

VILLAGE OF MACKINAW

MACKINAW, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED APRIL 30, 2018

***JOHN P. GRIMES
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**VILLAGE OF MACKINAW
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2018
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Independent Auditor's Report

President and Board of Trustees
Village of Mackinaw
Mackinaw, Illinois

Report on the Financial Statements:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Village of Mackinaw, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions:

In my opinion, the financial statements referred to above present fairly, in all material respects, the

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respective financial position of the governmental activities, the business-type activities, and each major fund, of the Village of Mackinaw, Illinois as of April 30, 2018 and the respective changes in financial position for the year then ended, and the cash flows of its business-type activities for the year then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters:

Management Discussion/Required Supplementary Information:

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis (MDA) and the Required Supplementary Information (RSI) identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the MDA and RSI 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



JOHN P. GRIMES, CPA

Bloomington, Illinois
August 9, 2018

**VILLAGE OF MACKINAW - MACKINAW, ILLINOIS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2018**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader may understand the Village as a whole (Government-Wide statements), and then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities (pages C1 - C3), report on the Village as a whole. These statements include all assets and liabilities of the Village using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid. The governmental activities of the Village include general government administration, street maintenance, street lighting, public safety (police protection, crossing guard, and ESDA) and recreation. The statements report the Village's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the Village's financial health is improving or deteriorating.

In the Fund financial statements, (pages C4 - C9) Governmental Funds focus on how money flows into and out of those Funds and the balances left at year end available for spending in future periods. Governmental Funds use modified-accrual accounting, which measures cash and other financial assets that can readily be converted to cash. Governmental Fund statements provide a detailed short-term view of the Village's governmental operations and the basic services it provides. Capital assets purchased are reported in Governmental Fund financial statements as expenditures in the year of acquisition. No asset is reported. The issuance of long-term debt is recorded as a financial resource. Current year's payment of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded. The differences between governmental activities in the Government-Wide statements and the Governmental Fund financial statements are reconciled in the Governmental Fund financial statements.

Proprietary Funds (pages C10 - C12) use the accrual basis of accounting, the same as on the Government-Wide statements, therefore the statements will essentially match the business-type activities portion of the Government-Wide statements. Proprietary Fund activities include the water and sewer operations.

A condensed comparative summary analysis of fiscal year (FY) 2018 to 2017 is as follows:

	April 30	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
		ACTIVITIES		ACTIVITIES			
		2018	2017	2018	2017	2018	2017
Current assets		\$1,470,773	\$1,340,834	\$1,273,113	\$1,356,493	\$2,743,886	\$2,697,327
Other non-current assets		78,757	84,831	-	-	78,757	84,831
Net capital assets		936,910	824,650	4,338,018	4,289,283	5,274,928	5,113,933
Total assets		\$2,486,440	\$2,250,315	\$5,611,131	\$5,645,776	\$8,097,571	\$7,896,091
Deferred Outflow s		\$25,350	\$60,969	-	-	\$25,350	\$60,969
Current liabilities		\$43,756	\$83,593	\$306,665	\$241,863	\$350,421	\$325,456
Long-term liabilities		189,708	217,483	480,297	703,921	670,005	921,404
Total liabilities		\$233,464	\$301,076	\$786,962	\$945,784	\$1,020,426	\$1,246,860
Deferred Inflow s		\$296,802	\$287,599	-	-	\$296,802	\$287,599
Net position:							
Net investment in capital assets		\$936,910	\$824,650	\$3,674,097	\$3,407,376	\$4,611,007	\$4,232,026
Restricted		303,662	391,519	-	-	303,662	391,519
Unrestricted		740,952	506,440	1,150,072	1,292,616	1,891,024	1,799,056
Total net position		\$1,981,524	\$1,722,609	\$4,824,169	\$4,699,992	\$6,805,693	\$6,422,601

Positive ending balances were reported for both years, for all categories of net position, both for the Village as a whole, as well as for the governmental and business-type activities separately.

**VILLAGE OF MACKINAW - MACKINAW, ILLINOIS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2018**

		GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
		ACTIVITIES		ACTIVITIES		TOTAL	
Revenues:	April 30	2018	2017	2018	2017	2018	2017
Program revenues:							
Charges for services		\$104,704	\$97,634	\$945,139	\$952,112	\$1,049,843	\$1,049,746
Oper. grants/contributions		15,987	6,550	-	-	15,987	6,550
General revenues:							
Property taxes		288,211	281,059	-	-	288,211	281,059
Business District taxes		134,433	115,669	-	-	134,433	115,669
Utility taxes		125,355	121,517	-	-	125,355	121,517
Income taxes		177,438	231,941	-	-	228,730	231,941
Sales taxes		239,877	172,534	-	-	188,585	172,534
IDOT revenue		49,789	49,426	-	-	49,789	49,426
Replacement taxes		9,151	10,937	-	-	9,151	10,937
Video gaming taxes		5,634	4,329	-	-	5,634	4,329
Interest income		11,039	12,183	11,359	12,669	22,398	24,852
Total revenues		\$1,161,618	\$1,103,779	\$956,498	\$964,781	\$2,118,116	\$2,068,560
Functions/Program Expenses:							
General government		\$430,235	\$447,798	-	-	\$430,235	\$447,798
Public safety		277,867	286,762	-	-	277,867	286,762
Highways and streets		183,470	232,715	-	-	183,470	232,715
Recreation		11,131	11,075	-	-	11,131	11,075
Water operations		-	-	632,256	556,880	632,256	556,880
Sewer operations		-	-	200,065	148,377	200,065	148,377
Total expenses		\$902,703	\$978,350	\$832,321	\$705,257	\$1,735,024	\$1,683,607
Changes in net position		\$258,915	\$125,429	\$124,177	\$259,524	\$383,092	\$384,953
Ending net position		\$1,981,524	\$1,722,609	\$4,824,169	\$4,699,992	\$6,805,693	\$6,422,601

As may be seen by the above charts, the change in net position of governmental activities improved by \$258,915 for the fiscal year ended April 30, 2018, and the business-type activities improved by \$124,177.

The Village operates with eight funds - six Governmental funds (General Fund, Police/ESDA Fund, Mackinaw Recreation Fund, Street & Bridge Fund, Economic Development Fund, and Motor Fuel Tax Fund), and two Proprietary Funds (Water Fund and Sewer Fund).

For the current fiscal year, on a cash-flow basis, the General Fund's revenues exceeded expenditures and transfers to other Funds by \$58,584. The Motor Fuel Tax Fund's revenues exceeded expenditures by \$49,752. The Street & Bridge Fund's revenues exceeded expenditures and transfer by \$6,583. The Police/ESDA Fund's revenues exceeded expenditures and transfers by \$37,048. The other two governmental funds (Mackinaw Recreation, and Economic Development) had similar years in FY18 and FY17. This Governmental Fund information may be found on pages C7 - C8.

**VILLAGE OF MACKINAW - MACKINAW, ILLINOIS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED APRIL 30, 2018**

The Water Fund had revenues exceeding expenses of \$79,487 and the Sewer Fund's revenues exceeded expenses by \$44,690 (page C11).

There were no significant variations between appropriations and actual expenditures for the Governmental Funds. This information may be found on pages D1 - D8 of this report. It is normal to have some variation between estimates at the beginning of a year and actual results at the end of a year. Also, because expenditures legally may not exceed appropriations at the Fund level, appropriations sometimes are higher than a working budget would be.

Capital asset activity in FY18 included \$229,118 for sewage slip linings, \$ 86,603 for water infrastructure, \$191,103 for street infrastructure, \$17,301. This information may be found on pages C18 - C19.

The Village did not borrow any additional funds in FY18. The Village made \$217,986 of principal payments in FY18 on all debt outstanding. There were no significant changes in the Village's credit ratings or debt limitation during FY18. Debt information may be found on page C19.

Economic factors did not significantly affect results of operations for the year in question. There are no restrictions, commitments, or other limitations that would significantly affect the availability of fund resources for future use. There are no currently known facts, decisions, or conditions that are expected to have a significant effect on future financial position or results of operations.

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Please read the Notes to Financial Statements in conjunction with the Financial Statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Craig Friend, Village President

-or-

Lisa Spencer, Village Clerk

Village of Mackinaw
100 E. Fast Ave.
Mackinaw, IL. 61755
PH: (309) 359-5821

VILLAGE OF MACKINAW
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
APRIL 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Current Assets:			
Cash and cash equivalents	\$1,120,434	\$669,840	\$1,790,274
Certificates of deposit	-	475,326	475,326
Receivables	399,264	79,022	478,286
Internal balances	(48,925)	48,925	-
Total Current Assets	<u>\$1,470,773</u>	<u>\$1,273,113</u>	<u>\$2,743,886</u>
Non-Current Assets:			
Receivables, non-current portion	\$78,757	-	\$78,757
Capital assets	1,571,002	7,862,683	9,433,685
Less: Accumulated depreciation	(634,092)	(3,524,665)	(4,158,757)
Total Non-Current Assets	<u>\$1,015,667</u>	<u>\$4,338,018</u>	<u>\$5,353,685</u>
TOTAL ASSETS	<u>\$2,486,440</u>	<u>\$5,611,131</u>	<u>\$8,097,571</u>
DEFERRED OUTFLOWS OF RESOURCES - IMRF	<u>\$25,350</u>	<u>-</u>	<u>\$25,350</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$2,511,790</u>	<u>\$5,611,131</u>	<u>\$8,122,921</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current Liabilities:			
Accounts payable	\$14,423	\$99,157	\$113,580
IEPA loan - current portion	-	183,624	183,624
Accrued expenses	29,333	23,884	53,217
Total Current Liabilities	<u>\$43,756</u>	<u>\$306,665</u>	<u>\$350,421</u>
Noncurrent Liabilities:			
Net pension liability - IMRF	\$189,708	-	\$189,708
IEPA loan - noncurrent portion	-	480,297	480,297
Total Noncurrent Liabilities	<u>\$189,708</u>	<u>\$480,297</u>	<u>\$670,005</u>
TOTAL LIABILITIES	<u>\$233,464</u>	<u>\$786,962</u>	<u>\$1,020,426</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable property taxes	\$296,802	-	\$296,802
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$296,802</u>	<u>-</u>	<u>\$296,802</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$530,266</u>	<u>\$786,962</u>	<u>\$1,317,228</u>
NET POSITION:			
Net investment in capital assets - net of related debt	\$936,910	\$3,674,097	\$4,611,007
Restricted net position	303,662	-	303,662
Unrestricted net position	740,952	1,150,072	1,891,024
TOTAL NET POSITION	<u>\$1,981,524</u>	<u>\$4,824,169</u>	<u>\$6,805,693</u>

See accompanying notes to the financial statements.

**VILLAGE OF MACKINAW
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018**

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$341,219)	-	(\$341,219)
(252,705)	-	(252,705)
(183,470)	-	(183,470)
(4,618)	-	(4,618)
<u>(\$782,012)</u>	<u>-</u>	<u>(\$782,012)</u>
-	\$69,531	\$69,531
-	43,287	43,287
<u>-</u>	<u>\$112,818</u>	<u>\$112,818</u>
<u>(\$782,012)</u>	<u>\$112,818</u>	<u>(\$669,194)</u>
\$288,211	-	\$288,211
134,433	-	134,433
125,355	-	125,355
177,438	-	177,438
239,877	-	239,877
49,789	-	49,789
9,151	-	9,151
5,634	-	5,634
11,039	11,359	22,398
<u>\$1,040,927</u>	<u>\$11,359</u>	<u>\$1,052,286</u>
\$258,915	\$124,177	\$383,092
<u>1,722,609</u>	<u>4,699,992</u>	<u>6,422,601</u>
<u>\$1,981,524</u>	<u>\$4,824,169</u>	<u>\$6,805,693</u>

**VILLAGE OF MACKINAW
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2018**

	General Fund	Police/ ESDA Fund	Mackinaw Recreation Fund	Street & Bridge Fund
ASSETS:				
Cash and cash equivalents	\$981,976	\$200	-	-
Receivables	315,436	49,798	-	29,566
Due from other funds	-	-	-	-
TOTAL ASSETS	\$1,297,412	\$49,998	-	\$29,566
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$9,356	\$2,426	-	\$2,641
Accrued expenses	9,465	11,198	-	8,670
Due to other funds	148,925	-	-	-
Total Liabilities	\$167,746	\$13,624	-	\$11,311
DEFERRED INFLOWS OF RESOURCES:				
Unavailable property taxes	\$217,596	\$49,640	-	\$29,566
TOTAL DEFERRED INFLOWS OF RESOURCES	\$217,596	\$49,640	-	\$29,566
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$385,342	\$63,264	-	\$40,877
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	211,586	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	700,484	(13,266)	-	(11,311)
Total Fund Balances	\$912,070	(\$13,266)	-	(\$11,311)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$1,297,412	\$49,998	-	\$29,566

Continued

**VILLAGE OF MACKINAW
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2018**

	Economic Development Fund	Motor Fuel Tax Fund	Total
ASSETS:			
Cash and cash equivalents	\$50,646	\$87,612	\$1,120,434
Receivables	-	4,464	399,264
Due from other funds	100,000	-	100,000
TOTAL ASSETS	\$150,646	\$92,076	\$1,619,698
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Accounts payable	-	-	\$14,423
Accrued expenses	-	-	29,333
Due to other funds	-	-	148,925
Total Liabilities	-	-	\$192,681
DEFERRED INFLOWS OF RESOURCES:			
Unavailable property taxes	-	-	\$296,802
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	\$296,802
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	-	\$489,483
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	-	92,076	303,662
Committed	-	-	-
Assigned	-	-	-
Unassigned	150,646	-	826,553
Total Fund Balances	\$150,646	\$92,076	\$1,130,215
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$150,646	\$92,076	\$1,619,698

See accompanying notes to the financial statements.

Concluded

**VILLAGE OF MACKINAW
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
 NET POSITION OF GOVERNMENTAL ACTIVITIES
 APRIL 30, 2018**

TOTAL GOVERNMENTAL FUND BALANCES - PAGE C5 **\$1,130,215**

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 as assets in Governmental Funds.

Assets cost	1,571,002	
Accumulated depreciation	<u>(634,092)</u>	936,910

The long-term portion of receivables will not be received in the current period and, therefore, are not reported in Governmental Funds. 78,757

Some liabilities, deferred outflows of resources and deferred inflows of resources reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported in governmental funds

Net pension liability - IMRF	(189,708)	
Deferred outflows of resources - IMRF	<u>25,350</u>	

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES - PAGE C1 **\$1,981,524**

See accompanying notes to the financial statements.

**VILLAGE OF MACKINAW
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018**

	General Fund	Police/ ESDA Fund	Mackinaw Recreation Fund	Street & Bridge Fund
REVENUES				
Property taxes	\$211,096	\$48,339	-	\$28,776
Business District taxes	134,433	-	-	-
Utility taxes	125,355	-	-	-
Intergovernmental	432,100	-	5,001	-
Fines	-	19,597	-	-
Licenses and permits	6,480	-	-	-
Cell tower lease	10,957	-	-	-
Donations/Grants	15,987	-	-	-
Interest income	8,488	-	-	-
Recycling	14,020	-	-	-
Miscellaneous	43,084	5,565	-	-
Total Revenues	\$1,002,000	\$73,501	\$5,001	\$28,776
EXPENDITURES				
Current:				
General government	\$393,069	-	-	-
Public safety	-	248,788	-	-
Highways and streets	-	-	-	160,882
Recreation	-	-	7,454	-
Capital outlay	191,103	-	-	5,767
Total Expenditures	\$584,172	\$248,788	\$7,454	\$166,649
Excess (deficiency) of revenues over (under) expenditures	\$417,828	(\$175,287)	(\$2,453)	(\$137,873)
OTHER FINANCING SOURCES (USES):				
Transfers (to) from other funds	(\$359,244)	\$212,335	\$2,453	\$144,456
Local business loan principal repayments	-	-	-	-
Total Other Financing Sources (Uses)	(\$359,244)	\$212,335	\$2,453	\$144,456
Net Change In Fund Balances	\$58,584	\$37,048	-	\$6,583
Fund Balance - Beginning Of Year	853,486	(50,314)	-	(17,894)
FUND BALANCE - END OF YEAR	\$912,070	(\$13,266)	-	(\$11,311)

Continued

**VILLAGE OF MACKINAW
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018**

	Economic Development Fund	Motor Fuel Tax Fund	Total
REVENUES			
Property taxes	-	-	\$288,211
Business District taxes	-	-	134,433
Utility taxes	-	-	125,355
Intergovernmental	-	49,789	486,890
Fines	-	-	19,597
Licenses and permits	-	-	6,480
Cell tower lease	-	-	10,957
Donations/Grants	-	-	15,987
Interest income	2,532	19	11,039
Recycling	-	-	14,020
Miscellaneous	-	-	48,649
Total Revenues	\$2,532	\$49,808	\$1,161,618
EXPENDITURES			
Current:			
General government	-	-	\$393,069
Public safety	-	-	248,788
Highways and streets	-	56	160,938
Recreation	-	-	7,454
Capital outlay	-	-	196,870
Total Expenditures	-	\$56	\$1,007,119
Excess (deficiency) of revenues over (under) expenditures	\$2,532	\$49,752	\$154,499
OTHER FINANCING SOURCES (USES):			
Transfers (to) from other funds	-	-	-
Local business loan principal repayments	6,074	-	6,074
Total Other Financing Sources (Uses)	\$6,074	-	\$6,074
Net Change In Fund Balances	\$8,606	\$49,752	\$160,573
Fund Balance - Beginning Of Year	142,040	42,324	969,642
FUND BALANCE - END OF YEAR	\$150,646	\$92,076	\$1,130,215

See accompanying notes to the financial statements.

Concluded

**VILLAGE OF MACKINAW
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - PAGE C8 \$160,573

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

Governmental Funds report capital outlay as expenditures, while in the Statement of Activities these costs are capitalized. 196,870

The write off of capital assets by means of depreciation over their estimated useful lives is reported in the Statement of Activities, however, not in Governmental Funds where assets are expensed. (84,610)

The repayment of the long-term portion of receivables provides current financial resources to Governmental Funds. (6,074)

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

(Increase) decrease in net pension liability - IMRF 27,775
(Decrease) increase in deferred outflows of resources - IMRF (35,619)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES - PAGES C2 - C3 \$258,915

See accompanying notes to the financial statements.

**VILLAGE OF MACKINAW
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2018**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$422,299	\$247,541	\$669,840
Certificates of deposit	475,326	-	475,326
Receivables	58,380	20,642	79,022
Due from other funds	37,105	11,820	48,925
Total Current Assets	\$993,110	\$280,003	\$1,273,113
Long-Term Assets:			
Capital assets	\$6,356,765	\$1,505,918	\$7,862,683
Less: Accumulated depreciation	(3,146,991)	(377,674)	(3,524,665)
Total Long-Term Assets	\$3,209,774	\$1,128,244	\$4,338,018
TOTAL ASSETS	\$4,202,884	\$1,408,247	\$5,611,131
LIABILITIES			
Current Liabilities:			
Accounts payable	\$13,112	\$86,045	\$99,157
Current portion of IEPA loan	183,624	-	183,624
Accrued expenses	15,215	8,669	23,884
Total Current Liabilities	\$211,951	\$94,714	\$306,665
Long-term liabilities:			
IEPA loan payable - noncurrent portion	\$480,297	-	\$480,297
TOTAL LIABILITIES	\$692,248	\$94,714	\$786,962
NET POSITION			
Net investment in capital assets - net of related debt	\$2,545,853	\$1,128,244	\$3,674,097
Unrestricted net position	964,783	185,289	1,150,072
TOTAL NET POSITION	\$3,510,636	\$1,313,533	\$4,824,169
TOTAL LIABILITIES AND NET POSITION	\$4,202,884	\$1,408,247	\$5,611,131

See accompanying notes to the financial statements.

**VILLAGE OF MACKINAW
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2018**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues, charges for services	<u>\$701,787</u>	<u>\$243,352</u>	<u>\$945,139</u>
Operating expenses:			
Personal services	\$172,352	\$59,975	\$232,327
Contractual services	127,637	67,570	195,207
Supplies and materials	90,533	16,353	106,886
Interest expense	19,381	-	19,381
Depreciation expense	222,353	56,167	278,520
Total operating expenses	<u>\$632,256</u>	<u>\$200,065</u>	<u>\$832,321</u>
Operating Income (Loss)	<u>\$69,531</u>	<u>\$43,287</u>	<u>\$112,818</u>
Nonoperating revenues (expenses):			
Interest income	\$9,956	\$1,403	\$11,359
Total nonoperating revenues (expenses)	<u>\$9,956</u>	<u>\$1,403</u>	<u>\$11,359</u>
Change In Net Position	\$79,487	\$44,690	\$124,177
Net Position - Beginning Of Year	<u>3,431,149</u>	<u>1,268,843</u>	<u>4,699,992</u>
NET POSITION - END OF YEAR	<u>\$3,510,636</u>	<u>\$1,313,533</u>	<u>\$4,824,169</u>

See accompanying notes to the financial statements.

**VILLAGE OF MACKINAW
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2018**

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from customers	\$704,120	\$245,257	\$949,377
Payments to suppliers for goods/services	(236,248)	(84,158)	(320,406)
Payments of interest expense	(21,529)	-	(21,529)
Payments to/on behalf of employees	(175,778)	(61,971)	(237,749)
Net Cash Provided By Operating Activities	\$270,565	\$99,128	\$369,693
 Cash Flows From Capital And Related Financing Activities:			
Payment of loan principal	(\$217,986)	-	(\$217,986)
Purchase/construction of capital assets	(92,370)	(149,838)	(242,208)
Net Cash Used In Capital and Related Financing Activities	(\$310,356)	(\$149,838)	(\$460,194)
 Cash Flows From Investing Activities:			
Interest income received	\$9,956	\$1,403	\$11,359
Retirement of (additions to) certificates of deposit	(70,056)	-	(70,056)
Net Cash Used In Investing Activities	(\$60,100)	\$1,403	(\$58,697)
 Cash Flows From Noncapital Financing Activities:			
Net interfund loans received (paid)	\$27,578	(\$167)	\$27,411
Net Cash Provided By Noncapital Financing Activities	\$27,578	(\$167)	\$27,411
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(\$72,313)	(\$49,474)	(\$121,787)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	494,612	297,015	791,627
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$422,299	\$247,541	\$669,840
 Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities:			
Operating income (loss)	\$69,531	\$43,287	\$112,818
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	222,353	56,167	278,520
Change in assets and liabilities:			
Accounts receivable	2,333	1,905	4,238
Accounts payable	(18,078)	(235)	(18,313)
Accrued expenses	(5,574)	(1,996)	(7,570)
Net Cash Provided By Operating Activities	\$270,565	\$99,128	\$369,693

There were no activities during the year that affected recognized assets or liabilities that did not result in cash flows.

See accompanying notes to the financial statements.

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Village of Mackinaw operates under a locally elected seven member Board form of government, with a Mayor/President as one of the seven, and provides services to the residents of the Village including; public safety, public works, recreation, water and sewer operations and general development and maintenance.

A: FINANCIAL REPORTING ENTITY:

The Village's financial reporting entity comprises solely the primary government - the Village. The Village has no component units. In determining the financial reporting entity, the Village complies with GASB statement requirements that component units must be included when the Village appoints a majority of a Board, when the Village is able to impose its will on the unit, or when a financial benefit or burden relationship exists.

B: FUND ACCOUNTING:

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions or activities. A Fund is defined as a fiscal and accounting entity with a set of self-balancing accounts. The various Funds of the Village are grouped into the categories Governmental and Proprietary.

Governmental Funds:

Governmental Funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various Governmental Funds according to the purposes for which they may or must be used. Current liabilities are assigned to the Fund from which they will be paid. The difference between Governmental Fund assets and liabilities is reported as Fund balance. The following are the Village's Governmental Funds:

The General Fund is used to account for all financial resources except those required to be accounted for in another Fund. The General Fund balance may be used for any purpose not contrary to law.

The Police/ESDA Fund is used to account for property taxes used for police protection, civil defense and school crossing guard expense.

The Mackinaw Recreation Fund is used to account for fees received for recreation activities.

The Street & Bridge Fund is used to account for property taxes used for street maintenance, and street light expenditures.

The Economic Development Fund is used to account for loans to Village businesses.

The Motor Fuel Tax Fund is used to account for motor fuel taxes received from Illinois and expenditures approved by the Illinois Department of Transportation.

Proprietary Funds:

Proprietary Funds are used to account for a government's ongoing activities which are similar to those found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The Village has implemented private sector guidance for business-type activities and enterprise funds.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises.

The Water and Sewer Funds are used to account for revenues from user fees of the Village's water and sewer systems and for expenses to operate the systems.

C: BASIS OF PRESENTATION:

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Village as a whole. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities. The Government-Wide statements are prepared using the economic resources measurement focus. This is the same approach used in

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Fund financial statements are prepared. Governmental Fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the Government-Wide statements and the statements for Governmental Funds. The Government-Wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Village and for each function or program of the Village's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Village. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self financing or draws from the general revenues of the Village.

Fund Financial Statements - Fund financial statements report detailed information about the Village. The focus of Governmental and Enterprise Fund financial statements is on major Funds rather than reporting Funds by type. Each major Fund is presented in a separate column. Nonmajor Funds are aggregated and presented in a single column. The accounting and reporting treatment applied to a Fund is determined by its measurement focus. All Governmental Fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for Governmental Funds are a balance sheet, which includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. All Proprietary Fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. The Statement of Cash Flows provides information about how the Village finances and meets the cash flow needs of its proprietary activities.

The Village reports all Funds as major Funds due to the small number of Funds used.

D: BASIS OF ACCOUNTING:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-Wide financial statements as well as Proprietary Funds use the accrual basis of accounting. Governmental Funds use the modified accrual basis of accounting. Revenues are recorded on the accrual basis when the transaction occurs. On the modified accrual basis, revenues are susceptible to accrual in the fiscal year in which they are measurable and available. Available means that the resources will be collected within the current fiscal year or within sixty days of the fiscal year end.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of Governmental Fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related Fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in Governmental Funds.

E: CASH AND CASH EQUIVALENTS:

The Village maintains all deposits in bank accounts in the name of the Village. For presentation purposes on the financial statements, cash and cash equivalents includes investments with an initial maturity of three months or less.

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

F: INVESTMENTS:

The Village's certificates of deposit are valued at fair value.

G: ACCOUNTS RECEIVABLE:

Accounts receivable result principally from billings to residents of the Village on water and sewer operations. An allowance for uncollectible accounts is not deemed necessary.

H: INVENTORIES:

Inventories of supplies are not of a materially substantial amount and are not reflected in these financial statements.

I. PREPAID EXPENSES:

Prepaid expenses are recorded using the consumption method. A current asset for the prepaid amount is recorded at the time of payment and an expenditure/expense is recorded in the year in which goods or services are used or consumed.

J: CAPITAL ASSETS:

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from expenditures in the Governmental Funds. These assets are reported in the governmental activities column of the Government-Wide statement of net position but are not reported in the Fund financial statements. Capital assets of the Proprietary Fund are reported both on the Government-Wide statement of net position and in the respective Fund statement.

Capital assets are reported at cost (or estimated historical cost) using a \$2,500 threshold for vehicles/equipment, \$10,000 for buildings and improvements, and \$50,000 for infrastructure. Capital assets less than the above amounts are reported as repairs/supplies. Donated assets are recorded at their fair market value. An asset must have a useful life of more than 1 year to be capitalized. Improvements are capitalized, normal maintenance and repairs are expensed. All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Furniture, tools, and equipment 5-7 years.
Vehicles 5-7 years.
Road improvements 10 years.

Buildings and improvements 20-40 years.
New infrastructure 40 years.

The useful life of an asset is based on judgment and past history of similar assets.

K: INTERFUND BALANCES:

On Fund financial statements, receivables and payables resulting from short term loans among the Funds are classified as due from/to other Funds. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L: DEFERRED INFLOWS/OUTFLOWS OF RESOURCES:

In Governmental Funds, deferred inflows represent amounts due, which are measurable, but not available. In the statement of net position, deferred inflows represent property taxes which are levied for a future period. Deferred outflows represents future IMRF pension expense.

M: NET POSITION:

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated

VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS

depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through Village ordinance or by external restrictions imposed by creditors or State law.

N: FUND BALANCES:

Governmental fund equity is classified as fund balance. In the fund financial statements there are five classifications of fund balance:

Nonspendable includes amounts that cannot be spent because they are either not in spendable form (Prepaid expenses) or legally or contractually required to be maintained intact.

Restricted includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed includes amounts that may only be used for the specific purposes pursuant to constraints imposed by formal action of the Village's Board of Trustees.

Assigned includes amounts that are encumbered or appropriated to fund the next fiscal year expenditures. Only the Board of Trustees may assign fund balances.

Unassigned includes all other General Fund balance not meeting the definition of the above four classifications and are deemed to be available for general use by the Village.

Restricted fund balance is used when either restricted or unrestricted fund balance may be used. Committed, then assigned, then unassigned fund balance is used when any may be used.

O: OPERATING REVENUES AND EXPENSES:

Operating revenues and expenses are those that are generated directly from the primary activities of the Proprietary Funds. For the Village, those revenues are water and sewer billings to the residents of the Village, and expenses to operate the water and sewer systems.

P: APPROPRIATION ORDINANCE:

The Village is allowed to enact an appropriation ordinance, in lieu of a formal budget.

The Village follows these procedures in adopting an appropriation ordinance:

Within the first quarter of the fiscal year, the Village Treasurer submits an appropriation ordinance to the Village Board. Prior to the end of the first quarter of the fiscal year, the ordinance is enacted by the Village Board. The ordinance is then filed with the County Clerk for public inspection.

Transfers between departments within a Fund may be made after the first half of the fiscal year by a 2/3 vote of the Village Board.

The Village may not legally make expenditures from a Fund in excess of appropriations. Appropriations are on the same basis as these financial statements.

Q: ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

R: COMPENSATED ABSENCES:

Village policy may allow employees to accumulate earned but unused vacation and sick day benefits.

For Proprietary Fund types and Government-Wide statements, these accumulations are recorded as expenses and liabilities of the appropriate Fund in the fiscal year earned. For Governmental Funds, these benefits are recorded if they are expected to be paid with available expendable resources.

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

NOTE 2: DEPOSITS AND INVESTMENTS:

State statutes authorize the Village to invest in demand deposit (checking) accounts and time deposits (CD's) with qualified financial institutions. These are the only types of deposits/investments the Village had at April 30, 2018. For deposits and investments, there were no violations of legal or contractual provisions during the current year.

Interest Rate Risk:

The Village's investment policy does not have specific limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk:

The Village's investment policy does not have specific limits on investment credit risk.

Custodial Credit Risk - Deposits:

Custodial credit risk is the risk that, in the event of an institution failure, the Village's deposits may not be returned. The Village requires collateralization, in excess of insured limits, be held by the pledging financial institution's agent in the Village's name.

As of April 30, 2018, none of the Village's deposits were exposed to custodial credit risk because they were insured or secured with pledged securities held by a third party.

Custodial Credit Risk - Investments:

For an investment, custodial credit risk 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 that are in the possession of an outside party. The Village policy for this is the same as for deposits (above). As of April 30, 2018, the Village had no exposure to custodial credit risk.

Concentration of Credit Risk:

The Village does not have a specific policy regarding diversification of investments.

The Village utilizes a common checking account, for convenience purposes, to make expenditures. Any excess of unreimbursed expenditures/expenses of a fund at the end of the fiscal year are shown as an interfund loan to or from the General Fund.

A reconciliation of cash and cash equivalents, as shown in the financial statements, is as follows:

Government-Wide Financial Statement Captions:		Carrying Amount
Cash and cash equivalents		\$1,790,274
Certificates of deposit		475,326
Total		<u>\$2,265,600</u>
Deposits: Bank checking or money-market accounts - 2 banks		\$1,789,724
Certificates of deposit/CDARS		475,326
Cash on hand		550
Total		<u>\$2,265,600</u>

NOTE 3: RECEIVABLES:

Receivables at April 30, 2018 were as follows:

	Governmental Activities	Business-Type Activities
Taxes	\$399,106	-
Fines	158	-
Local business development loans	78,757	-
Water/sewer billings to residents	-	79,022
Totals	<u>\$478,021</u>	<u>\$79,022</u>

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

Governmental Activities consisted of \$399,264 current receivables (those expected to be received in the next fiscal year) and \$78,757, the long-term portion of local business loans.

NOTE 4: INTERFUND LOANS/TRANSFERS:

These interfund loans result from the use of a common checking account to make expenditures/ expenses. The Economic Development Fund loaned \$100,000 to the General Fund to help with the purchase of a building.

During the current fiscal year, the General Fund transferred \$212,335 to the Police/ESDA, Fund, \$144,456 to the Street & Bridge Fund, \$2,453 to the Recreation Fund.

These transfers were to cover expenditures in excess of the limited property tax levies of the smaller funds.

NOTE 5: CAPITAL ASSETS:

Capital asset activity for the fiscal year ended April 30, 2018, was as follows:

	Balance 5/01/17	Purchases/ Additions	Sales/ Deletions	Balance 4/30/18
GOVERNMENTAL:				
Not depreciated:				
Land	\$33,140	-	-	\$33,140
Depreciated:				
Buildings/Improvements	593,583	-	-	593,583
Infrastructure	315,283	191,103	-	506,386
Equipment	232,924	5,767	6,693	231,998
Vehicles	205,895	-	-	205,895
Capital Assets - Cost	\$1,380,825	\$196,870	\$6,693	\$1,571,002
Less: Accumulated Depreciation	(556,175)	(84,610)	(6,693)	(634,092)
Governmental Activities Capital Assets, Net	\$824,650	\$112,260	-	\$936,910

Depreciation expense was charged to functions/programs as follows:

General government	\$29,322
Public safety	29,079
Highways and streets	22,532
Recreation	3,677
Total Governmental Activities Depreciation	\$84,610

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

	Balance 5/01/17	Purchases/ Additions	Sales/ Deletions	Balance 4/30/18
BUSINESS-TYPE:				
Not depreciated:				
Land	\$95,789	-	-	\$95,789
Depreciated:				
Sewage treatment facilities	1,155,660	229,118	-	1,384,778
Water facilities	6,001,824	86,603	-	6,088,427
Machinery and equipment	313,426	11,534	31,271	293,689
Capital Assets - Cost	\$7,566,699	\$327,255	\$31,271	\$7,862,683
Less: Accumulated Depreciation	(3,277,416)	(278,520)	(31,271)	(3,524,665)

Business-Type Activities				
Capital Assets, Net	\$4,289,283	\$48,735	-	\$4,338,018

Depreciation expense was charged to functions/programs as follows:

Water operations	\$222,353
Sewer operations	56,167
Total Business-Type Activities Depreciation	\$278,520

NOTE 6: LOANS PAYABLE:

Business-Type Activities:

The following is a summary of changes in loans payable for the year ended April 30, 2018:

	Balance 5/1/2017	Additions	Payments	Balance 4/30/2018	Current Portion
Illinois EPA Loan	\$881,907	-	\$217,986	\$663,921	\$183,624

The Illinois EPA Loan had an original balance of \$3,044,955, is due to be repaid in installments of \$99,757 each June 11 and December 11 thru 2021 with interest included at a rate of 2.57%.

The total amount required to pay off all Business-Type Activities debt outstanding at April 30, 2018, including interest, is as follows.

Year Ended	Principal	Interest	Total
4/30/2019	\$183,624	\$15,890	\$199,514
4/30/2020	188,373	11,141	199,514
4/30/2021	193,246	6,268	199,514
4/30/2022	98,678	1,270	99,948
Totals	\$663,921	\$34,569	\$698,490

NOTE 7: PROPERTY TAXES:

The Village's property tax is levied each year on all taxable real property within the Village on or before the last Tuesday in December. The year 2017 levy was enacted by the Board on November 27, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on or about June 1 and September 1. The Village receives significant distributions of tax revenues approximately one month after these due dates.

The 2016 levy was received by the Village this fiscal year.

The following are the tax rate limits permitted by statute and local referendum and actual rates levied per \$100.00 of assessed valuation:

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

TAX RATES:	RATE LIMITS	Actual Levy		
		2017	2016	2015
Corporate (General)	.4375	.42571	.41975	.42597
Street lighting	.0500	.04814	.04752	.04821
Audit	-	.01622	.01600	.01623
Police protection	.6000	.15323	.15126	.15348
ESDA	.0500	.00168	.00170	.00182
School crossing guards	.0200	.01703	.01729	.01787
Social security	-	.11178	.11034	.11195
IMRF	-	.12425	.12265	.12445
Liability insurance	-	.07573	.07475	.07584
Totals		.97377	.96126	.97582
COUNTY CLERK EXTENSIONS		\$281,134	\$272,347	\$264,911
TAX COLLECTIONS		\$ -	\$272,956	\$265,867
ASSESSED VALUATIONS		28,870,673	28,332,343	27,147,533

NOTE 8: LEGAL DEBT MARGIN:

The legal debt margin of the Village at April 30, 2018 is 8.625% of the 2017 assessed valuation or \$2,490,096.

NOTE 9: CONTINGENCIES:

The Village has been the recipient of various state and local taxes. Should the future receipt of these taxes be impaired by political or economic circumstances, the Village would be affected significantly.

NOTE 10: INTERGOVERNMENTAL AGREEMENT:

The Village has entered into an agreement with Mackinaw Township to provide recreation services to residents of the Village and Township. The Township will reimburse the Village \$5,001 for office and maintenance expenses. This agreement is renewable each year.

NOTE 11: LEASE INCOME:

The Village has a five year lease agreement with Verizon Wireless. Verizon is leasing real estate for a tower in exchange for \$913 monthly rent. This lease ends October 2021. Verizon has an option to renew for (1) five year additional period for an increased rental amount.

NOTE 12: OPERATING LEASES:

The Village has an agreement to lease a backhoe for \$460 per month for 35 months with a balance due of \$41,133 on the 36th payment, if the Village executes a buy-out. In the past, the Village has opted to get a new backhoe with a new lease period. Future lease payments are:

Year ended April 30, 2019	\$5,520
Year ended April 30, 2020	41,133
Total	<u>\$46,653</u>

NOTE 13: RISK MANAGEMENT:

The Village is exposed to various risks related to torts, theft or damage to capital assets, errors or omissions, and natural disasters for which the Village carries insurance.

There was no significant reduction in insurance coverage from the prior year.

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

Insurance settlements did not exceed insurance coverage in any of the prior 3 years.

NOTE 14: RESTRICTED FUND BALANCE - USE OF TAXES RECEIVED:

Governmental Fund Balances are restricted for the following:

<u>Amount</u>	<u>Levy/Taxes Received/Other</u>	<u>Restricted use</u>
\$211,586	Business District taxes	Business District expenditures
92,076	Motor fuel taxes	IDOT approved expenditures
<u>\$303,662</u>	<u>Total Restricted Fund Balance - Use of taxes received</u>	

The Liability Insurance Restricted Fund Balance consisted of:

Balance 5/1/17	-
Taxes received	21,223
Liability insurance expenditures	<u>(21,223)</u>
Balance 4/30/2018	<u>-</u>

NOTE 15: SUBSEQUENT EVENTS:

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events; recognized (events that relate to conditions present at the balance sheet date) and non recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no recognized or non-recognized subsequent events that have occurred between April 30, 2018 and the issue date of these financial statements.

NOTE 16: TAX ABATEMENTS:

The Village negotiates sales tax abatements on an individual basis. The Village has two sales tax abatement agreements as of April 30, 2018.

The purpose of these agreements was to assist companies, and to provide economic development for the Village.

	<u>% of Sales Tax Rebated</u>	<u>Amount Rebated</u>
Company #1	50%	\$6,241
Company #2	50%	<u>4,259</u>
Total Rebated		<u>\$10,500</u>

The sales tax agreements were negotiated under the Illinois Compiled Statutes.

The Village has not made any commitments as part of the above agreements other than to reduce taxes. The Village is not subject to any tax abatement agreements entered into by other governmental entities.

The Village has chosen to disclose information about tax abatement agreements that exceed a quantitative threshold of \$1,000.

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

NOTE 17: DEFINED BENEFIT PENSION PLAN – IMRF:

IMRF Plan Description

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

Benefits Provided

The Village participates in the Regular Plan (RP). The RP plan has two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement. Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of: 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

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

Retirees and beneficiaries currently receiving benefits - 4
Inactive plan members entitled to but not yet receiving benefits - 1
Active plan members - 9
Total - 14

Contributions

As set by statute, the Village's RP 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 2017 was 11.98%. For the fiscal year ended April 30, 2018, the Village contributed \$52,473 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017: The **Actuarial Cost Method** used was Entry Age Normal. The **Asset Valuation Method** used was market value of assets. The **Inflation Rate** was assumed to be 2.50%. **Salary Increases** were expected to be 3.39% to 14.25%, attributable to inflation. The **Investment Rate of Return** was assumed to be 7.50%. **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016. The IMRF-specific rates for

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects: The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan fiduciary net position as a % of the total pension liability
Balances at December 31, 2016	\$1,232,606	\$1,015,123	\$217,483	86.28%
Changes for the year:				
Service Cost	\$41,023	-	\$41,023	Covered valuation payroll
Interest on the Total Pension Liability	92,760	-	92,760	\$392,789
Changes of Benefit Terms	-	-	-	
Differences Expected and Actual				
Experience of the Total Pension Liability	91,378	-	91,378	Net pension liability as a % of covered payroll
Changes of Assumptions	(42,901)	-	(42,901)	48.30%
Contributions - Employer	-	52,936	(52,936)	
Contributions - Employees	-	17,676	(17,676)	
Net Investment Income	-	155,164	(155,164)	
Benefit Payments, including Refunds				
of Employee Contributions	(32,629)	(32,629)	-	
Other (Net Transfer)	-	(15,741)	15,741	
Net Changes	\$149,631	\$177,406	(\$27,775)	
Balances at December 31, 2017	\$1,382,237	\$1,192,529	\$189,708	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.50%	Current 7.50%	1% Increase 8.50%
Total Pension Liability	\$1,570,129	\$1,382,237	\$1,226,501
Plan Fiduciary Net Position	1,192,529	1,192,529	1,192,529
Net Pension Liability (Asset)	\$377,600	\$189,708	\$33,972

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

For the year ended April 30, 2018, the Village recognized pension expense of \$60,317. At April 30, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**VILLAGE OF MACKINAW
NOTES TO FINANCIAL STATEMENTS**

Deferred Amounts Related to Pensions			Deferred	Deferred	Net
			Outflows of	Inflows of	Outflows of
			Resources	Resources	Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods					
Differences between expected and actual experience			\$101,650	\$23,872	\$77,778
Changes of assumptions			931	\$40,676	(39,745)
Net difference between projected and actual earnings on pension plan investments			28,758	62,557	(33,799)
Total Deferred Amounts to be recognized in pension expense in future periods			\$131,339	\$127,105	\$4,234
Pension Contributions made subsequent to the Measurement Date			\$21,116	-	\$21,116
Total Deferred Amounts Related to Pensions			\$152,455	\$127,105	\$25,350
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:					
Year Ended	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources			
12/31					
2018	\$5,644	-			
2019	5,643	-			
2020	(7,006)	-			
2021	(8,878)	-			
2022	1,313	-			
Thereafter	7,518	-			
Total	\$4,234	-	AS OF DECEMBER 31, 2017		

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ESTIMATED REVENUES, APPROPRIATIONS, AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	Estimated Revenues		Actual	Over
	Original	Final		(Under)
REVENUES:				Budget
Property taxes	\$211,600	\$211,600	\$211,096	(\$504)
Business District taxes	122,000	122,000	134,433	12,433
Utility taxes	155,000	155,000	125,355	(29,645)
Sales tax	180,000	180,000	188,585	8,585
Income taxes	240,000	240,000	228,730	(11,270)
Replacement tax	15,000	15,000	9,151	(5,849)
Video gaming tax	4,500	4,500	5,634	1,134
Donations/Grants	20,000	20,000	15,987	(4,013)
Interest income	24,000	24,000	8,488	(15,512)
Recycling	-	-	14,020	14,020
Licenses and permits	3,250	3,250	6,480	3,230
Franchise fees	2,250	2,250	18,524	16,274
Cell tower lease	12,000	12,000	10,957	(1,043)
Miscellaneous	32,500	32,500	24,560	(7,940)
TOTAL GENERAL FUND REVENUES	\$1,022,100	\$1,022,100	\$1,002,000	(\$20,100)

	Appropriations		Actual	Over
	Original	Final		(Under)
EXPENDITURES:				Budget
Current:				
General Government:				
Salaries - President, Trustees, Employees	\$60,000	\$60,000	\$71,110	\$11,110
Zoning and planning board salaries	3,700	3,700	4,130	430
FICA - Village portion	35,000	35,000	40,529	5,529
IMRF - Village portion	45,000	45,000	43,869	(1,131)
Employee insurance	100,000	100,000	31,738	(68,262)
Unemployment compensation	10,000	10,000	4,667	(5,333)
Liability insurance	65,000	65,000	12,354	(52,646)
Legal fees	19,500	19,500	11,085	(8,415)
Office operational expense	19,400	19,400	4,080	(15,320)
Telephone	1,500	1,500	3,614	2,114
Utilities	7,500	7,500	3,839	(3,661)
Water and sewer	4,000	4,000	3,300	(700)
Publications	4,000	4,000	272	(3,728)
Printing and copying services	1,250	1,250	588	(662)
Property repair and maintenance	27,500	27,500	11,734	(15,766)
Postage and shipping	1,500	1,500	837	(663)
Dues	1,500	1,500	535	(965)
Zoning expense	700	700	288	(412)
Sales tax rebates	20,000	20,000	10,500	(9,500)
Tree service	5,000	5,000	500	(4,500)
Animal control	2,000	2,000	1,674	(326)

CONTINUED

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ESTIMATED REVENUES, APPROPRIATIONS, AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018**

CONTINUED

Garbage disposal and landfill charges	9,500	9,500	2,520	(6,980)
Software and support	8,000	8,000	1,118	(6,882)
Internet web site maintenance	2,000	2,000	1,170	(830)
Training	2,500	2,500	519	(1,981)
Travel and lodging	2,500	2,500	90	(2,410)
Sidewalk repairs and construction	40,000	40,000	10,098	(29,902)
Recycling program	17,500	17,500	20,680	3,180
Audit and accounting	6,000	6,000	4,650	(1,350)
Engineering	40,000	40,000	1,050	(38,950)
Beautification program	10,200	10,200	7,501	(2,699)
Developer reimbursements	30,000	30,000	3,400	(26,600)
Downtown Business District expenses	55,000	55,000	20,670	(34,330)
Industrial Park Business District expenses	50,000	50,000	2,000	(48,000)
First Street Business District expenses	326,540	326,540	22,225	(304,315)
Equipment maintenance	1,700	1,700	617	(1,083)
Park maintenance	65,000	65,000	9,483	(55,517)
Mosquito control	2,500	2,500	-	(2,500)
Maintenance supplies	1,000	1,000	-	(1,000)
Rentals/leases	6,000	6,000	1,564	(4,436)
Fireworks	7,500	7,500	100	(7,400)
Community center	57,250	57,250	16,512	(40,738)
Miscellaneous and contingency	14,500	14,500	5,859	(8,641)
Total General Government	\$1,189,240	\$1,189,240	\$393,069	(\$796,171)
Capital outlay	\$63,000	\$63,000	\$191,103	\$128,103
TOTAL GENERAL FUND EXPENDITURES	\$1,252,240	\$1,252,240	\$584,172	(\$668,068)
Excess (deficiency) of revenues over (under) expenditures			<u>\$417,828</u>	
OTHER FINANCING SOURCES (USES):				
Transfers from (to) other funds			<u>(\$359,244)</u>	
Total Other Financing Sources (Uses)			<u>(\$359,244)</u>	
Net Change In Fund Balance			\$58,584	
Fund Balance - Beginning Of Year			<u>853,486</u>	
FUND BALANCE - END OF YEAR			<u>\$912,070</u>	

CONCLUDED

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ESTIMATED REVENUES, APPROPRIATIONS, AND ACTUAL
POLICE/ESDA FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	Estimated Revenues		Actual	Over (Under) Budget
	Original	Final		
REVENUES:				
Property taxes	\$54,100	\$54,100	\$48,339	(\$5,761)
Fines	12,000	12,000	19,597	7,597
Protection revenue	-	-	5,280	5,280
Miscellaneous	-	-	285	285
TOTAL REVENUES	\$66,100	\$66,100	\$73,501	\$7,401
EXPENDITURES:				
Public Safety:				
Salaries	\$155,000	\$155,000	\$147,256	(\$7,744)
Employee insurance	2,500	2,500	804	(1,696)
Liability insurance	-	-	12,354	12,354
Legal fees	1,000	1,000	3,090	2,090
Training and education	1,500	1,500	880	(620)
Telephone	7,500	7,500	7,685	185
Utilities	6,000	6,000	3,774	(2,226)
Publication of notices and information	250	250	45	(205)
Office expense	16,000	16,000	3,763	(12,237)
Software	4,000	4,000	2,113	(1,887)
Central dispatch service	30,000	30,000	22,788	(7,212)
Dues	1,500	1,500	847	(653)
Repairs and maintenance	27,500	27,500	15,997	(11,503)
Uniforms	3,000	3,000	4,720	1,720
Fuel	10,000	10,000	9,370	(630)
ESDA expense	23,725	23,725	5,857	(17,868)
Miscellaneous and contingency	17,500	17,500	7,445	(10,055)
Total Public Safety	\$306,975	\$306,975	\$248,788	(\$58,187)
Capital Outlay	\$25,000	\$25,000	-	(\$25,000)
TOTAL EXPENDITURES	\$331,975	\$331,975	\$248,788	(\$83,187)
Excess (deficiency) of revenues over (under) expenditures			(\$175,287)	
OTHER FINANCING SOURCES (USES):				
Transfers from General Fund			\$212,335	
Total Other Financing Sources (Uses)			\$212,335	
Net Change In Fund Balance			\$37,048	
Fund Balance - Beginning Of Year			(50,314)	
FUND BALANCE - END OF YEAR			(\$13,266)	

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ESTIMATED REVENUES, APPROPRIATIONS, AND ACTUAL
MACKINAW RECREATION FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>Estimated Revenues</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental - Mackinaw Township	\$1	\$1	\$5,001	\$5,000
TOTAL REVENUES	<u>\$1</u>	<u>\$1</u>	<u>\$5,001</u>	<u>\$5,000</u>
EXPENDITURES:				
Recreation:				
Salaries	\$10,000	\$10,000	\$5,256	(\$4,744)
Maintenance and repair	7,500	7,500	2,198	(5,302)
Miscellaneous	1,000	1,000	-	(1,000)
Total Recreation	<u>\$18,500</u>	<u>\$18,500</u>	<u>\$7,454</u>	<u>(\$11,046)</u>
TOTAL EXPENDITURES	<u>\$18,500</u>	<u>\$18,500</u>	<u>\$7,454</u>	<u>(\$11,046)</u>
Excess (deficiency) of revenues over (under) expenditures			<u>(\$2,453)</u>	
OTHER FINANCING SOURCES (USES):				
Transfers from General Fund			<u>\$2,453</u>	
Total Other Financing Sources (Uses)			<u>\$2,453</u>	
Net Change In Fund Balance			-	
Fund Balance - Beginning Of Year			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>-</u>	

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ESTIMATED REVENUES, APPROPRIATIONS, AND ACTUAL
STREET AND BRIDGE FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	Estimated Revenues		Actual	Over (Under) Budget
	Appropriations			
	Original	Final		
REVENUES:				
Property taxes	\$55,000	\$55,000	\$28,776	(\$26,224)
TOTAL REVENUES	\$55,000	\$55,000	\$28,776	(\$26,224)
EXPENDITURES:				
Highways and Streets:				
Salaries	\$85,000	\$85,000	\$73,592	(\$11,408)
Employee insurance	2,500	2,500	1,068	(1,432)
Liability insurance	-	-	12,354	12,354
Legal fees	500	500	-	(500)
Uniforms	500	500	232	(268)
Repairs and maintenance	247,000	247,000	24,781	(222,219)
Utilities	9,000	9,000	1,989	(7,011)
Engineering	5,000	5,000	-	(5,000)
Office expense	1,500	1,500	604	(896)
Software	3,500	3,500	784	(2,716)
Rentals and leasing	10,000	10,000	5,178	(4,822)
Snow removal	2,500	2,500	2,392	(108)
Fuel	6,000	6,000	3,530	(2,470)
Telephone	2,000	2,000	2,703	703
Street lighting	30,000	30,000	30,042	42
Miscellaneous and contingency	13,200	13,200	1,633	(11,567)
Total Highways and Streets	\$418,200	\$418,200	\$160,882	(\$257,318)
Capital Outlay	\$190,500	\$190,500	\$5,767	(\$184,733)
TOTAL EXPENDITURES	\$608,700	\$608,700	\$166,649	(\$442,051)
Excess (deficiency) of revenues over (under) expenditures				(\$137,873)
OTHER FINANCING SOURCES (USES):				
Transfers from General Fund			\$144,456	
Total Other Financing Sources (Uses)			\$144,456	
Net Change In Fund Balance			\$6,583	
Fund Balance - Beginning Of Year				(17,894)
FUND BALANCE - END OF YEAR				(\$11,311)

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ESTIMATED REVENUES, APPROPRIATIONS, AND ACTUAL
ECONOMIC DEVELOPMENT FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>Estimated Revenues</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest income	\$12,000	\$12,000	\$2,532	(\$9,468)
TOTAL REVENUES	<u>\$12,000</u>	<u>\$12,000</u>	<u>\$2,532</u>	<u>(\$9,468)</u>
EXPENDITURES:				
General Government:				
Business loans	\$100,000	\$100,000	-	(\$100,000)
Total General Government	<u>\$100,000</u>	<u>\$100,000</u>	<u>-</u>	<u>(\$100,000)</u>
TOTAL EXPENDITURES	<u>\$100,000</u>	<u>\$100,000</u>	<u>-</u>	<u>(\$100,000)</u>
Excess (deficiency) of revenues over (under) expenditures			\$2,532	
OTHER FINANCING SOURCES (USES):				
Local business loan principal repayments			\$6,074	
Total Other Financing Sources (Uses)			<u>\$6,074</u>	
Net Change In Fund Balance			\$8,606	
Fund Balance - Beginning Of Year			<u>142,040</u>	
FUND BALANCE - END OF YEAR			<u>\$150,646</u>	

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ESTIMATED REVENUES, APPROPRIATIONS, AND ACTUAL
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>Estimated Revenues</u>			<u>Over</u>
	<u>Appropriations</u>			<u>(Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budget</u>
REVENUES:				
Intergovernmental - motor fuel taxes	\$52,000	\$52,000	\$49,789	(\$2,211)
Interest income	-	-	19	19
TOTAL REVENUES	<u>\$52,000</u>	<u>\$52,000</u>	<u>\$49,808</u>	<u>(\$2,192)</u>
EXPENDITURES:				
Highways and Streets:				
Maintenance	\$50,000	\$50,000	-	(\$50,000)
Checks and deposits printed	-	-	56	56
Total Highways and Streets	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$56</u>	<u>(\$49,944)</u>
TOTAL EXPENDITURES	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$56</u>	<u>(\$49,944)</u>
Excess (deficiency) of revenues over (under) expenditures			\$49,752	
OTHER FINANCING SOURCES (USES):				
Transfers from (to) other funds			-	
Total Other Financing Sources (Uses)			<u>-</u>	
Net Change In Fund Balance			\$49,752	
Fund Balance - Beginning Of Year			<u>42,324</u>	
FUND BALANCE - END OF YEAR			<u>\$92,076</u>	

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING:

The Village is allowed to enact an appropriation ordinance, in lieu of a formal budget.

Annual appropriations, through Village ordinance, are legally enacted for all funds, and are reported in these financial statements for all Governmental Funds.

Appropriations are enacted using generally accepted accounting principles.

The Village follows these procedures in enacting an appropriation ordinance:
Within the first quarter of the fiscal year, the Village Treasurer submits an appropriation ordinance to the Village Board.

Prior to the end of the first quarter of the fiscal year, the ordinance is enacted by the Village Board.

The ordinance is then filed with the County Clerk for public inspection.

Transfers between departments within a fund may be made after the first half of the fiscal year by a 2/3 vote of the Village Board.

The Village may not legally make expenditures from a Fund in excess of appropriations.

All appropriations lapse at the fiscal year end.

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION**

**IMRF Multiyear Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Calendar Years**

Calendar Year Ended December 31,	2017	2016	2015
Total Pension Liability			
Service cost	\$41,023	\$40,178	\$33,919
Interest on the total pension liability	92,760	87,312	76,336
Benefit changes			
Differences between expected and actual experience	91,378	(33,288)	40,803
Changes of assumptions	(42,901)	(5,243)	1,648
Benefit payments and refunds	(32,629)	(10,192)	(4,890)
Net Change in Total Pension Liability	\$149,631	\$78,767	\$147,816
Total Pension Liability - Beginning	1,232,606	1,153,839	1,006,023
Total Pension Liability - Ending (A)	\$1,382,237	\$1,232,606	\$1,153,839
Plan Fiduciary Net Position			
Contributions - Employer	\$52,936	\$41,207	\$40,745
Contributions - Employees	17,676	15,876	15,207
Pension Plan Net Investment Income	155,164	63,847	4,683
Benefit Payments, including Refunds of Employee Contributions	(32,629)	(10,192)	(4,890)
Other	(15,741)	(655)	(61,871)
Net Change in Plan Fiduciary Net Position	\$177,406	\$110,083	(\$6,126)
Plan Fiduciary Net Position - Beginning	1,015,123	905,040	911,166
Plan Fiduciary Net Position - Ending (B)	\$1,192,529	\$1,015,123	\$905,040
Net Pension Liability - Ending (A) - (B)	\$189,708	\$217,483	\$248,799
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.28%	82.36%	78.44%
Covered Valuation Payroll	\$392,789	\$352,807	\$327,135
Net Pension Liability as a Percentage of Covered Valuation Payroll	48.30%	61.64%	76.05%

Notes to Schedule:

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

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION**

**IMRF Schedule of Employer Contributions
Last Ten Calendar Years**

Calendar Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Payroll
2017	\$47,056	\$52,936	(\$5,880)	\$392,789	13.48%
2016	41,208	41,207	1	352,807	11.68%
2015	39,420	39,420	-	327,135	12.05%
2014	35,516	35,516	-	288,981	12.29%
2013	33,771	33,771	-	283,553	11.91%
2012	30,945	30,945	-	286,532	10.80%
2011	30,987	30,987	-	272,294	11.38%
2010	29,419	29,419	-	246,600	11.93%
2009	26,832	26,832	-	245,941	10.91%
2008	23,360	23,360	-	217,304	10.75%

**VILLAGE OF MACKINAW
REQUIRED SUPPLEMENTARY INFORMATION**

IMRF Notes to Schedule of Contributions

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate*

Valuation Date:

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26 - year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MR-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation.