

VILLAGE OF SUN RIVER TERRACE, IL

ANNUAL FINANCIAL REPORT
YEAR ENDED APRIL 30, 2016
WITH
INDEPENDENT AUDITORS' REPORT

VILLAGE OF SUN RIVER TERRACE
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APRIL 30, 2016

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Burke, Montague & Associates L.L.C.

Certified Public Accountants, Advisors & Auditors

INDEPENDENT AUDITOR'S REPORT

Members
Charles R. Burke, CPA
Raymond J. Raymond, CPA
Kathleen C. Wilson, CPA

To the Mayor and Board
Village of Sun River Terrace, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Sun River Terrace, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, and each major fund of Village of Sun River Terrace, Illinois, as of April 30, 2016, and the respective changes in financial position, and budgetary comparisons thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

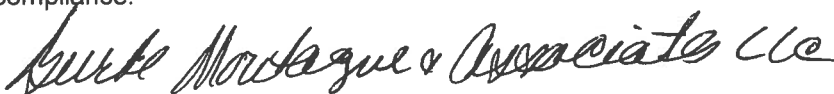
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Sun River Terrace, Illinois's basic financial statements. The individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The assessed valuations, rates, collections and extensions 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016, on our consideration of Village of Sun River Terrace, Illinois's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Sun River Terrace, Illinois's internal control over financial reporting and compliance.



Burke, Montague & Associates L.L.C
Bradley, IL
October 19, 2016

VILLAGE OF SUN RIVER TERRACE
STATEMENT OF NET POSITION-MODIFIED CASH BASIS
AS OF APRIL 30, 2016

PRIMARY GOVERNMENT

	<u>GOVERNMENTAL</u>	<u>BUSINESS-TYPE</u>	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	<u>TOTAL</u>

ASSETS

Current Assets

Cash & Equivalents	\$ 93,194.23	\$ 41,470.28	\$ 134,664.51
Total Current Assets	<u>\$ 93,194.23</u>	<u>\$ 41,470.28</u>	<u>\$ 134,664.51</u>

Noncurrent Assets

Undepreciated Assets	\$ 225,172.59	\$ 0.00	\$ 225,172.59
Buildings & Equipment	1,080,605.14	0.00	1,080,605.14
Accumulated Depreciation	<u>(323,396.61)</u>	<u>0.00</u>	<u>(323,396.61)</u>
Total Noncurrent Assets	<u>\$ 982,381.12</u>	<u>\$ 0.00</u>	<u>\$ 982,381.12</u>
TOTAL ASSETS	<u>\$ 1,075,575.35</u>	<u>\$ 41,470.28</u>	<u>\$ 1,117,045.63</u>

NET POSITION

Net Investment in Capital Assets	\$ 982,381.12	\$ 0.00	\$ 982,381.12
Restricted for:			
Social Services	1,339.61	0.00	1,339.61
Capital Projects	3,543.59	0.00	3,543.59
Road Maintenance	23,926.20	0.00	23,926.20
Community Center	1,357.90	0.00	1,357.90
Unrestricted	<u>63,026.93</u>	<u>41,470.28</u>	<u>104,497.21</u>
TOTAL NET POSITION	<u>\$ 1,075,575.35</u>	<u>\$ 41,470.28</u>	<u>\$ 1,117,045.63</u>

VILLAGE OF SUN RIVER TERRACE
STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2016

	PROGRAM REVENUES		CHANGES IN NET ASSETS			
FUNCTIONS/PROGRAMS	EXPENSES	SERVICES	OPERATING GRANTS & CONTRIBUTION	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
GENERAL GOVERNMENT	\$ (75,364.01)	\$ 2,032.00	\$ 1,417.95	\$ (71,914.06)	\$ 0.00	\$ (71,914.06)
PUBLIC WORKS	(65,224.22)	0.00	0.00	(65,224.22)	0.00	(65,224.22)
SOCIAL SERVICES	(5,563.35)	0.00	6,740.99	1,177.64	0.00	1,177.64
HEALTH & SANITATION	(38,269.69)	37,043.94	0.00	(1,225.75)	0.00	(1,225.75)
COMMUNITY DEVELOPMENT	(36,565.34)	18,607.98	0.00	(17,957.36)	0.00	(17,957.36)
UNALLOCATED DEPRECIATION	(42,538.14)	0.00	0.00	(42,538.14)	0.00	(42,538.14)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (263,524.75)	\$ 57,683.92	\$ 8,158.94	\$ (197,681.89)	\$ 0.00	\$ (197,681.89)
BUSINESS TYPE ACTIVITIES:						
SEWER	\$ (4,409.50)	\$ 1,441.55	\$ 0.00	\$ 0.00	\$ (2,967.95)	\$ (2,967.95)
TOTAL BUSINESS TYPE ACTIVITIES	\$ (4,409.50)	\$ 1,441.55	\$ 0.00	\$ 0.00	\$ (2,967.95)	\$ (2,967.95)
TOTAL PRIMARY GOVERNMENT	\$ (267,934.25)	\$ 59,125.47	\$ 8,158.94	\$ (197,681.89)	\$ (2,967.95)	\$ (200,649.84)
GENERAL REVENUES						
PROPERTY TAXES		\$ 28,567.29		\$ 0.00	\$ 0.00	\$ 28,567.29
STATE TAXES		82,137.25		0.00	0.00	82,137.25
FRANCHISE TAXES		24,677.36		0.00	0.00	24,677.36
INVESTMENT EARNINGS		549.97		969.06	0.00	1,519.03
MISCELLANEOUS		6,086.15		0.00	0.00	6,086.15
TOTAL GENERAL REVENUES		\$ 142,018.02		\$ 969.06	\$ 142,987.08	
CHANGE IN NET POSITION		\$ (55,663.87)		\$ (1,998.89)	\$ (57,662.76)	
NET POSITION, BEGINNING		1,131,239.22		43,469.17	1,174,708.39	
NET POSITION, ENDING		\$ 1,075,575.35		\$ 41,470.28	\$ 1,117,045.63	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
 STATEMENT OF ASSETS, LIABILITIES & FUND
 BALANCES-MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 AS OF APRIL 30, 2016

	<u>GENERAL FUND</u>	<u>MFT FUND</u>	<u>COMMUNITY CENTER</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>2016 TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash & Equivalents	\$ 63,026.93	\$ 23,926.20	\$ 1,357.90	\$ 4,883.20	\$ 93,194.23
TOTAL ASSETS	<u>\$ 63,026.93</u>	<u>\$ 23,926.20</u>	<u>\$ 1,357.90</u>	<u>\$ 4,883.20</u>	<u>\$ 93,194.23</u>
<u>FUND BALANCE</u>					
Restricted for:					
Capital Projects	0.00	0.00	0.00	3,543.59	3,543.59
Social Services			1,357.90	1,339.61	2,697.51
Street Maintenance	0.00	23,926.20	0.00	0.00	23,926.20
Unassigned	<u>63,026.93</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>63,026.93</u>
TOTAL FUND BALANCE	<u>63,026.93</u>	<u>23,926.20</u>	<u>1,357.90</u>	<u>4,883.20</u>	<u>93,194.23</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 63,026.93</u>	<u>\$ 23,926.20</u>	<u>\$ 1,357.90</u>	<u>\$ 4,883.20</u>	

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

Capital Assets, Net of Depreciation are not financial resources and are not reported in fund financial statements	<u>982,381.12</u>
Net Position of Governmental Activities	<u>\$ 1,075,575.35</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2016

	<u>GENERAL FUND</u>	<u>MFT FUND</u>	<u>COMMUNITY CENTER</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES RECEIVED</u>					
PROPERTY TAXES	\$ 28,567.29	\$ 0.00	\$ 0.00	\$ 0.00	\$ 28,567.29
STATE TAXES	68,605.20	13,532.05	0.00	0.00	82,137.25
FRANCHISE TAXES	24,677.36	0.00	0.00	0.00	24,677.36
GRANTS & DONATION	1,417.95	0.00	0.00	6,740.99	8,158.94
CHARGES FOR SERVICE	39,075.94	0.00	18,607.98	0.00	57,683.92
INVESTMENT EARNINGS	520.55	27.35	0.47	1.60	549.97
MISCELLANEOUS	6,026.15	0.00	0.00	60.00	6,086.15
TOTAL REVENUES RECEIVED	<u>168,890.44</u>	<u>13,559.40</u>	<u>18,608.45</u>	<u>6,802.59</u>	<u>207,860.88</u>
<u>EXPENDITURES DISBURSED</u>					
CURRENT:					
GENERAL GOVERNMENT	75,364.01	0.00	0.00	0.00	75,364.01
SOCIAL SERVICES	0.00	0.00	0.00	5,563.35	5,563.35
PUBLIC WORKS	53,326.65	11,897.57	0.00	0.00	65,224.22
HEALTH & SANITATION	38,269.69	0.00	0.00	0.00	38,269.69
COMMUNITY DEVELOPMENT	18,716.38	0.00	17,795.04	53.92	36,565.34
TOTAL EXPENDITURES DISBURSED	<u>185,676.73</u>	<u>11,897.57</u>	<u>17,795.04</u>	<u>5,617.27</u>	<u>220,986.61</u>
NET CHANGE IN FUND BALANCE	(16,786.29)	1,661.83	813.41	1,185.32	(13,125.73)
FUND BALANCE, BEGINNING	<u>79,813.22</u>	<u>22,264.37</u>	<u>544.49</u>	<u>3,697.88</u>	<u>106,319.96</u>
FUND BALANCE, ENDING	<u>\$ 63,026.93</u>	<u>\$ 23,926.20</u>	<u>\$ 1,357.90</u>	<u>\$ 4,883.20</u>	<u>\$ 93,194.23</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
 RECONCILIATION OF STATEMENT OF REVENUES RECEIVED,
 EXPENDITURES DISBURSED
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
 FOR THE YEAR ENDED APRIL 30, 2016

	<u>2016</u>
Net Change in Fund Balances-Total Governmental Funds	\$ (13,125.73)
Amounts reported for Governmental Activities in the Statement of Activities are Different because:	
in statement of activities	
Depreciation expense reported on capital expenditures in statement of activities	<u>(42,538.14)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (55,663.87)</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2016

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
<u>REVENUES RECEIVED</u>			
PROPERTY TAX	\$ 36,000.00	\$ 28,567.29	\$ (7,432.71)
ILLINOIS RETAIL OCCUP TAX	0.00	75.12	75.12
USE TAX	0.00	12,150.99	12,150.99
ILLINOIS INCOME TAX	55,000.00	56,379.09	1,379.09
BUILDING PERMITS	4,500.00	2,032.00	(2,468.00)
FRANCHISE FEES	26,000.00	24,677.36	(1,322.64)
GRANT-GARBAGE	0.00	1,417.95	1,417.95
GARBAGE BILLINGS	42,500.00	37,043.94	(5,456.06)
INTEREST INCOME	3,000.00	225.96	(2,774.04)
INTEREST - GARBAGE	0.00	294.59	294.59
REIMBURSEMENTS	<u>70,000.00</u>	<u>6,026.15</u>	<u>(63,973.85)</u>
TOTAL REVENUES RECEIVED	<u>\$ 237,000.00</u>	<u>\$ 168,890.44</u>	<u>\$ (68,109.56)</u>
<u>EXPENDITURES DISBURSED</u>			
SALARIES AND EXPENSE	\$ 94,116.00	\$ 54,469.07	\$ (39,646.93)
OFFICE EXPENSE	4,100.00	4,581.83	481.83
REPAIRS AND MAINTENANCE	3,000.00	28,697.20	25,697.20
STREET LIGHTING	8,000.00	0.00	(8,000.00)
INSURANCE	9,500.00	9,716.03	216.03
PROFESSIONAL FEES	12,000.00	8,800.00	(3,200.00)
UTILITIES	35,000.00	15,691.14	(19,308.86)
FUEL, GAS	25,000.00	2,450.05	(22,549.95)
SUPPLIES	5,000.00	16,718.46	11,718.46
SANITATION	45,000.00	38,171.08	(6,828.92)
PARKS	8,000.00	0.00	(8,000.00)
PURCHASE FIXED ASSETS	7,500.00	0.00	(7,500.00)
OTHER ADMINISTRATIVE EXPENSES	10,250.00	6,381.87	(3,868.13)
CONTINGENCIES	<u>10,000.00</u>	<u>0.00</u>	<u>(10,000.00)</u>
TOTAL EXPENDITURES DISBURSED	<u>\$ 276,466.00</u>	<u>\$ 185,676.73</u>	<u>\$ (90,789.27)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (39,466.00)</u>	<u>\$ (16,786.29)</u>	<u>\$ 22,679.71</u>
FUND BALANCE- BEGINNING OF YEAR		<u>79,813.22</u>	
FUND BALANCE- END OF YEAR		<u>\$ 63,026.93</u>	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

	ORIGINAL & FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<u>REVENUES</u>			
MOTOR FUEL TAX	\$ 17,000.00	\$ 13,532.05	\$ (3,467.95)
INTEREST BANKS	<u>700.00</u>	<u>27.35</u>	<u>(672.65)</u>
TOTAL REVENUES	<u>\$ 17,700.00</u>	<u>\$ 13,559.40</u>	<u>\$ (4,140.60)</u>
<u>EXPENDITURES</u>			
SALARIES	\$ 6,000.00	\$ 0.00	\$ (6,000.00)
PAYROLL TAX	0.00	2,109.35	2,109.35
MAINTENANCE CONTRACTS	11,000.00	664.96	(10,335.04)
MAINTENANCE PROJECTS	0.00	8,788.83	8,788.83
BANK FEES	<u>0.00</u>	<u>334.43</u>	<u>334.43</u>
TOTAL EXPENDITURES	<u>\$ 17,000.00</u>	<u>\$ 11,897.57</u>	<u>\$ (5,102.43)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 700.00</u>	\$ 1,661.83	<u>\$ 961.83</u>
FUND BALANCE-BEGINNING		<u>22,264.37</u>	
FUND BALANCE-ENDING		<u>\$ 23,926.20</u>	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY CENTER
FOR THE YEAR ENDED APRIL 30, 2016

	ORIGINAL & FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<u>REVENUES RECEIVED</u>			
RENT	\$ 25,000.00	\$ 18,607.98	\$ (6,392.02)
INTEREST INCOME	0.00	0.47	0.47
TOTAL REVENUES RECEIVED	<u>\$ 25,000.00</u>	<u>\$ 18,608.45</u>	<u>\$ (6,391.55)</u>
<u>EXPENDITURES DISBURSED</u>			
WAGES	\$ 27,000.00	\$ 8,337.89	\$ (18,662.11)
FICA	0.00	1,985.76	1,985.76
UTILITIES	8,320.00	4,325.36	(3,994.64)
OFFICE EXP	0.00	19.98	19.98
MAINTENANCE	7,400.00	1,164.13	(6,235.87)
INSURANCE	4,000.00	0.00	(4,000.00)
SUPPLIES	1,100.00	1,818.04	718.04
BANK FEES	0.00	143.88	143.88
TOTAL EXPENDITURES DISBURSED	<u>\$ 47,820.00</u>	<u>\$ 17,795.04</u>	<u>\$ (30,024.96)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (22,820.00)</u>	\$ 813.41	<u>\$ 23,633.41</u>
FUND BALANCE-BEGINNING		<u>544.49</u>	
FUND BALANCE-ENDING		<u>\$ 1,357.90</u>	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
STATEMENT OF FUND NET POSITION-MODIFIED CASH BASIS
PROPRIETARY FUND
AS OF APRIL 30, 2016

ASSETS

Current Assets

Cash & Equivalents \$ 41,470.28

Total Current Assets 41,470.28

TOTAL ASSETS \$ 41,470.28

NET POSITION

Unrestricted \$ 41,470.28

TOTAL NET POSITION \$ 41,470.28

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED
 AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED APRIL 30, 2016

<u>Operating Revenues</u>	
User Fees	\$ <u>1,441.55</u>
Total Operating Revenues	<u>1,441.55</u>
<u>Operating Expenses</u>	
Other Operating Expense	<u>4,409.50</u>
Total Operating Expenses	<u>4,409.50</u>
Operating Income (Loss)	<u>(2,967.95)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest and Investment Income	<u>969.06</u>
Total Nonoperating Revenues	<u>969.06</u>
Net Income (Loss)	(1,998.89)
Net Position, Beginning	<u>43,469.17</u>
Net Position, Ending	<u>\$ <u>41,470.28</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 1-REPORTING ENTITY, NATURE OF OPERATIONS, DESCRIPTION OF FUNDS AND
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Sun River Terrace, Kankakee County, IL (Village) was incorporated under the laws of the State of Illinois in 1980. The Village is served by a trustee form of government. Elected officials include the Village President, Village Clerk and six trustees who serve staggered four year terms. The Village provides municipal services, including community development, social services, trash removal and street building and maintenance. In addition, sewer services are provided under an enterprise fund concept, with user charges set by the Village board to ensure adequate funding of operating expenses. Revenues are substantially generated as a result of taxes assessed and allocated to the Village and charges for services. As discussed further in the Measurement Focus and Basis of Accounting, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Reporting Entity

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

Primary Government: VILLAGE OF SUN RIVER TERRACE, ILLINOIS

In determining the financial reporting entity, the Village complies with the provisions of GASB statement No. 14, *The Financial Reporting Entity*.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Fund Financial Statements

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

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund -

The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all the financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose, provided it is expended or transferred according to the laws of the State of Illinois.

Capital Projects Fund-

The capital project fund, a major fund, is used to account for financial resources to be used for the acquisition, construction or addition of major capital facilities within the Village.

Special Revenue Funds-

Motor Fuel Tax Fund-

The motor fuel tax fund is a major fund used to account for financial resources to be specifically for providing repairs and maintenance to the streets within the Village.

Summer Food Fund-

The summer food fund is used to account for financial resources to be used specifically for providing lunches during the summer months for school age children.

Community Center-

The community center is a major fund used to account for financial resources to be used specifically for the operation and maintenance for the community center.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

PROPRIETARY FUNDS

Enterprise Fund-

The enterprise fund is used to account for business-type activities provided to the general public. These activities are financed and operated by user fees. The sewer operations are included in the proprietary fund and is considered a major fund. November 25, 2013 the Village sold its' sewer operations. The amounts shown for the fiscal year ended April 30, 2016, are the Village's collections on prior accounts receivables.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus determines "how" transactions are recorded within the financial statements. The basis of accounting determines "when" transactions are recorded in the financial records and reported on the financial statements regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses available for spendable financial resources during a given period.

The proprietary fund utilizes 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 and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expense when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or providable services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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. Revenues that are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions.

REVENUES

Revenues-Exchange and Non-exchange Transaction-Revenues resulting from exchange transaction, in which each party receives essentially equal value, is recorded on the cash basis when the revenue is received and reported as general revenues.

Program revenues include amounts paid by the recipient for goods or services offered by the program and grants and contributions that are restricted to the operational or capital requirements of the program.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with a maturity date within three months as of the date acquired by the Village.

COMPENSATED ABSENCES

The Village employees do not accrue compensated absences.

OTHER POST EMPLOYMENT BENEFITS

The Village offers no postemployment benefits.

ESTIMATES

The preparation of these financial statements include the use of estimates made by management. Actual results may differ.

NET POSITION

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by grantors, laws or legislation of other governments.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

INTERNAL AND INTERFUND BALANCES

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

CAPITAL ASSETS

General capital assets are those not specifically related to activities reported in the proprietary fund. 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 assets but are not reported in the fund financial statements.

GASB No. 34 requires the Village to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The Village is required to retroactively capitalize these assets.

All capital assets are capitalized at cost (or estimated historical cost) using a \$1,000 capitalization threshold and updated for additions and retirements for the year. Donated fixed assets are recorded at their fair market values as of the date received. All reported capital assets are depreciated except land. Improvements are depreciated over the remaining useful life of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

Buildings & Improvements	30 years
Equipment	3-10 years
Infrastructure	14-40 years

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 2-BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Illinois Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than proprietary funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Village at the fund level. Any budgetary modifications may only be made by resolution of the Board.

The Village follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) A proposed operating budget is submitted to the Village Board for the fiscal year commencing May 1. The revenues and expenditures are prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by departments.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) On June 23, 2015, the appropriations were legally enacted through passage of an appropriation ordinance.
- 4) The tax levy ordinance is adopted and filed with the county clerk on or before the last Tuesday in December.
- 5) Formal budgetary integration is employed as a management control device during the fiscal year for all funds. Actual expenditures may not exceed budgetary amounts at the fund level.
- 6) The appropriation ordinance includes the General Fund and all Special Revenue and Capital Projects Funds, which are reported on the cash basis of accounting.

NOTE 3- PROPERTY TAXES

The Village's property tax calendar is as follows:

- 1) Property is assessed on January 1 each year.
- 2) The tax levy ordinance was adopted and filed with the county clerk on November 24, 2014.
- 3) Property taxes are due and collected in June (first installment) and September (second installment) in the year following the levy year.
- 4) Revenue for property taxes is recognized in the funds in the year for which the taxes are received. The Village recognized revenue during the fiscal year ended April 30, 2016 for collections from the calendar year 2014 levy. Property taxes levied for the 2015 calendar year will be collected during the 2017 fiscal year.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 4- DEPOSITS AND INVESTMENTS

Statutes authorize the Village to make deposits and invest in commercial banks, savings and loan associations, obligations of the U.S. Treasury and U.S. Agencies, obligations of states and their political subdivisions, credit unions, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Investment Pool.

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

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Village does not have a formal credit risk policy.

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Village's deposits may not be returned. The Village's investment policy requires that deposits in excess of the amount insured by FDIC and/or SIP insurance be collateralized by U.S. Government Securities, obligations of Federal Instrumentalities, obligations of the State of Illinois, or general obligation bonds of the Village.

Deposits-At April 30, 2016, the carrying amount of the Village's deposits was \$134,664.51 and the bank balance was \$140,725.19. All of the bank balance was covered by federal depository insurance.

NOTE 5-RISK MANAGEMENT

The Village is exposed to various risk of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Village is a member of the Illinois Risk Management Association. IRMA is a self-funded intergovernmental pool established to provide worker's compensation coverage and general liability and property insurance. During the fiscal year ended April 30, 2016, the Village contributed \$9,717 for this coverage. There were no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current or prior three years.

NOTE 6- TORT IMMUNITY

The tax levy received for tort immunity was \$5,030. Expenditures were \$9,717. for insurance, leaving a year-end restricted balance of \$0.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 7- BONDED DEBT DATA

Assessed Valuation January 1, 2015	4,574,272
Legal Debt Margin-8.625% of Assessed Value	394,531
Percentage of Bonded Indebtedness Currently Obligated	-0-

NOTE 8 - BUDGET VIOLATIONS AND DEFICIT FUND BALANCES

State of Illinois law provides that a local government shall not incur expenditures in excess of the amount appropriated. During the fiscal year ended April 30, 2016, the Village did not incur expenditures which were in excess of budgeted amounts. The Village had no funds with deficit fund balances.

NOTE 9 - GRANTS

During the fiscal year ended April 30, 2016, the Village was the recipient of various state and federal grants. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 10 - RESTRICTED NET POSITION/RESTRICTED FUND BALANCES

Revenues and expenditures from certain tax levies and grants are reported as restricted fund balances on the governmental fund balance sheet. These funds are also shown as restricted net assets on the statement of net position.

NOTE 11 - EQUITY CLASSIFICATIONS

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, less any unspent debt proceeds.

Restricted net position-Consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.

VILLAGE OF SUN RIVER TERRACE
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Unrestricted net position-Consists of all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 12 - FUND BALANCES

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund Balances of the governmental funds are classified as follows:

Non-spendable-amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted-amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed-amounts that can be used only for specific purposes determined by a formal action of the Village Board. The Village Board is the highest level of decision making authority for the Village. These amounts cannot be used for any other purpose unless the Village Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned-amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village's adopted policy, only the Village Board may assign amounts for specific purposes.

Unassigned-all other spendable amounts. This includes the residual fund balance of the general fund and includes all negative residual fund balances of any other governmental fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Board has provided otherwise in its commitment or assignment actions. The Board reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

VILLAGE OF SUN RIVER TERRACE
 NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2016

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, the Village has evaluated events and transactions for potential recognition or disclosure through October 19, 2016, the date the financial statements were available to be issued.

NOTE 14 - CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land & Infrastructure	\$ 225,172	-	-	\$ 225,172
Buildings	872,216	-	-	872,216
Equipment	208,390	-	-	208,390
Total Capital Assets	\$1,305,778	-	-	\$1,305,778
Less Accumulated Depreciation	(280,858)	(42,538)	-	(323,396)
Total governmental capital assets	\$1,024,920	(42,538)	-	\$ 982,382

VILLAGE OF SUN RIVER TERRACE
 COMBINING STATEMENT OF ASSETS, LIABILITIES
 AND FUND BALANCES-MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF APRIL 30, 2016

	Special Revenue	Capital Projects	
	<u>SUMMER FOOD</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR</u>
<u>ASSETS</u>			
Cash & Equivalents	\$ 1,339.61	\$ 3,543.59	\$ 4,883.20
TOTAL ASSETS	<u>\$ 1,339.61</u>	<u>\$ 3,543.59</u>	<u>\$ 4,883.20</u>
<u>FUND BALANCE</u>			
Restricted for:			
Construction	\$ 0.00	\$ 3,543.59	\$ 3,543.59
Social Services	<u>1,339.61</u>	<u>0.00</u>	<u>1,339.61</u>
TOTAL FUND BALANCE	<u>1,339.61</u>	<u>3,543.59</u>	<u>4,883.20</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,339.61</u>	<u>\$ 3,543.59</u>	<u>\$ 4,883.20</u>

VILLAGE OF SUN RIVER TERRACE
STATEMENT OF REVENUES RECEIVED, EXPENDITURES
DISBURSED AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	Special Revenue	Capital Projects	
	SUMMER FOOD	CAPITAL PROJECTS	TOTAL NONMAJOR
<u>REVENUES RECEIVED</u>			
Grants & Donations	\$ 6,740.99	\$ 0.00	\$ 6,740.99
Investment Earnings	0.00	1.60	1.60
Miscellaneous	0.00	60.00	60.00
TOTAL REVENUES RECEIVED	<u>6,740.99</u>	<u>61.60</u>	<u>6,802.59</u>
<u>EXPENDITURES DISBURSED</u>			
Current:			
Social Services	5,563.35	0.00	5,563.35
Community Development	0.00	53.92	53.92
TOTAL EXPENDITURES DISBURSED	<u>5,563.35</u>	<u>53.92</u>	<u>5,617.27</u>
NET CHANGE IN FUND BALANCE	1,177.64	7.68	1,185.32
FUND BALANCE, BEGINNING	<u>161.97</u>	<u>3,535.91</u>	<u>3,697.88</u>
FUND BALANCE, ENDING	<u>\$ 1,339.61</u>	<u>\$ 3,543.59</u>	<u>\$ 4,883.20</u>

VILLAGE OF SUN RIVER TERRACE
 ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS
 APRIL 30, 2016

LEVY YEAR

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
TOTAL ASSESSED VALUATION	\$ <u>4,574,272</u>	\$ <u>4,557,700</u>	\$ <u>4,422,235</u>	\$ <u>5,370,511</u>

TAX RATES

CORPORATE	0.2991	0.2966	0.3013	0.2420
AUDIT	0.0710	0.0703	0.0714	0.0580
LIABILITY INSURANCE	0.1238	0.1227	0.1245	0.1010
SOCIAL SECURITY	<u>0.0462</u>	<u>0.0457</u>	<u>0.0463</u>	<u>0.0390</u>
TOTALS	<u>0.5401</u>	<u>0.5353</u>	<u>0.5435</u>	<u>0.4400</u>

TAXES EXTENDED

CORPORATE	\$ 13,681.65	\$ 13,518.14	\$ 13,324.19	\$ 12,996.64
AUDIT	3,247.73	3,204.06	3,157.48	3,114.90
LIABILITY INSURANCE	5,662.95	5,592.30	5,505.68	5,424.22
SOCIAL SECURITY	<u>2,113.31</u>	<u>2,082.87</u>	<u>2,047.49</u>	<u>2,094.50</u>
TOTALS	<u>\$ 24,705.64</u>	<u>\$ 24,397.37</u>	<u>\$ 24,034.84</u>	<u>\$ 23,630.26</u>

TAXES COLLECTED

LEVY YEAR	Total Taxes <u>Extended</u>	Total Taxes <u>Collected</u>	Road Taxes <u>Collected</u>	Total % <u>Collected</u>
2012	23,630.26	28,479.83	7,028.58	90.77
2013	24,034.84	28,210.95	6,379.10	90.84
2014	24,397.37	28,567.29	6,691.95	90.84
2015	<u>24,705.64</u>			

(UNAUDITED)

Burke, Montague & Associates L.L.C.

Certified Public Accountants, Advisors & Auditors

Members

Charles R. Burke, CPA
Raymond J. Raymond, CPA
Kathleen C. Wilson, CPA

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Mayor and Board of Village of Sun River Terrace, IL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sun River Terrace as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise Village of Sun River Terrace's basic financial statements, and have issued our report thereon dated October 19, 2016.

Internal Control Over Financial Reporting

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

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

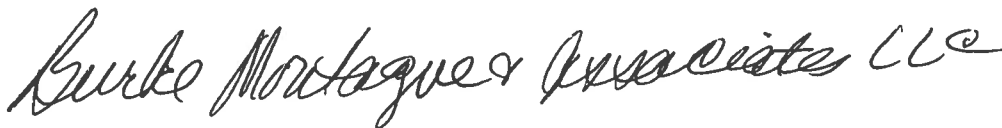
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



Burke, Montague & Associates, L.L.C.
Bradley, IL
October 19, 2016