Beverage Depot. As the economy continues the steady recovery, many small business owners are exploring expansion and growth strategies. One great example is the expansion of the White Eagle Auto Body.

Commercial development has helped the Village's sales tax, our single largest revenue source. The Village receives a one percent state sales tax on retail sales of tangible personal property within the Village. Sales tax is collected by the State and remitted to the Village three months after the liability occurs. Sales tax revenue has drastically increased in the last 10 years through the expansion of the commercial and retail sector in Montgomery. In fact, sales tax stayed fairly consistent even through the Great Recession. The Village began collecting non-home rule sales tax on July 1, 2015 on items other than groceries, prescription drugs, over-the-counter medicine, and professional services. Although we budgeted \$150,000 per month, non-home rule sales tax has averaged approximately \$210,000. This new revenue source is being utilized to maintain or build infrastructure throughout the community.

The largest industrial project by far was the announcement by American Crystal and United Sugars Corporation (USC) of the ground breaking on a new bulk sugar storage and transfer facility. The 20-acre facility consists of a 26,000 square-foot bulk storage dome, a 17,000 square foot transfer facility and 5,500 feet of rail track space. The dome itself will stand 134 feet high and 183 feet wide. There is also room for a second dome. The dome holds over 60,000 metric tons or 1.3 million hundredweights of sugar and enables the transfer of nearly twice that amount to many of the largest sugar users in the U.S. The facility is not attached to a producing sugar factory, making it the largest freestanding sugar storage facility of its kind in the country. United Sugars' Montgomery facility will be the largest single sugar storage asset in the U.S. and began operations in late 2016.

In addition, Nexeo Solutions and Old Dominion Freight Line have also built industrial buildings in the Village within the last year. Nexeo Solutions, the largest global chemical and plastics distributor, completed a \$12 million, 158,000 square-foot warehouse and plastics distribution facility in early 2017. Old Dominion Freight Line, an industry-leading domestic and global shipper, began construction in November 2016 of a \$13 million, 52,000 square-foot freight depot that will be completed in June 2017.

The new development and additional revenues have allowed Montgomery to examine employee levels and determine where staff should be added. The fiscal year 2018 budget includes an additional 2.00 full-time equivalent employees. Non-represented employees are only given an increase in November based solely on a pay for performance plan. The Village has a contract with Public Works Local 150 which expires April 30, 2018 and includes a pay for performance plan ranging from 0.00% to 3.00% increases. The Village successfully negotiated and approved a new contract with the Metropolitan Alliance of Police Patrol union which expires April 30, 2020 and cost of living increases ranging from 2.00% to 2.25% and pay for performance increases ranging from 4.00% to 6.00%.

The development above has helped the Village to maintain a solid financial position. However, the local economy and the Village's financial position may be effected by state, national, and international decisions and events.

Caterpillar is one of the largest employers in the area and bordered on 2 sides by the Village. Caterpillar announced on March 31 that 800 manufacturing jobs would be moved to Decatur, Illinois and Little Rock, Arkansas. Although it is not within the corporate limits of the Village, there are residents who work at the facility that will be affected. Accordingly, we have been proactive and had several meetings with Caterpillar to discuss job training for employees with the local community college, annexation, and working together to redevelop the property.

The State of Illinois budget impasse is causing funding problems for its own state-wide services, and is a major concern to the Village. According to the Illinois Municipal League (IML), the State is currently spending at a rate of nearly \$38 billion per year, while only bringing in about \$33 billion per year. This unsustainable situation is affecting the State's cash flow position and will likely result in delays of payments to local governments. New bills are constantly being introduced in the legislature including, but not limited to, reduction of state shared revenues, property tax freezes, debt issuance only by passage of referendum, and pension reform. Any one of these bills individually would have a significant impact if approved and signed into law. Perhaps the largest concern is the reduction of distributions to local governments of state shared revenues to balance the State's budget. Any reduction in the distribution of these state shared revenues would have a serious consequence to current Village operations and subsequent year's operations. Without these shared revenues, the Village would have to implement or raise local taxes and fees, increase the property tax levy, and/or reduce expenditures. Finally, a reduction in state shared revenue combined with a property tax freeze would severely restrict the ability to raise additional revenue to support operations.

The United States (US) economy continues to see slow and steady growth at around 2% per year, similar to what we have seen over the last 8 years since the Great Recession. The unemployment rate dropped to 4.4% in April 2017, its lowest level since May 2007. Many economists say the US is now at or near full employment, meaning the unemployment rate won't go down significantly more. US underemployment, which includes Americans in part-time jobs and those at different lengths of unemployment, hit its lowest mark of 8.6% in a decade as well. Due to the strengthening economy, the Federal Reserve raised the target range for the federal funds rate in December 2015, December 2016, and March 2017 to the current level of 0.75 – 1.00%. This may result in additional investment income to the Village, although at the same time it may make borrowing more expensive (if necessary).

Internationally, there continue to be concerns over terrorism, political unrest, and a global economic slowdown.

Long-Term Financial Planning

Alan Lakein is a well-known author on personal time management who stated, "Planning is bringing the future into the present so that you can do something about it now." Proper plans that are formulated ahead of time help leaders and organizations to execute projects, reach their goals, and fulfill their vision. In planning ahead, the Village has been able to assess risks, transform risks to opportunities, become proactive in our response, and improve performance. By improving the Village's performance through good planning and preparation, staff will be clearer about what to do next. The sections below illustrate long-term planning efforts and the impact each has on the budget.

The Operating Budget Forecast is a 3 year operating plan to facilitate financial planning. Finance staff work together with each Department during all three stages of the budget process to determine key forecast assumptions to project major revenue sources and expenditures. This forecast impacts the budget by providing for stability, planning, and direction for future resource allocation and decision making.

The Village is required to maintain a 5 year Capital Improvement Program (CIP) in accordance with its fiscal policies. The CIP may include land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and infrastructure including, but not limited to roads, sanitary sewer system, waterworks system, stormwater system. This program is used to identify and prioritize future capital needs and possible funding sources, impacting the budget by including the first three years in the Operating Budget Forecast noted above.

The purpose of the Pavement Management Report is to create a tool to aid the Village in developing a 5 year plan to maintain or improve roadways in the community. An annual update is provided to the Village Board for approval. The report results in a systematic approach to roadway maintenance that will impact the budget by identifying the annual costs that should be expended to meet the desired goal. This report provides for infrastructure needs that integrate with the Capital Improvement Program noted above.

The Finance Department worked with our IT consultant to establish a Computer Equipment Replacement schedule during fiscal year 2017. Computer equipment is often below the capitalization threshold, but usually includes information sensitive in nature. This 5 year plan impacts the budget by allowing for annual replacement at an established base level. Replacement decisions are determined based on software technology, economic issues, maintenance costs, and potential downtime.

The Village recognizes the importance to develop and manage programs, services, and their related resources as efficiently and effectively as possible. Accordingly, the Board approved the Strategic Plan to establish the direction of the Village. Senior Management have identified specific goals and initiatives to accomplish the key outcome indicators (KOI), the 5 main strategic priorities, and ultimately the Strategic Plan as a whole.

Per Village policy, each department shall contribute for Vehicle and Equipment Replacement on an annual basis in order to maintain a “pay-as-you-go” basis. This 10 year plan impacts the budget by allowing for funding of replacements annually at an established base level. The Public Works Department work together with other departments to determine the useful life and condition of certain vehicles and equipment. This ensures that the condition of the fleet is at an optimum level, reducing fleet maintenance and service costs.

The Go Montgomery 2035 Comprehensive Plan is a 20 year plan meant to inform and share decisions about land use and development, transportation and mobility, parks and open space, community facilities and infrastructure, and hazard mitigation and sustainability. The plan recognizes changes in economic climate, represents the Village’s vision for the future, and serves as the official policy and guide for improvement and development throughout the community. The Community Development Department follows the goals and vision set forth to review development proposals to ensure they meet the guidelines set forth in the plan. It is used to identify development that works for specific areas through appropriate design, functionality, and uses, as well as to guide policy that leads to economic development opportunities.

The Comprehensive Plan identified a lack of community identity. Some think that the Village’s ambiguous identity is linked to the Village’s multiple taxing districts, particularly its five school districts. Although invisible, these district boundaries inadvertently create separate communities. Others find the identity of Montgomery can be explained through the Village’s market makeup. Montgomery used to be acclaimed as “The Village of Industry,” but recent loss of industry and additional residential and commercial development may no longer make this an accurate definition of the Village. Residents noted that creating a stronger core and central gathering place could be the answer to strengthening the Village’s identity.

We started a marketing campaign in fiscal year 2017 for the community called “Montgomery in Motion”. This campaign is intended to represent the many areas the Village is in motion, including:

- Water in the Fox River;
- Walking, running, or biking opportunities throughout the Village and it’s neighborhoods;
- Development providing additional services and jobs; and
- Concepts to continue to move the Village forward.

The Village requested designs from the Oswego High School Graphic Communications class depicting their interpretation of Montgomery in Motion. The Village budgeted for and has identified a marketing professional to help develop this idea and others during fiscal year 2018. We feel the development of a consistent message will serve the Village and our residents well into the future.

The Waterworks System Master Plan was undertaken by the Village of Montgomery to help identify a long-term sustainable water source for the community and was completed in fiscal year 2017. The Village Engineer worked with the Village and 2 other local communities (Oswego and Yorkville) to determine the best solution for future water needs of each community, as well as a sub-regional solution for all 3 together. The plan allows for each community to budget for current costs, starting in fiscal year 2018, needed to test each source of water. This 30 year plan will factor into the budget discussion each year including, but not limited to, the governance of a sub-regional solution (if applicable), land purchase, and ultimately the design and construction of a new or expanded Waterworks System plant.

Cash Management Policies and Practices

The Village examined its cash and investment practices and the Village Board approved a new investment policy during fiscal year 2014. Major changes in the length and type of investments, in accordance with the investment policy and State law, were made during fiscal year 2015 to increase the amount of investment income. The Village invests cash temporarily idle during the year in demand deposits, certificates of deposit, and other investments allowed by state statute including, but not limited to, U.S. agency and municipal securities. The Village extended its ladder portfolio of securities during fiscal year 2016 out to three years, and further in fiscal year 2017 out to five years, to capture additional yield from longer maturities. Although short-term interest rates remain at historically low levels, the Village has been able to capture additional investment income during fiscal year 2017 due to the changes made above.

Awards and Acknowledgements

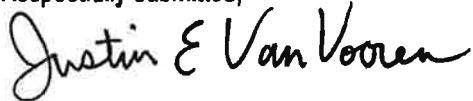
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Montgomery for its Comprehensive Annual Financial Report for the fiscal year ended April 30, 2016. This was the fourteenth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for a fifteenth certificate.

In addition, the Village also received the Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award for its fiscal year 2017 budget document. This was the fifth consecutive year the Village has received this award. In order to qualify for the Distinguished Budget Presentation Award, the Village's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, and operations guide and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my sincere appreciation to all employees of the Village who assisted and contributed to the preparation of this report. In addition, I would like to thank the Village President, Board of Trustees and Village Administrator for their unfailing support for maintaining the highest standards of professionalism in the management of the Village's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Justin E VanVooren". The signature is written in a cursive, flowing style.

Justin E. VanVooren, CMA, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Montgomery
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2016

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

August 16, 2017

The Honorable Village President
Members of the Board of Trustees
Village of Montgomery, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Montgomery, Illinois, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Montgomery, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 Montgomery, Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Montgomery
Management's Discussion and Analysis

April 30, 2017

As management of the Village of Montgomery, Illinois (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2017. Management's Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the our Letter of Transmittal, which can be found on pages iii through xii of this report, and the Village's financial statements, which begin on page 3 of this report. All amounts in the MD&A, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The Village net position as of April 30, 2017 was \$74,080. Of this amount, \$4,417 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$218 over the prior year. The increase reflects approximately \$369 increase and \$151 decrease attributable to the governmental and business-type operations, respectively, of the Village. The increase in governmental operations is mainly due to fiscal year 2017 being the first full year of non-home rule sales tax offset by the addition of three new police officers plus benefits, depreciation of capital assets, and other expenses. The decrease in business-type operations is a combination of an increase in water and sewer rates offset by additional chemicals, overtime to address watermain breaks more timely, depreciation of capital assets, payment of debt service.
- As of April 30, 2017, the Village's governmental funds reported combined ending fund balances of \$10,570, an increase of \$1,197 over the prior year. Approximately 33.0% of this total amount, \$3,489, is available for spending at the Village's discretion (unassigned fund balance).
- In addition, the Village's proprietary funds reported combined ending net position of \$23,686, a decrease of \$151 over the prior year. Approximately 13.9% of this total amount, \$3,303, is available for spending at the Village's discretion (unrestricted net position) for proprietary purposes.

Overview of the Financial Statements

The focus of the financial statements is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden the basis for comparison (year to year or government to government) and enhance the Village's accountability.

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-Type Activities). The Governmental Activities reflect the Village's basic services, including general government, public safety, highways and streets and sanitation. The Business-Type Activities include the waterworks and sewerage operations.

The government-wide financial statements can be found on pages 3 through 6 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The Village maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Improvement Fund, and Infrastructure Improvement Fund, all of which are considered to be major funds. Data from the remaining twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual budget for each of its governmental funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 7 through 12 of this report.

Proprietary Funds. The Village maintains two different types of proprietary funds. Enterprise funds are used to report the same functions as presented in the business-type activities in the government-wide financial statements. The Village uses two enterprise funds, one to account for the operation of the Village owned water utility and one to account for the Village's waste removal program. Internal service funds are an accounting device used to accumulate and allocate costs internally amount the Village's various functions. The Village uses an internal service fund to account for providing insurance to Village employees. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility and refuse program, which are considered to be major funds of the Village, as well as the employee insurance fund.

The Village adopts an annual budget for each of its proprietary funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets.

The basic proprietary fund financial statements can be found on pages 13 through 16 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 17 through 18 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 62 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budget to actual comparisons for the Village's progress in funding its obligation to provide pension and other postemployment benefits to its employees and the General Fund. Required supplementary information can be found on pages 63 through 70 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information discussed above which can be found on pages 71 through 127 of this report.

Financial Analysis of the Village as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$74,080 as of April 30, 2017.

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 14,799	\$ 14,076	\$ 4,196	\$ 3,803	\$ 18,995	\$ 17,879
Capital assets	54,951	56,383	31,613	32,774	86,564	89,157
Total assets	69,750	70,459	35,809	36,577	105,559	107,036
Deferred outflows						
Unamortized loss	142	170	-	-	142	170
Deferred items - pension	2,909	2,875	148	53	3,057	2,928
Total deferred outflows	3,051	3,045	148	53	3,199	3,098
Liabilities						
Long-term liabilities	16,749	18,355	11,696	12,362	28,445	30,717
Other liabilities	1,434	1,862	495	431	1,929	2,293
Total liabilities	18,183	20,217	12,191	12,793	30,374	33,010
Deferred inflows						
Deferred taxes	2,713	2,727	-	-	2,713	2,727
Deferred items - pension	1,511	535	80	-	1,591	535
Total deferred inflows	4,224	3,262	80	-	4,304	3,262
Net position						
Net investment in						
capital assets	45,992	46,662	20,383	20,879	66,375	67,541
Restricted	3,288	3,114	-	-	3,288	3,114
Unrestricted	1,114	249	3,303	2,958	4,417	3,207
Total net position	\$ 50,394	\$ 50,025	\$ 23,686	\$ 23,837	\$ 74,080	\$ 73,862

The largest portion of the Village's net position (89.6%) reflects its net investment in capital assets (e.g. land, infrastructure, buildings, improvements, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (6.0%) may be used to meet the government's ongoing obligations to citizens and creditors.

As of April 30, 2017, the Village was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The increase reflects approximately \$369 increase and \$151 decrease attributable to the governmental and business-type operations, respectively, of the Village. The increase in governmental operations is mainly due to fiscal year 2017 being the first full year of non-home rule sales tax offset by the addition of three new police officers plus benefits, depreciation of capital assets, and other expenses. The decrease in business-type operations is a combination of an increase in water and sewer rates offset by additional chemicals, overtime to address watermain breaks more timely, depreciation of capital assets, payment of debt service.

The Village's unrestricted net position increased by \$1,210 during the current fiscal year. The majority of restricted net position is legally restricted to either economic development or certain capital projects. The Village's net investment in capital assets decreased by \$1,166 during the current fiscal year. The Village added \$2,195 of new capital assets, had depreciation of \$4,788 during the year, and reduced long-term debt related to capital assets by \$1,590.

Table 2
Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,757	\$ 1,970	\$ 6,206	\$ 5,864	\$ 7,963	\$ 7,834
Operating grants and contributions	681	1,320	-	-	681	1,320
Capital grants and contributions	404	-	587	-	991	-
General revenues:						
Property taxes	2,834	2,682	-	-	2,834	2,682
Other taxes	1,400	1,316	-	-	1,400	1,316
Intergovernmental	8,833	8,425	-	-	8,833	8,425
Other	422	334	252	90	674	424
Total revenues	16,331	16,047	7,045	5,954	23,376	22,001
Expenses:						
General government	4,245	4,001	-	-	4,245	4,001
Public safety	5,679	5,806	-	-	5,679	5,806
Highways and streets	5,719	5,086	-	-	5,719	5,086
Sanitation	-	-	1,332	1,293	1,332	1,293
Interest	319	344	301	338	620	682
Water and sewer	-	-	5,563	5,169	5,563	5,169
Total expenses	15,962	15,237	7,196	6,800	23,158	22,037
Change in net position	369	810	(151)	(846)	218	(36)
Net position, May 1	50,025	49,215	23,837	24,683	73,862	73,898
Net position, April 30	\$ 50,394	\$ 50,025	\$ 23,686	\$ 23,837	\$ 74,080	\$ 73,862

Governmental activities. Governmental activities increased the Village's net position by \$369. Key elements of this increase are as follows:

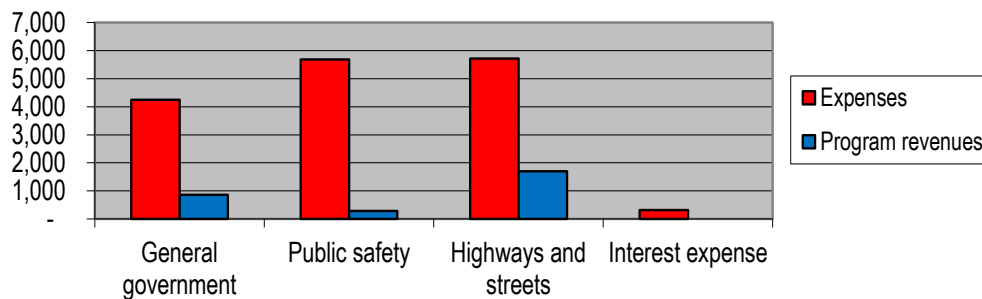
Governmental revenues increased by \$284 (1.8%). Components of this increase are as follows:

- Operating grants and contributions decreased by \$639 (48.4%) mainly due to a contribution to complete public improvements in an unfinished neighborhood in fiscal year 2016.
- Capital grants and contributions increased by \$404 (100.0%) due to the contribution of Commerce Drive from a developer.
- Intergovernmental revenue increased by \$408 (4.8%) mainly due to a full year of non-home rule sales tax approved by voters during fiscal year 2015 (\$662).

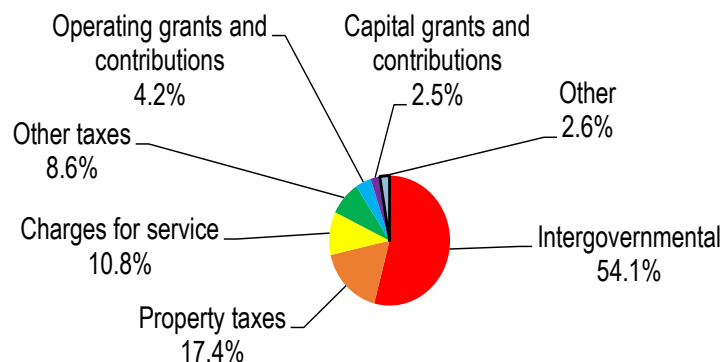
Governmental expenses increased by \$725 (4.8%). Components of this increase are as follows:

- Depreciation increased by \$280 (10.7%) due to the addition of eleven vehicles and one piece of equipment.
- Street sweeping increased by \$39 (390.7%) due to expected regulations from the Illinois Environmental Protection Agency.
- Six minor pieces of equipment were purchased for a total of \$39.
- Addition of three new police officers plus benefits.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Business-type activities. Business-type activities decreased the Village's net position by \$151. Key elements of this decrease are as follows:

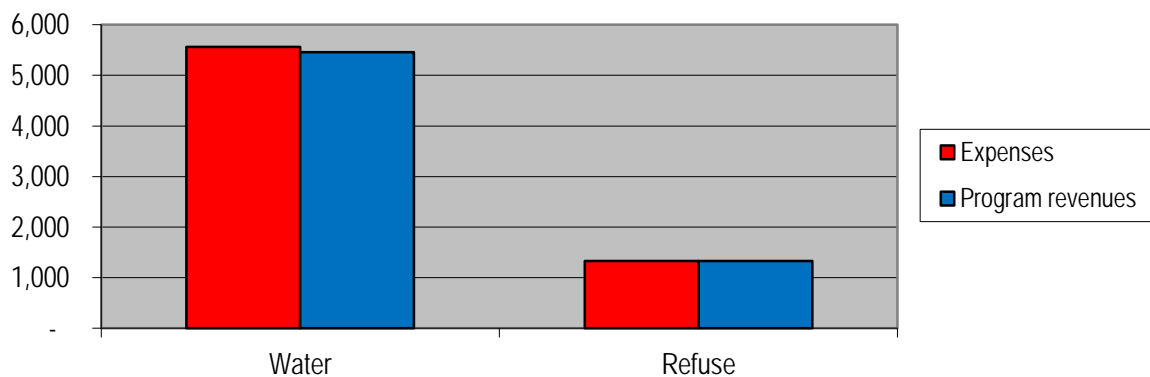
Business-type revenues increased by \$1,091 (18.3%). Components of this increase are as follows:

- Charges for services increased by \$342 (5.8%) due to an increase in water and sewer rates during fiscal year 2017.
- A developer contribution of watermain of \$587 (100.0%) along Commerce Drive during fiscal year 2017.
- Tap fees were increased by \$144 (306.4%) due to an increase in commercial and industrial permits.

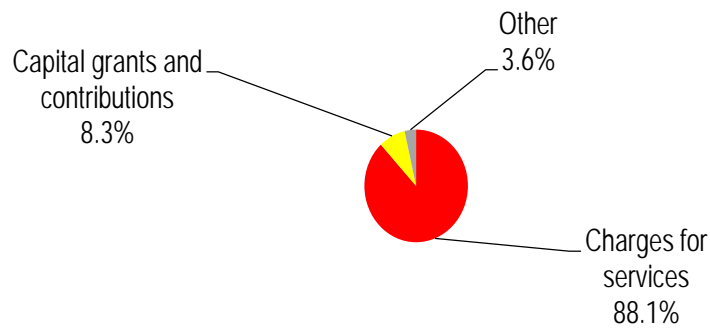
Business-type expenses increased by \$396 (5.8%). Components of this increase are as follows:

- Sanitation increased by \$39 (3.0%) due to a scheduled increase from our third-party waste hauler.
- Overtime increased by \$25 (61.9%) due to addressing watermain breaks when they happen, as opposed to waiting until the following day.
- Chemicals used in the treatment of water increased by \$77 (35.6%) mainly due to the addition of polyphosphates.
- Depreciation of business-type capital assets increased by \$26 (1.4%) due to watermain built or donated).
- Debt service expenses in the Water Fund increased by \$46 (4.2%).

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Village's Funds

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

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

As of April 30, 2017, the Village's governmental funds reported combined ending fund balances of \$10,570, an increase of \$1,197 over the prior year. Approximately 33.0% of this total amount, \$3,489, is available for spending at the Village's discretion (unassigned fund balance). The remainder of fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$549), 2) restricted for particular purposes (\$3,338), or 3) assigned for particular purposes (\$3,194).

The General Fund is the chief operating fund of the Village. As of April 30, 2017, unassigned fund balance of the General Fund was \$3,489. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35.5% (4.3 months) of the total General Fund expenditures, while total fund balance represents 41.1% (4.9 months) of total General Fund expenditures.

The fund balance of the General Fund increased by \$26 to a total of \$4,038 of fund balance at the end of the current fiscal year. The key factors in this increase are: 1) increase building permits and developer reimbursement due to increased commercial and industrial development activity and 2) increase in full-time patrol salaries due to the hiring of three additional police officers.

The fund balance of the Capital Improvement Fund increased by \$213 to a total of \$726 of fund balance at the end of the current fiscal year. The increase in fund balance is due to water tower rental and utility tax revenues being higher than budget, as well as Concord bridge maintenance and building demolition projects being delayed until fiscal year 2018.

The fund balance of the Infrastructure Improvement Fund increased by \$994 to a total of \$1,967 of fund balance at the end of the current fiscal year. The increase in fund balance is due to non-home rule sales tax being higher than budget owing to a full year of new stores, while several projects started in fiscal year 2017 were not fully completed until fiscal year 2018.

The fund balance of the Debt Service Fund decreased by \$6 to a total of \$50 of fund balance at the end of the current fiscal year. The receipt of transfers from the Capital Projects Fund was slightly less than the payment of debt principal and interest, such that the reserve could be lowered to \$50.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Fund had a decrease in net position of \$153 to a total of \$23,674 of net position at the end of the current fiscal year. Approximately 13.9% of that total is unrestricted net position. Other factors concerning the finances of the Water Fund have already been addressed in the discussion of the Village's business-type activities.

The Refuse Fund had an increase in net position of \$2 to a total of \$12 of net position at the end of the current fiscal year.

The Employee Insurance Fund had an decrease in net position of \$41 to a total of \$211 of net position at the end of the current fiscal year. The Village keeps a balance in this fund to offset any unexpected increases in health and dental insurance for employees.

General Fund Budgetary Highlights

It has been a policy of the Village to not adopt budget amendments during or after the fiscal year. This year was no exception and no General Fund budget amendments occurred during the current fiscal year.

The General Fund revenues were more than the budget by \$25 or 0.3%. The most significant differences between budgeted and actual revenues included: 1) building permits were \$58 higher than budget due to the construction of several large building projects, 2) income tax was \$138 lower than budget due to lower contributions at the state level, and 3) engineering reimbursement from developers was \$96 higher than budget due to an increase in residential, commercial, and industrial development.

The General Fund expenditures were more than the budget by \$88 or 0.9%. The most significant differences between budgeted and actual expenditures included: 1) engineering was \$79 higher than budget due to the development noted above, 2) actuarially determined police pension contribution was \$63 higher than budget due to the disability of a police officer, as well as a change in actuarial assumptions about police officers in Illinois, 3) legal was \$37 lower than budget due to less legal involvement needed in the developments noted above, and 4) Building and Grounds salaries were \$30 lower than budget due to certain positions not being filled during parts of the year.

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for its governmental and business-type activities as of April 30, 2017, amounts to \$86,564 (net of accumulated depreciation). This investment in capital assets includes land (including rights-of-way), buildings, improvements other than buildings, vehicles and equipment, and infrastructure (including streets, storm sewers, water mains, water pumping and storage facilities, and sanitary sewers).

Major capital asset events during the current fiscal year included the following:

- A total of eleven vehicles and 1 piece of equipment were replaced during the year totaling \$943 and \$45, respectively. The vehicles and equipment replaced included two Police squad cars, two Police squad sport utility vehicles, a Public Works 1-ton truck, three Public Works pickup trucks, a building maintenance van, a wheel loader, a utility tractor, and a double axle truck with several attachments to make it useful throughout the year.
- A police software update began during fiscal year 2016 and was completed in fiscal year 2017 at a total cost of \$145.
- The Boulder Hill water main project was completed in fiscal year 2017, where the Village spent \$89. The overall project replaced approximately 18,000 feet of water main in the unincorporated Boulder Hill Subdivision to remediate water main quality, small diameter water main, and water main looping issues.
- A developer donated the Commerce Drive extension and watermain to the Village at a cost of \$404 and \$587, respectively.
- Depreciation of governmental and business-type activities capital assets totaling \$2,905 and \$1,883, respectively, was taken during the year.

The following schedule summarizes the Village's capital assets.

Table 3
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 17,933	\$ 17,933	\$ 17	\$ 17	\$ 17,950	\$ 17,950
Construction in progress	-	63	309	263	309	326
Land improvements	138	138	-	-	138	138
Buildings	22,311	22,311	-	-	22,311	22,311
Equipment	644	454	84	84	728	538
Vehicles	3,232	2,656	-	-	3,232	2,656
Infrastructure	33,856	33,452	49,961	49,285	83,817	82,737
Less:						
Accumulated depreciation	(23,163)	(20,624)	(18,758)	(16,875)	(41,921)	(37,499)
Total capital assets	\$ 54,951	\$ 56,383	\$ 31,613	\$ 32,774	\$ 86,564	\$ 89,157

Additional information regarding the capital assets can be found in note 3 on pages 37 through 38 of this report.

Long-term Debt. At the end of the current fiscal year, the Village had total debt outstanding of \$20,332 (excluding other postemployment benefit, net pension liabilities, and compensated absences). This amount is partially comprised of six general obligation alternate revenue bonds which pledge sales, use, and telecommunications taxes, as well as net revenues of the water system. These bonds further pledge the full faith and credit of the Village should the alternate revenue source be insufficient. The Village abates the property taxes on the Series 2007, Series 2008A, Series 2010, Series 2011, Series 2013, and Series 2014 bonds. The remaining amount of debt outstanding is comprised of three Illinois Environmental Protection Agency (IEPA) loans backed by the net revenues of the water system. The Village's debt decreased by \$1,633 (7.4%) during fiscal year 2017.

Major long-term debt events during the current fiscal year included the following:

- The Village made its regularly scheduled payments of principal (\$1,590) and interest on the existing outstanding debt.

The following schedule summarizes the Village's indebtedness.

Table 4
Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 9,102	\$ 9,891	\$ 5,070	\$ 5,540	\$ 14,172	\$ 15,431
IEPA loans	-	-	6,160	6,534	6,160	6,534
Total long-term debt	\$ 9,102	\$ 9,891	\$ 11,230	\$ 12,074	\$ 20,332	\$ 21,965

Additional information regarding the Village's long-term debt can be found in note 3 on pages 39 through 45 of this report.

Economic Factors and Next Year's Budgets and Rates

Municipal revenue streams traditionally have been reasonably constant and predictable. For municipalities in their growth stage, such as Montgomery, expenditure growth frequently exceeds revenue needed to fund new operating and capital programs. The budget cycle provides an opportunity to review lists of new services and programs which could be provided to residents and enhance the Village.

The Great Recession hit just as the Village was spending millions of dollars on capital improvements to pay for the dramatic increase in the Village's population. The Village had also seen an increase in the demand for services due to Montgomery's tremendous population growth and had to hire more employees. Health insurance and police pension contributions had increased more than 50% during this time period as well. The Village had to take action to reverse the trend before it depleted its financial reserves. Between fiscal year 2011 and fiscal year 2015, the Village reduced staffing; moved \$150,000 of snow removal expenditures to the Motor Fuel Tax Fund from the General Fund; reduced or removed salary increases; and eliminated the local Dispatch Center (savings of approximately \$200,000 to use regional dispatch center KenCom).

Residential development stayed level in 2014 and 2015 at 31 and 28 new single family permits, respectively. Although we saw a drop in new single family homes in 2016, the Village saw interest in new multi-family homes increase. In addition, S.R. Jacobson Companies has proposed a 468 unit upscale apartment complex on the east side of the Village. Lastly, there are 3 developments with buildable single family lots, of which 1 is currently selling homes.

The Village saw commercial and industrial development rebound beginning in 2015, through 2016, and even further into 2017. The Village works with the Montgomery Economic Development Corporation to attract new businesses to the community. We have seen several new businesses build from the ground up over the last year including a 2 unit in-line building (Mattress Firm and AT&T) and Fuller's Car Wash, as well as other new businesses occupying vacant buildings like U-Haul, 9ers Grill, Pig Dog Pub, and Binny's Beverage Depot. As the economy continues the steady recovery, many small business owners are exploring expansion and growth strategies. One great example is the expansion of the White Eagle Auto Body.

Commercial development has helped the Village's sales tax, our single largest revenue source. The Village receives a one percent state sales tax on retail sales of tangible personal property within the Village. Sales tax is collected by the State and remitted to the Village three months after the liability occurs. Sales tax revenue has drastically increased in the last 10 years through the expansion of the commercial and retail sector in Montgomery. In fact, sales tax stayed fairly consistent even through the Great Recession. The Village began collecting non-home rule sales tax on July 1, 2015 on items other than groceries, prescription drugs, over-the-counter medicine, and professional services. Although we budgeted \$150,000 per month, non-home rule sales tax has averaged approximately \$210,000. This new revenue source is being utilized to maintain or build infrastructure throughout the community.

The largest industrial project by far was the announcement by American Crystal and United Sugars Corporation (USC) of the ground breaking on a new bulk sugar storage and transfer facility. The

20-acre facility consists of a 26,000 square-foot bulk storage dome, a 17,000 square foot transfer facility and 5,500 feet of rail track space. The dome itself will stand 134 feet high and 183 feet wide. There is also room for a second dome. The dome holds over 60,000 metric tons or 1.3 million hundredweights of sugar and enables the transfer of nearly twice that amount to many of the largest sugar users in the U.S. The facility is not attached to a producing sugar factory, making it the largest freestanding sugar storage facility of its kind in the country. United Sugars' Montgomery facility will be the largest single sugar storage asset in the U.S. and began operations in late 2016.

In addition, Nexeo Solutions and Old Dominion Freight Line have also built industrial buildings in the Village within the last year. Nexeo Solutions, the largest global chemical and plastics distributor, completed a \$12 million, 158,000 square-foot warehouse and plastics distribution facility in early 2017. Old Dominion Freight Line, an industry-leading domestic and global shipper, began construction in November 2016 of a \$13 million, 52,000 square-foot freight depot that will be completed in June 2017.

The new development and additional revenues have allowed Montgomery to examine employee levels and determine where staff should be added. The fiscal year 2018 budget includes an additional 2.00 full-time equivalent employees. Non-represented employees are only given an increase in November based solely on a pay for performance plan. The Village has a contract with Public Works Local 150 which expires April 30, 2018 and includes a pay for performance plan ranging from 0.00% to 3.00% increases. The Village successfully negotiated and approved a new contract with the Metropolitan Alliance of Police Patrol union which expires April 30, 2020 and cost of living increases ranging from 2.00% to 2.25% and pay for performance increases ranging from 4.00% to 6.00%.

The development above has helped the Village to maintain a solid financial position. However, the local economy and the Village's financial position may be effected by state, national, and international decisions and events.

Caterpillar is one of the largest employers in the area and bordered on 2 sides by the Village. Caterpillar announced on March 31 that 800 manufacturing jobs would be moved to Decatur, Illinois and Little Rock, Arkansas. Although it is not within the corporate limits of the Village, there are residents who work at the facility that will be affected. Accordingly, we have been proactive and had several meetings with Caterpillar to discuss job training for employees with the local community college, annexation, and working together to redevelop the property.

The State of Illinois budget impasse is causing funding problems for its own state-wide services, and is a major concern to the Village. According to the Illinois Municipal League (IML), the State is currently spending at a rate of nearly \$38 billion per year, while only bringing in about \$33 billion per year. This unsustainable situation is affecting the State's cash flow position and will likely result in delays of payments to local governments. New bills are constantly being introduced in the legislature including, but not limited to, reduction of state shared revenues, property tax freezes, debt issuance only by passage of referendum, and pension reform. Any one of these bills individually would have a significant impact if approved and signed into law. Perhaps the largest concern is the reduction of distributions to local governments of state shared revenues to balance the State's budget. Any reduction in the distribution of these state shared revenues would have a

serious consequence to current Village operations and subsequent year's operations. Without these shared revenues, the Village would have to implement or raise local taxes and fees, increase the property tax levy, and/or reduce expenditures. Finally, a reduction in state shared revenue combined with a property tax freeze would severely restrict the ability to raise additional revenue to support operations.

The United States (US) economy continues to see slow and steady growth at around 2% per year, similar to what we have seen over the last 8 years since the Great Recession. The unemployment rate dropped to 4.4% in April 2017, its lowest level since May 2007. Many economists say the US is now at or near full employment, meaning the unemployment rate won't go down significantly more. US underemployment, which includes Americans in part-time jobs and those at different lengths of unemployment, hit its lowest mark of 8.6% in a decade as well. Due to the strengthening economy, the Federal Reserve raised the target range for the federal funds rate in December 2015, December 2016, and March 2017 to the current level of 0.75 – 1.00%. This may result in additional investment income to the Village, although at the same time it may make borrowing more expensive (if necessary).

Internationally, there continue to be concerns over terrorism, political unrest, and a global economic slowdown.

The Village owns a water utility and charges residents a fee to use that water, which is the second largest revenue source for the Village. The Village also charges residents a fee to maintain the sanitary sewer lines that feed to the Fox Metro Water Reclamation District. The revenue is based upon the immediate prior year's usage by existing residents along with the additional housing units brought online by new permits. The fiscal year 2018 budget includes an increase in the water usage rates of 3% as of May 1, 2017. The Village expects annual increases of 3% in fiscal year 2019 and each year thereafter. This revenue stream is dependent on weather conditions and will vary based on how warm it is or how much rain the Village receives.

The Village, as a service driven organization, continues to expend the greatest percentage of its operating budget (second largest overall) on personal services (wages and benefits). For fiscal year 2018, personal services expenditures are expected to total \$7,608,274 or 24.72% of total budgeted expenditures. This is an increase of 7.07% over the fiscal year 2017 budgeted expenditures of \$7,105,817. Non-represented employees are only given an increase in November based solely on a pay for performance plan. The Village has a contract with Public Works Local 150 which expires April 30, 2018 and includes a pay for performance plan ranging from 0.00% to 3.00% increases. The Village successfully negotiated and approved a new contract with the Metropolitan Alliance of Police Patrol union which expires April 30, 2020 and cost of living increases ranging from 2.00% to 2.25% and pay for performance increases ranging from 4.00% to 6.00%. The fiscal year 2018 budget includes an additional 4.50 full-time equivalent employees. FTE equal the total hours of all employees divided by 2,080 working hours in a year. The change in Administration and Finance is due to the Human Resources Manager now reporting directly to the Village Administrator. The new positions include 2 patrol officers (Public Safety), a new foreman position, one additional seasonal, and one additional water operator (Public Works).

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Justin E. VanVooren, Director of Finance, Village of Montgomery, 200 North River Street, Montgomery, IL 60538.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Net Position

April 30, 2017

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 8,559,925	2,943,186	11,503,111
Receivables - Net	3,115,442	1,253,028	4,368,470
Due from Other Governments	2,053,306	-	2,053,306
Prepays	65,160	-	65,160
Total Current Assets	13,793,833	4,196,214	17,990,047
Noncurrent Assets			
Capital Assets			
Nondepreciable	17,933,096	325,623	18,258,719
Depreciable	60,181,031	50,045,490	110,226,521
Depreciation	(23,162,856)	(18,758,159)	(41,921,015)
Total Capital Assets	54,951,271	31,612,954	86,564,225
Other Assets			
Notes Receivable	1,004,689	-	1,004,689
Total Noncurrent Assets	55,955,960	31,612,954	87,568,914
Total Assets	69,749,793	35,809,168	105,558,961
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Loss on Refunding	142,149	-	142,149
Deferred Items - IMRF	424,187	147,896	572,083
Deferred Items - Police Pension	2,484,295	-	2,484,295
Total Deferred Outflows of Resources	3,050,631	147,896	3,198,527
Total Assets and Deferred Outflows of Resources	72,800,424	35,957,064	108,757,488

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 1,144,655	329,359	1,474,014
Accrued Payroll	160,004	26,991	186,995
Accrued Interest Payable	129,746	103,050	232,796
Other Payables	-	36,000	36,000
Current Portion of Long-Term Debt	861,013	866,561	1,727,574
Total Current Liabilities	2,295,418	1,361,961	3,657,379
Noncurrent Liabilities			
Compensated Absences Payable	459,119	45,213	504,332
Net Pension Liability - IMRF	1,192,124	415,642	1,607,766
Net Pension Liability - Police Pension	5,820,458	-	5,820,458
Net Other Post-Employment Benefit Payable	124,207	-	124,207
General Obligation Bonds Payable - Net	8,291,691	4,589,944	12,881,635
IEPA Loans Payable	-	5,778,319	5,778,319
Total Noncurrent Liabilities	15,887,599	10,829,118	26,716,717
Total Liabilities	18,183,017	12,191,079	30,374,096
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	229,933	80,167	310,100
Deferred Items - Police Pension	1,281,252	-	1,281,252
Property Taxes	2,712,519	-	2,712,519
Total Deferred Inflows of Resources	4,223,704	80,167	4,303,871
Total Liabilities and Deferred Inflows of Resources	22,406,721	12,271,246	34,677,967
NET POSITION			
Net Investment in Capital Assets	45,991,729	20,383,154	66,374,883
Restricted - Economic Development	1,725,516	-	1,725,516
Restricted - Public Safety	159,814	-	159,814
Restricted - Highways and Streets	554,987	-	554,987
Restricted - Subdivision Maintenance	823,805	-	823,805
Restricted - Subdivision Improvements	23,850	-	23,850
Unrestricted	1,114,002	3,302,664	4,416,666
Total Net Position	50,393,703	23,685,818	74,079,521

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

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2017

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 4,244,641	864,196	-	-
Public Safety	5,678,585	271,302	10,469	-
Highways and Streets	5,719,404	621,374	671,078	403,637
Interest on Long-Term Debt	318,881	-	-	-
Total Governmental Activities	15,961,511	1,756,872	681,547	403,637
Business-Type Activities				
Water	5,563,361	4,871,852	-	587,125
Refuse	1,332,282	1,333,956	-	-
Total Business-Type Activities	6,895,643	6,205,808	-	587,125
Total Primary Government	22,857,154	7,962,680	681,547	990,762

General Revenues

Taxes

Property Taxes

Utility Taxes

Video Gaming Taxes

Intergovernmental - Unrestricted

Sales Taxes

Non-Home Rule Sales Taxes

Income Taxes

Replacement Taxes

Local Use Taxes

Investment Earnings

Miscellaneous

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/Revenue		
Governmental Activities	Business-Type Activities	Totals
(3,380,445)	-	(3,380,445)
(5,396,814)	-	(5,396,814)
(4,023,315)	-	(4,023,315)
(318,881)	(301,039)	(619,920)
(13,119,455)	(301,039)	(13,420,494)
-	(104,384)	(104,384)
-	1,674	1,674
-	(102,710)	(102,710)
(13,119,455)	(403,749)	(13,523,204)
2,833,737	-	2,833,737
1,330,011	-	1,330,011
69,783	-	69,783
-	-	-
3,839,387	-	3,839,387
2,725,682	-	2,725,682
1,742,849	-	1,742,849
68,467	-	68,467
456,796	-	456,796
44,830	24,775	69,605
377,165	227,671	604,836
13,488,707	252,446	13,741,153
369,252	(151,303)	217,949
50,024,451	23,837,121	73,861,572
50,393,703	23,685,818	74,079,521

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

VILLAGE OF MONTGOMERY, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2017

	General
<hr/>	
ASSETS	
Cash and Investments	\$ 2,654,908
Receivables - Net of Allowances	
Property Taxes	2,164,973
Other Taxes	29,297
Accounts	214,972
Accrued Interest	8,175
Notes	-
Due from Other Governments	1,327,392
Advances to Other Funds	484,073
Prepays	65,160
	<hr/>
Total Assets	<u>6,948,950</u>
LIABILITIES	
Accounts Payable	585,913
Accrued Payroll	160,004
Advances from Other Funds	-
Total Liabilities	<u>745,917</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>2,164,974</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,910,891</u>
FUND BALANCES	
Nonspendable	549,233
Restricted	-
Assigned	-
Unassigned	3,488,826
Total Fund Balances	<u>4,038,059</u>
	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>6,948,950</u>

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

Debt Service	Capital Projects		Nonmajor	Totals
	Capital Improvement	Infrastructure Improvement		
50,200	1,075,625	1,378,557	3,189,174	8,348,464
-	-	-	547,545	2,712,518
-	147,026	-	-	176,323
-	-	-	-	214,972
-	1,651	596	1,161	11,583
-	-	-	1,004,689	1,004,689
-	1,817	683,728	40,369	2,053,306
-	-	-	-	484,073
-	-	-	-	65,160
50,200	1,226,119	2,062,881	4,782,938	15,071,088
-	15,995	96,338	446,409	1,144,655
-	-	-	-	160,004
-	484,073	-	-	484,073
-	500,068	96,338	446,409	1,788,732
-	-	-	547,545	2,712,519
-	500,068	96,338	993,954	4,501,251
-	-	-	-	549,233
50,200	-	-	3,287,972	3,338,172
-	726,051	1,966,543	501,012	3,193,606
-	-	-	-	3,488,826
50,200	726,051	1,966,543	3,788,984	10,569,837
50,200	1,226,119	2,062,881	4,782,938	15,071,088

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

VILLAGE OF MONTGOMERY, ILLINOIS

Reconciliation of Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

April 30, 2017

Total Governmental Fund Balances	\$ 10,569,837
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	54,951,271
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	194,254
Deferred Items - Police Pension	1,203,043

Internal service funds are used by the Village to charge the costs of issuance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities In the Statement of Net Position.	211,507
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(510,132)
Net Pension Liability - IMRF	(1,192,124)
Net Pension Liability - Police Pension	(5,820,458)
Net Other Post-Employment Benefit Payable	(124,207)
General Obligation Bonds Payable - Net	(9,101,691)
Unamortized Loss on Refunding	142,149
Accrued Interest Payable	<u>(129,746)</u>

Net Position of Governmental Activities	<u>50,393,703</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF MONTGOMERY, ILLINOIS

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2017**

See Following Page

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2017

	<u>General</u>
Revenues	
Property Taxes	\$ 2,259,645
Other Taxes	133,039
Licenses, Permits and Fees	525,473
Intergovernmental, Grants and Contributions	6,117,968
Fines and Forfeitures	235,742
Charges for Services	418,607
Interest	28,825
Miscellaneous	128,370
Total Revenues	<u>9,847,669</u>
Expenditures	
Current	
General Government	3,203,556
Public Safety	4,811,639
Highways and Streets	1,806,313
Capital Outlay	-
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
Total Expenditures	<u>9,821,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,161</u>
Other Financing Sources (Uses)	
Disposal of Capital Assets	-
Transfers In	-
Transfers Out	-
	<u>-</u>
Net Change in Fund Balances	26,161
Fund Balances - Beginning as Restated	<u>4,011,898</u>
Fund Balances - Ending	<u><u>4,038,059</u></u>

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

Debt Service	Capital Projects		Nonmajor	Totals
	Capital Improvement	Infrastructure Improvement		
-	-	-	574,092	2,833,737
	1,266,755	-	-	1,399,794
-	-	-	-	525,473
-	94,767	2,785,184	516,809	9,514,728
-	-	-	20,115	255,857
-	3,400	-	594,393	1,016,400
-	4,592	656	10,751	44,824
-	141,377	-	107,418	377,165
-	1,510,891	2,785,840	1,823,578	15,967,978
-	19,996	131,577	266,151	3,621,280
-	-	-	26,212	4,837,851
-	93,813	1,660,687	569,159	4,129,972
-	99,924	-	1,151,598	1,251,522
755,000	-	-	-	755,000
334,965	-	-	-	334,965
1,089,965	213,733	1,792,264	2,013,120	14,930,590
(1,089,965)	1,297,158	993,576	(189,542)	1,037,388
-	-	-	159,724	159,724
1,084,076	-	-	-	1,084,076
-	(1,084,076)	-	-	(1,084,076)
1,084,076	(1,084,076)	-	159,724	159,724
(5,889)	213,082	993,576	(29,818)	1,197,112
56,089	512,969	972,967	3,818,802	9,372,725
50,200	726,051	1,966,543	3,788,984	10,569,837

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

VILLAGE OF MONTGOMERY, ILLINOIS

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

For the Fiscal Year Ended April 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 1,197,112
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	1,068,975
Capital Contributions	403,637
Depreciation Expense	(2,904,580)
Disposals - Cost	(366,214)
Disposals - Accumulated Depreciation	366,214

The net effect of deferred outflows (inflows) of resources related
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(210,016)
Change in Deferred Items - Police Pension	(733,440)

Internal service funds are used by the Village to charge the costs of
insurance to individual funds. The net revenue of certain activities
of internal service funds is reported with governmental activities.

(40,852)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

(Increase) to Compensated Absences Payable	(48,349)
Decrease to Net Pension Liability - IMRF	518,723
Decrease to Net Pension Liability - Police Pension	388,420
(Increase) to Net Other Post-Employment Payable	(41,462)
Retirement of Debt	755,000
Amortization of Bond Premium	34,391
Amortization of Loss on Refunding	(27,463)

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

9,156

Changes in Net Position of Governmental Activities

369,252

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

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2017

See Following Page

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Net Position - Proprietary Funds

April 30, 2017

	Business-Type Activities			Governmental Activities
	Water	Refuse	Totals	Internal Service Employee Insurance
ASSETS				
Current Assets				
Cash and Investments	\$ 2,943,186	-	2,943,186	211,461
Receivables - Net of Allowances				
Accounts	950,366	294,500	1,244,866	-
Accrued Interest	8,162	-	8,162	46
Due from Other Funds	60,313	-	60,313	-
Total Current Assets	3,962,027	294,500	4,256,527	211,507
Noncurrent Assets				
Nondepreciable Capital Assets	325,623	-	325,623	-
Depreciable Capital Assets	50,045,490	-	50,045,490	-
Accumulated Depreciation	(18,758,159)	-	(18,758,159)	-
Total Noncurrent Assets	31,612,954	-	31,612,954	-
Total Assets	35,574,981	294,500	35,869,481	211,507
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	147,896	-	147,896	-
Total Assets and Deferred Outflows of Resources	35,722,877	294,500	36,017,377	211,507

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

	Business-Type Activities			Governmental Activities
	Water	Refuse	Totals	Internal Service Employee Insurance
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 107,216	222,143	329,359	-
Accrued Payroll	26,991	-	26,991	-
Accrued Interest Payable	103,050	-	103,050	-
Other Payables	36,000	-	36,000	-
Due to Other Funds	-	60,313	60,313	-
Current Portion of Long-Term Debt	866,561	-	866,561	-
Total Current Liabilities	1,139,818	282,456	1,422,274	-
Noncurrent Liabilities				
Compensated Absences Payable	45,213	-	45,213	-
Net Pension Liability - IMRF	415,642	-	415,642	-
General Obligation Bonds Payable - Net	4,589,944	-	4,589,944	-
IEPA Loans Payable	5,778,319	-	5,778,319	-
Total Noncurrent Liabilities	10,829,118	-	10,829,118	-
Total Liabilities	11,968,936	282,456	12,251,392	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	80,167	-	80,167	-
Total Liabilities and Derferred Inflows of Resources	12,049,103	282,456	12,331,559	-
NET POSITION				
Net Investment in Capital Assets	20,383,154	-	20,383,154	-
Unrestricted	3,290,620	12,044	3,302,664	211,507
Total Net Position	23,673,774	12,044	23,685,818	211,507

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

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds For the Fiscal Year Ended April 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Refuse	Totals	Internal Service Employee Insurance
Operating Revenues				
Charges for Services	\$ 4,871,852	1,333,956	6,205,808	-
Interfund Services	-	-	-	1,097,061
Total Operating Revenues	4,871,852	1,333,956	6,205,808	1,097,061
Operating Expenses				
Operations	3,690,643	1,332,282	5,022,925	1,137,919
Depreciation	1,872,718	-	1,872,718	-
Total Operating Expenses	5,563,361	1,332,282	6,895,643	1,137,919
Operating Income (Loss)	(691,509)	1,674	(689,835)	(40,858)
Nonoperating Revenues (Expenses)				
Investment Earnings	24,775	-	24,775	6
Reimbursements	209,112	-	209,112	-
Other Income	18,559	-	18,559	-
Interest Expense	(301,039)	-	(301,039)	-
	(48,593)	-	(48,593)	6
Income (Loss) Before Contributions	(740,102)	1,674	(738,428)	(40,852)
Capital Contributions	587,125	-	587,125	-
Change in Net Position	(152,977)	1,674	(151,303)	(40,852)
Net Position - Beginning	23,826,751	10,370	23,837,121	252,359
Net Position - Ending	23,673,774	12,044	23,685,818	211,507

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

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended April 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Employee Insurance
	Water	Refuse	Totals	
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 5,129,448	1,371,621	6,501,069	(46)
Receipts from Interfund Services	-	-	-	1,097,061
Payments to Employees	(576,290)	-	(576,290)	-
Payments to Suppliers	(2,997,182)	(1,371,621)	(4,368,803)	(1,137,919)
	<u>1,555,976</u>	<u>-</u>	<u>1,555,976</u>	<u>(40,904)</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(135,143)	-	(135,143)	-
Principal Paid on Debt	(834,582)	-	(834,582)	-
Interest Paid on Debt	(301,039)	-	(301,039)	-
	<u>(1,270,764)</u>	<u>-</u>	<u>(1,270,764)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment Income	<u>24,775</u>	<u>-</u>	<u>24,775</u>	<u>6</u>
Net Change in Cash and Cash Equivalents	309,987	-	309,987	(40,898)
Cash and Cash Equivalents - Beginning	<u>2,633,199</u>	<u>-</u>	<u>2,633,199</u>	<u>252,359</u>
Cash and Cash Equivalents - Ending	<u><u>2,943,186</u></u>	<u><u>-</u></u>	<u><u>2,943,186</u></u>	<u><u>211,461</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities.				
Operating Income (Loss)	(691,509)	1,674	(689,835)	(40,858)
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in)				
Depreciation and Amortization Expense	1,872,718	-	1,872,718	-
Other Income	227,671	-	227,671	-
Other Expense - IMRF	176,328	-	176,328	-
(Increase) Decrease in Current Assets	29,925	37,665	67,590	(46)
Increase (Decrease) in Current Liabilities	(59,157)	(39,339)	(98,496)	-
Net Cash Provided by Operating Activities	<u><u>1,555,976</u></u>	<u><u>-</u></u>	<u><u>1,555,976</u></u>	<u><u>(40,904)</u></u>

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

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Fiduciary Net Position

April 30, 2017

	Pension Trust	
	Police Pension	Agency
ASSETS		
Cash and Cash Equivalents	\$ 755,697	3,189,337
Investments		
U.S. Treasury Obligations	24,381	-
U.S. Agency Obligations	2,170,205	-
Municipal Bonds	422,893	-
Corporate Bonds	1,824,131	-
Mutual Funds	3,169,160	-
Common Stock	690,904	-
Receivables - Net of Allowance		
Accrued Interest	57,317	-
Total Assets	9,114,688	3,189,337
LIABILITIES		
Deposits Payable	-	369,826
Due to Others	-	(439)
Due to Bondholders	-	2,819,950
Total Liabilities	-	3,189,337
NET POSITION		
Net Position Restricted for Pensions	9,114,688	

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

VILLAGE OF MONTGOMERY, ILLINOIS

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2017

	Pension Trust Police Pension
Additions	
Contributions - Employer	\$ 520,987
Contributions - Plan Members	205,654
Total Contributions	726,641
Investment Income	
Investment Earnings	259,130
Net Change in Fair Value	354,993
	614,123
Less Investment Expenses	(20,125)
Net Investment Income	593,998
Total Additions	1,320,639
Deductions	
Administration	10,627
Benefits and Refunds	545,717
Total Deductions	556,344
Change in Fiduciary Net Position	764,295
Net Position Restricted for Pensions	
Beginning	8,350,393
Ending	9,114,688

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

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Montgomery, Illinois (Village) is a municipal corporation established under Illinois Compiled Statutes (ILCS) governed by an elected President and Board of Trustees.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Montgomery
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "the Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. 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 contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary Village because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety, and highways and streets services are classified as governmental activities. The Village's water and refuse activities are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) 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 government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, permits and charges for services, etc.).

The Village allocates indirect costs to other funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid for through the General Fund.

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains 19 nonmajor special revenue funds.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The Debt Service Fund is treated as a major fund and is used to accumulate monies for the Village's general obligation alternate revenue source bonds (Series 2008A, Series 2010, Series 2011, and Series 2014) for payment of the principal and interest on governmental debt (non-proprietary). Utility tax revenues are transferred from the Capital Improvement Fund to finance the annual payment requirements.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital assets (other than those financed by business-type/proprietary funds). The Village maintains four capital projects funds. The Capital Improvement Fund, a major fund, is used to account for funds restricted, committed or assigned to the acquisition, construction and improvement of governmental general capital assets (not financed by proprietary funds). Activities are financed by utility taxes, grants, rents on Village properties, and developer contributions. The Infrastructure Improvement Fund, also a major fund, is used to account for funds restricted, committed, or assigned to the acquisition, construction and improvement of governmental infrastructure capital assets (not being financed by proprietary funds) throughout the community. Activities are financed by the 1% non-home rule sales tax. The Village also maintains two nonmajor capital projects funds.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains two major proprietary funds. The Water Fund is used to account for the revenues and expenses relative to the operation of the water utility. The Refuse Fund is used to account for refuse services contracted by the Village for the benefit of its citizens, but performed by a private entity. This fund is financed by fees charged to residents on their bi-monthly utility bill.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Village on a cost-reimbursement basis. The Village maintains one internal service fund, the Employee Insurance Fund.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity by the Village for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity by the Village for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force.

Agency funds are used to account for assets held by the Village in a purely custodial capacity. The Village maintains seven agency funds. The Talma Street Special Service Area Fund is used to account for the tax collections to pay principal and interest on the Special Service Area #96-1 Bonds. The Escrow Fund is used to account for the developer contributions held on behalf of other governments and for developer deposits. The Flexible Benefit Fund is used to account for the fringe benefits for employees. The Lakewood Special Assessment Fund is used to account for the contributions from property owners and payments of principal and interest on the Special Assessment Bonds. The Blackberry Crossing West Special Service Area Fund is used to account for the tax collections to pay principal and interest on the Special Service Area #10 Bonds. The Cornell Special Service Area Fund is used to account for the tax collections to pay principal and interest on the Special Service Area #17 Bonds. The Temporary CO Fund is used to account for the deposits held to ensure completion of final plans and projects on new commercial and residential construction.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

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

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

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

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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. All of the Village's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, income taxes, utility taxes and grants. Business-type activities report utility charges as their major receivables.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Prepays

Prepays are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Long-term interfund loans, if any, are classified as advances to/from other funds. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets

Capital assets are defined by the Village as assets with an initial, individual cost of more than \$10,000 for vehicles, \$25,000 for land improvements and machinery and equipment, \$50,000 for buildings and building improvements, and \$250,000 for infrastructure and an estimated useful life in excess of four years. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, storm sewers and bridges are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land Improvements	15 - 20 Years
Buildings	10 - 45 Years
Equipment	4 - 30 Years
Vehicles	4 - 10 Years
Infrastructure	20 - 50 Years

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Compensated Absences

Vested or accumulated vacation leave and sick pay related to employees that have retired or terminated at year-end but not yet paid out is reported as an expenditure and a fund liability of the governmental fund (General Fund) that will pay it. Vested and accumulated vacation leave and sick pay of the proprietary funds and governmental activities is recorded as an expense and liability as the benefits accrue to employees.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets are adopted for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

All departments of the Village submit budget requests to the Director of Finance so that a budget may be prepared. The budget is prepared by fund, department and division, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year and two projected years. The Village Administrator reviews the budget and recommends a budget to the Village Board.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget may be amended by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the current fiscal year, no budget amendments were adopted.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had excess of actual expenditures over budget at year end:

Fund	Excess
General	\$ 88,261
Forfeiture and Seizure	5,480
Emergency 911	27,212
Blackberry Crossing Special Service Area	1,210
Marquis Point Special Service Area	25
Baltimore Special Service Area	3,184
Tax Increment Financing District #1	11,136
Saratoga Springs Special Service Area	213
Blackberry Crossing West Special Service Area	2,467
Fieldstone Special Service Area	191
Vehicle Reserve	197,894
Lakewood Creek Project	6,022
Police Pension	139,551

DEFICIT FUND BALANCE/NET POSITION

The following funds had deficit fund balance/net position as of the date of this report:

Fund	Deficit
Water - Water Improvement Account	\$ 10,617

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, and commercial paper rated within the three highest classifications by at least two standard rating services.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, pension funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

Village Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$10,694,600 and the bank balances totaled \$10,823,824. The Village also has \$808,511 invested in municipal bonds with an average maturity of one to five years. The Village has a recurring fair value measurement of the municipal bonds of \$808,511 using other observable inputs (Level 2 Inputs).

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy limits the maximum maturity length of investments to three years from the date of purchase, except if matched to anticipated cash flow requirement (e.g., bond proceeds), in which case the maximum maturity is five years.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. In accordance with the Village's investment policy, with the exception of U.S. Treasury and U.S. agency securities, as well as Illinois Funds, IMET and Illinois Trust not more than 50% of the Village's total investment portfolio will be invested with a single financial institution. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village limits its exposure to credit risk by diversifying its portfolio and by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. At April 30, 2017, the Village has no investments. The municipal bonds are rated AA by Standard & Poor's.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 105% of all bank balances in excess of federal depository insurance with the collateral held by an independent third party or by the Federal Reserve and in the Village's name. April 30, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limits its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agency separate from where the investment was purchased.

Police Pension Credit Risk, Custodial Credit Risk, and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$755,697 and the bank balances totaled \$755,697.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued

Investments. At year-end, the Fund has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities - in Years			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 24,381	-	24,381	-	-
U.S. Agency Obligations	2,170,205	21,198	969,234	1,117,725	62,048
Municipal Bonds	422,893	25,231	242,635	155,027	-
Corporate Bonds	1,824,131	10,070	1,362,419	451,642	-
Totals	4,441,610	56,499	2,598,669	1,724,394	62,048

The Fund has the following recurring fair value measurements as of April 30, 2017:

Investments by Fair Value Level	April 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 24,381	24,381	-	-
U.S. Agency Obligations	2,170,205	-	2,170,205	-
Municipal Bonds	422,893	-	422,893	-
Corporate Bonds	1,824,131	-	1,824,131	-
Equity Securities				
Mutual Funds	3,169,160	3,169,160	-	-
Common Stock	690,904	690,904	-	-
Total Investments by Fair Value Level	8,301,674	3,884,445	4,417,229	-

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued

Interest Rate Risk. The Fund's investment policy limits exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk. The Fund's investment policy helps limit exposure to credit risk by primarily investing in U.S. Treasury obligations and other obligations which are rated in the top three classes by a national rating agency. U.S. agency obligations are rated AA+. The municipal bonds and corporate bonds range in rating from BB+ to AA+.

Custodial Credit Risk – Deposits. The Fund's investment policy requires all bank balances to be covered by federal depository insurance. At April 30, 2017, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

Custodial Credit Risk – Investments. To limits its exposure, the Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agency separate from where the investment was purchased. At April 30, 2017, the Fund's investments in the money market mutual funds and equity mutual funds are not subject to custodial credit risk.

Concentration of Credit Risk. The Fund's investment policy does not address concentration of credit risk. At April 30, 2017, the Fund had no investments that represent over 5% of net plan position available for retirement (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). The Fund also has \$690,904 invested in common stock and \$3,169,160 invested in mutual funds at year-end.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Credit Risk, Custodial Credit Risk, and Concentration Risk – Continued

Concentration of Credit Risk – Continued. The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
U.S. Treasury Securities	10.00%	4.30%
U.S. Agency Securities	40.00%	4.50%
Domestic Equities	10.00% - 55.00%	7.50% - 12.30%
Corporate Bonds	25.00%	5.00% - 10.20%
International Equities	15.00%	3.10% - 10.70%
Real Estate	10.00%	6.80% - 11.90%
Cash and Cash Equivalents	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were 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 the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2017 are listed in the table above.

Rate of Return

For the year ended April 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NOTES RECEIVABLE

Economic Development

During the fiscal year ended April 30, 1985, the village established the Economic Development Fund from the proceeds of a Community Development Block Grant, in the amount of \$500,000, received through the Department of Commerce and Community Affairs of the State of Illinois. During the fiscal year ended April 30, 1991, the village received another community Development Block Grant in the amount of \$300,000. This fund is used to account for these grant funds which are to be loaned to new or expanding local business ventures which enhance economic development of the Village. Proceeds (principal and interest) received from such economic development loans made by the Village are to be used to capitalize a revolving economic development loan fund. The following represents the outstanding balances as of April 30, 2017:

- During the fiscal year 2014, the Village entered into an installment note with Butterball, Inc., in the amount of \$1,500,000. The note is payable in monthly installments of \$13,141 through November, 2023, which includes 1.00% interest on the unpaid balance. The outstanding balance of this note as of April 30, 2017 was \$1,004,689.

Principal and interest maturities of these notes receivable for future periods are as follows:

Fiscal Year	Amount
2018	\$ 157,687
2019	157,687
2020	157,687
2021	157,687
2022	157,687
2023	157,687
2024	92,399
Total Principal and Interest	1,038,521
Less: Interest	(33,832)
Total Principal	<u>1,004,689</u> *

*See subsequent event note on page 62

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, 2016, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Kane and Kendall Counties and are payable in two installments, on or about June and September. Kane and Kendall Counties collect such taxes and remit them periodically.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Advances

Interfund advances represents reclassification of negative cash balance. This amount will be paid over several years. Interfund advances as of the date of this report are as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Improvement	<u>\$ 484,073</u>

Interfund Balances

The purpose of the interfund balances are to eliminate deficit cash balances. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
Water	Refuse	<u>\$ 60,313</u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Debt Service	Capital Improvement	<u>\$ 1,084,076</u>

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 9,876,696	-	-	9,876,696
Land Right of Way	8,056,400	-	-	8,056,400
Construction in Progress	63,260	-	63,260	-
	<u>17,996,356</u>	<u>-</u>	<u>63,260</u>	<u>17,933,096</u>
Depreciable Capital Assets				
Land Improvements	138,448	-	-	138,448
Buildings	22,310,653	-	-	22,310,653
Equipment	453,900	189,694	-	643,594
Vehicles	2,655,900	942,541	366,214	3,232,227
Infrastructure	33,452,472	403,637	-	33,856,109
	<u>59,011,373</u>	<u>1,535,872</u>	<u>366,214</u>	<u>60,181,031</u>
Less Accumulated Depreciation				
Land Improvements	130,126	4,162	-	134,288
Buildings	9,284,718	1,115,533	-	10,400,251
Equipment	280,043	66,570	-	346,613
Vehicles	1,622,484	364,071	366,214	1,620,341
Infrastructure	9,307,119	1,354,244	-	10,661,363
	<u>20,624,490</u>	<u>2,904,580</u>	<u>366,214</u>	<u>23,162,856</u>
Total Depreciable Capital Assets	<u>38,386,883</u>	<u>(1,368,708)</u>	<u>-</u>	<u>37,018,175</u>
Total Capital Assets	<u>56,383,239</u>	<u>(1,368,708)</u>	<u>63,260</u>	<u>54,951,271</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 659,710
Public Safety	655,438
Highways and Streets	<u>1,589,432</u>
	<u>2,904,580</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 16,533	-	-	16,533
Construction in Progress	262,707	46,383	-	309,090
	279,240	46,383	-	325,623
Depreciable Capital Assets				
Equipment	84,062	-	-	84,062
Infrastructure	49,285,543	675,885	-	49,961,428
	49,369,605	675,885	-	50,045,490
Less Accumulated Depreciation				
Equipment	84,062	-	-	84,062
Infrastructure	16,791,175	1,882,922	-	18,674,097
	16,875,237	1,882,922	-	18,758,159
Total Depreciable Capital Assets	32,494,368	(1,207,037)	-	31,287,331
Total Capital Assets	32,773,608	(1,160,654)	-	31,612,954

Depreciation expense was charged to business-type activities as follows:

Water	<u>\$ 1,882,922</u>
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VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$3,020,000 General Obligation Alternate Revenue Source Refunding Bonds of 2007, due in annual installments of \$5,000 to \$365,000 plus interest at 3.95% through December 1, 2018.	Water	\$ 1,050,000	-	335,000	715,000
\$2,000,000 General Obligation Alternate Revenue Source Bonds of 2008A, due in annual installments of \$1,000,000 plus interest at 5.00% through December 1, 2019.	Debt Service	2,000,000	-	-	2,000,000
\$7,375,000 General Obligation Alternate Revenue Source Refunding Bonds of 2010, due in annual installments of \$340,000 to \$605,000 plus interest at 2.00% to 4.00% through December 1, 2017.	Debt Service	1,155,000	-	550,000	605,000
\$4,410,000 General Obligation Alternate Revenue Source Refunding Bonds of 2011, due in annual installments of \$205,000 to \$450,000 plus interest at 2.00% to 3.125% through December 1, 2024.	Debt Service	3,275,000	-	205,000	3,070,000

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
\$4,590,000 General Obligation Alternate Revenue Source Bonds of 2013, due in annual installments of \$120,000 to \$280,000 plus interest at 3.00% to 4.00% through December 1, 2038.	Water	\$ 4,345,000	-	125,000	4,220,000
\$3,335,000 Taxable General Obligation Alternate Revenue Refunding Source Bonds of 2014, due in annual installments of \$630,000 to \$710,000 plus interest at 3.00% to 3.50% through December 1, 2024.	Debt Service	3,335,000	-	-	3,335,000
		15,160,000	-	1,215,000	13,945,000

Defeased Debt

In prior years, the Village defeased general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements which normally satisfy defeasance, have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village's basic financial statements. Defeased bonds of \$800,000 remain outstanding as of the date of this report.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

IEPA Loans Payable

The Village has entered into an agreement with the IEPA to provide low interest financing for improvements to the sewer treatment plant, water treatment plant and the distribution system. IEPA revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan Payable of 2002, due in semi-annual installments of \$37,395, including interest of 2.675% through December 1, 2022.	Sewer	\$ 474,556	-	62,511	412,045
IEPA Loan Payable of 2011, due in semi-annual installments of \$125,440, including interest of 1.25% through April 19, 2032.	Sewer	3,627,912	-	206,173	3,421,739
IEPA Loan Payable of 2014, due in semi-annual installments of \$77,226, including interest of 1.995% through December 7, 2034.	Sewer	2,431,970	-	105,898	2,326,072
		6,534,438	-	374,582	6,159,856

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 461,783	94,527	46,178	510,132	51,013
Net Pension Liability					
IMRF	1,710,847	-	518,723	1,192,124	-
Police Pension	6,208,878	-	388,420	5,820,458	-
Net Other Post-Employment					
Benefit Payable	82,745	41,462	-	124,207	-
General Obligation Bonds Payable	9,765,000	-	755,000	9,010,000	810,000
Unamortized Bond Premium	126,082	-	34,391	91,691	-
	<u>18,355,335</u>	<u>135,989</u>	<u>1,742,712</u>	<u>16,748,612</u>	<u>861,013</u>
Business-Type Activities					
Compensated Absences	62,863	10,565	23,191	50,237	5,024
Net Pension Liability					
IMRF	224,677	190,965	-	415,642	-
General Obligation Bonds Payable	5,395,000	-	460,000	4,935,000	480,000
Unamortized Bond Premium	145,147	-	10,203	134,944	-
IEPA Loans Payable	6,534,438	-	374,582	6,159,856	381,537
	<u>12,362,125</u>	<u>201,530</u>	<u>867,976</u>	<u>11,695,679</u>	<u>866,561</u>

For governmental activities, the General Fund makes payments on the compensated absences, the net pension liabilities, and the net other post-employment benefit obligation. The Debt Service Fund makes payments on the general obligation bonds payable.

For the business-type activities the compensated absences, the net pension liability, the general obligation bonds payable, and the IEPA loans payable are being liquidated by the Water Fund.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation		General Obligation		IEPA	
	Bonds Payable		Bonds Payable		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 810,000	311,390	480,000	187,042	381,537	98,584
2019	1,375,000	283,090	500,000	169,318	388,060	92,061
2020	1,385,000	224,652	140,000	150,850	394,708	85,413
2021	1,025,000	165,508	145,000	146,650	401,480	78,641
2022	1,050,000	136,734	145,000	142,300	408,380	71,741
2023	1,085,000	106,753	150,000	137,950	415,410	64,711
2024	1,120,000	75,253	155,000	133,450	347,284	58,047
2025	1,160,000	38,913	160,000	128,800	352,559	52,772
2026	-	-	165,000	122,400	357,916	47,415
2027	-	-	175,000	115,800	363,360	41,971
2028	-	-	180,000	108,800	368,891	36,440
2029	-	-	190,000	101,600	374,511	30,820
2030	-	-	195,000	94,000	380,221	25,110
2031	-	-	205,000	86,200	386,024	19,307
2032	-	-	210,000	78,000	391,920	13,411
2033	-	-	220,000	69,600	146,248	8,203
2034	-	-	230,000	60,800	149,180	5,271
2035	-	-	240,000	51,600	152,167	2,281
2036	-	-	245,000	42,000	-	-
2037	-	-	255,000	32,200	-	-
2038	-	-	270,000	22,000	-	-
2039	-	-	280,000	11,200	-	-
Totals	9,010,000	1,342,293	4,935,000	2,192,560	6,159,856	832,199

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, “...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality’s 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979.”

Assessed Valuation - 2016		<u>\$ 401,706,662</u>
Legal Debt Limit - 8.625% of Assessed Value		<u>34,647,200</u>
Amount of Debt Applicable to Limit		
General Obligation ARS Refunding Bonds of 2007	\$ 715,000	
General Obligation ARS Bonds of 2008A	2,000,000	
General Obligation ARS Refunding Bonds of 2010	605,000	
General Obligation ARS Refunding Bonds of 2011	3,070,000	
General Obligation ARS Bonds of 2013	4,220,000	
Taxable General Obligation ARS Refunding Bonds of 2014	3,335,000	
	<u>13,945,000</u>	
Less: Alternate Revenue Source Bonds	<u>(13,945,000)</u>	
Total Applicable Debt		<u>-</u>
Legal Debt Margin		<u>34,647,200</u>

Special Service Area Bonds

During fiscal year ended April 30, 2006, the Village issued \$275,000 Special Service Area No. 17 Bonds. The bonds are payable solely from the special service area taxes levied upon the properties located in the special service areas and do not constitute an indebtedness of the Village. The Village is acting solely as paying agent in collecting the taxes and remitting them to the bond holders. Accordingly, these bonds are not reported as a liability in the Village’s financial statements. As of April 30, 2017, \$30,190 of the Special Service Area No. 17 bonds are outstanding.

Special Assessment Bonds

During fiscal year ended April 30, 2007, the Village refunded \$11,923,000 of special assessment bonds, which were paid from escrow during the fiscal year ended April 30, 2012. The refunding special assessment bonds, dated December 1, 2006, were outstanding as of April 30, 2017 and totaled \$9,915,000. These bonds are not an obligation of the Village and are secured by the levy of special assessments on the real property within the special assessment area. The Village is in no way liable for repayment, but is acting solely as agent for the property owners in levying and collecting the assessments and forwarding the collections to bondholders.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Pledged Revenues

The Village has issued Alternate Revenue Source Bonds for which they have pledged future revenue streams. The General Obligation Alternate Revenue Source Bonds of 2007, issued for various water system improvements, are payable by a pledge of the Village's water operations revenue. The bonds have a remaining total pledge of \$757,660, with the bonds maturing December 1, 2018. During the current fiscal year, the pledge of water revenues for the bonds of \$376,475 was approximately 7.73% of total water operating revenues.

The General Obligation Alternate Revenue Source Bonds of 2008A, issued for the construction of the Village Hall, are payable from a pledge of sales tax, telecommunication and use tax, with a remaining total pledge of \$2,250,000 with the bonds maturing December 1, 2019. During the current fiscal year, the pledge of sales tax, use tax and telecommunication tax of \$100,000 was approximately 1.21% of total sales, telecommunication and use tax.

The General Obligation Alternate Revenue Source Refunding Bonds of 2010, issued to refund the General Obligation Alternate Revenue Source Bonds of 2002A, are payable from a pledge of sales tax, telecommunication and use tax, with a remaining total pledge of \$592,075 with the bonds maturing December 1, 2017. During the current fiscal year, the pledge of sales tax, use tax and telecommunication tax of \$629,200 was approximately 7.59% of total sales, telecommunication and use tax.

The General Obligation Alternate Revenue Source Refunding Bonds of 2011, issued to refund the General Obligation Alternate Revenue Source Bonds of 2005, are payable from a pledge of sales tax, telecommunication and use tax, with a remaining total pledge of \$3,484,213 with the bonds maturing December 1, 2024. During the current fiscal year, the pledge of sales tax, use tax and telecommunication tax of \$289,950 was approximately 3.50% of total sales, telecommunication and use tax.

The General Obligation Alternate Revenue Source Bonds of 2013, issued for various water system improvements, are payable from a pledge of the Village's water operations revenue, with a remaining total pledge of \$6,369,900, with the bonds maturing December 1, 2038. During the current fiscal year, the pledge of water revenues of \$287,550 was approximately 5.90% of total water operating revenues.

The Taxable General Obligation Alternate Revenue Refunding Bonds of 2014, issued to refund a portion of the General Obligation Alternate Revenue Source Bonds of 2010, are payable from a pledge of sales tax, telecommunication and use tax, with a remaining total pledge of \$3,988,880 with the bonds maturing December 1, 2024. During the current fiscal year, the pledge of sales tax, use tax and telecommunication tax of \$106,340 was approximately 1.28% of total sales, telecommunication and use tax.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2017:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 54,951,271
Plus: Unamortized Loss on Refunding	142,149
Less Capital Related Debt:	
General Obligation ARS Refunding Bonds of 2008A	(2,000,000)
General Obligation ARS Refunding Bonds of 2010	(605,000)
General Obligation ARS Refunding Bonds of 2011	(3,070,000)
General Obligation ARS Refunding Bonds of 2014	(3,335,000)
Unamortized Bond Premium	<u>(91,691)</u>
Net Investment in Capital Assets	<u><u>45,991,729</u></u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	31,612,954
Less Capital Related Debt:	
General Obligation ARS Refunding Bonds of 2007	(715,000)
General Obligation ARS Refunding Bonds of 2013	(4,220,000)
IEPA Loan Payable of 2002	(412,045)
IEPA Loan Payable of 2011	(3,421,739)
IEPA Loan Payable of 2014	(2,326,072)
Unamortized Bond Premium	<u>(134,944)</u>
Net Investment in Capital Assets	<u><u>20,383,154</u></u>

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Debt Service	Capital Projects		Nonmajor	Totals
			Capital Improvements	Infrastructure Improvement		
Fund Balances						
Nonspendable						
Advances	\$ 484,073	-	-	-	-	484,073
Prepays	65,160	-	-	-	-	65,160
	549,233	-	-	-	-	549,233
Restricted						
Economic Development	-	-	-	-	1,725,516	1,725,516
Police	-	-	-	-	159,814	159,814
Highways and Streets	-	-	-	-	554,987	554,987
Subdivision Maintenance	-	-	-	-	823,805	823,805
Subdivision Improvements	-	-	-	-	23,850	23,850
Debt Service	-	50,200	-	-	-	50,200
	-	50,200	-	-	3,287,972	3,338,172
Assigned						
Capital	-	-	726,051	1,966,543	501,012	3,193,606
Unassigned	3,488,826	-	-	-	-	3,488,826
Total Fund Balances	4,038,059	50,200	726,051	1,966,543	3,788,984	10,569,837

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Assigned Fund Balance. The Village reports assigned fund balance in the Capital Improvements Fund and in the Infrastructure Improvement Fund, both major funds, and in the Vehicle Reserve Fund, a nonmajor fund. The Village's Board, through the fund balance policy, has given authority to management (Village Administrator) to assign funds as listed above based on approved management and Board expenditures as determined through the annual budget process.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

Minimum Fund Balance Policy. The Village will strive to maintain a minimum unrestricted fund balance in the General Fund to fund operations for a period of at least three months (Cash Flow Commitment). The Cash Flow Commitment in the General Fund is adjusted with the adoption of the annual budget and is calculated as three months (25%) of current year expenditures.

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses to employees; and natural disasters. To insure against the losses, the Village participates in the Municipal Insurance Cooperative Agency (MICA), a public entity risk pool with transfers of risk. The Village pays an annual premium to MICA for its coverage. The Village is not aware of any additional premiums owed to MICA as of April 30, 2017, for the current or prior claim years. In addition, the Village provides health insurance to its employees through a third party indemnity policy. The Village pays an annual premium to the insurance company for its coverage. Settled claims have not exceeded the coverage in the current or preceding two fiscal years.

COMMITMENTS AND CONTINGENCIES

Economic Incentive

The Village has entered into economic development agreements with various companies in Montgomery to provide sales tax rebates. The agreements require the Village to rebate to the companies' different levels of additional sales tax generated by the facilities. The total expenditures paid during the year ended April 30, 2017 was \$990,012, and the total cumulative expenditures incurred to date in rebates of current development agreements was \$6,651,499.

CONTINGENT LIABILITIES

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 attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal 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 MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (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.).

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

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	36
Inactive Plan Members Entitled to but not yet Receiving Benefits	43
Active Plan Members	<u>33</u>
Total	<u><u>112</u></u>

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2016 was 13.49% of covered payroll.

Net 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 MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	3.00%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 tables was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, and the discount rate used in the prior valuation was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 3,402,060	1,607,766	151,052

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – 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	\$ 12,393,053	10,457,529	1,935,524
Changes for the Year:			
Service Cost	242,720	-	242,720
Interest on the Total Pension Liability	917,636	-	917,636
Difference Between Expected and Actual Experience of the Total Pension Liability	(233,085)	-	(233,085)
Changes of Assumptions	(33,076)	-	(33,076)
Contributions - Employer	-	299,313	(299,313)
Contributions - Employees	-	99,846	(99,846)
Net Investment Income	-	718,169	(718,169)
Benefit Payments, including Refunds of Employee Contributions	(493,110)	(493,110)	-
Other (Net Transfer)	-	104,625	(104,625)
Net Changes	401,085	728,843	(327,758)
Balances at December 31, 2016	12,794,138	11,186,372	1,607,766

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2017, the Village recognized pension expense of \$78,076. At April 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(286,733)	(286,733)
Change in Assumptions	-	(23,367)	(23,367)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	491,191	-	491,191
	491,191	(310,100)	181,091
Pension Contributions Made Subsequent to the Measurement Date	80,892	-	80,892
Total Deferred Amounts Related to IMRF	572,083	(310,100)	261,983

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:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2018	\$ (12,202)
2019	52,462
2020	127,521
2021	13,310
2022	-
Thereafter	-
Total	181,091

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At April 30, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	9
Inactive Plan Members Entitled to but not yet Receiving Benefits	1
Active Plan Members	<u>26</u>
Total	<u><u>36</u></u>

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2017, the Village's contribution was 25.17% of covered payroll.

Significant Investments. At year end, the Pension Plan has no investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net position available for benefits.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements

April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.75% - 8.50%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the assumption study prepared by the independent actuary in 2017. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, which is the same as the prior year. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 8,330,758	5,820,458	3,819,045

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2016	\$ 14,559,271	8,350,393	6,208,878
Changes for the Year:			
Service Cost	426,069	-	426,069
Interest on the Total Pension Liability	1,000,049	-	1,000,049
Difference Between Expected and Actual Experience of the Total Pension Liability	(874,635)	-	(874,635)
Changes of Assumptions	370,109	-	370,109
Contributions - Employer	-	520,987	(520,987)
Contributions - Employees	-	205,654	(205,654)
Net Investment Income	-	593,998	(593,998)
Benefit Payments, including Refunds of Employee Contributions	(545,717)	(545,717)	-
Administrative Expense	-	(10,627)	10,627
Net Changes	375,875	764,295	(388,420)
Balances at April 30, 2017	14,935,146	9,114,688	5,820,458

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

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

For the year ended April 30, 2017, the Village recognized pension expense of \$866,007. At April 30, 2017, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(1,278,444)	(1,278,444)
Change in Assumptions	2,120,683	-	2,120,683
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	363,612	(2,808)	360,804
Total Deferred Amounts Related to Police Pension	2,484,295	(1,281,252)	1,203,043

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:

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 225,404
2019	225,404
2020	225,404
2021	104,200
2022	104,902
Thereafter	317,729
Total	1,203,043

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund.

The Village provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the Village's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2017, retirees contributed \$78,271. Active employees do not contribute to the plan until retirement.

At April 30, 2017 membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	54
Active Employees	<u>6</u>
Total	<u><u>60</u></u>
Participating Employers	1

The Village does not currently have a funding policy.

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2017, was calculated as follows:

Annual Required Contribution	\$ 183,907
Interest on the NOPEBO	3,310
Adjustment to the ARC	<u>(3,065)</u>
Annual OPEB Cost	184,152
Actual Contribution	<u>142,690</u>
Change in NOPEBO	41,462
NOPEBO - Beginning	<u>82,745</u>
NOPEBO - Ending	<u><u>124,207</u></u>

Actuarial valuations of an ongoing 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 contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 56,749	\$ 43,396	76.47%	\$ 53,835
2016	176,993	148,083	83.67%	82,745
2017	184,152	142,690	77.48%	124,207

VILLAGE OF MONTGOMERY, ILLINOIS

Notes to the Financial Statements April 30, 2017

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2016, the date of the most recent valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 2,759,939
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,759,939
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 4,059,995
UAAL as a Percentage of Covered Payroll	67.98%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (including a 2.50% inflation assumption) and an initial healthcare cost trend rate of 2.90% to 7.80%, with an ultimate rate of 2.90% to 5.00%. 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 as a level percentage of projected payroll on an closed basis. The remaining amortization period at April 30, 2017, was 27 years.

SUBSEQUENT EVENT

On July 18, 2017, the Village issued \$3,370,000 of General Obligation Alternate Bonds, Series 2017, due in annual installments of \$135,000 to \$235,000 plus interest at 3.00% to 4.00% through December 1, 2037.

Butterball, Inc. paid the outstanding notes receivable balance on July 10, 2017, including \$967,741 of principal and \$239 of interest.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan
- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Police Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
Police Pension Fund
- Schedule of Investment Returns
Police Pension Fund
- Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

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

VILLAGE OF MONTGOMERY, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information

Schedule of Funding Progress and Employer Contributions

April 30, 2017

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
4/30/2012	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
4/30/2013	-	882,324	0.00%	882,324	3,442,427	25.63%
4/30/2014	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2015	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2016	-	2,759,939	0.00%	2,759,939	4,059,995	67.98%
4/30/2017	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contributions	Percent Contributed
2012	\$ 24,773	\$ 31,224	79.34%
2013	24,773	31,224	79.34%
2014	43,396	56,726	76.50%
2015	43,396	56,576	76.70%
2016	148,083	176,833	83.74%
2017	142,690	183,907	77.59%

N/A - Not Available

The Village is required to have an actuarial valuation performed triennially.

VILLAGE OF MONTGOMERY, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2017

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2016	\$ 298,271	\$ 298,271	\$ -	\$ 2,242,641	13.30%
2017	299,313	299,313	-	2,218,784	13.49%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% to 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF MONTGOMERY, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2017

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 427,528	\$ 449,027	\$ 21,499	\$ 2,010,832	22.33%
2016	436,387	452,282	15,895	1,951,463	23.18%
2017	520,987	520,987	-	2,070,191	25.17%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Projected Unit Credit (Level Dollars)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.75% to 8.50%
Investment Rate of Return	7.00%
Mortality	Independent actuary 2016 Illinois Police Mortality Rates

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF MONTGOMERY, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2017

	12/31/2015	12/31/2016
Total Pension Liability		
Service Cost	\$ 231,852	242,720
Interest	891,008	917,636
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	(308,800)	(233,085)
Change of Assumptions	-	(33,076)
Benefit Payments, Including Refunds of Member Contributions	(433,918)	(493,110)
Net Change in Total Pension Liability	380,142	401,085
Total Pension Liability - Beginning	12,012,911	12,393,053
Total Pension Liability - Ending	12,393,053	12,794,138
Plan Fiduciary Net Position		
Contributions - Employer	\$ 298,271	299,313
Contributions - Members	100,919	99,846
Net Investment Income	52,165	718,169
Benefit Payments, Including Refunds of Member Contributions	(433,918)	(493,110)
Administrative Expense	(10,193)	104,625
Net Change in Plan Fiduciary Net Position	7,244	728,843
Plan Net Position - Beginning	10,450,285	10,457,529
Plan Net Position - Ending	10,457,529	11,186,372
Employer's Net Pension Liability	\$ 1,935,524	1,607,766
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.38%	87.43%
Covered-Employee Payroll	\$ 2,242,641	2,218,784
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	86.31%	72.46%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF MONTGOMERY, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2017

See Following Page

VILLAGE OF MONTGOMERY, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2017

	<u>4/30/2015</u>
Total Pension Liability	
Service Cost	\$ 463,455
Interest	782,101
Differences Between Expected and Actual Experience	-
Change in Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(431,684)</u>
Net Change in Total Pension Liability	813,872
Total Pension Liability - Beginning	<u>11,388,718</u>
Total Pension Liability - Ending	<u><u>12,202,590</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 449,027
Contributions - Members	228,037
Net Investment Income	471,668
Benefit Payments, Including Refunds of Member Contributions	(431,684)
Administrative Expense	<u>(8,625)</u>
Net Change in Plan Fiduciary Net Position	708,423
Plan Net Position - Beginning	<u>7,498,173</u>
Plan Net Position - Ending	<u><u>8,206,596</u></u>
Employer's Net Pension Liability	<u><u>\$ 3,995,994</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.25%
Covered-Employee Payroll	\$ 2,010,832
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	198.72%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

<u>4/30/2016</u>	<u>4/30/2017</u>
400,101	426,069
837,341	1,000,049
(589,343)	(874,635)
2,189,746	370,109
(481,164)	(545,717)
2,356,681	375,875
12,202,590	14,559,271
<u>14,559,271</u>	<u>14,935,146</u>
452,282	520,987
216,533	205,654
(25,628)	593,998
(481,164)	(545,717)
(18,226)	(10,627)
143,797	764,295
8,206,596	8,350,393
<u>8,350,393</u>	<u>9,114,688</u>
<u>6,208,878</u>	<u>5,820,458</u>
57.35%	61.03%
1,951,463	2,070,191
318.17%	281.16%

VILLAGE OF MONTGOMERY, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Investment Returns

April 30, 2017

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	6.54%
2016	0.29%
2017	6.61%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 2,251,869	2,259,645
Other Taxes	126,788	133,039
Licenses, Permits and Fees	435,890	525,473
Intergovernmental, Grants and Contributions	6,205,400	6,117,968
Charges for Services	321,023	418,607
Fines and Forfeitures	338,500	235,742
Investment Earnings	30,000	28,825
Miscellaneous	113,450	128,370
Total Revenues	9,822,920	9,847,669
Expenditures		
Current		
General Government	3,139,750	3,203,556
Public Safety	4,727,078	4,811,639
Highways and Streets	1,866,419	1,806,313
Total Expenditures	9,733,247	9,821,508
Net Change in Fund Balance	89,673	26,161
Fund Balance - Beginning		4,011,898
Fund Balance - Ending		4,038,059

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Combining Statements – Enterprise Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedule – Internal Service Fund
- Budgetary Comparison Schedule – Pension Trust Fund
- Combining Statement of Changes in Assets and Liabilities – Agency Funds

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Economic Development Fund

The Economic Development Fund is used to account for the community development revolving loan program initially funded by 2 grants from the Illinois Department of Commerce and Economic Opportunity (DCEO), restricted to provide loans to local businesses.

Forfeiture and Seizure Fund

The Forfeiture and Seizure Fund is used to account for Kane and Kendall County court fines, written by Village of Montgomery officers, which are restricted for certain purposes including drug and DUI prevention.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for motor fuel tax allocations from the State of Illinois and expenditures related to the Village's annual road rehabilitation and construction program.

Emergency 911 Fund

The Emergency 911 Fund is used to account for Kane and Kendall County wireless 911 surcharge fees restricted for emergency 911 enhancements.

Police Gift Fund

The Police Gift Fund is used to account for contributions from donors restricted for educational and equipment purchases for the police force.

Montgomery Crossing Special Service Area Fund

The Montgomery Crossing Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Montgomery Crossing development.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS – Continued

Blackberry Crossing Special Service Area Fund

The Blackberry Crossing Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Blackberry Crossing development.

Ogden Hill Special Service Area Fund

The Ogden Hill Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Ogden Hill development.

Marquis Pointe Special Service Area Fund

The Marquis Pointe Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Marquis Pointe development.

Balmorea Special Service Area Fund

The Balmorea Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Balmorea development.

Arbor Ridge Special Service Area Fund

The Arbor Ridge Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Arbor Ridge development.

Fairfield Way Special Service Area Fund

The Fairfield Way Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Fairfield Way development.

Foxmoor Special Service Area Fund

The Foxmoor Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Foxmoor development.

Tax Increment Financing District #1 Fund

The Tax Increment Financing (TIF) District #1 Fund is used to account for the property taxes, collected on the incremental increase in the equalized assessed value, and restricted for expenditures incurred related to the Village's U.S. Route 30 and Fifth Street TIF District.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS – Continued

Tax Increment Financing District #2 Fund

The Tax Increment Financing (TIF) District #2 Fund is used to account for the property taxes, collected on the incremental increase in the equalized assessed value, and restricted for expenditures incurred related to the Village's Aucutt Road TIF District.

Saratoga Springs Special Service Area Fund

The Saratoga Springs Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Saratoga Springs development.

Orchard Prairie North Special Service Area Fund

The Orchard Prairie North Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Orchard Prairie North development.

Blackberry Crossing West Special Service Area Fund

The Blackberry Crossing West Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Blackberry Crossing West development.

Fieldstone Special Service Area Fund

The Fieldstone Special Service Area Fund is used to account for special service area tax that is restricted for the maintenance of common area in the Fieldstone development.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Fund

The Debt Service Fund is used to accumulate monies for the Village's general obligation alternate revenue source bonds (Series 2008A, Series 2010, Series 2011, and Series 2014) for payment of the principal and interest on governmental debt (non-proprietary). Utility tax revenues are transferred from the Capital Improvement Fund to finance the annual payment requirements.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital assets (other than those financed by business-type/proprietary funds).

Capital Improvement Fund

The Capital Improvement Fund is used to account for funds restricted, committed, or assigned to the acquisition, construction and improvement of governmental general capital assets (not being financed by proprietary funds). Activities are financed by utility taxes, grants, rent on Village properties, and developer contributions.

Infrastructure Improvement Fund

The Infrastructure Improvement Fund is used to account for funds restricted, committed, or assigned to the acquisition, construction and improvement of governmental infrastructure capital assets (not being financed by proprietary funds) throughout the community. Activities are financed by the 1% non-home rule sales tax.

Vehicle Reserve Fund

The Vehicle Reserve Fund is used to account for contributions from other departments assigned for the future replacement of vehicles and equipment.

Lakewood Creek Project Fund

The Lakewood Creek Project Fund is used to account for the revenue restricted to capital improvements in the Lakewood Creek neighborhood. The public improvements are complete and the fees paid for third-party management of the Lakewood Creek Special Assessment now flow through this fund.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water Fund

The Water Fund is used to account for the revenues and expenses relative to the operation of the water utility.

Refuse Fund

The Refuse Fund is used to account for refuse services contracted by the Village for the benefit of its citizens, but performed by a private entity. This fund is financed by fees charged to residents on their bi-monthly utility bill.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

Employee Insurance Fund

The Employee Insurance Fund is used to account for the internal contributions (employer and employee) for providing group health, dental, and life insurance to Village employees.

TRUST AND AGENCY FUNDS

PENSION TRUST FUND

Police Pension Fund

The Police Pension Fund is used to account for the resources necessary to provide retirement and disability pension benefits to full-time sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employer and employee contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. Financing is provided by the Village contributions, employee payroll withholdings, and investment income.

AGENCY FUNDS

Talma Street Special Service Area Fund

The Talma Street Special Service Area Fund is used to account for the tax collections to pay principal and interest on the Special Service Area #96-1 Bonds.

Escrow Fund

The Escrow Fund is used to account for the developer contributions held on behalf of other governments and for developer deposits.

Flexible Benefit Fund

The Flexible Benefit Fund is used to account for employee flexible spending accounts (FSA) and dependent care accounts (DCA).

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TRUST AND AGENCY FUNDS – Continued

AGENCY FUNDS – Continued

Lakewood Creek Special Assessment Fund

The Lakewood Creek Special Assessment Fund is used to account for the contributions from property owners and payments of principal and interest on the Special Assessment Bonds.

Blackberry Crossing West Special Service Area Fund

The Blackberry Crossing West Special Service Area Fund is used to account for the tax collections to pay principal and interest on the Special Service Area #10 Bonds.

Cornell Special Service Area Fund

The Cornell Special Service Area Fund is used to account for the tax collections to pay principal and interest on the Special Service Area #17 Bonds.

Temporary Certificate of Occupancy (CO) Fund

The Temporary CO Fund is used to account for the deposits held to ensure completion of final plans and projects on new commercial and residential construction.

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Property Taxes		
Corporate	\$ 959,996	972,713
Police Pension	457,912	456,841
Social Security	226,248	225,721
IMRF	226,248	225,721
Insurance	266,487	265,867
Road and Bridge	114,978	112,782
Total Property Taxes	2,251,869	2,259,645
Other Taxes		
Utility Tax	69,188	63,256
Video Gaming Tax	57,600	69,783
Total Other Taxes	126,788	133,039
Licenses, Permits and Fees		
Licenses		
Liquor	27,300	31,600
Amusement Machine	1,050	225
Tobacco	300	425
Contractors	25,000	28,000
Other	1,050	1,922
Permits		
Building	115,000	172,749
Oversized Vehicle	8,000	26,700
Solicitor	1,200	1,980
Other	100	720
Fees		
Cable Franchise	256,890	261,152
Total Licenses, Permits, and Fees	435,890	525,473

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Intergovernmental		
Sales Tax	\$ 3,798,419	3,839,387
State Income Tax	1,880,676	1,742,849
Corporate Replacement Tax	58,553	60,490
Road and Bridge Replacement Tax	7,319	7,977
Local Use Tax	433,293	456,796
TIF Surplus	9,000	-
State Grant - Body Armor (Police)	1,500	2,041
State Grant - ILCC Tobacco (Police)	1,760	1,760
State Grant - Traffic Safety (Police)	14,880	6,668
Total Intergovernmental	6,205,400	6,117,968
Charges for Services		
Refuse Removal	7,000	9,937
Plumbing Inspections	17,000	24,627
Engineering Inspections	11,000	1,900
Elevator Inspections	1,600	180
Planning - Plan Commission Applications	6,000	9,000
Recycling Income	4,000	2,852
Lawn Services	7,666	7,611
Professional Services Reimbursements - Dispatch Service	12,917	13,052
Professional Services Reimbursements - Engineering Service	147,420	243,561
Professional Services Reimbursements - Legal Service	42,000	18,328
Professional Services Reimbursements - Planning Service	10,500	26,962
Professional Services Reimbursements - Printing and Publishing	500	-
Police Reimbursements - Training	7,500	11,029
Police Reimbursements - Special Duty	2,700	1,126
Police Reimbursements - Other	8,000	3,050
Police Reimbursements - Firing Range	500	240
Other Reimbursements - Streets	11,680	14,192
Other Reimbursements - Credit Card Fees	14,000	19,994
Other Reimbursements - Miscellaneous	7,000	8,229
Rents and Royalties - Municipal Building Rental	2,040	2,737
Total Charges for Services	321,023	418,607

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Fines and Forfeitures		
Tow Impoundment Fee	\$ 135,000	84,000
Court Fines - Village	32,000	24,195
Court Fines - Kane County	140,000	102,349
Court Fines - Kendall County	10,000	11,343
Patrol Car Maintenance Fines - Kane County	15,000	4,855
Patrol Car Maintenance Fines - Kendall County	2,000	1,245
Code Enforcement Fines	4,500	7,755
Total Fines and Forfeitures	338,500	235,742
Investment Earnings		
Interest	30,000	28,825
Miscellaneous		
Other Reimbursements - Insurance	30,000	35,977
Donations - Montgomery Fest	53,000	58,985
Donations - Beautification	5,000	7,485
Donations - River Run	12,000	11,166
Donations - Garage Sales	2,000	1,230
Donations - Settler's Cottage	500	274
Donations - HPC Brick Paver Program	500	-
Donations - Senior Luncheon	2,000	1,535
Donations - Parkway Tree Program	5,000	9,000
Donations - Car Show	3,000	2,613
Salable Items - History Books	350	105
Salable Items - Miscellaneous	100	-
Total Miscellaneous	113,450	128,370
Total Revenues	9,822,920	9,847,669

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
General Government		
Elected Officials		
Personal Services	\$ 72,439	69,356
Contractual Services	83,575	89,737
Commodities	1,015	1,917
	<u>157,029</u>	<u>161,010</u>
Administration		
Personal Services	304,041	288,483
Contractual Services	73,203	76,130
Commodities	5,045	4,194
	<u>382,289</u>	<u>368,807</u>
Finance		
Accounting		
Personal Services	441,825	435,651
Contractual Services	380,759	395,672
Commodities	7,775	8,233
	<u>830,359</u>	<u>839,556</u>
Utility Billing		
Personal Services	122,344	120,438
Contractual Services	66,779	55,809
Commodities	29,445	27,969
	<u>218,568</u>	<u>204,216</u>
	1,048,927	1,043,772
Less: Internal Charges	<u>(550,712)</u>	<u>(540,038)</u>
Total Finance	<u>498,215</u>	<u>503,734</u>
Legal		
Contractual Services	<u>186,500</u>	<u>149,171</u>

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
General Government - Continued		
Engineering		
Contractual Services	\$ 207,500	286,533
Community Development		
Economic Development		
Contractual Services	97,660	95,735
Other	967,171	990,012
	1,064,831	1,085,747
Planning and Zoning		
Personal Services	263,310	263,090
Contractual Services	40,635	38,603
Commodities	2,425	1,949
	306,370	303,642
Code Enforcement and Inspections		
Personal Services	286,909	286,031
Contractual Services	45,667	53,720
Commodities	4,440	5,161
	337,016	344,912
Total Community Development	1,708,217	1,734,301
Total General Government	3,139,750	3,203,556
Public Safety		
Police		
Administration		
Personal Services	404,058	399,130
Contractual Services	193,078	183,228
Commodities	33,720	36,214
	630,856	618,572

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Public Safety - Continued		
Police - Continued		
Support Services		
Personal Services	\$ 204,026	208,617
Contractual Services	266,994	264,634
	<u>471,020</u>	<u>473,251</u>
Patrol		
Personal Services	3,073,284	3,155,951
Contractual Services	232,483	233,131
Commodities	29,500	27,817
	<u>3,335,267</u>	<u>3,416,899</u>
Investigations		
Personal Services	265,483	278,288
Contractual Services	6,180	7,585
Commodities	4,445	5,602
	<u>276,108</u>	<u>291,475</u>
Police Commission		
Personal Services	452	-
Contractual Services	10,925	9,134
Commodities	250	252
	<u>11,627</u>	<u>9,386</u>
ESDA		
Contractual Services	2,000	2,056
Commodities	200	-
	<u>2,200</u>	<u>2,056</u>
Total Public Safety	<u>4,727,078</u>	<u>4,811,639</u>

VILLAGE OF MONTGOMERY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Highways and Streets		
Administration		
Personal Services	\$ 92,675	91,607
Contractual Services	29,499	38,514
Commodities	4,490	5,606
	<u>126,664</u>	<u>135,727</u>
Streets		
Personal Services	448,017	437,590
Contractual Services	523,292	514,907
Commodities	106,850	107,156
	<u>1,078,159</u>	<u>1,059,653</u>
Vehicle Maintenance		
Personal Services	133,298	113,579
Contractual Services	103,815	117,478
Commodities	164,600	145,866
	<u>401,713</u>	<u>376,923</u>
Buildings and Grounds		
Personal Services	199,180	169,107
Contractual Services	354,700	382,163
Commodities	32,750	32,099
	<u>586,630</u>	<u>583,369</u>
Stormwater Management		
Contractual Services	40,000	14,861
	<u>2,233,166</u>	<u>2,170,533</u>
Less: Internal Charges	<u>(366,747)</u>	<u>(364,220)</u>
Total Highways and Streets	<u>1,866,419</u>	<u>1,806,313</u>
Total Expenditures	<u>9,733,247</u>	<u>9,821,508</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Interest	\$ -	-
Expenditures		
Debt Service		
Principal Retirement	755,000	755,000
Interest and Fiscal Charges	335,165	334,965
Total Expenditures	1,090,165	1,089,965
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,090,165)	(1,089,965)
Other Financing Sources		
Transfers In	1,084,076	1,084,076
Net Change in Fund Balance	<u>(6,089)</u>	(5,889)
Fund Balance - Beginning		<u>56,089</u>
Fund Balance - Ending		<u>50,200</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Capital Improvement - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Other Taxes		
Utility Taxes	\$ 1,200,109	1,266,755
Intergovernmental, Grants and Contributions	226,951	94,767
Charges for Services	11,453	3,400
Interest	4,000	4,592
Miscellaneous	70,817	141,377
Total Revenues	1,513,330	1,510,891
Expenditures		
Current		
General Government		
Contractual Services	1,736	19,996
Highways and Streets		
Contractual Services	148,000	93,813
Capital Outlay	307,257	99,924
Total Expenditures	456,993	213,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,056,337	1,297,158
Other Financing Sources (Uses)		
Transfers Out	(1,084,076)	(1,084,076)
Net Change in Fund Balances	(27,739)	213,082
Fund Balances - Beginning		512,969
Fund Balances - Ending		726,051

VILLAGE OF MONTGOMERY, ILLINOIS

Infrastructure Improvement - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Intergovernmental, Grants and Contributions		
Non-Home Rule Sales Tax	\$ 2,646,000	2,725,682
State Grants	500,000	59,502
Interest	1,000	656
Total Revenues	3,147,000	2,785,840
Expenditures		
Current		
General Government		
Contractual Services	141,200	131,577
Highways and Streets		
Contractual Services	2,353,969	1,660,687
Capital Outlay	60,000	-
Total Expenditures	2,555,169	1,792,264
Net Change in Fund Balance	591,831	993,576
Fund Balance - Beginning		972,967
Fund Balance - Ending		1,966,543

VILLAGE OF MONTGOMERY, ILLINOIS**Nonmajor Governmental Funds****Combining Balance Sheet****April 30, 2017**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 2,604,948	584,226	3,189,174
Receivables - Net of Allowances			
Property Taxes	547,545	-	547,545
Accrued Interest	-	1,161	1,161
Notes	1,004,689	-	1,004,689
Due from Other Governments	40,369	-	40,369
Total Assets	4,197,551	585,387	4,782,938
LIABILITIES			
Accounts Payable	385,884	60,525	446,409
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	547,545	-	547,545
Total Liabilities and Deferred Inflows of Resources	933,429	60,525	993,954
FUND BALANCES			
Restricted	3,264,122	23,850	3,287,972
Assigned	-	501,012	501,012
Total Fund Balances	3,264,122	524,862	3,788,984
Total Liabilities, Deferred Inflows of Resources and Fund Balances	4,197,551	585,387	4,782,938

VILLAGE OF MONTGOMERY, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2017

	Special Revenue	Capital Projects	Totals
Revenues			
Property Taxes	\$ 574,092	-	574,092
Intergovernmental, Grants and Contributions	516,809	-	516,809
Fines and Forfeitures	20,115	-	20,115
Charges for Services	-	594,393	594,393
Interest	11,416	(665)	10,751
Miscellaneous	25,632	81,786	107,418
Total Revenues	1,148,064	675,514	1,823,578
Expenditures			
Current			
General Government	200,129	66,022	266,151
Public Safety	26,212	-	26,212
Highways and Streets	569,159	-	569,159
Capital Outlay	163,906	987,692	1,151,598
Total Expenditures	959,406	1,053,714	2,013,120
Excess (Deficiency) of Revenues Over Expenditures	188,658	(378,200)	(189,542)
Other Financing Sources			
Disposal of Capital Assets	-	159,724	159,724
Net Change in Fund Balances	188,658	(218,476)	(29,818)
Fund Balances - Beginning	3,075,464	743,338	3,818,802
Fund Balances - Ending	3,264,122	524,862	3,788,984

VILLAGE OF MONTGOMERY, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2017

See Following Page

VILLAGE OF MONTGOMERY, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Balance Sheet

April 30, 2017

	Economic Development	Forfeiture and Seizure	Motor Fuel Tax	Emergency 911
ASSETS				
Cash and Investments	\$ 621,133	41,458	645,540	109,872
Receivables - Net of Allowances				
Property Taxes	-	-	-	-
Notes	1,004,689	-	-	-
Due from Other Governments	-	-	40,369	-
Total Assets	1,625,822	41,458	685,909	109,872
LIABILITIES				
Accounts Payable	-	-	130,922	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	-	130,922	-
FUND BALANCES				
Restricted	1,625,822	41,458	554,987	109,872
Total Liabilities and Fund Balances	1,625,822	41,458	685,909	109,872

Police Gift	Montgomery Crossings Special Service Area	Blackberry Crossings Special Service Area	Ogden Hill Special Service Area	Marquis Pointe Special Service Area	Baltimore Special Service Area
8,484	136,707	62,917	33,373	26,459	4,647
-	48,002	8,001	25,029	14,029	35,001
-	-	-	-	-	-
-	-	-	-	-	-
8,484	184,709	70,918	58,402	40,488	39,648
-	1,703	1,077	772	952	3,572
-	48,002	8,001	25,029	14,029	35,001
-	49,705	9,078	25,801	14,981	38,573
8,484	135,004	61,840	32,601	25,507	1,075
8,484	184,709	70,918	58,402	40,488	39,648

VILLAGE OF MONTGOMERY, ILLINOIS**Nonmajor Governmental - Special Revenue Funds****Combining Balance Sheet - Continued****April 30, 2017**

	Arbor Ridge Special Service Area	Fairfield Way Special Service Area	Foxmoor Special Service Area	Tax Increment Financing District #1
ASSETS				
Cash and Investments	\$ 28,549	179,867	126,718	180,916
Receivables - Net of Allowances				
Property Taxes	20,000	25,000	43,000	33,680
Notes	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	48,549	204,867	169,718	214,596
LIABILITIES				
Accounts Payable	461	1,206	2,044	87,688
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	20,000	25,000	43,000	33,680
Total Liabilities and Deferred Inflows of Resources	20,461	26,206	45,044	121,368
FUND BALANCES				
Restricted	28,088	178,661	124,674	93,228
Total Liabilities and Fund Balances	48,549	204,867	169,718	214,596

Tax Increment Financing District #2	Saratoga Springs Special Service Area	Orchard Prairie North Special Service Area	Blackberry Crossing West Special Service Area	Fieldstone Special Service Area	Totals
155,304	36,522	34,864	152,505	19,113	2,604,948
197,801	13,500	29,000	50,002	5,500	547,545
-	-	-	-	-	1,004,689
-	-	-	-	-	40,369
353,105	50,022	63,864	202,507	24,613	4,197,551
148,838	416	348	5,477	408	385,884
197,801	13,500	29,000	50,002	5,500	547,545
346,639	13,916	29,348	55,479	5,908	933,429
6,466	36,106	34,516	147,028	18,705	3,264,122
353,105	50,022	63,864	202,507	24,613	4,197,551

VILLAGE OF MONTGOMERY, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2017

	Economic Development	Forfeiture and Seizure	Motor Fuel Tax	Emergency 911
Revenues				
Property Taxes	\$ -	-	-	-
Intergovernmental, Grants and Contributions	-	-	516,809	-
Fines and Forfeitures	-	20,115	-	-
Interest	10,722	-	694	-
Miscellaneous	-	-	-	-
Total Revenues	10,722	20,115	517,503	-
Expenditures				
Current				
General Government	808	-	-	-
Public Safety	-	5,691	-	20,080
Highways and Streets	-	-	237,224	-
Capital Outlay	-	30,339	-	51,542
Total Expenditures	808	36,030	237,224	71,622
Net Change in Fund Balances	9,914	(15,915)	280,279	(71,622)
Fund Balances - Beginning	1,615,908	57,373	274,708	181,494
Fund Balances - Ending	1,625,822	41,458	554,987	109,872

Police Gift	Montgomery Crossings Special Service Area	Blackberry Crossings Special Service Area	Ogden Hill Special Service Area	Marquis Pointe Special Service Area	Baltimorea Special Service Area
-	52,977	10,999	24,028	14,028	34,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,800	-	-	-	-	-
2,800	52,977	10,999	24,028	14,028	34,500
-	-	-	-	-	-
441	-	-	-	-	-
-	53,025	12,228	19,205	11,777	33,009
-	-	-	-	-	-
441	53,025	12,228	19,205	11,777	33,009
2,359	(48)	(1,229)	4,823	2,251	1,491
6,125	135,052	63,069	27,778	23,256	(416)
8,484	135,004	61,840	32,601	25,507	1,075

VILLAGE OF MONTGOMERY, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued For the Fiscal Year Ended April 30, 2017

	Arbor Ridge Special Service Area	Fairfield Way Special Service Area	Foxmoor Special Service Area	Tax Increment Financing District #1
Revenues				
Property Taxes	\$ 18,216	39,977	42,923	39,630
Intergovernmental, Grants and Contributions	-	-	-	-
Fines and Forfeitures	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	18,216	39,977	42,923	39,630
Expenditures				
Current				
General Government	-	-	-	47,266
Public Safety	-	-	-	-
Highways and Streets	34,538	33,204	37,462	-
Capital Outlay	-	-	-	82,025
Total Expenditures	34,538	33,204	37,462	129,291
Net Change in Fund Balances	(16,322)	6,773	5,461	(89,661)
Fund Balances - Beginning	44,410	171,888	119,213	182,889
Fund Balances - Ending	28,088	178,661	124,674	93,228

Tax Increment Financing District #2	Saratoga Springs Special Service Area	Orchard Prairie North Special Service Area	Blackberry Crossing West Special Service Area	Fieldstone Special Service Area	Totals
188,195	12,000	27,000	63,132	6,487	574,092
-	-	-	-	-	516,809
-	-	-	-	-	20,115
-	-	-	-	-	11,416
-	-	-	22,832	-	25,632
188,195	12,000	27,000	85,964	6,487	1,148,064
152,055	-	-	-	-	200,129
-	-	-	-	-	26,212
-	13,474	21,489	56,708	5,816	569,159
-	-	-	-	-	163,906
152,055	13,474	21,489	56,708	5,816	959,406
36,140	(1,474)	5,511	29,256	671	188,658
(29,674)	37,580	29,005	117,772	18,034	3,075,464
6,466	36,106	34,516	147,028	18,705	3,264,122

VILLAGE OF MONTGOMERY, ILLINOIS

Economic Development - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Interest	\$ 11,445	10,722
Expenditures		
Current		
General Government		
Contractual Services	3,000	808
Net Change in Fund Balance	<u>8,445</u>	9,914
Fund Balance - Beginning		<u>1,615,908</u>
Fund Balance - Ending		<u>1,625,822</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Forfeiture and Seizure - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Fines and Forfeitures	\$ 16,150	20,115
Expenditures		
Current		
Public Safety		
Commodities	3,000	5,691
Capital Outlay	27,550	30,339
Total Expenditures	30,550	36,030
Net Change in Fund Balance	<u>(14,400)</u>	(15,915)
Fund Balance - Beginning		<u>57,373</u>
Fund Balance - Ending		<u>41,458</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Intergovernmental, Grants and Contributions		
Motor Fuel Taxes	\$ 527,194	516,809
Interest	500	694
Total Revenues	<u>527,694</u>	<u>517,503</u>
Expenditures		
Current		
Highways and Streets		
Contractual Services	88,000	130,922
Commodities	174,250	106,302
Total Expenditures	<u>262,250</u>	<u>237,224</u>
Net Change in Fund Balance	<u>265,444</u>	280,279
Fund Balance - Beginning		<u>274,708</u>
Fund Balance - Ending		<u>554,987</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Emergency 911 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Charges for Services		
Kane County Wireless 911	\$ -	-
Expenditures		
Current		
Public Safety		
Contractual Services	16,860	20,080
Capital Outlay	27,550	51,542
Total Expenditures	44,410	71,622
Net Change in Fund Balance	<u>(44,410)</u>	(71,622)
Fund Balance - Beginning		<u>181,494</u>
Fund Balance - Ending		<u>109,872</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Police Gift - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Miscellaneous	\$ 250	2,800
Expenditures		
Current		
Public Safety		
Commodities	1,300	441
Net Change in Fund Balance	<u>(1,050)</u>	2,359
Fund Balance - Beginning		<u>6,125</u>
Fund Balance - Ending		<u>8,484</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Montgomery Crossings Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 53,000	52,977
Expenditures		
Current		
Highways and Streets		
Contractual Services	54,377	53,025
Net Change in Fund Balance	<u>(1,377)</u>	(48)
Fund Balance - Beginning		<u>135,052</u>
Fund Balance - Ending		<u>135,004</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Blackberry Crossings Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 11,000	10,999
Expenditures		
Current		
Highways and Streets		
Contractual Services	11,018	12,228
Net Change in Fund Balance	(18)	(1,229)
Fund Balance - Beginning		63,069
Fund Balance - Ending		61,840

VILLAGE OF MONTGOMERY, ILLINOIS

Ogden Hill Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 24,000	24,028
Expenditures		
Current		
Highways and Streets		
Contractual Services	20,012	19,205
Net Change in Fund Balance	<u>3,988</u>	4,823
Fund Balance - Beginning		<u>27,778</u>
Fund Balance - Ending		<u>32,601</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Marquis Pointe Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 14,000	14,028
Expenditures		
Current		
Highways and Streets		
Contractual Services	11,752	11,777
Net Change in Fund Balance	2,248	2,251
Fund Balance - Beginning		23,256
Fund Balance - Ending		25,507

VILLAGE OF MONTGOMERY, ILLINOIS

Baltimore Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 34,500	34,500
Expenditures		
Current		
Highways and Streets		
Contractual Services	29,825	33,009
Net Change in Fund Balance	<u>4,675</u>	1,491
Fund Balance - Beginning		<u>(416)</u>
Fund Balance - Ending		<u>1,075</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Arbor Ridge Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 20,000	18,216
Expenditures		
Current		
Highways and Streets		
Contractual Services	34,978	34,538
Net Change in Fund Balance	<u>(14,978)</u>	(16,322)
Fund Balance - Beginning		<u>44,410</u>
Fund Balance - Ending		<u>28,088</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Fairfield Way Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 40,000	39,977
Expenditures		
Current		
Highways and Streets		
Contractual Services	36,851	33,204
Net Change in Fund Balance	<u>3,149</u>	6,773
Fund Balance - Beginning		<u>171,888</u>
Fund Balance - Ending		<u>178,661</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Foxmoor Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 43,000	42,923
Expenditures		
Current		
Highways and Streets		
Contractual Services	42,491	37,462
Net Change in Fund Balance	509	5,461
Fund Balance - Beginning		119,213
Fund Balance - Ending		124,674

VILLAGE OF MONTGOMERY, ILLINOIS

Tax Increment Financing District #1 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 41,800	39,630
Expenditures		
Current		
General Government		
Contractual Services	36,130	47,266
Capital Outlay	385,720	82,025
Total Expenditures	421,850	129,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(380,050)	(89,661)
Other Financing Sources		
Debt Issuance	300,000	-
Net Change in Fund Balance	<u>(80,050)</u>	(89,661)
Fund Balance - Beginning		<u>182,889</u>
Fund Balance - Ending		<u>93,228</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Tax Increment Financing District #2 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 247,000	188,195
Expenditures		
Current		
General Government		
Contractual Services	183,000	152,055
Net Change in Fund Balance	<u>64,000</u>	36,140
Fund Balance - Beginning		<u>(29,674)</u>
Fund Balance - Ending		<u>6,466</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Saratoga Springs Special Service Area - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 12,000	12,000
Expenditures		
Current		
Highways and Streets		
Contractual Services	13,261	13,474
Net Change in Fund Balance	<u>(1,261)</u>	(1,474)
Fund Balance - Beginning		<u>37,580</u>
Fund Balance - Ending		<u>36,106</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Orchard Prairie North Special Service Area - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 27,000	27,000
Expenditures		
Current		
Highways and Streets		
Contractual Services	22,666	21,489
Net Change in Fund Balance	<u>4,334</u>	5,511
Fund Balance - Beginning		<u>29,005</u>
Fund Balance - Ending		<u>34,516</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Blackberry Crossing West Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 63,000	63,132
Miscellaneous	-	22,832
Total Revenues	63,000	85,964
Expenditures		
Current		
Highways and Streets		
Contractual Services	54,241	56,708
Net Change in Fund Balance	8,759	29,256
Fund Balance - Beginning		117,772
Fund Balance - Ending		147,028

VILLAGE OF MONTGOMERY, ILLINOIS

Fieldstone Special Service Area - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Property Taxes	\$ 6,500	6,487
Expenditures		
Current		
Highways and Streets		
Contractual Services	5,625	5,816
Net Change in Fund Balance	875	671
Fund Balance - Beginning		18,034
Fund Balance - Ending		18,705

VILLAGE OF MONTGOMERY, ILLINOIS**Nonmajor Governmental - Capital Projects Funds****Combining Balance Sheet****April 30, 2017**

	Vehicle Reserve	Lakewood Creek Project	Totals
ASSETS			
Cash and Investments	\$ 560,376	23,850	584,226
Receivables - Net of Allowances			
Accrued Interest	1,161	-	1,161
Total Assets	561,537	23,850	585,387
LIABILITIES			
Accounts Payable	60,525	-	60,525
FUND BALANCES			
Restricted	-	23,850	23,850
Assigned	501,012	-	501,012
Total Fund Balances	501,012	23,850	524,862
Total Liabilities and Fund Balances	561,537	23,850	585,387

VILLAGE OF MONTGOMERY, ILLINOIS

Nonmajor Governmental - Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2017

	Vehicle Reserve	Lakewood Creek Project	Totals
Revenues			
Charges for Services	\$ 594,393	-	594,393
Interest	(676)	11	(665)
Miscellaneous	-	81,786	81,786
Total Revenues	593,717	81,797	675,514
Expenditures			
Current			
General Government	-	66,022	66,022
Capital Outlay	987,692	-	987,692
Total Expenditures	987,692	66,022	1,053,714
Excess (Deficiency) of Revenues Over Expenditures	(393,975)	15,775	(378,200)
Other Financing Sources			
Disposal of Capital Assets	159,724	-	159,724
Net Change in Fund Balances	(234,251)	15,775	(218,476)
Fund Balances - Beginning	735,263	8,075	743,338
Fund Balances - Ending	501,012	23,850	524,862

VILLAGE OF MONTGOMERY, ILLINOIS

Vehicle Reserve - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Revenues		
Charges for Services	\$ 601,738	594,393
Interest	500	(676)
Miscellaneous	10,000	-
Total Revenues	612,238	593,717
Expenditures		
Capital Outlay	789,798	987,692
Excess (Deficiency) of Revenues Over Expenditures	(177,560)	(393,975)
Other Financing Sources		
Disposal of Capital Assets	-	159,724
Net Change in Fund Balance	<u>(177,560)</u>	(234,251)
Fund Balance - Beginning		<u>735,263</u>
Fund Balance - Ending		<u>501,012</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Lakewood Creek Project - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Original and Final Budget	Actual
Revenues		
Interest	\$ 2	11
Miscellaneous	60,000	81,786
Total Revenues	60,002	81,797
Expenditures		
Current		
General Government		
Contractual Services	60,000	66,022
Net Change in Fund Balance	<u>2</u>	15,775
Fund Balance - Beginning		<u>8,075</u>
Fund Balance - Ending		<u>23,850</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Water - Enterprise Fund - by Account

Combining Statement of Net Position

April 30, 2017

See Following Page

VILLAGE OF MONTGOMERY, ILLINOIS**Water - Enterprise Fund - by Account****Combining Statement of Net Position****April 30, 2017**

	Water Account	Water Improvement Account	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 2,934,890	8,296	2,943,186
Receivables - Net of Allowances			
Accounts	950,366	-	950,366
Accrued Interest	8,162	-	8,162
Due from Other Funds	60,313	-	60,313
Total Current Assets	3,953,731	8,296	3,962,027
Noncurrent Assets			
Nondepreciable Capital Assets	325,623	-	325,623
Depreciable Capital Assets	50,045,490	-	50,045,490
Accumulated Depreciation	(18,758,159)	-	(18,758,159)
Total Noncurrent Assets	31,612,954	-	31,612,954
Total Assets	35,566,685	8,296	35,574,981
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	147,896	-	147,896
Total Assets and Deferred Outflows of Resources	35,714,581	8,296	35,722,877

	Water Account	Water Improvement Account	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 88,303	18,913	107,216
Accrued Payroll	26,991	-	26,991
Accrued Interest Payable	103,050	-	103,050
Other Payables	36,000	-	36,000
Current Portion of Long-Term Debt	866,561	-	866,561
Total Current Liabilities	1,120,905	18,913	1,139,818
Noncurrent Liabilities			
Compensated Absences Payable	45,213	-	45,213
Net Pension Liability - IMRF	415,642	-	415,642
General Obligation Bonds Payable - Net	4,589,944	-	4,589,944
IEPA Loans Payable	5,778,319	-	5,778,319
Total Noncurrent Liabilities	10,829,118	-	10,829,118
Total Liabilities	11,950,023	18,913	11,968,936
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	80,167	-	80,167
Total Liabilities and Deferred Inflows of Resources	12,030,190	18,913	12,049,103
NET POSITION			
Net Investment in Capital Assets	20,383,154	-	20,383,154
Unrestricted (Deficit)	3,301,237	(10,617)	3,290,620
Total Net Position	23,684,391	(10,617)	23,673,774

VILLAGE OF MONTGOMERY, ILLINOIS

Water - Enterprise Fund - by Account

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Water Account	Water Improvement Account	Totals
Operating Revenues			
Charges for Services	\$ 4,871,852	-	4,871,852
Operating Expenses			
Operations	3,297,311	393,332	3,690,643
Depreciation and Amortization	1,872,718	-	1,872,718
Total Operating Expenses	5,170,029	393,332	5,563,361
Operating Income (Loss)	(298,177)	(393,332)	(691,509)
Nonoperating Revenues (Expenses)			
Investment Income	24,775	-	24,775
Reimbursements	-	209,112	209,112
Other Income	18,559	-	18,559
Interest Expense	(301,039)	-	(301,039)
	(257,705)	209,112	(48,593)
Income (Loss) Before Contributions and Transfers	(555,882)	(184,220)	(740,102)
Capital Contributions	587,125	-	587,125
Transfers In	-	212,027	212,027
Transfers Out	(212,027)	-	(212,027)
	375,098	212,027	587,125
Change in Net Position	(180,784)	27,807	(152,977)
Net Position - Beginning	23,865,175	(38,424)	23,826,751
Net Position - Ending	23,684,391	(10,617)	23,673,774

VILLAGE OF MONTGOMERY, ILLINOIS

Water - Enterprise Fund - by Account

Combining Statement of Cash Flows For the Fiscal Year Ended April 30, 2017

	Water Account	Water Improvement Account	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 4,917,368	212,080	5,129,448
Payments to Employees	(576,290)	-	(576,290)
Payments to Suppliers	(2,581,371)	(415,811)	(2,997,182)
	<u>1,759,707</u>	<u>(203,731)</u>	<u>1,555,976</u>
Cash Flows from Non-Capital Financing Activities			
Transfers In	-	212,027	212,027
Transfers Out	(212,027)	-	(212,027)
	<u>(212,027)</u>	<u>212,027</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	(135,143)	-	(135,143)
Principal Paid on Debt	(834,582)	-	(834,582)
Interest Paid on Debt	(301,039)	-	(301,039)
	<u>(1,270,764)</u>	<u>-</u>	<u>(1,270,764)</u>
Cash Flows from Investing Activities			
Investment Income	<u>24,775</u>	<u>-</u>	<u>24,775</u>
Net Change in Cash and Cash Equivalents	301,691	8,296	309,987
Cash and Cash Equivalents - Beginning	<u>2,633,199</u>	<u>-</u>	<u>2,633,199</u>
Cash and Cash Equivalents - Ending	<u><u>2,934,890</u></u>	<u><u>8,296</u></u>	<u><u>2,943,186</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities.			
Operating Income (Loss)	(298,177)	(393,332)	(691,509)
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:			
Depreciation and Amortization Expense	1,872,718	-	1,872,718
Other Income	18,559	209,112	227,671
Other Expense - IMRF	176,328	-	176,328
(Increase) Decrease in Current Assets	26,957	2,968	29,925
Increase (Decrease) in Current Liabilities	(36,678)	(22,479)	(59,157)
Net Cash Provided by Operating Activities	<u><u>1,759,707</u></u>	<u><u>(203,731)</u></u>	<u><u>1,555,976</u></u>

VILLAGE OF MONTGOMERY, ILLINOIS**Water Account - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2017**

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services		
Water Sales	\$ 3,637,487	3,637,302
Late Charges	132,803	132,905
Water Service Charges	352,742	353,647
Delinquent Fees	50,000	59,600
Sewer Maintenance Charges	150,864	151,151
BH Infrastructure Fee	508,860	509,626
Fox Metro Reading Fee	27,705	27,621
Total Operating Revenues	4,860,461	4,871,852
Operating Expenses		
Operations		
Water Administration	209,373	197,136
Water Plant Operations	2,871,173	3,100,175
Depreciation and Amortization	-	1,872,718
Total Operating Expenses	3,080,546	5,170,029
Operating Income (Loss)	1,779,915	(298,177)
Nonoperating Revenues (Expenses)		
Investment Income	15,000	24,775
Other Income	1,250	18,559
Interest Expense	(309,559)	(301,039)
	(293,309)	(257,705)
Income (Loss) Before Contributions and Transfers	1,486,606	(555,882)
Capital Contributions	-	587,125
Transfers Out	(884,890)	(212,027)
Change in Net Position	601,716	(180,784)
Net Position - Beginning		23,865,175
Net Position - Ending		23,684,391

VILLAGE OF MONTGOMERY, ILLINOIS

Water Account - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Water Administration		
Personal Services	\$ 134,398	139,139
Contractual Services	66,825	53,321
Commodities	8,150	4,676
Debt Service		
Principal Payment	834,582	-
Interest Payment and Fiscal Agent Fees	309,559	301,039
	1,353,514	498,175
Less Nonoperating Items		
Debt Service	(1,144,141)	(301,039)
Total Water Administration	209,373	197,136
Water Plant Operations		
Personal Services	660,078	843,255
Contractual Services	1,961,595	1,946,018
Commodities	249,500	310,902
Total Water Plant Operations	2,871,173	3,100,175
Depreciation and Amortization	-	1,872,718
Total Operating Expenses	3,080,546	5,170,029

VILLAGE OF MONTGOMERY, ILLINOIS

Water Improvement Account - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services	\$ -	-
Operating Expenses		
Operations	1,840,990	393,332
Operating Income (Loss)	(1,840,990)	(393,332)
Nonoperating Revenues		
Connection Fees and Reimbursements	65,000	209,112
Income (Loss) Before Transfers	(1,775,990)	(184,220)
Transfers In	884,890	212,027
Change in Net Position	<u>(891,100)</u>	27,807
Net Position - Beginning		<u>(38,424)</u>
Net Position - Ending		<u>(10,617)</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Refuse - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Operating Revenues		
Charges for Services		
Refuse Removal	\$ 1,350,415	1,333,956
Operating Expenses		
Operations		
Solid Waste Disposal	1,350,415	1,332,282
Operating Income	-	1,674
Nonoperating Revenues		
Investment Earnings	250	-
Change in Net Position	250	1,674
Net Position - Beginning		10,370
Net Position - Ending		12,044

VILLAGE OF MONTGOMERY, ILLINOIS

Employee Insurance - Internal Service Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Operating Revenues		
Interfund Services	\$ 1,103,019	1,097,061
Operating Expenses		
Operations		
Insurance	1,103,019	1,137,919
Operating Income (Loss)	-	(40,858)
Nonoperating Revenues		
Investment Earnings	-	6
Change in Net Position	-	(40,852)
Net Position - Beginning		252,359
Net Position - Ending		211,507

VILLAGE OF MONTGOMERY, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2017

	Original and Final Budget	Actual
Additions		
Contributions - Employer	\$ 457,912	520,987
Contributions - Plan Members	216,848	205,654
Total Contributions	674,760	726,641
Investment Income		
Investment Earnings	643,055	259,130
Net Change in Fair Value	-	354,993
	643,055	614,123
Less Investment Expenses	(18,373)	(20,125)
Net Investment Income	624,682	593,998
Total Additions	1,299,442	1,320,639
Deductions		
Administration	19,616	10,627
Benefits and Refunds	397,177	545,717
Total Deductions	416,793	556,344
Change in Fiduciary Net Position	882,649	764,295
Net Position Restricted for Pensions		
Beginning		8,350,393
Ending		9,114,688

VILLAGE OF MONTGOMERY, ILLINOIS

Agency Funds

Combining Statement of Changes in Assets and Liabilities For the Fiscal Year Ended April 30, 2017

	Beginning Balances	Additions	Deductions	Ending Balances
ALL FUNDS				
ASSETS				
Cash and Investments	\$ 3,261,505	3,188,214	3,260,382	3,189,337
LIABILITIES				
Deposits Payable	525,926	369,826	525,926	369,826
Due to Others	16,568	(1,562)	15,445	(439)
Due to Bondholders	2,719,011	2,819,950	2,719,011	2,819,950
Total Liabilities	3,261,505	3,188,214	3,260,382	3,189,337
TALMA STREET SPECIAL SERVICE AREA				
ASSETS				
Cash and Investments	19,445	-	18,322	1,123
LIABILITIES				
Due to Others	19,445	-	18,322	1,123

	Beginning Balances	Additions	Deductions	Ending Balances
ESCROW				
ASSETS				
Cash and Investments	473,226	342,266	473,226	342,266
LIABILITIES				
Deposits Payable	473,226	342,266	473,226	342,266
FLEXIBLE BENEFITS				
ASSETS				
Cash and Investments	(2,889)	(1,562)	(2,889)	(1,562)
LIABILITIES				
Due to Others	(2,889)	(1,562)	(2,889)	(1,562)

VILLAGE OF MONTGOMERY, ILLINOIS

Agency Funds

Combining Statement of Changes in Assets and Liabilities - Continued
For the Fiscal Year Ended April 30, 2017

	Beginning Balances	Additions	Deductions	Ending Balances
LAKEWOOD CREEK SPECIAL ASSESSMENT				
ASSETS				
Cash and Investments	\$ 2,715,077	2,816,008	2,715,077	2,816,008
LIABILITIES				
Due to Bondholders	2,715,077	2,816,008	2,715,077	2,816,008
BLACKBERRY CROSSING WEST SPECIAL SERVICE AREA				
ASSETS				
Cash and Investments	12	-	12	-
LIABILITIES				
Due to Others	12	-	12	-

	Beginning Balances	Additions	Deductions	Ending Balances
CORNELL SPECIAL SERVICE AREA				
ASSETS				
Cash and Investments	\$ 3,934	3,942	3,934	3,942
LIABILITIES				
Due to Bondholders	3,934	3,942	3,934	3,942
TEMPORARY CO				
ASSETS				
Cash and Investments	52,700	27,560	52,700	27,560
LIABILITIES				
Deposits Payable	52,700	27,560	52,700	27,560

SUPPLEMENTAL SCHEDULES

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

General Obligation Alternate Revenue Source Refunding Bonds of 2007 April 30, 2017

Date of Issue	December 3, 2007
Date of Maturity	December 1, 2018
Authorized Issue	\$3,020,000
Denomination of Bonds	\$5,000
Interest Rate	3.95%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 350,000	28,242	378,242
2019	365,000	14,418	379,418
	715,000	42,660	757,660

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

General Obligation Alternate Revenue Source Bonds of 2008A

April 30, 2017

Date of Issue	August 1, 2008
Date of Maturity	December 1, 2019
Authorized Issue	\$2,000,000
Denomination of Bonds	\$5,000
Interest Rate	5.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	100,000	100,000
2019	1,000,000	100,000	1,100,000
2020	1,000,000	50,000	1,050,000
	2,000,000	250,000	2,250,000

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

General Obligation Alternate Revenue Source Refunding Bonds of 2010 April 30, 2017

Date of Issue	June 1, 2010
Date of Maturity	December 1, 2017
Authorized Issue	\$7,375,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 605,000	24,200	629,200

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

General Obligation Alternate Revenue Source Refunding Bonds of 2011 April 30, 2017

Date of Issue	December 15, 2011
Date of Maturity	December 1, 2024
Authorized Issue	\$4,410,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 3.125%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 205,000	80,850	285,850
2019	375,000	76,750	451,750
2020	385,000	68,312	453,312
2021	395,000	59,168	454,168
2022	405,000	49,294	454,294
2023	420,000	38,663	458,663
2024	435,000	27,113	462,113
2025	450,000	14,063	464,063
	<u>3,070,000</u>	<u>414,213</u>	<u>3,484,213</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

General Obligation Alternate Revenue Source Bonds of 2013

April 30, 2017

Date of Issue	June 11, 2013
Date of Maturity	December 1, 2038
Authorized Issue	\$4,590,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 130,000	158,800	288,800
2019	135,000	154,900	289,900
2020	140,000	150,850	290,850
2021	145,000	146,650	291,650
2022	145,000	142,300	287,300
2023	150,000	137,950	287,950
2024	155,000	133,450	288,450
2025	160,000	128,800	288,800
2026	165,000	122,400	287,400
2027	175,000	115,800	290,800
2028	180,000	108,800	288,800
2029	190,000	101,600	291,600
2030	195,000	94,000	289,000
2031	205,000	86,200	291,200
2032	210,000	78,000	288,000
2033	220,000	69,600	289,600
2034	230,000	60,800	290,800
2035	240,000	51,600	291,600
2036	245,000	42,000	287,000
2037	255,000	32,200	287,200
2038	270,000	22,000	292,000
2039	280,000	11,200	291,200
	4,220,000	2,149,900	6,369,900

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

Taxable General Obligation Alternate Revenue Source Refunding Bonds of 2014

April 30, 2017

Date of Issue	April 29, 2014
Date of Maturity	December 1, 2024
Authorized Issue	\$3,335,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 3.50%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	106,340	106,340
2019	-	106,340	106,340
2020	-	106,340	106,340
2021	630,000	106,340	736,340
2022	645,000	87,440	732,440
2023	665,000	68,090	733,090
2024	685,000	48,140	733,140
2025	710,000	24,850	734,850
	<u>3,335,000</u>	<u>653,880</u>	<u>3,988,880</u>

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

IEPA Loan Payable of 2002

April 30, 2017

Date of Issue	February 23, 2002
Date of Maturity	December 1, 2022
Authorized Issue	\$1,128,780
Denomination of Bonds	Various
Interest Rate	2.675%
Interest Dates	June 1 and December 1
Principal Maturity Dates	June 1 and December 1
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 64,194	10,596	74,790
2019	65,922	8,868	74,790
2020	67,698	7,092	74,790
2021	69,521	5,269	74,790
2022	71,393	3,397	74,790
2023	73,317	1,473	74,790
	412,045	36,695	448,740

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

IEPA Loan Payable of 2011

April 30, 2017

Date of Issue	October 20, 2011
Date of Maturity	April 19, 2032
Authorized Issue	\$4,310,177
Denomination of Bonds	Various
Interest Rate	1.25%
Interest Dates	April 19 and October 19
Principal Maturity Dates	April 19 and October 19
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 208,758	42,122	250,880
2019	211,376	39,504	250,880
2020	214,027	36,853	250,880
2021	216,711	34,169	250,880
2022	219,428	31,452	250,880
2023	222,178	28,702	250,880
2024	224,965	25,915	250,880
2025	227,786	23,094	250,880
2026	230,642	20,238	250,880
2027	233,534	17,346	250,880
2028	236,462	14,418	250,880
2029	239,427	11,453	250,880
2030	242,429	8,451	250,880
2031	245,469	5,411	250,880
2032	248,547	2,333	250,880
	3,421,739	341,461	3,763,200

VILLAGE OF MONTGOMERY, ILLINOIS

Long-Term Debt Requirements

IEPA Loan Payable of 2014

April 30, 2017

Date of Issue	June 1, 2014
Date of Maturity	December 7, 2034
Authorized Issue	\$2,392,635
Denomination of Bonds	Various
Interest Rate	1.995%
Interest Dates	June 1 and December 1
Principal Maturity Dates	June 1 and December 1
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 108,585	45,866	154,451
2019	110,762	43,689	154,451
2020	112,983	41,468	154,451
2021	115,248	39,203	154,451
2022	117,559	36,892	154,451
2023	119,915	34,536	154,451
2024	122,319	32,132	154,451
2025	124,773	29,678	154,451
2026	127,274	27,177	154,451
2027	129,826	24,625	154,451
2028	132,429	22,022	154,451
2029	135,084	19,367	154,451
2030	137,792	16,659	154,451
2031	140,555	13,896	154,451
2032	143,373	11,078	154,451
2033	146,248	8,203	154,451
2034	149,180	5,271	154,451
2035	152,167	2,281	154,448
	2,326,072	454,043	2,780,115

STATISTICAL SECTION

(Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF MONTGOMERY, ILLINOIS

Net Position by Component - Last Ten Fiscal Years
April 30, 2017 (Unaudited)

See Following Page

VILLAGE OF MONTGOMERY, ILLINOIS

Net Position by Component - Last Ten Fiscal Years April 30, 2017 (Unaudited)

	2008	2009	2010
Governmental Activities			
Net Investment in			
Capital Assets	\$ 30,251,886	36,431,647	41,540,031
Restricted	2,369,032	2,580,672	3,055,679
Unrestricted	709,828	(499,811)	433,352
Total Governmental Activities Net Position	33,330,746	38,512,508	45,029,062
Business-Type Activities			
Net Investment in			
Capital Assets	23,331,066	24,102,567	25,878,294
Unrestricted	691,648	637,045	1,244,447
Total Business-Type Activities Net Position	24,022,714	24,739,612	27,122,741
Total Net Position			
Net Investment in			
Capital Assets	53,582,952	60,534,214	67,418,325
Restricted	2,369,032	2,580,672	3,055,679
Unrestricted	1,401,476	137,234	1,677,799
Total Primary Government Net Position	57,353,460	63,252,120	72,151,803

Data Source: Audited Financial Statements

2011	2012	2013	2014	2015	2016	2017
45,586,500	47,292,952	51,636,819	50,229,557	48,714,620	46,661,769	45,991,729
3,226,346	3,313,822	3,379,946	3,332,376	3,094,319	3,113,629	3,287,972
2,190,183	2,419,305	2,487,065	3,083,037	3,583,910	249,053	1,114,002
51,003,029	53,026,079	57,503,830	56,644,970	55,392,849	50,024,451	50,393,703
26,651,346	27,255,898	28,096,145	26,974,755	25,650,151	20,879,292	20,383,154
1,865,399	1,842,862	2,183,680	2,224,460	2,596,797	2,957,829	3,302,664
28,516,745	29,098,760	30,279,825	29,199,215	28,246,948	23,837,121	23,685,818
72,237,846	74,548,850	79,732,964	77,204,312	74,364,771	67,541,061	66,374,883
3,226,346	3,313,822	3,379,946	3,332,376	3,094,319	3,113,629	3,287,972
4,055,582	4,262,167	4,670,745	5,307,497	6,180,707	3,206,882	4,416,666
79,519,774	82,124,839	87,783,655	85,844,185	83,639,797	73,861,572	74,079,521

VILLAGE OF MONTGOMERY, ILLINOIS

**Changes in Net Position - Last Ten Fiscal Years
April 30, 2017 (Unaudited)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General Government	\$ 4,197,064	3,417,096	3,540,980	3,077,769	3,283,476	3,089,899	3,215,504	3,543,827	4,000,986	4,244,641
Public Safety	4,024,681	3,943,129	4,144,033	4,127,345	4,581,789	5,048,569	5,001,049	4,948,830	5,805,768	5,678,585
Highways and Streets	2,731,761	2,694,913	2,724,614	3,610,159	3,175,332	3,818,065	4,608,540	4,376,423	5,085,800	5,719,404
Sanitation *	839,223	889,190	997,054	1,030,129	1,062,656	1,159,173	1,265,497	64,954	-	-
Interest	587,246	633,176	639,111	537,769	502,037	496,752	466,594	358,069	344,003	318,881
Total Governmental Activities Expenses	12,379,975	11,577,504	12,045,792	12,383,171	12,605,290	13,612,458	14,557,184	13,292,103	15,236,557	15,961,511
Business-Type Activities										
Waterworks	4,108,643	3,807,890	3,813,368	4,108,643	5,134,321	5,097,758	5,235,850	5,528,881	5,507,018	5,864,400
Refuse *	-	-	-	-	-	-	-	1,235,387	1,293,243	1,332,282
Total Business-Type Activities Net Position	4,108,643	3,807,890	3,813,368	4,108,643	5,134,321	5,097,758	5,235,850	6,764,268	6,800,261	7,196,682
Total Primary Government Expenses	16,488,618	15,385,394	15,859,160	16,491,814	17,739,611	18,710,216	19,793,034	20,056,371	22,036,818	23,158,193
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	1,784,591	887,648	791,624	1,343,545	520,260	479,102	749,477	560,053	747,280	864,196
Public Safety	297,352	548,645	634,341	764,147	837,875	737,683	478,482	314,769	509,588	271,302
Highways and Streets	319,583	59,138	75,614	168,046	74,715	281,136	607,452	648,251	713,056	621,374
Sanitation	818,426	872,656	975,454	1,004,889	1,050,053	1,133,823	1,190,325	7,852	-	-
Operating Grants/Contributions	550,422	488,826	476,945	1,413,932	620,940	601,387	605,838	673,299	1,319,509	681,547
Capital Grants/Contributions	18,243,217	5,656,409	7,463,786	5,640,911	3,154,115	5,634,735	195,711	6,783	-	403,637
Total Governmental Activities	22,013,591	8,513,322	10,417,764	10,335,470	6,257,958	8,867,866	3,827,285	2,211,007	3,289,433	2,842,056
Business-Type Activities										
Charges for Services	3,834,338	2,815,318	3,234,104	3,532,425	3,614,159	4,008,166	4,114,506	5,689,543	5,864,368	6,205,808
Capital Grants/Contributions	7,082,159	1,623,918	2,881,397	1,919,667	2,025,506	2,268,670	39,361	117,713	-	587,125
Total Business-Type Activities	10,916,497	4,439,236	6,115,501	5,452,092	5,639,665	6,276,836	4,153,867	5,807,256	5,864,368	6,792,933
Total Primary Government	32,930,088	12,952,558	16,533,265	15,787,562	11,897,623	15,144,702	7,981,152	8,018,263	9,153,801	9,634,989
Program Revenue										

#	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ 9,633,616	(3,064,182)	(1,628,028)	(2,047,701)	(6,347,332)	(4,744,592)	(10,729,899)	(11,081,096)	(11,947,124)	(13,119,455)
Business-Type Activities	6,807,854	631,346	2,302,133	1,343,449	505,344	1,179,078	(1,081,983)	(957,012)	(935,893)	(403,749)
Total Net Revenue (Expense)	16,441,470	(2,432,836)	674,105	(704,252)	(5,841,988)	(3,565,514)	(11,811,882)	(12,038,108)	(12,883,017)	(13,523,204)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	1,728,472	2,107,824	2,538,391	2,131,202	2,258,978	2,570,184	2,607,364	2,650,814	2,681,695	2,833,737
Utility Taxes	1,492,570	1,501,852	1,365,252	1,429,762	2,684,106	1,301,361	1,391,352	1,324,307	1,256,073	1,330,011
Video Gaming Taxes	-	-	-	-	-	-	17,477	48,392	60,261	69,783
Intergovernmental - Unrestricted										
Sales Taxes	2,308,243	2,539,423	2,434,337	2,590,760	1,489,230	2,690,164	2,851,053	3,169,321	5,967,427	6,565,069
Income Taxes	1,326,500	1,454,677	1,355,129	1,330,267	264,029	1,661,642	1,796,712	1,805,718	1,964,982	1,742,849
Replacement Taxes	69,384	63,422	55,407	66,756	57,776	56,957	76,855	66,610	56,272	68,467
Local Use Taxes	197,453	238,046	206,509	250,488	1,350,780	303,898	316,541	370,691	436,512	456,796
Franchise Fees	136,554	141,767	158,204	178,225	186,217	229,121	218,343	237,577	-	-
Donations	-	-	-	-	-	-	-	-	-	-
Investment Income	372,126	55,770	22,633	61,751	66,329	42,991	16,143	25,919	44,614	44,830
Miscellaneous	57,346	38,165	23,636	11,030	12,937	366,025	269,258	129,626	288,798	377,165
Total Governmental Activities	7,688,648	8,140,946	8,159,498	8,050,241	8,370,382	9,222,343	9,561,098	9,828,975	12,756,634	13,488,707
Business-Type Activities										
Investment Income	1,373	29,946	6,130	2,797	891	1,987	1,373	4,745	19,148	24,775
Miscellaneous	-	55,606	74,866	47,758	75,780	-	-	-	71,058	227,671
Total Business-Type Activities	1,373	85,552	80,996	50,555	76,671	1,987	1,373	4,745	90,206	252,446
Total Primary Government	7,690,021	8,226,498	8,240,494	8,100,796	8,447,053	9,224,330	9,562,471	9,833,720	12,846,840	13,741,153
Changes in Net Position										
Governmental Activities	17,322,264	5,076,764	6,531,470	6,002,540	2,023,050	4,477,751	(1,168,801)	(1,252,121)	809,510	369,252
Business-Type Activities	6,809,227	716,898	2,383,129	1,394,004	582,015	1,181,065	(1,080,610)	(952,267)	(845,687)	(151,303)
Total Primary Government	24,131,491	5,793,662	8,914,599	7,396,544	2,605,065	5,658,816	(2,249,411)	(2,204,388)	(36,177)	217,949

Data Source: Audited Financial Statements

*: The Refuse Fund (Sanitation) changed from a department in the General Fund to an Enterprise Fund during the year ended April 30, 2015.

VILLAGE OF MONTGOMERY, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years April 30, 2017 (Unaudited)

	2008	2009	2010
General Fund			
Reserved	\$ -	701,124	691,533
Unreserved	1,442,677	769,038	1,338,650
Nonspendable	-	-	-
Unassigned	-	-	-
Total General Fund	1,442,677	1,470,162	2,030,183
All Other Governmental Funds			
Reserved	2,369,032	2,580,672	3,055,679
Unreserved, Reported in:			
Special Revenues Funds	(92,759)	(24,412)	(6,226)
Capital Projects Funds	(46,374)	(1,238,112)	(744,263)
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total All Other Governmental Funds	3,672,576	2,788,310	4,335,373
Total Governmental Funds	5,115,253	4,258,472	6,365,556

Data Source: Audited Financial Statements

Note: The Village implemented GASB No. 54 at April 30, 2011.

2011	2012	2013	2014	2015	2016	2017
-	-	-	-	-	-	-
-	-	-	-	-	-	-
691,533	691,533	691,533	754,783	686,895	617,742	549,233
2,124,288	2,484,493	2,860,573	2,799,352	2,972,861	3,394,156	3,488,826
2,815,821	3,176,026	3,552,106	3,554,135	3,659,756	4,011,898	4,038,059
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,226,346	3,226,351	3,379,946	3,332,376	3,094,319	3,169,718	3,338,172
165,254	165,255	56,089	388,966	585,659	2,221,199	3,193,606
(59,236)	(59,234)	(565,377)	(360,486)	(129,852)	(30,090)	-
6,148,185	6,508,398	6,422,764	6,914,991	7,209,882	5,360,827	6,531,778
8,964,006	9,684,424	9,974,870	10,469,126	10,869,638	9,372,725	10,569,837

VILLAGE OF MONTGOMERY, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years April 30, 2017 (Unaudited)

	2008	2009	2010
Revenues			
Property Taxes	\$ 1,728,472	2,107,824	2,538,391
Other Taxes	5,818,015	6,240,493	5,871,837
State Shared Income Taxes	-	-	-
Licenses and Permits	453,255	347,605	348,071
Charges for Services	2,584,045	3,406,271	2,318,607
Intergovernmental	105,561	123,206	199,193
Fines and Forfeits	157,644	239,539	327,227
Investment Income	372,126	55,770	22,633
Developer Contributions	362,323	-	148,541
Contributions from Property Owners	-	17,500	423
Miscellaneous	213,042	170,688	219,131
Total Revenues	11,794,483	12,708,896	11,994,054
Expenditures			
General Government	3,974,221	3,185,821	2,744,480
Public Safety	3,495,453	3,389,865	3,532,943
Highways and Streets	2,237,906	1,640,752	1,403,559
Sanitation **	839,223	889,190	997,054
Capital Outlay	8,614,925	5,540,861	485,739
Debt Service			
Principal	530,000	580,000	610,000
Interest and Fiscal Charges	594,812	609,961	658,300
Total Expenditures	20,286,540	15,836,450	10,432,075
Excess of Revenues Over (Under) Expenditures	(8,492,057)	(3,127,554)	1,561,979
Other Financing Sources (Uses)			
Transfer In	1,126,120	1,218,711	1,595,763
Transfer (Out)	(1,126,120)	(1,218,711)	(1,595,763)
Capital Lease Issuance	-	-	-
Bonds Issued	-	2,000,000	-
Premium on Bonds Issued	-	138,290	-
Payment to Escrow	-	-	-
Disposal of Capital Assets	-	-	-
	-	2,138,290	-
Net Change in Fund Balances	(8,492,057)	(989,264)	1,561,979
Debt Service as a Percentage of Noncapital Expenditures	9.81%	11.18%	12.45%

Data Source: Audited Financial Statements

* Shared income taxes were reclassified to a non-tax revenue in fiscal year 2013.

** The Sanitation (Refuse) function changed from a department in the General Fund to an Enterprise Fund during the year ended April 30, 2015.

2011	2012	2013*	2014	2015	2016	2017
2,131,202	2,258,978	2,570,184	2,607,364	2,650,814	2,681,695	2,833,737
6,198,356	6,342,355	4,838,011	5,231,904	5,628,806	1,316,334	1,399,794
-	-	1,661,642	1,796,712	1,805,718	8,425,193	9,349,990
337,455	337,287	331,004	401,960	394,959	447,653	525,473
2,658,910	1,771,386	1,890,891	2,293,343	944,616	1,158,907	1,016,400
908,238	147,133	127,585	214,355	24,742	1,319,509	164,738
333,126	416,324	435,958	301,446	308,703	341,152	255,857
61,751	66,329	42,991	16,143	25,919	44,614	44,824
-	-	-	-	-	-	-
1,208	-	-	-	-	-	-
145,315	147,006	316,079	738,124	249,051	288,798	377,165
12,775,561	11,486,798	12,214,345	13,601,351	12,033,328	16,023,855	15,967,978
2,665,677	2,939,574	2,475,369	2,674,004	2,908,916	3,099,920	3,621,280
3,449,377	3,961,199	4,533,205	4,342,408	4,329,070	4,434,450	4,837,851
2,259,801	1,802,261	2,350,369	3,012,767	2,891,627	3,678,986	4,129,972
1,030,129	1,062,656	1,159,173	1,265,497	64,954	-	-
501,212	53,213	117,786	483,766	471,361	1,368,627	1,251,522
740,000	915,000	1,080,000	1,297,966	738,396	828,071	755,000
599,438	561,575	435,339	474,225	340,767	364,061	334,965
11,245,634	11,295,478	12,151,241	13,550,633	11,745,091	13,774,115	14,930,590
1,529,927	191,320	63,104	50,718	288,237	2,249,740	1,037,388
1,443,300	1,584,100	1,612,150	1,681,117	968,253	1,492,113	1,084,076
(1,443,300)	(1,584,100)	(1,612,150)	(1,681,117)	(968,253)	(1,492,113)	(1,084,076)
-	-	-	309,433	-	-	-
7,375,000	4,410,000	-	3,335,000	-	-	-
339,600	2,857	-	21,989	-	-	-
(7,599,986)	(4,412,857)	-	(3,289,345)	-	-	-
196,844	9,853	10,302	31,176	6,654	68,650	159,724
311,458	9,853	10,302	408,253	6,654	68,650	159,724
1,841,385	201,173	73,406	458,971	294,891	2,318,390	1,197,112
12.31%	13.21%	12.81%	13.65%	9.54%	9.44%	8.10%

VILLAGE OF MONTGOMERY, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years April 30, 2017 (Unaudited)

Tax Levy Year		Residential Property	Commercial Property	Industrial Property
2007	Kane County	\$ 143,557,685	\$ 21,254,903	\$ 52,334,881
	Kendall County	225,221,844	24,443,380	3,215,940
2008	Kane County	146,340,376	25,150,166	59,513,310
	Kendall County	239,740,364	33,432,819	2,943,895
2009	Kane County	145,339,543	24,471,644	55,883,059
	Kendall County	246,603,488	35,351,375	3,124,055
2010	Kane County	132,284,981	23,970,816	55,212,581
	Kendall County	217,611,681	36,767,375	2,947,971
2011	Kane County	115,406,949	21,077,188	46,500,648
	Kendall County	200,255,016	33,611,185	2,800,573
2012	Kane County	105,322,142	20,071,750	43,379,949
	Kendall County	183,611,931	31,452,582	2,828,579
2013	Kane County	95,690,557	15,885,918	42,166,350
	Kendall County	173,665,059	31,035,606	2,773,279
2014	Kane County	93,950,487	15,947,615	41,084,650
	Kendall County	171,747,048	31,285,233	2,773,279
2015	Kane County	98,340,197	15,641,112	43,142,637
	Kendall County	176,394,904	32,284,178	2,773,279
2016	Kane County	108,576,163	16,100,280	44,028,747
	Kendall County	198,500,016	32,069,048	2,773,279

Data Source: Village and County Records

Railroad Property	Farm Property	Total Equalized Assessed Value	Total Estimated Actual Value	Ratio of Total Assessed to Total Actual Value	Direct Tax Rate
\$ 494,539 10,056	\$ 411,850 128,586	\$ 218,053,858 253,019,806 <u>471,073,664</u>	\$ 654,226,997 759,135,332 <u>1,413,362,329</u>	33.33%	\$ 0.3673 0.3660
600,802 10,056	459,791 126,025	232,064,445 276,253,159 <u>508,317,604</u>	696,262,961 828,842,361 <u>1,525,105,322</u>	33.33%	0.3592 0.3634
719,732 10,056	502,703 103,780	226,916,681 285,192,754 <u>512,109,435</u>	680,818,125 855,663,828 <u>1,536,481,953</u>	33.33%	0.3686 0.3664
761,544 10,056	537,493 142,280	212,767,415 257,479,363 <u>470,246,778</u>	638,366,082 772,515,341 <u>1,410,881,423</u>	33.33%	0.4155 0.4156
907,720 10,056	553,817 128,645	184,446,322 236,805,475 <u>421,251,797</u>	553,394,305 710,487,474 <u>1,263,881,779</u>	33.33%	0.4747 0.4746
970,041 10,056	424,227 139,612	170,168,109 218,042,760 <u>388,210,869</u>	510,555,383 654,193,699 <u>1,164,749,082</u>	33.33%	0.5405 0.5305
1,054,188 10,056	409,843 189,690	155,206,856 207,673,690 <u>362,880,546</u>	465,667,135 623,083,378 <u>1,088,750,513</u>	33.33%	0.5726 0.5824
1,062,546 10,056	415,211 208,290	152,460,509 206,023,906 <u>358,484,415</u>	457,381,527 618,071,718 <u>1,075,453,245</u>	33.33%	0.5989 0.5937
1,114,199 10,056	440,268 227,910	158,678,413 211,690,327 <u>370,368,740</u>	476,035,239 635,070,981 <u>1,111,106,220</u>	33.33%	0.5883 0.5804
1,263,415 10,056	469,149 239,540	170,437,754 233,591,939 <u>404,029,693</u>	511,313,262 700,775,817 <u>1,212,089,079</u>	33.33%	0.5387 0.5391

VILLAGE OF MONTGOMERY, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years

April 30, 2017 (Unaudited)

	2007	2008	2009
Village of Montgomery			
General Corporate	\$ 0.1984	0.1927	0.1883
IMRF	0.0346	0.0345	0.0390
Liability Insurance	0.0367	0.0394	0.0458
Social Security	0.0504	0.0493	0.0487
Police Pension	0.0472	0.0473	0.0468
Prior Year Adjustment	-	(0.0040)	-
Total Direct Tax Rates	0.3673	0.3592	0.3686
Overlapping			
Kane County	0.3322	0.3428	0.3398
Kane County Forest Preserve District	0.1974	0.1932	0.1997
Kendall County	-	-	-
Kendall County Forest Preserve District	-	-	-
Aurora Township	0.1449	0.1450	0.1486
Aurora Township Road District	0.0690	0.0691	0.0703
Oswego Township	-	-	-
Oswego Township Road District	-	-	-
Montgomery Fire Protection District	0.6061	0.6015	0.6207
Oswego Fire Protection District	-	-	-
Oswego Library District	0.2082	0.2002	0.2018
Fox Valley Park District	0.4037	0.4014	0.4122
Oswegoland Park District	-	-	-
Unit School District Number 129	4.1252	4.1724	4.1835
Unit School District Number 308	-	-	-
Community College District Number 516	0.3950	0.4322	0.4043
Total Overlapping Tax Rates	6.4817	6.5578	6.5809
Total All Rates (Representative)	7.2163	7.2758	6.9495

Notes:

(1) Property tax rates are per \$100 of assessed valuation

(2) Representative tax rates for other government units are from Kane County Tax Code AU013, which represents the largest portion of the Village's 2007 to 2013 EAV

(3) Representative tax rates for other government units are from Kendall County Tax Code OS009, which represents the largest portion of the Village's 2014 to 2016 EAV

Data Source: Offices of the Kane County and Kendall County Clerks

2010	2011	2012	2013	2014	2015	2016
0.1999	0.2283	0.2459	0.2573	0.2667	0.2607	0.2043
0.0461	0.0527	0.0580	0.0606	0.0629	0.0615	0.0571
0.0461	0.0527	0.0682	0.0714	0.0740	0.0724	0.0733
0.0543	0.0621	0.0580	0.0606	0.0629	0.0615	0.0593
0.0691	0.0789	0.1104	0.1227	0.1272	0.1243	0.1451
-	-	-	-	-	-	-
0.4155	0.4747	0.5405	0.5726	0.5937	0.5804	0.5391
0.3730	0.3990	0.4336	0.4623	-	-	-
0.2201	0.2609	0.2710	0.3039	-	-	-
-	-	-	-	0.8085	0.7909	0.7477
-	-	-	-	0.1826	0.1787	0.1755
0.1664	0.1882	0.2162	0.2517	-	-	-
0.0764	0.0860	0.0978	0.1104	-	-	-
-	-	-	-	0.0947	0.0904	0.0855
-	-	-	-	0.2124	0.2027	0.1917
0.6769	0.7000	0.7000	0.8000	-	-	-
-	-	-	-	0.8045	0.7871	0.7524
0.2207	0.2453	0.2726	0.2999	0.3058	0.2996	0.2864
0.4803	0.5286	0.5863	0.6280	-	-	-
-	-	-	-	0.5103	0.4973	0.4764
4.2740	5.1603	5.8896	6.6667	-	-	-
-	-	-	-	7.8803	7.3176	6.9712
0.4070	0.4710	0.5312	0.5807	0.5973	0.5885	0.5601
6.8948	8.0393	8.9983	10.1036	11.3964	10.7528	10.2469
7.3103	8.5140	9.5388	10.6762	11.9901	11.3332	10.7860

VILLAGE OF MONTGOMERY, ILLINOIS

Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago April 30, 2017 (Unaudited)

2016 Tax Levy					2007 Tax Levy				
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Village		Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Village	
			Taxable Assessed	Value				Taxable Assessed	Value
United Facilities	\$ 10,474,669	1	2.59%		United Facilities	\$ 9,167,104	1	1.95%	
Wal-Mart Stores, Inc.	4,353,035	2	1.08%		Wal-Mart Stores, Inc.	5,368,060	2	1.14%	
Allsteel 900 Knell LLC	3,567,231	3	0.88%		Willamette Industries, Inc.	3,215,044	3	0.68%	
Stag Montgomery, LLC	2,709,745	4	0.67%		2125 Rochester Property, LLC	3,187,916	4	0.68%	
Fox River Foods, Inc.	2,702,098	5	0.67%		2001 Baseline Road, LLC	2,895,980	5	0.61%	
IP Eat Five	2,674,643	6	0.66%		Monmouth Capital Corp.	2,591,438	6	0.55%	
Menards, Inc.	2,476,918	7	0.61%		Centerpoint Properties	2,522,432	7	0.54%	
Monmouth Capital Corp.	1,961,769	8	0.49%		Freeport Farm & Fleet Inc.	2,216,450	8	0.47%	
2125 Rochester Property, LLC	1,900,314	9	0.47%		FRF Leasing	1,898,340	9	0.40%	
JC Penny Properties, Inc.	1,866,667	10	0.46%		Menards, Inc.	1,709,510	10	0.36%	
34,687,089				8.59%	34,772,274				7.38%
2016 EAV	\$ 404,029,693				2007 EAV	\$ 471,073,664			

Data Source: Kane and Kendall Counties Assessors (The 2016 EAV is the most current)

VILLAGE OF MONTGOMERY, ILLINOIS

Property Tax Levies and Collections - Last Ten Tax Levy Years April 30, 2017 (Unaudited)

Tax Levy Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$	1,735,855	\$ 1,735,135	99.96%	\$ 1,073	\$ 1,736,208	100.02%
2008		1,834,151	1,830,130	99.78%	-	1,830,130	99.78%
2009		1,881,028	1,878,698	99.88%	-	1,878,698	99.88%
2010		1,952,586	1,951,512	99.94%	-	1,951,512	99.94%
2011		1,999,478	1,995,607	99.81%	-	1,995,607	99.81%
2012		2,059,447	2,052,971	99.69%	-	2,052,971	99.69%
2013		2,096,375	2,093,262	99.85%	2,020	2,095,282	99.95%
2014		2,131,362	2,128,444	99.86%	12,511	2,140,955	100.45%
2015		2,136,891	2,131,871	99.77%	-	2,131,871	99.77%
2016		2,164,974	*	*	*	*	*

Data Source: Village Records

*Taxes are collected in two installments due in June and September of the following year.

Note: The percentage collected may exceed 100% due to the use of a weighted average of taxes levied by two counties.

VILLAGE OF MONTGOMERY, ILLINOIS

Sales Tax Base - Taxable Sales by Category - Last Ten Calendar Years April 30, 2017 (Unaudited)

	2007	2008	2009
General Merchandise	\$ 355,410	729,003	727,772
Food	160,131	194,116	175,861
Drinking and Eating Places	157,769	147,971	166,372
Apparel	1,448	72	-
Furniture & H.H. & Radio	32,733	28,375	14,894
Lumber, Building Hardware	195,045	323,201	282,213
Automobile and Filling Stations	407,522	429,644	259,857
Drugs and Miscellaneous Retail	278,838	250,920	277,069
Agriculture and All Others	327,456	331,207	329,266
Manufacturers	216,569	161,464	112,243
Censored (1)	27,482	24,762	21,247
Totals	2,160,403	2,620,735	2,366,794
Village Portion of State Sales Tax Rate	1.00%	1.00%	1.00%
Village Non-Home Rule Rate	-	-	-
Total	1.00%	1.00%	1.00%

Notes:

- (1) Censored - The State will not release data if 4 or fewer businesses are included in a particular category for each County.
- (2) The Village Non-Home Rule Sales Tax was implemented on July 1, 2015.
- (3) The above numbers are the total sales tax dollars received by the Village before applicable sales tax rebates.

Data Source: Illinois Department of Revenue SIC Reporting and Village Records

2010	2011	2012	2013	2014	2015 (2)	2016
758,004	624,501	751,216	731,581	884,321	1,489,844	1,190,970
156,322	172,562	186,712	179,076	161,385	245,183	1,048,995
188,509	166,753	177,489	174,763	171,217	327,968	450,668
-	4,210	14,541	14,019	15,067	24,467	32,781
16,054	17,684	2,374	22,547	9,446	33,435	28,547
265,305	293,067	337,541	381,898	424,927	652,700	878,745
301,975	427,877	371,747	439,511	416,930	526,431	677,443
301,107	287,564	299,006	329,801	354,712	449,040	578,138
380,789	375,008	376,804	385,633	360,361	927,918	1,066,314
108,189	131,142	138,385	170,761	208,833	330,015	509,575
30,842	150,838	24,506	8,346	18,700	12,132	14,538
2,507,096	2,651,206	2,680,321	2,837,936	3,025,899	5,019,133	6,476,714
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
-	-	-	-	-	1.00%	1.00%
1.00%	1.00%	1.00%	1.00%	1.00%	2.00%	2.00%

VILLAGE OF MONTGOMERY, ILLINOIS

Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years

April 30, 2017 (Unaudited)

Fiscal Year		Village Portion of State Rate	State Portion of State Rate	Total State Rate	Village Non-Home Rule Rate	Regional Transportation Authority Rate	Public Safety Rate	Total Rate Village (Kendall County)
2008	Kane	1.00%	5.25%	6.25%	0.00%	0.25%	0.00%	6.50%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2009	Kane	1.00%	5.25%	6.25%	0.00%	0.75%	0.00%	7.00%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2010	Kane	1.00%	5.25%	6.25%	0.00%	0.75%	0.00%	7.00%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2011	Kane	1.00%	5.25%	6.25%	0.00%	0.75%	0.00%	7.00%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2012	Kane	1.00%	5.25%	6.25%	0.00%	0.75%	0.00%	7.00%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2013	Kane	1.00%	5.25%	6.25%	0.00%	0.75%	0.00%	7.00%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2014	Kane	1.00%	5.25%	6.25%	0.00%	0.75%	0.00%	7.00%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2015	Kane	1.00%	5.25%	6.25%	0.00%	0.75%	0.00%	7.00%
	Kendall	1.00%	5.25%	6.25%	0.00%	0.00%	1.00%	7.25%
2016	Kane	1.00%	5.25%	6.25%	1.00%	0.75%	0.00%	8.00%
	Kendall	1.00%	5.25%	6.25%	1.00%	0.00%	1.00%	8.25%
2017	Kane	1.00%	5.25%	6.25%	1.00%	0.75%	0.00%	8.00%
	Kendall	1.00%	5.25%	6.25%	1.00%	0.00%	1.00%	8.25%

Data Source: Village and State Records

Note: The rates listed in this table apply to sales of general merchandise. Sales of food not prepared for immediate consumption, drugs and titled vehicles are subject to a different tax rate. This rate is 1.75% in Kane County and 1.00% in Kendall County for sales of food and 7.00% in Kane County and 6.25% in Kendall County for sales of titled vehicles.

VILLAGE OF MONTGOMERY, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years April 30, 2017 (Unaudited)

Fiscal Year	Governmental Activities			Business-Type Activities			Percentage of Personal Income	Per Capita
	General Obligation Alternate Revenue Source Bonds	Capital Lease Payable		General Obligation Alternate Revenue Source Bonds	Installment Loans	Total Primary Government		
2008	\$ 13,990,000	\$ -		\$ 3,295,000	\$ 919,003	\$ 18,204,003	5.20%	\$ 1,263.55
2009	15,410,000	-		3,015,000	868,464	19,293,464	4.65%	1,130.79
2010	14,800,000	-		2,770,000	816,563	18,386,563	4.43%	1,077.63
2011	13,985,000	-		2,515,000	763,245	17,263,245	3.85%	936.29
2012	13,115,000	-		2,245,000	4,825,560	20,185,560	4.50%	1,094.78
2013	12,325,300	-		1,973,909	4,774,966	19,074,175	4.00%	1,034.50
2014	11,336,945	201,467		6,431,249	4,627,334	22,596,995	4.73%	1,225.57
2015	10,655,742	103,071		5,995,585	6,759,592	23,513,990	4.87%	1,275.30
2016	9,891,082	-		5,540,147	6,534,438	21,965,667	4.54%	1,191.33
2017	9,101,691	-		5,069,944	6,159,856	20,331,491	3.96%	1,102.70

Data Source: Village Records

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements.
See Demographic and Economic Statistics schedule for personal income and population data.

VILLAGE OF MONTGOMERY, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years April 30, 2017 (Unaudited)

Fiscal Year	Gross General Obligation Bonds	Debt Payable From Other Sources	Net General Obligation Bonds	Total Estimated Actual Value	Percentage of Actual Taxable Value of Property	Per Capita
2008	\$ 17,285,000	\$ 41,040	\$ 17,243,960	\$ 471,073,664	3.66%	\$ 1,196.92
2009	18,425,000	-	18,425,000	508,317,604	3.62%	1,079.89
2010	17,570,000	-	17,570,000	512,109,435	3.43%	1,029.77
2011	16,500,000	33,063	16,466,937	470,246,778	3.50%	893.10
2012	15,360,000	33,063	15,326,937	421,251,797	3.64%	831.27
2013	14,299,209	56,089	14,243,120	388,210,869	3.67%	772.49
2014	17,768,194	59,033	17,709,161	362,880,546	4.88%	960.47
2015	16,651,327	56,089	16,595,238	358,484,415	4.63%	900.06
2016	15,431,229	-	15,431,229	370,368,740	4.17%	836.93
2017	14,171,635	-	14,171,635	404,029,693	3.51%	768.61

Data Source: Village Records

Notes:

Details regarding the Village's outstanding debt can be found in the notes to the financial statements.
See Demographic and Economic Statistics schedule for population data.

VILLAGE OF MONTGOMERY, ILLINOIS

Schedule of Direct and Overlapping Bonded Debt April 30, 2017 (Unaudited)

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village	Village's Share of Debt
Village of Montgomery	\$ 14,171,635	100.000 %	\$ 14,171,635
Less: Self-Supported Debt	(14,171,635)	100.000 %	(14,171,635)
Net Direct Bonded Debt	-		-
School Districts:			
Community College District #516	72,795,667	7.760 %	5,648,944
School District #129	124,743,000	4.320 %	5,388,898
School District #131	128,811,175	4.230 %	5,448,713
School District #302	89,046,717	4.380 %	3,900,246
School District #308	314,683,712	10.530 %	33,136,195
Community College District #516	62,810,000	4.260 %	2,675,706
Total School Districts	792,890,271		56,198,701
Other Agencies:			
Kane County	39,335,000	1.130 %	444,486
Kendall County	30,593,762	8.010 %	2,450,560
Kane County Forest Presereve District	122,205,000	1.130 %	1,380,917
Kendall County Forest Preserve District	42,650,000	8.010 %	3,416,265
Fox Valley Park District	37,120,000	7.860 %	2,917,632
Oswegoland Park District	3,610,000	4.550 %	164,255
Oswego Library District	6,815,000	19.170 %	1,306,436
Sugar Grove Library District	4,765,000	12.620 %	601,343
Total Other Agencies	287,093,762		12,681,893
Total Overlapping Debt	1,079,984,033		68,880,594
Total Direct and Overlapping Debt	1,079,984,033		68,880,594

Data Source: Kane and Kendall Clerks

Note: Overlapping and bonded debt percentages based on 2015 EAV, the most current available.

VILLAGE OF MONTGOMERY, ILLINOIS

Schedule of Legal Debt Margin - Last Ten Fiscal Years April 30, 2017 (Unaudited)

	2008	2009	2010	2011
Assessed Value of Property	\$ 471,073,664	508,317,604	512,109,435	470,246,778
Debt Limit 8.625% of Assessed Value	40,630,104	43,842,393	44,192,914	40,558,785
Total Debt Applicable to Limit	275,000	-	-	-
Legal Debt Margin	40,355,104	43,842,393	44,192,914	40,558,785
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.681%	0.000%	0.000%	0.000%

Data Source: Audited Financial Statements

2012	2013	2014	2015	2016	2017
421,251,797	388,210,869	362,880,546	358,484,415	368,483,500	401,706,662
36,332,967	33,483,187	31,298,447	30,919,281	31,781,702	34,647,200
-	-	-	-	-	-
36,332,967	33,483,187	31,298,447	30,919,281	31,781,702	34,647,200
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

VILLAGE OF MONTGOMERY, ILLINOIS

Pledged Revenue Coverage - Last Ten Fiscal Years April 30, 2017 (Unaudited)

Fiscal Year	General Obligation Aleternate Revenue Source Bonds and IEPA Loans						
	Water Charges and Other	Less: Operating Expenses (1)	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2008	\$ 3,921,224	\$ 2,245,278	\$ 1,675,946	\$ 500,000	\$ 195,774	2.4088	
2009	2,900,870	2,323,735	577,135	330,539	172,271	1.1478	
2010	3,315,100	2,263,878	1,051,222	296,901	141,983	2.3952	
2011	3,582,980	2,499,547	1,083,433	308,298	131,614	2.4628	
2012	3,690,830	3,476,530	214,300	324,734	119,749	0.4821	
2013	4,010,153	3,127,373	882,780	419,238	183,683	1.4642	
2014	4,115,879	2,864,628	1,251,251	533,228	227,090	1.6457	
2015	4,572,131	3,204,017	1,368,114	685,374	302,158	1.3854	
2016	4,565,238	3,014,249	1,550,989	760,453	313,743	1.4439	
2014	4,871,852	3,690,643	1,181,209	834,582	301,039	1.0401	

Data Source: Village Records

(1) Total expenses exclusive of depreciation and bond interest.

VILLAGE OF MONTGOMERY, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2017 (Unaudited)

Fiscal Year	Population	Personal Income (in Thousands)	Per Capita Personal Income (1)	Unemployment Rate (2)
2008	14,407	\$ 350,306,205	\$ 24,315	5.90%
2009	17,062	414,862,530	24,315	10.30%
2010	17,062	414,862,530	24,315	10.60%
2011	18,438	448,319,970	24,315	9.55%
2012	18,438	448,319,970	24,315	8.60%
2013	18,438	477,212,316	25,882	8.55%
2014	18,438	477,783,894	25,913	6.60%
2015	18,438	483,296,856	26,212	5.45%
2016 (3)	18,438	481,342,428	26,106	5.65%
2017	18,438	512,816,094	27,813	4.10%

Data Source:

(1) US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

(2) Illinois Department of Employment Security, Kane and Kendall Counties

(3) Illinois Department of Employment Security, Kane and Kendall Counties, April 2016

VILLAGE OF MONTGOMERY, ILLINOIS

Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2017 (Unaudited)

Employer	2017			2008		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Caterpillar, Inc.	2,000	1	10.85%			
Butterball	660	2	3.58%			
Eby-Brown Co., LLC	400	3	2.17%	400	1	2.78%
Performanace Food Service	379	4	2.06%	340	4	2.36%
VVF Illinois Services	357	5	1.94%	400	1	2.78%
Wal-Mart	286	6	1.55%			
Aurora Bearing Co.	246	7	1.33%			
ComEd	200	8	1.08%			
Hormann, LLC	200	9	1.08%			
Sam's Club	170	10	0.92%			
Lyon Workspace Prodcuts, LLC				400	1	2.78%
Herman Gadco, LLC				200	5	1.39%
Weyerhaeuser Co.				150	6	1.04%
Aurora Metals Divisions, LLC				112	7	0.78%
Neumann Distribution Centers, LLC				100	8	0.69%
The Lakone Co.				95	9	0.66%
	<u>4,898</u>		<u>26.56%</u>	<u>2,197</u>		<u>15.26%</u>

Data Source:

Montgomery Economic Development Corporation

2016 Illinois Manufacturers Directory, 2016 Illinois Services Directory, Selective telephone survey

2007 Illinois Manufacturers Directory, 2007 Illinois Services Directory, Selective telephone survey

VILLAGE OF MONTGOMERY, ILLINOIS

**Full-Time Equivalent Village Government Employees by Function/Program - Last Ten Fiscal Years
April 30, 2017 (Unaudited)**

See Following Page

VILLAGE OF MONTGOMERY, ILLINOIS

Full-Time Equivalent Village Government Employees by Function/Program - Last Ten Fiscal Years April 30, 2017 (Unaudited)

Function/Program	2008	2009	2010	2011
General Government				
Administration	3.50	3.00	3.00	4.00
Finance	5.75	5.75	4.50	4.50
Building	5.00	-	-	-
Community Development	3.75	5.00	5.00	5.00
Public Safety				
Police				
Sworn Officers	25.00	23.00	23.00	23.00
Civilians/Other	10.00	11.00	11.00	11.00
Public Works				
Administration	3.00	2.00	2.00	2.00
Street Maintenance	8.00	7.00	7.00	7.00
Water Operations	2.00	2.00	2.00	2.00
Building Maintenance	1.00	1.00	1.00	1.00
Fleet Maintenance	1.50	1.50	1.50	1.50
Totals	68.50	61.25	60.00	61.00

Data Source: Village Records

2012	2013	2014	2015	2016	2017
3.00	3.88	2.38	1.88	1.88	1.88
4.50	5.50	5.50	6.00	6.00	6.00
-	-	-	-	-	-
3.50	3.50	4.70	5.00	5.00	5.00
23.00	23.00	25.00	25.00	25.00	28.00
11.00	3.00	3.00	3.00	3.00	3.70
2.00	2.00	2.00	2.00	2.00	2.00
8.00	7.00	8.50	8.50	9.00	10.50
2.00	3.00	3.00	3.00	3.00	3.00
-	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.50
58.00	52.88	56.08	56.38	56.88	62.58

VILLAGE OF MONTGOMERY, ILLINOIS

Operating Indicators by Function/Program - Last Ten Calendar Years April 30, 2017 (Unaudited)

Function/Program	2007	2008	2009
General Government			
Accounts Payable			
Checks Issued	-	-	-
ACH Transactions	-	-	-
Percent of Accounts Payable as ACH	-	-	-
Voided Checks	-	-	-
Percent of Accounts Payable Voided	-	-	-
Payroll			
Direct Deposits	-	-	-
Checks Issued	-	-	-
Percent of Payroll as Direct Deposits	-	-	-
Debt			
Bond Rating	-	-	-
Police			
Physical Arrests	565	703	845
Parking Violations	547	597	670
Traffice Violations	2,978	4,715	4,314
Truck Overweight Violations	-	-	-
Public Works			
Reconstruction (Miles)	1.8	1.5	1.3
Resurfacing (Miles)	-	-	-
Sidewalk Replacement (Sq. Ft.)	-	-	-
Parkway Tree Planting	-	-	-
Parkway Tree Removal	-	-	-
Water			
Number of Accounts	-	-	-
Average Bi-Monthly Bill	-	-	-
Payment Types			
Epayment (Village website, IVR, Mobile)	-	-	-
Lockbox	-	-	-
Bill Pay (Bank Website)	-	-	-
Credit Card	-	-	-
Direct Debit	-	-	-
Other	-	-	-
Peak Daily Consumption	4,332,000	4,539,000	4,120,000
Average Daily Consumption	2,459,795	2,642,000	2,583,000
Water Main Breaks	56	55	67
Water Main Breaks Spoils Removal (Sq. Yd.)	-	-	-
Fire Hydrant Maintenance and Painting	-	-	-
New Connections	782	251	49

Data Source: Village Records

2010	2011	2012	2013	2014	2015	2016
-	-	-	-	2,455	4,206	4,916
-	-	-	-	58	65	113
-	-	-	-	2.3%	1.5%	2.2%
-	-	-	-	23	23	57
-	-	-	-	0.9%	0.5%	1.1%
-	-	-	-	1,506	1,477	1,600
-	-	-	-	402	334	326
-	-	-	-	78.9%	81.6%	83.1%
-	-	-	-	AA	AA	AA
930	912	2,221	994	1,505	993	821
826	786	1,316	1,273	1,184	984	866
3,940	4,023	4,141	2,474	2,758	2,884	2,135
-	-	-	-	-	77	32
0.4	-	-	-	-	-	-
2.0	1.5	0.6	1.1	0.9	6.7	5.4
-	-	-	3,100	4,475	1,480	13,716
-	-	-	142	174	282	300
-	-	-	152	749	475	286
-	-	-	-	9,114	9,111	9,145
-	-	-	-	\$ 68.85	\$ 70.30	\$ 75.49
-	-	-	-	-	26.0%	31.1%
-	-	-	-	-	27.6%	25.2%
-	-	-	-	-	11.8%	14.2%
-	-	-	-	-	5.5%	5.5%
-	-	-	-	-	4.4%	4.5%
-	-	-	-	-	24.7%	19.5%
4,159,000	4,200,590	3,907,000	3,563,800	3,732,300	3,384,000	3,923,000
2,694,800	2,721,750	2,441,000	2,156,394	2,443,000	2,243,917	2,328,000
55	57	53	56	44	19	33
-	-	-	-	1,428	1,580	2,250
-	-	-	300	300	325	180
85	63	62	30	50	22	19

VILLAGE OF MONTGOMERY, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Calendar Years April 30, 2017 (Unaudited)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Area Patrols	3	3	3	4	4	4	4	4	4	4
Patrol Units	15	15	15	15	15	19	19	19	19	19
Public Works										
Residential Streets (Miles)	53	53	58	74	76	76	76	76	76	76
Water										
Water Mains (Miles)	-	-	-	110	114	114	117	117	117	118
Fire Hydrants	-	-	-	1,050	1,372	1,372	1,680	1,680	1,680	1,700
Storage Capacity (Millions of Gallons)	-	-	-	4.8	4.8	4.8	5.8	5.8	5.8	5.8

Data Source: Village Records