



Comprehensive Annual Financial Report

Fiscal Year Ended
April 30, 2016

Frankfort, Illinois 60423

VILLAGE OF FRANKFORT, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016

Prepared by:

Jerald P. Ducay
Village Administrator

VILLAGE OF FRANKFORT, ILLINOIS

TABLE OF CONTENTS

	PAGE
 <u>INTRODUCTORY SECTION</u>	
List of Principal Officials.....	i
Organizational Chart.....	ii
Transmittal Letter.....	iii - vii
Certificate of Achievement for Excellence in Financial Reporting.....	viii
 <u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	MD&A 1 - 11
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	3 - 4
Statement of Activities.....	5 - 6
Fund Financial Statements	
Balance Sheet – Governmental Funds	7 - 8
Reconciliation of Total Governmental Fund Balance to the	
Statement of Net Position – Governmental Activities.....	9
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds	10 - 11
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances to the Statement of Activities – Governmental Activities.....	12
Statement of Net Position – Proprietary Fund	13 - 14
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	15
Statement of Cash Flows – Proprietary Fund	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements.....	19 - 55
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress and Employer Contributions	
Health Insurance Plan for Retired Employees	56
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund.....	57
Police Pension Fund.....	58

VILLAGE OF FRANKFORT, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION – Continued</u>	
REQUIRED SUPPLEMENTARY INFORMATION – Continued	
Schedule of Changes in the Employer’s Net Pension Liability	
Illinois Municipal Retirement Fund.....	59
Police Pension Fund.....	60
Schedule of Investment Returns	
Police Pension Fund.....	61
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund.....	62
Police Protection – Special Revenue Fund	63
Street and Bridge – Special Revenue Fund.....	64
Garbage Disposal – Special Revenue Fund	65
Motor Fuel Tax – Special Revenue Fund	66
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Expenditures – Budget and Actual – General Fund.....	67 - 68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Capital Development – Capital Projects Fund.....	69
Combining Balance Sheet – Nonmajor Governmental – Special Revenue Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental – Special Revenue Funds.....	71
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Vehicle Tax – Special Revenue Fund	72
Illinois Municipal Retirement – Special Revenue Fund	73
Social Security – Special Revenue Fund	74
Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual	
Waterworks and Sewerage – Enterprise Fund	75
Schedule of Changes in Fiduciary Net Position – Budget and Actual	
Police Pension – Pension Trust Fund.....	76

VILLAGE OF FRANKFORT, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

SUPPLEMENTAL SCHEDULE

Long Term Debt Requirements	
IEPA Loan of 2011	77

STATISTICAL SECTION (Unaudited)

Net Position by Component – Last Ten Fiscal Years	78 - 79
Change in Net Position – Last Ten Fiscal Years	80 - 81
Fund Balances of Governmental Funds – Last Ten Fiscal Years	82 - 83
Changes in Fund Balances for Governmental Funds – Last Ten Fiscal Years	84 - 85
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years	86 - 87
Direct and Overlapping Property Tax Rates – Last Ten Tax Levy Years	88 - 89
Principal Property Tax Payers – Current Fiscal Year and Nine Fiscal Years Ago	90
Property Tax Levies and Collections – Last Ten Tax Levy Years	91
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	92
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	93
Schedule of Direct and Overlapping Bonded Debt	94
Pledged-Revenue Coverage – Last Ten Fiscal Years	95
Legal Debt Margin – Last Ten Fiscal Years	96 - 97
Demographic and Economic Statistics – Last Ten Fiscal Years	98
Principal Employers – Current Fiscal Year and Nine Fiscal Years Ago	99
Full-Time Equivalent Village Government Employees by Function/Program	
Last Ten Fiscal Years	100
Operating Indicators by Function/Program – Last Ten Fiscal Years	101 - 102
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	103

INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Frankfort:

- List of Principal Officials
- Organizational Chart
- Transmittal Letter
- Certificate of Achievement for Excellence in Financial Reporting

VILLAGE OF FRANKFORT, ILLINOIS

List of Principal Officials April 30, 2016

VILLAGE MAYOR

Jim Holland

BOARD OF TRUSTEES

Adam Borrelli, Clerk

Judith Hageman, Treasurer

Cynthia Corso Heath, Trustee

Mike Stevens, Trustee

Robert J. Kennedy, Trustee

Richard Trevarthan, Trustee

Keith Ogle, Trustee

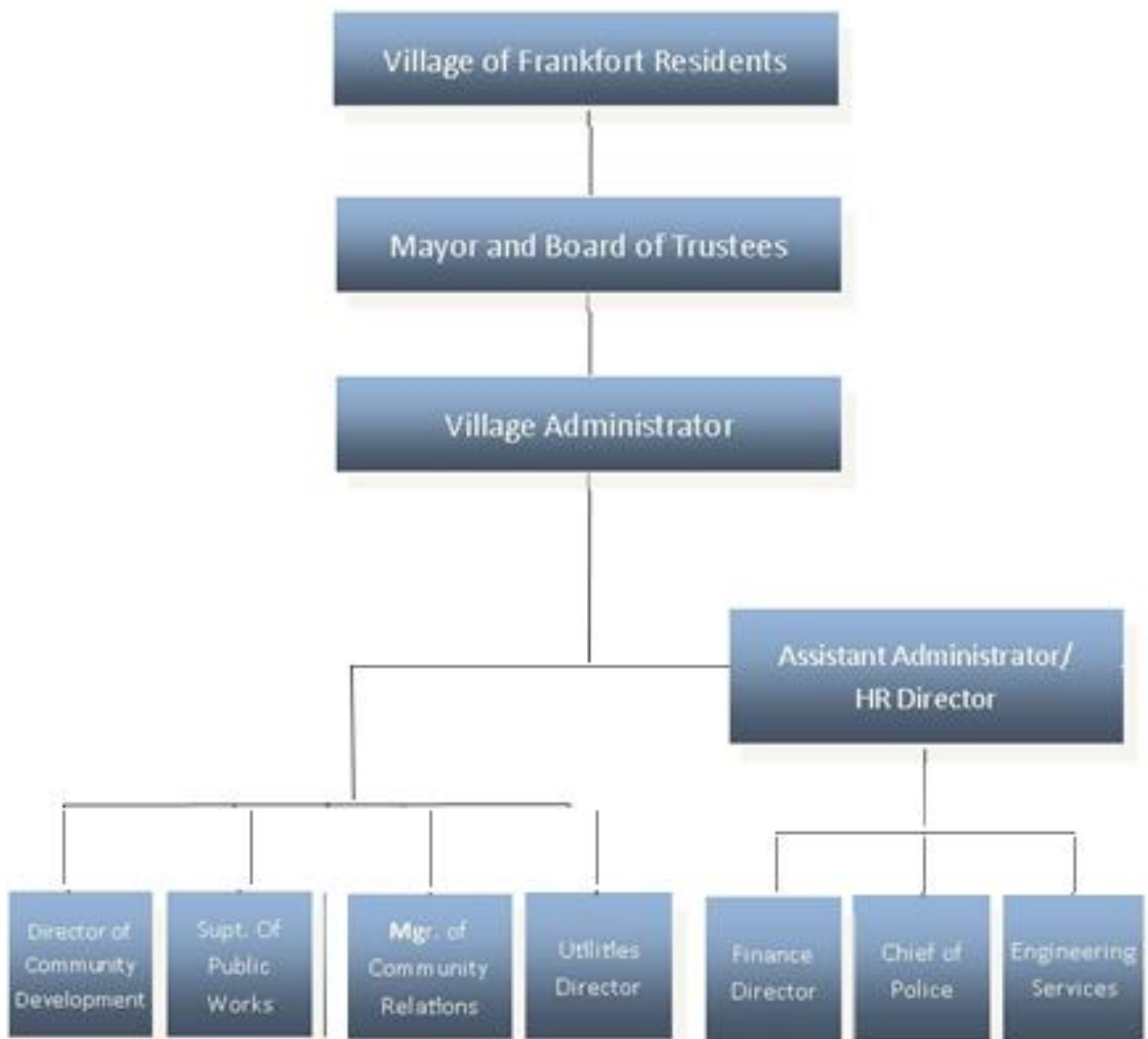
R. Douglas Walker, Trustee

ADMINISTRATION

Jerald P. Ducay, Village Administrator

George Mahoney, Village Attorney

Village of Frankfort Organizational Chart



VILLAGE OF
FRANKFORT
EST • 1855

August 19, 2016

Honorable Mayor and Board of Trustees
Village of Frankfort
Frankfort, Illinois

The Comprehensive Annual Financial Report of the Village of Frankfort for the fiscal year ended April 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Village of Frankfort. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

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

The Village's reporting entity includes the Village government and all related organizations for which the Village exercises financial accountability as defined by the Governmental Accounting Standards Board (GASB). The Village has developed criteria to determine whether outside agencies with activities that benefit the citizens of the Village should be included within its financial reporting entity. Governmental entities, such as Frankfort Fire Protection District, Frankfort Public Library District, Frankfort Park District, Frankfort Square Park District, Frankfort School District 157-C, Summit Hill School District 161, and Lincoln-Way Community High School District 210 are not included in the Village's reporting entity. The Village exercises no financial accountability for these entities, and they are therefore not included in the Village's basic financial statements.

The Village and its Services

The Village of Frankfort was founded in 1855 and incorporated in 1879. Frankfort operates under the Village form of local government and has a President and Board of Trustees. The President, Village Clerk and the six trustees of the Village Board are elected for staggered, four-year terms.

The Village of Frankfort is a residential community of 19,101 people. It is approximately thirty-seven miles southwest of Chicago's Central Business District. Frankfort is situated at the crossroads of U.S. Route 45 and U.S. Route 30 in Will County, just three miles south of I-80, six miles southeast of I-355, and six miles west of I-57.

The Village of Frankfort provides the following municipal services:

Administration	Public Works
Building and Zoning	Solid Waste Disposal/Recycling
Economic Development	Water and Sewer
Police	

Major Initiatives

ECONOMIC CONDITION AND OUTLOOK

Frankfort's property tax is \$9.2450 per \$100 of assessed value for 2015. The tax rate for the Village of Frankfort and the Village Road and Bridge Fund is \$0.4405, which is a decrease of \$0.2076 from the 2000 tax rate of \$0.6481. With the state tax cap limiting tax revenue increases to the lesser of 5% or the local CPI rate, reliance upon property taxes for operating revenue has decreased. Sales tax remains one of the largest revenue sources, comprising fifty percent (50%) of general governmental revenues.

FOR THE YEAR

In FY 2016, sales tax and income tax revenues reached record highs at \$6,078,143 and \$1,818,863 respectively. Property tax revenue increased by approximately \$6,200 during FY 2016 and went from \$3.541 million to \$3.547 million. The increased revenue from sales and income tax has helped Frankfort rely less on property taxes.

Sales tax on automotive and filling stations has continued to increase in calendar year 2015. Out of all of the categories of sales tax, automotive and filling stations bring in the most sales tax revenue for the Village of Frankfort.

Sales tax revenue on food has decreased in calendar year 2015. On the contrary, sales tax revenue increased from drinking and eating places in calendar year 2015.

Expenditures for the fiscal year came in under budgeted projections. This shortfall was the result of conservative spending by the departments. All of the departments finished the fiscal year under budget. Overall, revenues exceeded expenditures resulting in transfers which allow for a healthy capital fund to support ongoing and future projects.

FOR THE FUTURE

The Village of Frankfort enters fiscal year 2017 on a sound financial basis. Budgeted revenues and expenditures for the General Fund in FY 2017 are balanced. Budgeted revenues and expenditures in the Enterprise Fund are also balanced for FY 2017. With conservative spending expected, staff continues to strive for operational results which will allow for transfer of funds to the capital development funds for future capital improvements.

During FY 2017, the Village started and finished several capital projects. The project at the forefront during FY 2016 and for years into the future involves the wastewater facilities. In early 2015, the Village Board voted to close the North and West Plants and divert all waste to the Regional Plant at an estimated cost of \$60 million. The board took action after reviewing options in the Village's updated 20-year Facilities Planning Report. Consolidating the plants was the most affordable choice when taking into account operational savings associated with closing the North Plant. The Village explored various options to finance this significant project. The Village will fund the project through loans from the Illinois Environmental Protection Agency and has received an initial interest rate of 1.86% for the beginning phases of the project. The repayment of this loan will be paid for by current and future users of the utility system through sewer rate increases. At the beginning of FY 2017 sewer rates were increased by 10% to cover some of the initial costs of the project. Several more sewer rate increases will be needed to cover the remaining cost of this project.

In early FY 2016, Frankfort completed the 10,000-square-foot expansion of the Village Administration building. The centerpiece of the project is a new 3,200-square-foot board room for Village Board and community meetings. Other aspects of the expansion include additional office space, more public restrooms, a new lobby, added parking spaces, a pedestrian plaza and walkways with landscaping features. The cost of the expansion was approximately \$6 million. No funds were borrowed to pay for the cost of this project. The Village used cash reserves for this capital improvement.

As in the past, the Motor Fuel Tax Fund will be used to support grant projects for road improvements. Steger Road has been approved for Surface Transportation Program (STP) funding. Phase II engineering commenced during FY 2015 and continued throughout FY2016. In early FY 2017 construction began on this project. St. Francis Road was also approved for STP funding, and Phase II engineering began during FY 2015 and continued during FY2016. Construction is projected to begin in 2017. Other roadways are being studied to prepare for future STP opportunities. Since FY 2015, the Village has been paying for road salt with MFT funds.

As part of a master plan, a few years ago the Village purchased properties in the historic downtown district to support future economic development. The intent of Village officials was to acquire downtown properties and sell them, in order to bring retail development to the Historic District. Staff began marketing the properties to investors and developers during FY 2015 and is currently seeing a significant amount of interest.

LONG-TERM FINANCIAL PLANNING

The Village expects to continue to increase General Fund revenues above expenditures. These remaining revenues which are not used for operational costs will allow the Village to continue to transfer funds to the Capital Fund to pay for future capital improvements. The Village continues to seek federal and state funding grants to assist in the cost of these projects.

Accounting System and Budgetary Control

The Finance Director and Village Administrator are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Village's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the detailed account level through the use of departmental internal management reports. These monthly departmental internal management reports are utilized to analyze actual versus budget amounts. The Mayor and Village Board meet regularly to discuss the favorable and unfavorable variances of the actual to budget.

Financial Highlights

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that includes its assets, liabilities, fund balance, revenues and expenditures. This method of accounting is known as Fund Accounting. Fund Accounting shows how money was spent rather than how much profit is earned.

Cash and Investments

All of the Village's cash and investments are insured, or collateral is obtained for the amounts invested over the FDIC insured amount.

The Village is a participant in the Illinois Public Treasurers' Investment Pool. This pool is an investment alternative for public treasurers across the State of Illinois.

The pooling of funds enables public treasurers to receive a higher rate of return than if funds were invested separately with local financial institutions. The funds can be deposited in any amount, earn a competitive rate of return, are fully collateralized, and the funds are always available as needed by the Village.

The Village is also a participant in the Illinois Metropolitan Investment Fund (IMET). IMET is a Triple-A rated, one-to-three year investment fund controlled by and for Illinois public funds managers and finance officers to enhance investment opportunity.

Debt Administration

The Village of Frankfort does not have any bonded debt. Moody's Investors' Services had issued the Village of Frankfort a bond rating of AA3 during FY 2007.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Lauterbach & Amen was selected by the Village Board to perform the audit in conformance with the requirements set forth in Illinois Compiled Statutes. The independent auditor's report on the basic financial statements and combining, individual fund statements is included in the financial section of this report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Village of Frankfort received the Certificate for twenty-seven consecutive years: from fiscal year 1989 to 2015.

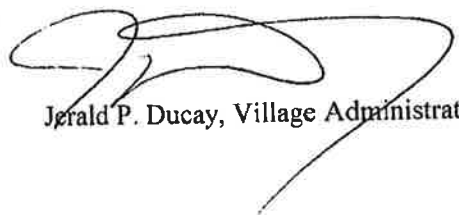
The Village of Frankfort is herewith submitting the enclosed financial report for fiscal year ended April 30, 2016, to re-apply for another Certificate of Achievement award. Since the Certificate is valid for a period of one year, the Village will need to annually re-apply for certification. It is the goal of the Village's Mayor and Board members to annually be eligible for the Certificate of Achievement award.

Acknowledgements

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Village of Frankfort. In addition, the firm of Lauterbach & Amen made substantial contributions by way of consulting on, and interpretations of recent pronouncements.

Our appreciation is sincerely expressed to the Village President and Board of Trustees for their foresight and contribution of support for this CAFR, and for their responsible and progressive approach that contributes to the financial strength of the Village of Frankfort.

Respectfully submitted,



Jerald P. Ducay, Village Administrator



Government Finance Officers Association

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

Presented to

**Village of Frankfort
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015



Executive Director/CEO



2015

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Village's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

August 19, 2016

The Honorable Village Mayor
Members of the Board of Trustees
Village of Frankfort, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Frankfort, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Frankfort, Illinois, as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Frankfort, Illinois', basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF FRANKFORT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2016

The management of the Village of Frankfort ("Village") presents this discussion and analysis to provide its readers with a narrative overview and analysis of the Village's financial activities for the year ended April 30, 2016. We encourage readers to consider the information presented here in conjunction with the information provided in the letter of transmittal, which can be found starting on page iii of this report.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the Required Supplementary Information that is provided in addition to the MD&A.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of this year by \$208,632,009 (net position). Of this amount, \$7,051,644 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The governmental funds reported combined ending fund balances of \$14,736,906 of which \$1,435,089 was unassigned and is available for spending at the Village's discretion (unassigned fund balance).
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$1,435,089, or 70.8% of total General Fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village of Frankfort's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 3 - 6 of this report.

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

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

Government-wide financial statements distinguish functions of the Village of Frankfort that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Village's governmental activities include public safety, public works, building and community development, solid waste, general government, and interest expense. The business-type activity of the Village includes waterworks and sewerage services.

Fund Financial Statements

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

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

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

The Village of Frankfort maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditure, and changes in fund balances for the General Fund, Police Protection Fund, Street and Bridge Fund, Garbage Disposal Fund, Motor Fuel Tax Fund and Capital Development Fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Village's full report.

The Village of Frankfort adopts an annual Appropriation Ordinance (Budget) for all of the governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

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

Proprietary Fund. The Village maintains one proprietary fund. This fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses the enterprise fund to account for its waterworks and sewerage system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks and Sewerage Fund, which is considered the only major fund. The basic proprietary fund financial statements can be found on pages 13 - 16 of this report.

Fiduciary Funds. A fiduciary fund is used to account for resources held for the pension benefit payments to qualified police personnel. This fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the Village's own programs. The accounting used for the fiduciary fund is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17 - 18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also represents certain required supplementary information. Required supplementary information can be found on pages 56 -66 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statement and schedules can be found on pages 67 -76 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. The following tables show that as of April 30, 2016 and 2015, the Village's assets/deferred outflows exceeded liabilities/deferred inflows by \$208,632,009 and \$225,386,933, respectively.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 19,888,471	20,499,967	12,137,589	14,689,080	32,026,060	35,189,047
Capital Assets	114,140,516	117,128,772	83,503,454	82,664,097	197,643,970	199,792,869
Total Assets	134,028,987	137,628,739	95,641,043	97,353,177	229,670,030	234,981,916
Deferred Outflows	1,677,374	-	711,416	-	2,388,790	-
Total Assets/ Def. Outflows	135,706,361	137,628,739	96,352,459	97,353,177	232,058,820	234,981,916
Long-Term Debt	13,786,377	1,217,607	3,590,976	1,526,145	17,377,353	2,743,752
Other Liabilities	1,663,264	1,964,518	711,986	1,380,945	2,375,250	3,345,463
Total Liabilities	15,449,641	3,182,125	4,302,962	2,907,090	19,752,603	6,089,215
Deferred Inflows	3,674,208	3,505,768	-	-	3,674,208	3,505,768
Total Liab./ Def. Inflows	19,123,849	6,687,893	4,302,962	2,907,090	23,426,811	9,594,983
Net Position						
Net Investment in						
Capital Assets	114,140,516	117,128,772	82,055,859	81,119,996	196,196,375	198,248,768
Restricted	5,383,990	7,085,507	-	-	5,383,990	7,085,507
Unrestricted	(2,941,994)	6,726,567	9,993,638	13,326,091	7,051,644	20,052,658
Total Net Position	116,582,512	130,940,846	92,049,497	94,446,087	208,632,009	225,386,933

The chart on the next page shows the changes in net position. Overall net position decreased for the year ended April 30, 2016 by \$6,017,247 and decreased \$3,720,246 for the year ended April 30, 2015.

The Village implemented GASB Statement No. 68 in the current year which required that the net pension liability for IMRF and Police Pension be recorded on the statements. The beginning net position decreased due to this and was restated in the governmental activities and business-type activities by \$9,608,801 and \$1,128,876, respectively.

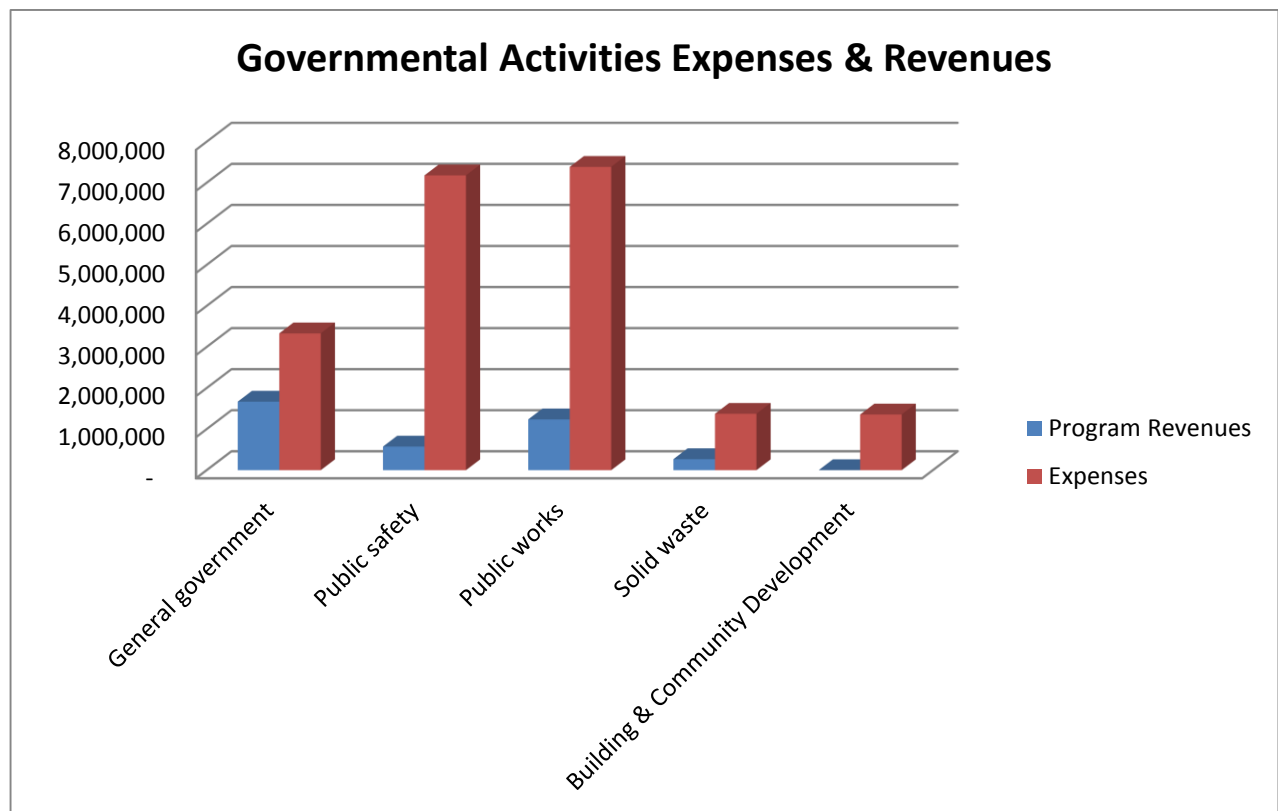
Changes in Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 2,801,604	2,971,881	7,726,967	7,638,725	10,528,571	10,610,606
Operating Grants/Contrib.	505,304	468,251	-	-	505,304	468,251
Capital Grants/Contrib.	443,223	104,574	-	-	443,223	104,574
General Revenues						
Property Taxes	3,547,862	3,541,613	-	-	3,547,862	3,541,613
Sales Taxes	6,078,143	5,797,015	-	-	6,078,143	5,797,015
Income Taxes	1,818,863	1,791,461	-	-	1,818,863	1,791,461
Use Taxes	410,480	359,276	-	-	410,480	359,276
Replacement Taxes	57,438	54,238	-	-	57,438	54,238
Interest Income	31,886	59,032	49,484	59,295	81,370	118,327
Miscellaneous	183,713	457,826	33,519	29,327	217,232	487,153
Total Revenues	15,878,516	15,605,167	7,809,970	7,727,347	23,688,486	23,332,514
Expenses						
General Government	3,332,029	1,263,524	-	-	3,332,029	1,263,524
Public Safety	7,179,980	5,866,812	-	-	7,179,980	5,866,812
Public Works	7,386,535	9,115,705	-	-	7,386,535	9,115,705
Solid Waste	1,373,180	1,358,153	-	-	1,373,180	1,358,153
Building & Community Development	1,356,325	1,104,635	-	-	1,356,325	1,104,635
Interest on Long-Term Debt	-	26,606	-	-	-	26,606
Waterworks and Sewerage	-	-	9,077,684	8,317,325	9,077,684	8,317,325
Total Expenses	20,628,049	18,735,435	9,077,684	8,317,325	29,705,733	27,052,760
Change in Net Position						
Before Transfers	(4,749,533)	(3,130,268)	(1,267,714)	(589,978)	(6,017,247)	(3,720,246)
Transfers	-	690,375	-	(690,375)	-	-
Change in Net Position	(4,749,533)	(2,439,893)	(1,267,714)	(1,280,353)	(6,017,247)	(3,720,246)
Net Position - Beginning as Restated	121,332,045	133,380,739	93,317,211	95,726,440	214,649,256	229,107,179
Net Position - Ending	116,582,512	130,940,846	92,049,497	94,446,087	208,632,009	225,386,933

- The Village of Frankfort received a record amount of sales tax revenue in fiscal year 2016, \$6,078,143. The FY 2016 sales tax revenue is \$281,128, or 4.8%, greater than the FY 2015 revenue of \$5,797,015.
- Income tax revenue also reached a record high during FY 2016 at \$1,818,863.
- Property tax revenue increased slightly by \$6,249 due to the slight increase in the equalized assessed value of real property within the Village.
- Earnings from investments have decreased mainly due to the decrease in the Village's cash and investment balances.

The Village's investment in capital assets, i.e. buildings and equipment, less any related outstanding debt used to acquire those assets represents 94.0% of the Village's net position. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (i.e. water/sewer rates), since the capital assets themselves cannot be used to liquidate these liabilities.

An additional 2.6% of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$7,051,644 or 3.4% represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

	Expenses	Program Revenues	Net (Expense) Revenue
General government	\$ 3,332,029	1,669,454	(1,662,575)
Public safety	7,179,980	574,874	(6,605,106)
Public works	7,386,535	1,237,149	(6,149,386)
Solid waste	1,373,180	268,654	(1,104,526)
Building & Community Development	1,356,325	-	(1,356,325)



Government Activities

The form of government of Frankfort is that of a village with an elected President and Board of Trustees elected at large.

Governmental activities include the following functions:

- General government includes the administration and finance departments and civil defense.
- Public Safety includes police protection, police commission, and civil defense.
- Public Works includes the streets and bridges maintenance, public grounds and buildings maintenance, motor fuel tax projects and other projects.
- Building and Community Development includes building, zoning, community development, and engineering activities.
- Solid Waste reflects the collection of solid waste refuse and recycling materials.

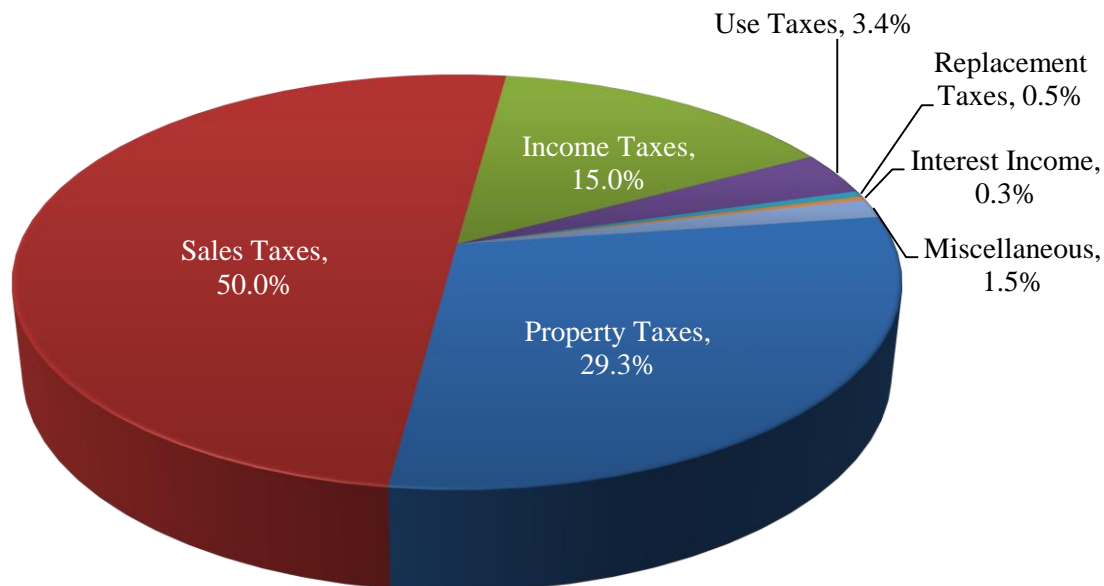
	Expenses		Program Revenues		Net (Expense) Revenue	
	2016	2015	2016	2015	2016	2015
General government	\$ 3,332,029	1,263,524	1,669,454	1,596,632	(1,662,575)	333,108
Public safety	7,179,980	5,866,812	574,874	562,853	(6,605,106)	(5,303,959)
Public works	7,386,535	9,115,705	1,237,149	1,139,043	(6,149,386)	(7,976,662)
Building & Community Development	1,356,325	1,104,635	-	-	(1,356,325)	(1,104,635)
Solid waste	1,373,180	1,358,153	268,654	246,178	(1,104,526)	(1,111,975)
Interest	-	26,606	-	-	-	(26,606)
	20,628,049	18,735,435	3,750,131	3,544,706	(16,877,918)	(15,190,729)

The table above makes it clear that the majority of general government functions require subsidy by taxpayers. Subsidies come from general revenues such as sales, income and property taxes.

Program and general revenues are those available for the Village of Frankfort to use to pay for the governmental activities described above. The following table and chart shows the Village's general revenues:

	2016	
	Amount	Percentage
Property Taxes	3,547,862	29.3%
Sales Taxes	6,078,143	50.0%
Income Taxes	1,818,863	15.0%
Use Taxes	410,480	3.4%
Replacement Taxes	57,438	0.5%
Interest Income	31,886	0.3%
Miscellaneous	183,713	1.5%
Total	12,128,385	100.0%

Governmental Activities - General Revenue



Sales tax is one of the largest revenue sources for the Village comprising 50% of general governmental revenues. Property taxes collected during the year were comparable to fiscal year 2015 and continue to represent 29% of the Village's general governmental revenues. The combined tax rate of the Village of Frankfort and the Village of Frankfort Road and Bridge Fund, the latter of which is levied by Frankfort Township, decreased from 0.4444 to 0.4405 per \$100 of equalized assessed valuation. This rate decrease has been offset by the 1.5% increase in the total equalized assessed value (EAV) of properties located in Frankfort. This is the first year since 2009 that the Village has seen an increase in the equalized assessed value of real property within the Village.

Business-type Activities

The business-type activity of the Village is the Waterworks and Sewerage System, wherein the Village charges a fee to customers to help cover the cost of the services it provides. The expenses for the Waterworks and Sewerage Fund exceeded the revenues by \$1,267,714.

Financial Analysis of the Government's Funds

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

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

As of April 30, 2016, the Village of Frankfort's governmental funds reported combined ending fund balances of \$14,736,906. Approximately 9.7% of this total amount or \$1,435,089 constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remaining \$13,301,817 of the fund balance is restricted (\$5,383,990), and assigned (\$7,917,827).

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the fund balance of the General Fund was \$1,435,089, all of which is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 70.8% (compared to 118.3% for the prior year) of the total General Fund expenditures. During the year, the fund balance of the Village of Frankfort's General Fund decreased by \$1,021,308 due to an additional transfer of excess funds, which have accumulated over the years, into the Capital Development Fund to be used for future capital outlay.

The Police Protection Fund ended the fiscal year with a fund balance of \$2,342,779 all of which is restricted. During the year, the fund balance of the Village of Frankfort's Police Protection fund decreased by \$894,513 due to an additional transfer of excess funds, which have accumulated over the years, into the Capital Development Fund to be used for future capital outlay.

The Street and Bridge fund had a balance of 1,189,872, all of which is restricted. During the year, the fund balance of the Village of Frankfort's Street and Bridge Fund decreased by \$390,857. As was done for the General Fund and Police Fund, excess funds which have accumulated over the years were transferred into the Capital Development fund for future capital outlay.

The Garbage Disposal Fund had a balance of \$398,389, all of which is restricted. During the year, the fund balance of the Village of Frankfort's Garbage Disposal Fund increased by \$21,773. Property tax revenue allocated for garbage disposal has decreased and conversely expenses have increased. Taxes levied for garbage disposal do not provide sufficient revenue to cover the garbage disposal expense. This shortfall is mitigated by a transfer of sales taxes, property taxes and other sources from the General Fund. This transfer was slightly more than the excess expenditures for the year.

The Motor Fuel Tax Fund ended the year with a fund balance of \$1,262,921 which is restricted. During the year, the fund balance of the Village of Frankfort's Motor Fuel Tax Fund decreased by \$440,076 mainly due to the Village's share of costs related to road and bridge projects.

The Capital Development Fund ended the year with a fund balance of \$7,917,827, all of which is assigned for future capital projects. During the year, the fund balance of the Village of Frankfort's Capital Projects Fund increased by \$2,330,126. This fund received annual transfers based on FY16 operating results within the governmental funds as well as additional transfers of \$3,000,000 which represented prior years' accumulated funds from the General, Police and Street and Bridge Funds. These transfers were offset by expenditures such as costs related to the Village Hall expansion, Ash Tree Program, economic incentives and vehicle purchases.

Proprietary Fund. As noted earlier, the Village of Frankfort's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Waterworks and Sewerage Fund at the end of the year amounted to \$9,993,638. The only major proprietary fund is the Waterworks and Sewerage Fund. Its net position decreased by \$1,267,714. While revenues for water and sewer services increased slightly, approximately \$88,000, expenditures increased in areas such as personnel, capital improvements and depreciation.

General Fund Budgetary Highlights

There was no difference between the original budget and the final budget.

During the year, revenues were more than budgetary estimates by \$432,417 as state sales taxes and charges for services were more than anticipated. Expenditures were less than budgeted by \$367,406, as all expenditure functions were less than expected. The fact that actual expenditures were less than expected enabled the Village to continue its policy of transferring funds to support the activity in the Garbage Disposal, Capital Development, Vehicle Tax, Illinois Municipal Retirement, and Social Security funds.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of April 30, 2016, amounts to \$197,643,970 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, vehicles, equipment, and water distribution.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 30,959,579	30,959,579	2,580,859	2,580,859	33,540,438	33,540,438
Construction in Progress	-	83,971	2,155,680	-	2,155,680	83,971
Buildings and Improvements	7,041,494	6,980,611	-	-	7,041,494	6,980,611
Infrastructure	74,322,276	77,258,291	-	-	74,322,276	77,258,291
Vehicles	1,604,200	1,534,133	784,533	372,164	2,388,733	1,906,297
Equipment	212,967	312,187	-	-	212,967	312,187
Water Distribution	-	-	77,982,382	79,711,074	77,982,382	79,711,074
Total	114,140,516	117,128,772	83,503,454	82,664,097	197,643,970	199,792,869

Major capital asset events during the fiscal year 2015-16 included the following:

- On the business-type activities side, construction in progress increased by \$2,155,680 as the Village begins the largest capital improvement project in its history which is the consolidation of the waste water treatment facilities. This is multi-year project.
- For both governmental and business-type activities combined, vehicles which provide services to the citizens of our community increased by \$482,436. The largest of these purchases during the year was a Vector Truck.
- Depreciation in the amount of \$3,800,702 was recorded for governmental activities capital assets and \$2,633,428 was recorded for business-type activities capital assets.

Additional information on the Village of Frankfort's capital assets can be found in the notes to the financial statements on pages 34 - 35 of this report.

Long-term debt

The Village of Frankfort has total outstanding debt of \$1,447,595 as of April 30, 2016. Under current Illinois Compiled Statutes, the Village's general obligation bonded debt issuances are subject to a legal limitation based on 8.625% of the total assessed value of real estate property. As of April 30, 2016, the Village's legal debt limit of \$69,656,316 was equal to the legal debt margin.

Below is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
IEPA Loans	\$ -	-	1,447,595	1,544,101	1,447,595	1,544,101

Additional information on the Village's long-term debt can be found in the notes to the financial statements on pages 36 - 38 of this report.

Economic Factors and Next Year's Budget

Sales tax and income tax continued to increase and reached record highs in FY 2016. For the first time the Village reached \$6 million in sales tax revenue. The first two sales tax amounts received in FY 2017 have decreased compared to the same time period as last year. The Village will continue to monitor this closely.

General Sales and Income Taxes for the Past 5 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Sales taxes	\$6,078,143*	\$5,797,015*	\$5,756,785	\$5,116,556	\$4,953,732
Income taxes	\$1,818,863	\$1,791,461	\$1,698,153	\$1,672,487	\$1,516,599

* Sales and use taxes were combined prior to 2015.

The waste water treatment facilities project is underway and is the largest capital improvement project in the history of the Village. This is a multi-year project and is expected to cost approximately \$60 million. Funds will be borrowed to complete the project through the Illinois Environmental Protection Agency (IEPA). The Village has secured an interest rate of 1.86% through the IEPA for the initial stages of this project. Sewer rates have been increased by 10% to cover some of the initial costs and several more sewer rate increases will be needed to cover the remaining costs of this project.

Requests for Information

This financial report is designed to provide a general overview of the Village of Frankfort's finances for all those with an interest in the government's finances. Questions concerning any of this information provided in this report or requests for additional information should be directed to Jerry P. Ducay, Village Administrator, Village of Frankfort, 432 W. Nebraska Street, Frankfort, Illinois 60423.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Fund

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

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Net Position

April 30, 2016

See Following Page

VILLAGE OF FRANKFORT, ILLINOIS**Statement of Net Position****April 30, 2016**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 13,466,922	11,145,788	24,612,710
Receivables - Net of Allowances	6,421,549	991,801	7,413,350
Total Current Assets	19,888,471	12,137,589	32,026,060
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	30,959,579	4,736,539	35,696,118
Depreciable Capital Assets	140,822,990	119,689,005	260,511,995
Accumulated Depreciation	(57,642,053)	(40,922,090)	(98,564,143)
Total Noncurrent Assets	114,140,516	83,503,454	197,643,970
Total Assets	134,028,987	95,641,043	229,670,030
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	570,727	711,416	1,282,143
Deferred Items - Police Pension	1,106,647	-	1,106,647
Total Deferred Outflows of Resources	1,677,374	711,416	2,388,790
Total Assets and Deferred Outflows of Resources	135,706,361	96,352,459	232,058,820

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 638,877	512,366	1,151,243
Accrued Payroll	216,140	81,734	297,874
Deposits Payable	715,766	-	715,766
Current Portion of Long-Term Debt	92,481	117,886	210,367
Total Current Liabilities	1,663,264	711,986	2,375,250
Noncurrent Liabilities			
Compensated Absences Payable	369,922	85,518	455,440
Net Pension Liability - IMRF	1,728,322	2,154,369	3,882,691
Net Pension Liability - Police	11,542,874	-	11,542,874
Net Other Post-Employment Benefit Payable	145,259	-	145,259
IEPA Loan Payable	-	1,351,089	1,351,089
Total Noncurrent Liabilities	13,786,377	3,590,976	17,377,353
Total Liabilities	15,449,641	4,302,962	19,752,603
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	3,580,782	-	3,580,782
Deferred Items - Police Pension	93,426	-	93,426
Total Deferred Inflows of Resources	3,674,208	-	3,674,208
Total Liabilities and Deferred Inflows of Resources	19,123,849	4,302,962	23,426,811
NET POSITION			
Net Investment in Capital Assets	114,140,516	82,055,859	196,196,375
Restricted			
Road Construction and Maintenance	2,452,793	-	2,452,793
Police Protection	2,342,779	-	2,342,779
Garbage Disposal Services	398,389	-	398,389
Vehicle Tax	23,541	-	23,541
Illinois Municipal Retirement	66,191	-	66,191
Social Security	100,297	-	100,297
Unrestricted	(2,941,994)	9,993,638	7,051,644
Total Net Position	116,582,512	92,049,497	208,632,009

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

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2016

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Primary Government				
Governmental Activities				
General Government	\$ 3,332,029	1,620,303	17,972	31,179
Public Safety	7,179,980	556,228	-	18,646
Public Works	7,386,535	356,419	487,332	393,398
Solid Waste	1,373,180	268,654	-	-
Building and Community Development	1,356,325	-	-	-
Total Governmental Activities	20,628,049	2,801,604	505,304	443,223
Business-Type Activities				
Waterworks and Sewerage	9,077,684	7,726,967	-	-
Total Primary Government	29,705,733	10,528,571	505,304	443,223

General Revenues

Taxes

Property Taxes

Intergovernmental - Unrestricted

Sales Taxes

Income Taxes

Use Taxes

Replacement Taxes

Interest Income

Miscellaneous

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(1,662,575)	-	(1,662,575)
(6,605,106)	-	(6,605,106)
(6,149,386)	-	(6,149,386)
(1,104,526)	-	(1,104,526)
(1,356,325)	-	(1,356,325)
(16,877,918)	-	(16,877,918)
-	(1,350,717)	(1,350,717)
(16,877,918)	(1,350,717)	(18,228,635)
3,547,862	-	3,547,862
6,078,143	-	6,078,143
1,818,863	-	1,818,863
410,480	-	410,480
57,438	-	57,438
31,886	49,484	81,370
183,713	33,519	217,232
12,128,385	83,003	12,211,388
(4,749,533)	(1,267,714)	(6,017,247)
121,332,045	93,317,211	214,649,256
116,582,512	92,049,497	208,632,009

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

VILLAGE OF FRANKFORT, ILLINOIS**Balance Sheet - Governmental Funds
April 30, 2016**

	<u>Special</u>		
	<u>General</u>	<u>Police Protection</u>	<u>Street and Bridge</u>
ASSETS			
Cash and Investments	\$ 669,333	1,599,476	995,907
Receivables - Net of Allowances			
Property Taxes	49,569	2,072,308	860,665
Other Taxes	471,063	855,323	322,183
Accounts	614,270	26,455	3,542
Accrued Interest	-	-	-
Due from Other Governments	-	-	-
Total Assets	<u>1,804,235</u>	<u>4,553,562</u>	<u>2,182,297</u>
LIABILITIES			
Accounts Payable	40,103	23,772	92,811
Accrued Payroll	36,724	114,704	38,949
Deposits Payable	242,750	-	-
Total Liabilities	<u>319,577</u>	<u>138,476</u>	<u>131,760</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	49,569	2,072,307	860,665
Total Liabilities and Deferred Inflows of Resources	<u>369,146</u>	<u>2,210,783</u>	<u>992,425</u>
FUND BALANCES			
Restricted	-	2,342,779	1,189,872
Assigned	-	-	-
Unassigned	1,435,089	-	-
Total Fund Balances	<u>1,435,089</u>	<u>2,342,779</u>	<u>1,189,872</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>1,804,235</u>	<u>4,553,562</u>	<u>2,182,297</u>

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

Revenue		Capital Projects		
Garbage Disposal	Motor Fuel Tax	Capital Development	Nonmajor	Totals
381,025	1,014,078	8,590,737	216,366	13,466,922
175,090	-	11,407	411,743	3,580,782
-	-	-	-	1,648,569
17,365	-	150,814	-	812,446
-	-	84	-	84
-	378,720	948	-	379,668
573,480	1,392,798	8,753,990	628,109	19,888,471
-	129,877	351,740	574	638,877
-	-	-	25,763	216,140
-	-	473,016	-	715,766
-	129,877	824,756	26,337	1,570,783
175,091	-	11,407	411,743	3,580,782
175,091	129,877	836,163	438,080	5,151,565
398,389	1,262,921	-	190,029	5,383,990
-	-	7,917,827	-	7,917,827
-	-	-	-	1,435,089
398,389	1,262,921	7,917,827	190,029	14,736,906
573,480	1,392,798	8,753,990	628,109	19,888,471

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

VILLAGE OF FRANKFORT, ILLINOIS

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

April 30, 2016

Total Governmental Fund Balances	\$ 14,736,906
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	114,140,516
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	570,727
Deferred Items - Police Pension	1,013,221
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(462,403)
Net Pension Liability - IMRF	(1,728,322)
Net Pension Liability - Police	(11,542,874)
Net Other Post-Employment Benefit Obligation Payable	<u>(145,259)</u>
Net Position of Governmental Activities	<u>116,582,512</u>

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

VILLAGE OF FRANKFORT, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2016**

See Following Page

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended April 30, 2016

		Special	
	General	Police Protection	Street and Bridge
Revenues			
Taxes	\$ 35,750	2,041,758	844,038
Intergovernmental	2,438,621	3,910,582	2,034,367
Charges for Services	85,181	276,999	136,167
Licenses and Permits	1,533,247	71,467	-
Fines and Forfeitures	1,875	207,762	-
Interest	3,506	3,587	1,796
Miscellaneous	107,120	34,490	4,086
Total Revenues	4,205,300	6,546,645	3,020,454
Expenditures			
Current			
General Government	1,105,055	-	-
Public Safety	-	5,527,524	-
Public Works	-	-	2,661,311
Solid Waste	-	-	-
Building and Community Development	899,860	-	-
Capital Outlay	20,629	24,802	-
Total Expenditures	2,025,544	5,552,326	2,661,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,179,756	994,319	359,143
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	11,168	-
Transfers In	2,636	-	-
Transfers Out	(3,203,700)	(1,900,000)	(750,000)
	(3,201,064)	(1,888,832)	(750,000)
Net Change in Fund Balances	(1,021,308)	(894,513)	(390,857)
Fund Balances - Beginning	2,456,397	3,237,292	1,580,729
Fund Balances - Ending	1,435,089	2,342,779	1,189,872

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

Revenue		Capital Projects		
Garbage Disposal	Motor Fuel Tax	Capital Development	Nonmajor	Totals
196,232	-	11,407	418,677	3,547,862
-	880,730	49,151	-	9,313,451
268,654	-	218,874	-	985,875
-	-	-	1,378	1,606,092
-	-	-	-	209,637
67	1,383	21,422	125	31,886
-	-	38,017	-	183,713
464,953	882,113	338,871	420,180	15,878,516
-	-	-	107,919	1,212,974
-	-	-	279,219	5,806,743
-	1,080,961	6,800	214,182	3,963,254
1,373,180	-	-	-	1,373,180
-	-	-	90,404	990,264
-	-	2,892,956	-	2,938,387
1,373,180	1,080,961	2,899,756	691,724	16,284,802
(908,227)	(198,848)	(2,560,885)	(271,544)	(406,286)
-	-	2,419	-	13,587
930,000	-	4,891,228	273,700	6,097,564
-	(241,228)	(2,636)	-	(6,097,564)
930,000	(241,228)	4,891,011	273,700	13,587
21,773	(440,076)	2,330,126	2,156	(392,699)
376,616	1,702,997	5,587,701	187,873	15,129,605
398,389	1,262,921	7,917,827	190,029	14,736,906

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

VILLAGE OF FRANKFORT, ILLINOIS

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

For the Fiscal Year Ended April 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (392,699)
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Amounts reported for governmental activities in the Statement of Activities
are different because:

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

Capital Outlays	842,543
Depreciation Expense	(3,800,702)
Disposals - Cost	(60,195)
Disposals - Accumulated Depreciation	30,098

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

Change in Deferred Items - IMRF	351,882
Change in Deferred Items - Police Pension	176,652

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

Deductions in Compensated Absences Payable	37,218
Additions to Net Pension Liability - IMRF	(603,847)
Additions to Net Pension Liability - Police	(1,333,201)
Deductions to Net Other Post-Employment Benefit Obligation Payable	<u>2,718</u>

Changes in Net Position of Governmental Activities	<u>(4,749,533)</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Net Position - Proprietary Funds
April 30, 2016

See Following Page

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Net Position - Proprietary Fund

April 30, 2016

	<u>Business-Type Activities Waterworks and Sewerage</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 11,145,788
Receivables - Net of Allowances	
Accounts	991,532
Accrued Interest	<u>269</u>
Total Current Assets	<u>12,137,589</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	4,736,539
Depreciable Capital Assets	119,689,005
Accumulated Depreciation	<u>(40,922,090)</u>
Total Noncurrent Assets	<u>83,503,454</u>
Total Assets	<u>95,641,043</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>711,416</u>
Total Assets and Deferred Outflows of Resources	<u>96,352,459</u>

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

	<u>Business-Type Activities Waterworks and Sewerage</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 512,366
Accrued Payroll	81,734
Current Portion of Long-Term Debt	<u>117,886</u>
Total Current Liabilities	<u>711,986</u>
Noncurrent Liabilities	
Compensated Absences Payable	85,518
Net Pension Liability - IMRF	2,154,369
IEPA Loans Payable	<u>1,351,089</u>
Total Noncurrent Liabilities	<u>3,590,976</u>
Total Liabilities	<u>4,302,962</u>
NET POSITION	
Net Investment in Capital Assets	82,055,859
Unrestricted	<u>9,993,638</u>
Total Net Position	<u><u>92,049,497</u></u>

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

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund For the Fiscal Year Ended April 30, 2016

	<u>Business-Type Activities Waterworks and Sewerage</u>
Operating Revenues	
Charges for Services	<u>\$ 7,726,967</u>
Operating Expenses	
Personnel	2,713,116
Contractual Services	1,774,697
Commodities	1,232,640
Capital Improvements	719,572
Miscellaneous	4,231
Depreciation	<u>2,633,428</u>
Total Operating Expenses	<u>9,077,684</u>
Operating Income (Loss)	<u>(1,350,717)</u>
Nonoperating Revenues	
Other Income	30,648
Disposal of Capital Assets	2,871
Interest Income	<u>49,484</u>
	<u>83,003</u>
Change in Net Position	(1,267,714)
Net Position - Beginning as Restated	<u>93,317,211</u>
Net Position - Ending	<u>92,049,497</u>

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

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Cash Flows - Proprietary Fund For the Fiscal Year Ended April 30, 2016

	Business-Type Activities <u>Waterworks and Sewerage</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 5,984,798
Payments to Employees	(1,654,808)
Payments to Suppliers	(3,297,070)
	<u>1,032,920</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(3,472,785)
Payment of Bond Principal	(96,506)
	<u>(3,569,291)</u>
Cash Flows from Investing Activities	
Interest Received	<u>49,484</u>
Net Change in Cash and Cash Equivalents	(2,486,887)
Cash and Cash Equivalents - Beginning	<u>13,632,675</u>
Cash and Cash Equivalents - Ending	<u><u>11,145,788</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>(1,350,717)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used In) Operating Activities:	
Depreciation	2,633,428
Other Income	33,519
(Increase) Decrease in Current Assets	(1,775,688)
Increase (Decrease) in Current Liabilities	<u>1,492,378</u>
Net Cash Provided by Operating Activities	<u><u>1,032,920</u></u>

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

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Fiduciary Net Position April 30, 2016

	Pension Trust Police Pension
ASSETS	
Cash and Cash Equivalents	\$ 976,398
Investments	
U.S. Agency Obligations	2,617,382
Corporate Bonds	1,226,611
Mutual Funds	6,048,860
Receivables - Net of Allowances	
Accrued Interest	32,607
Prepays	<u>530</u>
Total Assets	10,902,388
LIABILITIES	
Accounts Payable	<u>5,002</u>
NET POSITION	
Restricted for Pensions	<u><u>10,897,386</u></u>

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

VILLAGE OF FRANKFORT, ILLINOIS

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended April 30, 2016

	Pension Trust Police Pension
Additions	
Contributions - Employer	\$ 836,569
Contributions - Plan Members	253,766
Total Contributions	<u>1,090,335</u>
Investment Income	
Interest Earned	304,053
Net Change in Fair Value	(443,925)
	<u>(139,872)</u>
Less Investment Expenses	<u>(31,650)</u>
Net Investment Income	<u>(171,522)</u>
Total Additions	<u>918,813</u>
Deductions	
Administration	27,663
Benefits and Refunds	<u>576,191</u>
Total Deductions	<u>603,854</u>
Change in Fiduciary Net Position	314,959
Net Position Restricted for Pensions	
Beginning	<u>10,582,427</u>
Ending	<u><u>10,897,386</u></u>

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Frankfort (the Village), Illinois, a non-home rule village, was founded in 1855. The Village Board is comprised of the Mayor and six trustees which form the legislative branch of the Village. The financial statements of the Village include all operations of the Village. The Village provides a wide range of general municipal services, including police protection, crime prevention, community planning and zoning, building inspection and safety, street building and maintenance, traffic control, street lighting, storm water control and solid waste disposal service. In addition, water and sewer services are provided under an enterprise fund concept, with user charges set by the Village Board to ensure adequate coverage of operating expenses and payments on outstanding debt.

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

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:

Village of Frankfort

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

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a six-member pension board. The Village Treasurer, two appointed community members, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels.

Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police protection, crime prevention, community planning and zoning, building inspection and safety, street building and maintenance, traffic control, animal control, street lighting, storm water control and solid waste disposal service, and general administrative services are classified as governmental activities. The Village's waterworks and sewerage services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, solid waste, building and community development, etc.). The functions are supported by general government revenues (property, sales, income and replacement taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) changes to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.). The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund. This government-wide focus concentrates on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a single column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

Governmental Funds

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

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains seven special revenue funds. The Police Protection Fund, a major fund, is used to account for the financial resources related to providing police protection and related services to the Village residents. This fund includes property taxes levied for police protection. The Street and Bridge Fund, a major fund, is used to account for the financial resources related to maintaining the roadways of the Village. This fund includes property taxes levied for street and bridge maintenance. The Garbage Disposal Fund, a major fund, is used to account for the financial resources related to providing solid waste disposal services to the Village residents. This fund includes property taxes levied for garbage disposal. The Motor Fuel Tax Fund, a major fund, is used to account for the financial resources related to maintaining highways and streets throughout the Village. This fund includes motor fuel allotments.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains one capital projects fund. The Capital Development Fund, a major fund, is used to account for financial resources earmarked or segregated for the acquisition or construction of capital assets, except those financed and accounted for in other funds.

Proprietary Funds

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

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Waterworks and Sewerage Fund is used to account for the provision of water and sewer services to the residents of the Village and the sale of water to various other municipalities. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds

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

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund is used to account for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. Financing is provided by employee contributions, the Village's contribution and investment income.

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

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

All proprietary and pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Village’s enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

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

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Interfund Receivables, Payables and Activity

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

Receivables

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$20,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Buildings and Improvements	5 - 100 Years
Vehicles and Equipment	5 - 15 Years
Infrastructure – Bridges and Roads	20 - 50 Years
Infrastructure – Water and Sewer	50 - 100 Years

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

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

Net Position

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

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

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

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Annual appropriations ordinance (budget) is adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds. The budget appropriations lapse at the end of each fiscal year. The Village does not utilize an encumbrance system. The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Village Board adopts an Appropriations Ordinance which includes a budget for all funds utilized by the Village. This ordinance serves an appropriation authorization.
- Public budget hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance. The budget for the period May 1, 2015 to April 30, 2016 was adopted through the passage of ordinance number 2976 on July 6, 2015.
- The Village Administrator is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Village Board.
- Budgets are adopted on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for enterprise and fiduciary funds. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund. Appropriations lapse at the end of the fiscal year.
- Budgeted amounts are as originally adopted by the Village Board.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$1,894,344 and the bank balances totaled \$2,882,539. The Village also has \$13,243,800 invested in the Illinois Funds with an average maturity of less than one year and \$9,474,566 invested in Illinois Metropolitan Investment Trust with an average maturity of less than one year and one to three years.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village manages its exposure to declines in fair value by diversification of investments and maturities.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investment program is derived from the terms and provisions of the Illinois Compiled Statutes Public Funds Investment Act (30 ILCS 235) which allows investment in instruments of the United States of America or its agencies, money market mutual funds with a minimum AA rating by at least two of the three largest credit rating agencies, public treasurer's investment pool, and commercial paper with one of the three highest classifications by at least two of the three standard credit rating agencies. Commercial paper cannot exceed 180 days in maturity, 10% of the total outstanding paper of the issuing corporation, or one-third of the cost of the portfolio. The Village's investment in the Illinois Funds was rated AAAM by Standard & Poor's. The Illinois Metropolitan Investment Trust Convenience Fund is not rated and the Illinois Metropolitan Investment Trust 1-3 Year Fund is rated AAAs by Standard & Poor's.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy protects the Village from custodial credit risk by requiring funds on deposit (checking accounts, certificates of deposit, etc.), in excess of FDIC limits, to be secured by some form of collateral, witnessed by written agreement and held at an independent, third party institution in the name of the Village and requires the amount of collateral provided to be at a minimum of 110% of the fair value of the principal and accrued interest. At year-end, \$750 of the bank balance of deposits was not covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy does not address custodial credit risk for investments. The Village's investment in the Illinois Funds and IMET are not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment provides that no more than 65% of the Village's portfolio will be invested in a single security type and no more than 50% will be invested in a single financial institution. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Funds and the Illinois Metropolitan Investment Fund.

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$976,398 and the bank balances totaled \$976,414.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Agencies	\$ 2,617,382	768,823	1,593,465	255,094	-
Corporate Bonds	1,226,611	-	687,371	381,797	157,443
	3,843,993	768,823	2,280,836	636,891	157,443

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Interest Rate Risk. The Fund's investment policy requires an investment time horizon in excess of five years be used, thereby, allowing the Fund to tolerate moderate interim fluctuations in fair value and rates in order to achieve its long-term objectives.

Credit Risk. The Village's investment program is derived from the terms and provisions of the Illinois Compiled Statutes Public Funds Investment Act (40 ILCS 1/5-113) which allows investment in instruments of the United States of America or its agencies, savings accounts, certificates of deposits, public treasurer's investment pool, interest bearing bonds of any county, township or municipal corporation, money market mutual funds, certain short-term obligations of U.S. corporations, common stocks, and general or separate accounts of life insurance companies authorized to transact business in Illinois. At year-end, the Fund's investments in U.S. Agency securities were all rated A- through AAA rated by Standard & Poor's.

Custodial Credit Risk. For deposits, the Fund's investment policy does not address custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance. For investments, custodial credit risk is not specifically defined in the Fund's investment policy.

Concentration Risk. The Fund's investment policy states that the Fund's total investment in authorized items is not allowed to exceed 35% of the market value of the net present assets reported in its most recent annual report. Investment in the common stock of any one corporation is limited to 5% and insurance contracts may not exceed 10% of the market value of the Fund. At year-end the Fund is in compliance with its investment policy. In addition to the securities and fair values listed above, the Fund also has \$6,048,860 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations).

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	43.00%	6.20%
Domestic Equities	10.00% - 30.00%	7.65% - 9.90%
International Equities	10.00%	5.40%
Real Estate	5.00%	11.50%
Cash and Cash Equivalents	0.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in May 2016 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.48%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Will/Cook County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 30,959,579	-	-	30,959,579
Construction in Progress	83,971	-	83,971	-
	<u>31,043,550</u>	<u>-</u>	<u>83,971</u>	<u>30,959,579</u>
Depreciable Capital Assets				
Buildings and Improvements	8,787,096	296,779	-	9,083,875
Vehicles	3,213,072	363,370	60,195	3,516,247
Equipment	1,598,260	-	-	1,598,260
Infrastructure	126,358,243	266,365	-	126,624,608
	<u>139,956,671</u>	<u>926,514</u>	<u>60,195</u>	<u>140,822,990</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,806,485	235,896	-	2,042,381
Vehicles	1,678,939	263,206	30,098	1,912,047
Equipment	1,286,073	99,220	-	1,385,293
Infrastructure	49,099,952	3,202,380	-	52,302,332
	<u>53,871,449</u>	<u>3,800,702</u>	<u>30,098</u>	<u>57,642,053</u>
Total Depreciable Capital Assets	<u>86,085,222</u>	<u>(2,874,188)</u>	<u>30,097</u>	<u>83,180,937</u>
Total Capital Assets	<u>117,128,772</u>	<u>(2,874,188)</u>	<u>114,068</u>	<u>114,140,516</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 102,157
Public Safety	191,886
Public Works	3,424,183
Building and Community Development	<u>82,476</u>
	<u>3,800,702</u>

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 2,580,859	-	-	2,580,859
Construction in Progress	-	2,155,680	-	2,155,680
	<u>2,580,859</u>	<u>2,155,680</u>	<u>-</u>	<u>4,736,539</u>
Depreciable Capital Assets				
Vehicles	1,019,300	552,368	-	1,571,668
Water Distribution, Storm, and Sanitary System	117,352,600	764,737	-	118,117,337
	<u>118,371,900</u>	<u>1,317,105</u>	<u>-</u>	<u>119,689,005</u>
Less Accumulated Depreciation				
Vehicles	647,136	139,999	-	787,135
Water Distribution, Storm, and Sanitary System	37,641,526	2,493,429	-	40,134,955
	<u>38,288,662</u>	<u>2,633,428</u>	<u>-</u>	<u>40,922,090</u>
Total Depreciable Capital Assets	<u>80,083,238</u>	<u>(1,316,323)</u>	<u>-</u>	<u>78,766,915</u>
Total Capital Assets	<u>82,664,097</u>	<u>839,357</u>	<u>-</u>	<u>83,503,454</u>

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

Waterworks and Sewerage	<u>\$ 2,633,428</u>
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VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Transfers

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Capital Development	\$ 2,636
Garbage Disposal	General	930,000
Capital Development	General	2,000,000
Capital Development	Police Protection	1,900,000
Capital Development	Street and Bridge	750,000
Capital Development	Motor Fuel Tax	241,228
Nonmajor Governmental	General	273,700
		<u>6,097,564</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

IEPA Loans Payable

The Village has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. IEPA loan currently outstanding are as follows:

Issue	Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Illinois Environmental Protection Agency (IEPA) (L17-3468) Loan of 2011 - Due in annual installments of \$96,506 non-interest bearing through February 6, 2031.	Waterworks and Sewerage	\$ 1,544,101	-	96,506	1,447,595

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 499,621	37,218	74,436	462,403	92,481
Net Pension Liability					
IMRF	1,124,475	603,847	-	1,728,322	-
Police Pension	10,209,673	1,333,201	-	11,542,874	-
Net Other Post-Employment Benefit Obligation	147,977	-	2,718	145,259	-
	<u>11,981,746</u>	<u>1,974,266</u>	<u>77,154</u>	<u>13,878,858</u>	<u>92,481</u>
Business-Type Activities					
Compensated Absences	98,187	17,422	8,711	106,898	21,380
Net Pension Liability					
IMRF	1,401,867	752,502	-	2,154,369	-
IEPA Loan Payable	1,544,101	-	96,506	1,447,595	96,506
	<u>3,044,155</u>	<u>769,924</u>	<u>105,217</u>	<u>3,708,862</u>	<u>117,886</u>

For governmental activities, the General Fund makes payments on the compensated, the net pension liability, and the net other post-employment benefit obligation.

For business-type activities, the Waterworks and Sewerage Fund makes payments on the compensated absences, the net pension liability, and the IEPA loan payable.

Legal Debt Margin

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin – Continued

Assessed Valuation - 2015	<u>\$ 807,609,460</u>
Legal Debt Limit - 8.625% of Assessed Value	69,656,316
Amount of Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>69,656,316</u>

Debt Service Requirements to Maturity

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

Fiscal Year	Business-Type Activities	
	IEPA	
	Loan Payable	
	Principal	Interest
2017	\$ 96,506	-
2018	96,506	-
2019	96,506	-
2020	96,506	-
2021	96,506	-
2022	96,506	-
2023	96,506	-
2024	96,506	-
2025	96,506	-
2026	96,506	-
2027	96,506	-
2028	96,506	-
2029	96,506	-
2030	96,506	-
2031	96,511	-
Total	<u>1,447,595</u>	<u>-</u>

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/ NET POSITION

Fund Balance Classifications

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

Assigned Fund Balance. The Village reports assigned fund balance in the Capital Development Fund, a major fund. The Village's Board/management has given authority to the Village Administrator through the Village's budget policy, to assign these funds to future improvement projects and equipment purchases based on approved Board/management expenditures as determined through the annual budget process.

Minimum Fund Balance Policy. The Villages policy manual states that the General Fund should maintain a minimum fund balance equal to 20% to 25% of budgeted operating expenditures or to keep an equivalent amount in the Capital Development Fund.

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

	General	Special Revenue				Capital Projects	Nonmajor	Totals
		Police Protection	Street and Bridge	Garbage Disposal	Motor Fuel Tax	Capital Development		
Fund Balances								
Restricted								
Motor Fuel Taxes								
Road Construction and Maintenance	\$ -	-	-	-	1,262,921	-	-	1,262,921
Police Protection	-	2,342,779	-	-	-	-	-	2,342,779
Road Construction and Maintenance	-	-	1,189,872	-	-	-	-	1,189,872
Garbage Disposal Services	-	-	-	398,389	-	-	-	398,389
Vehicle Tax	-	-	-	-	-	-	23,541	23,541
Illinois Municipal Retirement	-	-	-	-	-	-	66,191	66,191
Social Security	-	-	-	-	-	-	100,297	100,297
	-	2,342,779	1,189,872	398,389	1,262,921	-	190,029	5,383,990
Assigned								
Capital Projects	-	-	-	-	-	7,917,827	-	7,917,827
Unassigned	1,435,089	-	-	-	-	-	-	1,435,089
Total Fund Balances	1,435,089	2,342,779	1,189,872	398,389	1,262,921	7,917,827	190,029	14,736,906

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/ NET POSITION – Continued

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2016:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 114,140,516</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	83,503,454
Less Capital Related Debt:	
IEPA Loan Payable of 2011	<u>(1,447,595)</u>
Net Investment in Capital Assets	<u>82,055,859</u>

Net Position Restatements

Net position was restated due to the implementation of GASB Statement No. 68. The following is a summary of the net position as originally reported and as restated:

Net Position	As Reported	As Restated	(Decrease)
Governmental Activities	\$ 130,940,846	121,332,045	(9,608,801)
Waterworks and Sewerage - Business-Type Activities	94,446,087	93,317,211	(1,128,876)

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. In response to this exposure the Village has become a member of Southwest agency for Risk Management (SWARM) which is a risk management cooperative unit of government with eight member groups (villages and cities) that provides general liability insurance coverage. SWARM is self-sustaining through annual insurance premiums paid by its member groups. Excess claims are reinsured through commercial insurance. Any deficiencies incurred by SWARM in excess of reinsurance will be the responsibility of the members. Settled risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

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

Grants

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

JOINT VENTURE

Lincoln-Way Public Safety Communications Center

The Village is a member of the Lincoln-Way Public Safety Communications Center (the Center) which consists of three municipalities and five fire protection districts. The Center is a municipal corporation and public body politic and corporate established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). The Center is empowered under the Act to provide a centralized public safety and emergency communications system to support the needs of all members.

The Center is governed by a five-member Board of Directors (the Board), which consists of an appointed trustee from the Village of Frankfort, Village of New Lenox, Village of Mokena and two of the five Fire Districts. The Board makes all final decisions with regard to the administration of the Center and employees, including, but not limited to, the hiring and discharge of the employees, salaries, schedules, and purchase of equipment. Separate audited financial statements are available at 11000 W Lincoln Hwy, Frankfort, IL 60423.

In accordance with the intergovernmental agreement, the Village remitted \$337,746 to the Center for the year ended April 30, 2016, which is recorded in the Village's Police Protection Fund.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; and the Police Pension Plan, which is a single-employer, pension plan. A copy of the Police Pension Plan report may be obtained by writing to the Village at 432 West Nebraska Street, Frankfort, Illinois 60423. IMRF also issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

Plan Membership. As of December 31, 2015, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	39
Inactive Plan Members Entitled to but not yet Receiving Benefits	42
Active Plan Members	<u>72</u>
Total	<u>153</u>

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2015 was 12.41% of covered payroll.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements

April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2015, using the following actuarial methods and assumptions:

Actuarial Valuation Date	12/31/2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	4.40% to 16.00%
Cost of Living Adjustments	3.00%
Inflation	3.00%

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, 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 (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net Pension Liability	\$ 6,663,134	3,882,691	1,627,780

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2014	\$ 17,395,649	14,869,307	2,526,342
Changes for the Year:			
Service Cost	406,401	-	406,401
Interest on the Total Pension Liability	1,294,590	-	1,294,590
Difference Between Expected and Actual Experience of the Total Pension Liability	333,983	-	333,983
Changes of Assumptions	25,474	-	25,474
Contributions - Employer	-	491,836	(491,836)
Contributions - Employees	-	178,345	(178,345)
Net Investment Income	-	74,449	(74,449)
Benefit Payments, including Refunds of Employee Contributions	(629,201)	(629,201)	-
Other (Net Transfer)	-	(40,531)	40,531
Net Changes	1,431,247	74,898	1,356,349
Balances at December 31, 2015	18,826,896	14,944,205	3,882,691

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2016, the Village recognized pension expense of \$566,042. At April 30, 2016, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 271,235	-	271,235
Change in Assumptions	20,688	-	20,688
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	832,613	-	832,613
Pension Contributions Made Subsequent to the Measurement Date	157,607	-	157,607
Total Deferred Amounts Related to IMRF	1,282,143	-	1,282,143

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

Fiscal Year	Net Deferred Outflows of Resources
2017	\$ 433,294
2018	275,687
2019	275,687
2020	275,688
2021	21,787
Thereafter	-
Total	1,282,143

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

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

Plan Membership. At April 30, 2016, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>28</u>
Total	<u><u>40</u></u>

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

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

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

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

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2016, the Village's contribution was 33.14% of covered payroll.

Concentrations. At year-end, the Pension Fund does not have any investments over 5 percent of net plan position available for retirement benefits (other than U.S. Government guaranteed obligations).

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2016, using the following actuarial methods and assumptions:

Actuarial Valuation Date	4/30/16
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	4.00% - 24.32%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the assumption study prepared by the independent actuary in 2016. The table combines observed experience of Illinois Police Officers with the RP-2014 mortality table for blue collar workers. Mortality improvements have been made to 5 years past the valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 15,852,006	11,542,874	8,137,043

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2015	\$ 20,792,100	10,582,427	10,209,673
Changes for the Year:			
Service Cost	515,213	-	515,213
Interest on the Total Pension Liability	1,384,020	-	1,384,020
Difference Between Expected and Actual Experience of the Total Pension Liability	429,395	-	429,395
Changes of Assumptions	(104,277)	-	(104,277)
Contributions - Employer	-	836,569	(836,569)
Contributions - Employees	-	253,766	(253,766)
Net Investment Income	-	(171,522)	171,522
Benefit Payments, including Refunds of Employee Contributions	(576,191)	(576,191)	-
Other (Net Transfer)	-	(27,663)	27,663
Net Changes	1,648,160	314,959	1,333,201
Balances at April 30, 2016	22,440,260	10,897,386	11,542,874

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

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

For the year ended April 30, 2016, the Village recognized pension expense of \$1,156,549. At April 30, 2016, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 384,712	-	384,712
Change in Assumptions	-	(93,426)	(93,426)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	721,935	-	721,935
Total Deferred Amounts Related to Police Pension	1,106,647	(93,426)	1,013,221

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

Fiscal Year	Net Deferred Outflows of Resources
2017	\$ 214,316
2018	214,316
2019	214,316
2020	214,315
2021	33,832
Thereafter	122,126
Total	1,013,221

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

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

The Village provides limited health care insurance coverage of its eligible retired employees. Such coverage is provided for retired employees until they reach age 65. Retired employees are required to pay 100% of the premiums for such coverage.

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2016, retirees contributed \$54,577. Active employees do not contribute to the plan until retirement.

At April 30, 2015, the date of the most recent actuarial report, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	7
Active Employees	<u>88</u>
Total	<u>95</u>
Participating Employers	1

The Village does not currently have a funding policy.

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2016, was calculated as follows:

Annual Required Contribution (ARC)	\$ 70,413
Interest on the NOPEBO	5,919
Adjustment to the ARC	<u>(8,557)</u>
Annual OPEB Cost	67,775
Actual Contribution	<u>70,493</u>
Change in the NOPEBO	(2,718)
NOPEBO - Beginning	<u>147,977</u>
NOPEBO - Ending	<u><u>145,259</u></u>

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

Trend Information

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

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 62,039	\$ 15,180	24.47%	\$ 145,633
2015	65,108	62,764	96.40%	147,977
2016	67,775	70,493	104.01%	145,259

VILLAGE OF FRANKFORT, ILLINOIS

Notes to the Financial Statements April 30, 2016

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2015, the date of the most recent actuarial repost, was as follows:

Actuarial Accrued Liability (AAL)	\$ 871,793
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 871,793
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 5,730,518
UAAL as a Percentage of Covered Payroll	15.21%

Actuarial Methods and Assumptions

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

In the April 30, 2015 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (including a 3.00% inflation assumption) and an annual healthcare cost trend rate of 7.90%, with an ultimate rate of 5.00%. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2016, was 30 years.

SUBSEQUENT EVENT

On June 27, 2016, the Village entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) in the amount of \$11,532,875 with an interest rate of 1.86% and a maturity date of May 15, 2037. As of the date of this report, the Village has not received any disbursements from the loan. The IEPA disburses loan proceeds upon request as the costs are incurred.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress and Employer Contributions
Health Insurance Plan for Retired Employees
- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Police Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
Police Pension Fund
- Schedule of Investment Returns
Police Pension Fund
- Budgetary Comparison Schedule
General Fund
Police Protection – Special Revenue Fund
Street and Bridge – Special Revenue Fund
Garbage Disposal – Special Revenue Fund
Motor Fuel Tax – Special Revenue Fund

Notes to the Required Supplementary Information

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

VILLAGE OF FRANKFORT, ILLINOIS

Health Insurance Plan for Retired Employees

Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2016

Funding Progress

Actuarial Valuation Apr. 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2011	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2012	-	1,082,581	0.00%	1,082,581	3,014,645	35.91%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	-	871,793	0.00%	871,793	5,730,518	15.21%
2016	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2011	\$ 16,496	\$ 29,525	55.87%
2012	16,496	29,525	55.87%
2013	16,498	59,409	27.77%
2014	15,179	59,409	25.55%
2015	62,764	67,705	92.70%
2016	70,493	70,413	100.11%

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

N/A - Not Available

VILLAGE OF FRANKFORT, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2016

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 491,836	\$ 491,836	\$ -	\$ 3,963,215	12.41%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	28 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	4.40% - 16.00%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2000 Combined Healthy Mortality Table

Note:

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

VILLAGE OF FRANKFORT, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Employer Contributions

April 30, 2016

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 776,067	\$ 774,820	\$ (1,247)	\$ 2,252,880	34.39%
2016	833,060	836,569	3,509	2,524,246	33.14%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	April 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	Market
Inflation	2.50%
Salary Increases	4.00-24.32%
Investment Rate of Return	6.75%
Retirement Age	See the Notes to the Financial Statements
Mortality	L&A 2016 Illinois Police Mortality Rates

Note:

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

VILLAGE OF FRANKFORT, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2016

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 406,401
Interest	1,294,590
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	333,983
Change of Assumptions	25,474
Benefit Payments, Including Refunds of Member Contributions	<u>(629,201)</u>
Net Change in Total Pension Liability	1,431,247
Total Pension Liability - Beginning	<u>17,395,649</u>
Total Pension Liability - Ending	<u><u>18,826,896</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 491,836
Contributions - Members	178,345
Net Investment Income	74,449
Benefit Payments, Including Refunds of Member Contributions	(629,201)
Administrative Expense	<u>(40,531)</u>
Net Change in Plan Fiduciary Net Position	74,898
Plan Net Position - Beginning	<u>14,869,307</u>
Plan Net Position - Ending	<u><u>14,944,205</u></u>
Employer's Net Pension Obligation	<u><u>\$ 3,882,691</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.38%
Covered-Employee Payroll	\$ 3,963,215
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	97.97%

Note:

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

VILLAGE OF FRANKFORT, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability April 30, 2016

	4/30/15	4/30/16
Total Pension Liability		
Service Cost	\$ 517,324	515,213
Interest	1,343,788	1,384,020
Differences Between Expected and Actual Experience	-	429,395
Change of Assumptions	-	(104,277)
Benefit Payments, Including Refunds of Member Contributions	(531,926)	(576,191)
Net Change in Total Pension Liability	1,329,186	1,648,160
Total Pension Liability - Beginning	19,462,914	20,792,100
Total Pension Liability - Ending	20,792,100	22,440,260
Plan Fiduciary Net Position		
Contributions - Employer	\$ 774,820	836,569
Contributions - Members	228,686	253,766
Net Investment Income	678,031	(171,522)
Benefit Payments, Including Refunds of Member Contributions	(531,926)	(576,191)
Administrative Expense	(29,442)	(27,663)
Net Change in Plan Fiduciary Net Position	1,120,169	314,959
Plan Net Position - Beginning	9,462,258	10,582,427
Plan Net Position - Ending	10,582,427	10,897,386
Employer's Net Pension Liability	\$ 10,209,673	11,542,874
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.90%	48.56%
Covered-Employee Payroll	\$ 2,252,880	2,524,246
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	453.18%	457.28%

Note:

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

VILLAGE OF FRANKFORT, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Investment Returns

April 30, 2016

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	6.79%
2016	(1.48%)

Note:

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

VILLAGE OF FRANKFORT, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 35,000	35,000	35,750
Intergovernmental			
State Sales	1,883,333	1,883,333	2,028,141
State Use	310,000	310,000	410,480
Charges for Services	60,010	60,010	85,181
Licenses and Permits	1,395,150	1,395,150	1,533,247
Fines and Forfeitures	5,000	5,000	1,875
Interest	450	450	3,506
Miscellaneous	83,940	83,940	107,120
Total Revenues	3,772,883	3,772,883	4,205,300
Expenditures			
General Government	1,240,050	1,240,050	1,105,055
Building and Community Development	1,085,900	1,085,900	899,860
Capital Outlay	67,000	67,000	20,629
Total Expenditures	2,392,950	2,392,950	2,025,544
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,379,933	1,379,933	2,179,756
Other Financing Sources (Uses)			
Transfers In	22,000	22,000	2,636
Transfers Out	-	-	(3,203,700)
	22,000	22,000	(3,201,064)
Net Change in Fund Balance	1,401,933	1,401,933	(1,021,308)
Fund Balance - Beginning			2,456,397
Fund Balance - Ending			1,435,089

VILLAGE OF FRANKFORT, ILLINOIS

Police Protection - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 2,033,060	2,033,060	2,041,758
Intergovernmental			
State Sales	1,883,333	1,883,333	2,025,001
State Income	1,700,000	1,700,000	1,818,863
Replacement	40,000	40,000	48,072
Grants	20,000	20,000	18,646
Charges for Services	265,000	265,000	276,999
Licenses and Permits	68,075	68,075	71,467
Fines and Forfeitures	215,000	215,000	207,762
Interest	650	650	3,587
Miscellaneous	30,000	30,000	34,490
Total Revenues	<u>6,255,118</u>	<u>6,255,118</u>	<u>6,546,645</u>
Expenditures			
Public Safety	5,899,210	5,899,210	5,527,524
Capital Outlay	15,000	15,000	24,802
Total Expenditures	<u>5,914,210</u>	<u>5,914,210</u>	<u>5,552,326</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>340,908</u>	<u>340,908</u>	<u>994,319</u>
Other Financing Sources (Uses)			
Disposal of Capital Assets	12,000	12,000	11,168
Transfers Out	-	-	(1,900,000)
	<u>12,000</u>	<u>12,000</u>	<u>(1,888,832)</u>
Net Change in Fund Balance	<u>352,908</u>	<u>352,908</u>	(894,513)
Fund Balance - Beginning			<u>3,237,292</u>
Fund Balance - Ending			<u>2,342,779</u>

VILLAGE OF FRANKFORT, ILLINOIS

Street and Bridge - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 800,000	800,000	844,038
Intergovernmental			
State Sales	1,883,333	1,883,333	2,025,001
Replacement	8,000	8,000	9,366
Charges for Services	130,000	130,000	136,167
Interest	300	300	1,796
Miscellaneous	3,500	3,500	4,086
Total Revenues	2,825,133	2,825,133	3,020,454
Expenditures			
Public Works	2,713,500	2,713,500	2,661,311
Capital Outlay	7,500	7,500	-
Total Expenditures	2,721,000	2,721,000	2,661,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	104,133	104,133	359,143
Other Financing Sources (Uses)			
Disposal of Capital Assets	10,000	10,000	-
Transfers Out	-	-	(750,000)
	10,000	10,000	(750,000)
Net Change in Fund Balance	114,133	114,133	(390,857)
Fund Balance - Beginning			1,580,729
Fund Balance - Ending			1,189,872

VILLAGE OF FRANKFORT, ILLINOIS

Garbage Disposal - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 196,573	196,573	196,232
Charges for Services	267,500	267,500	268,654
Interest	50	50	67
Total Revenues	464,123	464,123	464,953
Expenditures			
Solid Waste	1,423,000	1,423,000	1,373,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	(958,877)	(958,877)	(908,227)
Other Financing Sources			
Transfers In	-	-	930,000
Net Change in Fund Balance	<u>(958,877)</u>	<u>(958,877)</u>	21,773
Fund Balance - Beginning			<u>376,616</u>
Fund Balance - Ending			<u><u>398,389</u></u>

VILLAGE OF FRANKFORT, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Tax Allotment	\$ 460,000	460,000	487,332
Grants	83,500	83,500	393,398
Interest	200	200	1,383
Total Revenues	543,700	543,700	882,113
Expenditures			
Public Works	1,225,000	1,225,000	1,080,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	(681,300)	(681,300)	(198,848)
Other Financing (Uses)			
Transfers Out	-	-	(241,228)
Net Change in Fund Balance	<u>(681,300)</u>	<u>(681,300)</u>	(440,076)
Fund Balance - Beginning			<u>1,702,997</u>
Fund Balance - Ending			<u><u>1,262,921</u></u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Fund
- Budgetary Comparison Schedules – Pension Trust Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund, a major fund, accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

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

Police Protection Fund

The Police Protection Fund is used to account for the financial resources related to providing police protection and related services to the Village residents. This fund includes property taxes levied for police protection.

Street and Bridge Fund

The Street and Bridge Fund is used to account for the financial resources related to maintaining the roadways of the Village. This fund includes property taxes levied for street and bridge maintenance.

Garbage Disposal Fund

The Garbage Disposal Fund is used to account for the financial resources related to providing solid waste disposal services to the Village residents. This fund includes property taxes levied for garbage disposal.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for the financial resources related to maintaining highways and streets throughout the Village. This fund includes motor fuel allotments.

Vehicle Tax Fund

The Vehicle Tax Fund is used to account for street maintenance expenditures mainly for patching materials. This fund includes fees collected from vehicle sticker sales.

Illinois Municipal Retirement

The Illinois Municipal Retirement Fund is used to account for the Village's participation in the Illinois Municipal Retirement Fund. This fund includes property taxes levied for the Village's contributions to the fund on behalf of its employees.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS – Continued

Social Security

The Social Security Fund includes property taxes levied for the payment of the Village's portion of Federal Social Security and Medicare taxes.

CAPITAL PROJECTS FUND

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

Capital Development Fund

The Capital Development Fund is used to account for financial resources earmarked or segregated for the acquisition or construction of capital assets, except those financed and accounted for in other funds.

ENTERPRISE FUNDS

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

Waterworks and Sewerage Fund

The Waterworks and Sewerage Fund is used to account for the provision of water and sewer services to the residents of the Village and the sale of water to various other municipalities. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

PENSION TRUST FUND

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

VILLAGE OF FRANKFORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
General Government			
Office of the Mayor			
Personnel	\$ 45,150	45,150	44,025
Professional Fees	100,000	100,000	73,117
Communication	35,500	35,500	32,912
Professional Development	64,500	64,500	65,261
Contractual Services	10,000	10,000	10,000
Supplies	1,000	1,000	506
Other	3,500	3,500	1,512
Administration			
Personnel	480,600	480,600	474,659
Maintenance	15,000	15,000	10,309
Professional Fees	500	500	239
Communication	27,000	27,000	18,262
Professional Development	95,000	95,000	69,397
Contractual Services	46,400	46,400	30,007
Supplies	38,500	38,500	44,444
Civil Defense			
Maintenance	11,500	11,500	2,636
Finance			
Personnel	196,200	196,200	169,290
Maintenance	1,000	1,000	604
Professional Fees	23,500	23,500	20,653
Communication	2,000	2,000	1,698
Professional Development	6,000	6,000	2,247
Contractual Services	15,000	15,000	10,075
Supplies	22,200	22,200	23,202
Total General Government	1,240,050	1,240,050	1,105,055
Building and Community Development			
Planning			
Professional Fees	105,500	105,500	61,853
Building			
Personnel	387,250	387,250	422,478
Maintenance	72,500	72,500	63,964
Professional Fees	150,000	150,000	65,517

VILLAGE OF FRANKFORT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Building and Community Development - Continued			
Building - Continued			
Communication	\$ 12,000	12,000	3,539
Professional Development	11,500	11,500	13,461
Contractual Services	26,000	26,000	16,684
Supplies	39,500	39,500	26,562
Other	5,000	5,000	4,436
Community Development			
Personnel	198,400	198,400	188,888
Maintenance	4,000	4,000	-
Communication	7,150	7,150	4,909
Professional Development	18,750	18,750	6,191
Contractual Services	18,000	18,000	8,250
Supplies	29,850	29,850	13,128
Other	500	500	-
Total Building and Community Development	1,085,900	1,085,900	899,860
Capital Outlay			
General Government			
Office of the Mayor	50,000	50,000	20,629
Administration	6,500	6,500	-
Civil Defense	10,500	10,500	-
Total Capital Outlay	67,000	67,000	20,629
Total Expenditures	2,392,950	2,392,950	2,025,544

VILLAGE OF FRANKFORT, ILLINOIS

Capital Development - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 11,744	11,744	11,407
Intergovernmental	-	-	49,151
Charges for Services	140,000	140,000	218,874
Interest	20,000	20,000	21,422
Miscellaneous	26,600	26,600	38,017
Total Revenues	198,344	198,344	338,871
Expenditures			
Public Works			
Professional Services	225,000	225,000	6,800
Other	50,000	50,000	-
Capital Outlay	4,629,000	4,629,000	2,892,956
Total Expenditures	4,904,000	4,904,000	2,899,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,705,656)	(4,705,656)	(2,560,885)
Other Financing Sources (Uses)			
Disposal of Capital Assets	-	-	2,419
Transfers In	-	-	4,891,228
Transfers Out	(22,000)	(22,000)	(2,636)
	(22,000)	(22,000)	4,891,011
Net Change in Fund Balance	(4,727,656)	(4,727,656)	2,330,126
Fund Balance - Beginning			5,587,701
Fund Balance - Ending			7,917,827

VILLAGE OF FRANKFORT, ILLINOIS**Nonmajor Governmental - Special Revenue Funds****Combining Balance Sheet****April 30, 2016**

	Vehicle Tax	Illinois Municipal Retirement	Social Security	Totals
ASSETS				
Cash and Investments	\$ 24,115	77,527	114,724	216,366
Receivables - Net of Allowances				
Property Taxes	-	213,467	198,276	411,743
Total Assets	24,115	290,994	313,000	628,109
LIABILITIES				
Accounts Payable	574	-	-	574
Accrued Payroll	-	11,336	14,427	25,763
Total Liabilities	574	11,336	14,427	26,337
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	213,467	198,276	411,743
Total Liabilities and Deferred Inflows of Resources	574	224,803	212,703	438,080
FUND BALANCES				
Restricted	23,541	66,191	100,297	190,029
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	24,115	290,994	313,000	628,109

VILLAGE OF FRANKFORT, ILLINOIS

Nonmajor Governmental - Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2016

	Vehicle Tax	Illinois Municipal Retirement	Social Security	Totals
Revenues				
Taxes	\$ -	216,887	201,790	418,677
Licenses and Permits	1,378	-	-	1,378
Interest	23	63	39	125
Total Revenues	1,401	216,950	201,829	420,180
Expenditures				
General Government	-	66,045	41,874	107,919
Public Safety	-	45,224	233,995	279,219
Public Works	4,847	129,042	80,293	214,182
Building and Community Development	-	53,685	36,719	90,404
Total Expenditures	4,847	293,996	392,881	691,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,446)	(77,046)	(191,052)	(271,544)
Other Financing Sources				
Transfers In	3,700	80,000	190,000	273,700
Net Change in Fund Balances	254	2,954	(1,052)	2,156
Fund Balances - Beginning	23,287	63,237	101,349	187,873
Fund Balances - Ending	23,541	66,191	100,297	190,029

VILLAGE OF FRANKFORT, ILLINOIS**Vehicle Tax - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Licenses and Permits	\$ 1,500	1,500	1,378
Interest	-	-	23
Total Revenues	1,500	1,500	1,401
Expenditures			
Public Works			
Supplies	1,000	1,000	-
Other	5,000	5,000	4,847
Total Expenditures	6,000	6,000	4,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	(4,500)	(3,446)
Other Financing Sources			
Transfers In	-	-	3,700
Net Change in Fund Balance	(4,500)	(4,500)	254
Fund Balance - Beginning			23,287
Fund Balance - Ending			23,541

VILLAGE OF FRANKFORT, ILLINOIS**Illinois Municipal Retirement - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 215,000	215,000	216,887
Interest	25	25	63
Total Revenues	215,025	215,025	216,950
Expenditures			
General Government			
Office of the Mayor	6,180	6,180	4,997
Administration	48,410	48,410	42,337
Finance	16,480	16,480	18,711
Public Safety	48,410	48,410	45,224
Public Works	139,050	139,050	129,042
Building and Community Development			
Building	35,020	35,020	34,498
Community Development	28,840	28,840	19,187
Total Expenditures	322,390	322,390	293,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,365)	(107,365)	(77,046)
Other Financing Sources			
Transfers In	-	-	80,000
Net Change in Fund Balance	(107,365)	(107,365)	2,954
Fund Balance - Beginning			63,237
Fund Balance - Ending			66,191

VILLAGE OF FRANKFORT, ILLINOIS**Social Security - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 200,000	200,000	201,790
Interest	25	25	39
Total Revenues	200,025	200,025	201,829
Expenditures			
General Government			
Office of the Mayor	3,605	3,605	3,299
Administration	28,840	28,840	28,044
Finance	10,000	10,000	10,531
Public Safety	239,063	239,063	233,995
Public Works	88,580	88,580	80,293
Building and Community Development			
Building	23,690	23,690	25,208
Community Development	16,480	16,480	11,511
Total Expenditures	410,258	410,258	392,881
Excess (Deficiency) of Revenues Over (Under) Expenditures	(210,233)	(210,233)	(191,052)
Other Financing Sources			
Transfers In	-	-	190,000
Net Change in Fund Balance	(210,233)	(210,233)	(1,052)
Fund Balance - Beginning			101,349
Fund Balance - Ending			100,297

VILLAGE OF FRANKFORT, ILLINOIS**Waterworks and Sewerage - Enterprise Fund****Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended April 30, 2016**

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales and Sewer Fees	\$ 8,296,250	8,296,250	7,649,474
Sale of Water Meters	44,000	44,000	58,955
Miscellaneous	24,000	24,000	18,538
Total Operating Revenues	8,364,250	8,364,250	7,726,967
Operating Expenses			
Personnel	2,376,800	2,376,800	2,713,116
Contractual Services	4,736,700	4,736,700	1,774,697
Commodities	1,501,800	1,501,800	1,232,640
Capital Improvements	7,870,000	7,870,000	719,572
Miscellaneous	105,000	105,000	4,231
Depreciation	-	-	2,633,428
Total Operating Expenses	16,590,300	16,590,300	9,077,684
Operating Income (Loss)	(8,226,050)	(8,226,050)	(1,350,717)
Nonoperating Revenues			
Other Income	-	-	30,648
Disposal of Capital Assets	-	-	2,871
Interest Income	25,600	25,600	49,484
	25,600	25,600	83,003
Change in Net Position	(8,200,450)	(8,200,450)	(1,267,714)
Net Position - Beginning as Restated			93,317,211
Net Position - Ending			92,049,497

VILLAGE OF FRANKFORT, ILLINOIS

Police Pension - Pension Trust Fund

Schedule of Changes in Fiduciary Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2016

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 833,060	833,060	836,569
Contributions - Plan Members	240,000	240,000	253,766
Total Contributions	1,073,060	1,073,060	1,090,335
Investment Income			
Interest Earned	250,000	250,000	304,053
Net Change in Fair Value	-	-	(443,925)
	250,000	250,000	(139,872)
Less Investment Expenses		-	(31,650)
Net Investment Income	250,000	250,000	(171,522)
Total Additions	1,323,060	1,323,060	918,813
Deductions			
Administration	77,000	77,000	27,663
Benefits and Refunds	620,000	620,000	576,191
Total Deductions	697,000	697,000	603,854
Change in Fiduciary Net Position	626,060	626,060	314,959
Net Position Restricted for Pensions			
Beginning			10,582,427
Ending			10,897,386

SUPPLEMENTAL SCHEDULE

VILLAGE OF FRANKFORT, ILLINOIS

Long-Term Debt Requirements

IEPA (L17-3468) Loan of 2011

April 30, 2016

Date of Issue	July 16, 2011
Date of Maturity	February 6, 2031
Authorized Issue	\$1,881,872
Interest Rate	Non-Interest Bearing
Interest Date	Non-Interest Bearing
Principal Maturity Date	February 6
Payable at	Illinois Environment Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2017	\$ 96,506	-	96,506
2018	96,506	-	96,506
2019	96,506	-	96,506
2020	96,506	-	96,506
2021	96,506	-	96,506
2022	96,506	-	96,506
2023	96,506	-	96,506
2024	96,506	-	96,506
2025	96,506	-	96,506
2026	96,506	-	96,506
2027	96,506	-	96,506
2028	96,506	-	96,506
2029	96,506	-	96,506
2030	96,506	-	96,506
2031	96,511	-	96,511
	1,447,595	-	1,447,595

STATISTICAL SECTION

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

VILLAGE OF FRANKFORT, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
April 30, 2016 (Unaudited)

See Following Page

VILLAGE OF FRANKFORT, ILLINOIS

Net Position by Component - Last Ten Fiscal Years April 30, 2016 (Unaudited)

	2007	2008	2009
Governmental Activities			
Net Investment in Capital Assets	\$ 121,765,240	122,949,742	121,661,956
Restricted	3,231,299	3,686,381	2,118,088
Unrestricted	19,621,125	18,416,655	18,156,922
Total Governmental Activities Net Position	144,617,664	145,052,778	141,936,966
Business-Type Activities			
Net Investment in Capital Assets	61,619,484	75,432,908	76,056,389
Unrestricted	22,495,726	12,315,075	13,370,059
Total Business-Type Activities Net Position	84,115,210	87,747,983	89,426,448
Net Position			
Net Investment in Capital Assets	183,384,724	198,382,650	197,718,345
Restricted	3,231,299	3,686,381	2,118,088
Unrestricted	42,116,851	30,731,730	31,526,981
Total Net Position	228,732,874	232,800,761	231,363,414

2010	2011	2012	2013	2014	2015	2016
120,715,536	118,804,946	120,000,011	117,765,489	117,254,446	117,128,772	114,140,516
2,437,742	2,695,381	899,726	907,314	964,242	7,085,507	5,383,990
17,489,319	17,949,151	16,666,805	17,259,905	15,162,051	6,726,567	(2,941,994)
140,642,597	139,449,478	137,566,542	135,932,708	133,380,739	130,940,846	116,582,512
76,721,543	76,611,603	77,274,778	75,230,401	75,189,807	81,119,996	82,055,859
13,880,529	14,125,485	16,793,024	20,280,390	20,536,633	13,326,091	9,993,638
90,602,072	90,737,088	94,067,802	95,510,791	95,726,440	94,446,087	92,049,497
197,437,079	195,416,549	197,274,789	192,995,890	192,444,253	198,248,768	196,196,375
2,437,742	2,695,381	899,726	907,314	964,242	7,085,507	5,383,990
31,369,848	32,074,636	33,459,829	37,540,295	35,698,684	20,052,658	7,051,644
231,244,669	230,186,566	231,634,344	231,443,499	229,107,179	225,386,933	208,632,009

VILLAGE OF FRANKFORT, ILLINOIS

**Changes in Net Position - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
General Government	\$ 1,800,704	1,940,316	2,206,989	1,469,129	1,592,496	1,138,215	1,169,996	1,395,084	1,263,524	3,332,029
Community Development	1,820,976	1,415,500	1,271,978	904,795	815,549	937,494	1,009,932	908,189	1,104,635	1,356,325
Public Safety	4,101,191	4,332,294	4,937,148	5,117,412	5,221,773	5,224,525	5,209,916	5,422,269	5,866,812	7,179,980
Public Works	7,729,471	6,936,229	7,725,785	7,598,182	7,379,627	8,282,750	8,101,812	8,758,146	9,115,705	7,386,535
Solid Waste	1,038,130	1,117,525	1,180,436	1,206,237	1,222,835	1,283,755	1,301,292	1,286,640	1,358,153	1,373,180
Interest	166,269	176,324	186,987	131,449	168,141	175,793	98,056	63,732	26,606	-
	16,656,741	15,918,188	17,509,323	16,427,204	16,400,421	17,042,532	16,891,004	17,834,060	18,735,435	20,628,049
Business-Type Activities										
Waterworks and Sewerage	5,451,268	5,751,770	6,344,986	6,012,050	6,492,174	7,180,786	6,504,073	7,537,359	8,317,325	9,077,684
Total Expenses	22,108,009	21,669,958	23,854,309	22,439,254	22,892,595	24,223,318	23,395,077	25,371,419	27,052,760	29,705,733
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	800,230	864,809	887,352	888,042	784,299	1,953,856	916,323	867,087	1,596,632	1,620,303
Community Development	1,431,380	924,900	525,515	404,301	356,065	393,966	454,948	557,223	-	-
Public Safety	359,172	494,094	311,113	316,869	342,489	445,238	326,257	286,908	541,833	556,228
Public Works	440,605	273,016	211,606	263,374	140,664	46,659	418,449	92,511	587,238	356,419
Solid Waste	233,915	249,054	254,051	248,141	270,424	261,971	260,822	263,076	246,178	268,654
Operating Grants/Contributions	403,126	405,622	496,796	465,789	595,797	490,791	479,559	494,933	468,251	505,304
Capital Grants/Contributions	6,561,455	896,045	-	-	381,636	2,710,893	378,475	349,361	104,574	443,223
	10,229,883	4,107,540	2,686,433	2,586,516	2,871,374	6,303,374	3,234,833	2,911,099	3,544,706	3,750,131
Business-Type Activities										
Charges for Services	6,603,063	7,271,853	7,189,463	6,824,853	7,022,950	7,053,428	8,063,017	7,926,304	7,638,725	7,726,967
Capital Grants/Contributions	6,939,859	1,493,434	106,770	714,098	-	-	43,240	-	-	-
	13,542,922	8,765,287	7,296,233	7,538,951	7,022,950	7,053,428	8,106,257	7,926,304	7,638,725	7,726,967
Total Program Revenues	23,772,805	12,872,827	9,982,666	10,125,467	9,894,324	13,356,802	11,341,090	10,837,403	11,183,431	11,477,098
Net (Expense) Revenue										
Governmental Activities	(6,426,858)	(11,810,648)	(14,822,890)	(13,840,688)	(13,529,047)	(10,739,158)	(13,656,171)	(14,922,961)	(15,190,729)	(16,877,918)
Business-Type Activities	8,091,654	3,013,517	951,247	1,526,901	530,776	(127,358)	1,602,184	388,945	(678,600)	(1,350,717)
Total Net (Expense) Revenue	1,664,796	(8,797,131)	(13,871,643)	(12,313,787)	(12,998,271)	(10,866,516)	(12,053,987)	(14,534,016)	(15,869,329)	(18,228,635)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	\$ 3,406,792	3,712,792	3,714,881	4,025,035	4,014,041	3,928,562	3,757,175	3,637,695	3,541,613	3,547,862
Intergovernmental										
State Sales	5,081,182	5,220,794	4,770,103	4,542,701	4,807,023	4,953,732	5,116,556	5,756,785	5,797,015	6,078,143
State Income	1,117,805	1,364,950	1,452,377	1,271,976	1,276,267	1,516,599	1,672,487	1,698,153	1,791,461	1,818,863
Replacement	52,914	60,813	55,502	49,348	54,386	49,155	48,721	55,772	54,238	57,438
Earning on Investment	1,225,776	1,196,867	699,418	294,917	173,676	54,178	35,708	30,786	59,032	31,886
Other Income	308,638	484,946	1,014,797	1,722,342	1,369,535	1,621,364	726,090	526,201	817,102	410,480
Transfers - Interfund Activity	204,600	204,600	-	640,000	641,000	(3,267,368)	665,600	665,600	690,375	183,713
Total Governmental Activities	11,397,707	12,245,762	11,707,078	12,546,319	12,335,928	8,856,222	12,022,337	12,370,992	12,750,836	12,128,385
Business-Type Activities										
Earnings on Investments	1,194,589	823,856	337,624	164,296	93,132	22,704	37,385	38,926	59,295	49,484
Gain (loss) on Disposal of Capital Assets	-	-	-	-	(3,013)	-	2,341	-	-	-
Other Income	-	-	389,594	124,427	155,121	168,000	466,679	453,378	29,327	33,519
Transfers - Interfund Activity	(204,600)	(204,600)	-	(640,000)	(641,000)	3,267,368	(665,600)	(665,600)	(690,375)	-
Total Business-Type Activities	989,989	619,256	727,218	(351,277)	(395,760)	3,458,072	(159,195)	(173,296)	(601,753)	83,003
Total General Revenues and Other Changes in Net Position	12,387,696	12,865,018	12,434,296	12,195,042	11,940,168	12,314,294	11,863,142	12,197,696	12,149,083	12,211,388
Changes in Net Position										
Governmental Activities	(412,941)	(2,577,128)	(2,133,610)	(982,728)	1,596,770	(4,799,949)	(2,900,624)	(2,819,737)	(2,439,893)	(4,749,533)
Business-Type Activities	4,003,506	1,570,503	2,254,119	179,499	(523,118)	5,060,256	229,750	(851,896)	(1,280,353)	(1,267,714)
Total Changes in Net Position	3,590,565	(1,006,625)	120,509	(803,229)	1,073,652	260,307	(2,670,874)	(3,671,633)	(3,720,246)	(6,017,247)

Data Source: Audited Financial Statements

VILLAGE OF FRANKFORT, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years April 30, 2016 (Unaudited)

	2007	2008	2009
General Fund			
Unreserved	\$ 1,030,615	1,155,103	1,392,180
Unassigned	-	-	-
Total General Fund	1,030,615	1,155,103	1,392,180
All Other Governmental Funds			
Reserved	3,494,930	3,893,618	4,036,010
Unreserved	18,799,178	19,126,302	17,202,102
Restricted	-	-	-
Assigned	-	-	-
Total All Other Governmental Funds	22,294,108	23,019,920	21,238,112
Total Governmental Funds	23,324,723	24,175,023	22,630,292

Date Source: Audited Financial Statements

Note: The Village began to classify fund balances in accordance with the requirements of GASB 54 with the year ended April 30, 2011.

2010	2011	2012	2013	2014	2015	2016
1,272,273	-	-	-	-	-	-
-	1,513,492	2,872,910	2,014,386	1,974,361	2,456,397	1,435,089
1,272,273	1,513,492	2,872,910	2,014,386	1,974,361	2,456,397	1,435,089
4,097,090	-	-	-	-	-	-
16,935,337	-	-	-	-	-	-
-	1,610,789	899,726	907,314	964,242	7,085,507	5,383,990
-	19,967,570	16,177,935	17,177,629	14,982,283	5,587,701	7,917,827
21,032,427	21,578,359	17,077,661	18,084,943	15,946,525	12,673,208	13,301,817
22,304,700	23,091,851	19,950,571	20,099,329	17,920,886	15,129,605	14,736,906

VILLAGE OF FRANKFORT, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years April 30, 2016 (Unaudited)

	2007	2008	2009
Revenues			
Taxes	\$ 3,406,792	3,712,792	3,714,881
Intergovernmental			
State Sales	5,081,182	5,220,794	4,770,103
State Income	1,117,805	1,364,950	1,452,377
Motor Fuel	391,079	399,133	451,051
Replacement	52,914	60,813	55,502
Licenses and Permits	1,056,619	1,086,773	1,086,210
Charges for Services and Fees	1,576,531	1,095,722	792,358
Fees by Agreement	353,991	203,204	76,254
Fines and Forfeits	278,161	420,174	234,815
Grants	112,047	6,489	45,745
Interest	1,225,776	1,196,867	699,418
Other Income	324,868	484,946	628,995
Total Revenues	14,977,765	15,252,657	14,007,709
Expenditures			
General Government	2,106,117	2,079,081	2,195,958
Community Development	1,359,142	1,180,875	1,169,361
Public Safety	3,944,345	4,224,638	4,668,537
Public Works	4,757,664	3,635,117	3,945,835
Solid Waste	1,038,130	1,117,525	1,180,436
Capital Outlay	2,109,680	2,369,721	2,782,313
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	15,315,078	14,606,957	15,942,440
Excess (Deficiency) of Revenues Over (Under) Expenditures	(337,313)	645,700	(1,934,731)
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	-	-	390,000
Transfers In	2,179,600	1,994,837	1,346,743
Transfers Out	(1,975,000)	(1,790,237)	(1,346,743)
	204,600	204,600	390,000
Net Change in Fund Balances	(132,713)	850,300	(1,544,731)
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%

2010	2011	2012	2013	2014	2015	2016
4,025,035	4,014,041	3,928,562	3,757,175	3,637,695	3,900,889	3,547,862
4,542,701	4,807,023	4,953,732	5,116,556	5,756,785	6,156,291	6,488,623
1,271,976	1,276,267	1,516,599	1,672,487	1,698,153	1,791,461	1,818,863
435,669	436,667	463,214	452,672	471,415	468,251	487,332
49,348	54,386	49,155	48,721	55,772	54,238	57,438
1,080,861	969,484	2,146,580	1,092,548	1,000,420	1,472,717	1,606,092
767,495	641,719	566,714	992,468	809,238	949,794	985,875
25,979	7,316	17,763	40,563	45,368	-	-
246,392	275,422	370,633	251,220	211,779	190,094	209,637
30,120	540,766	843,122	405,362	372,879	104,574	461,195
294,917	173,676	54,178	35,708	30,786	59,032	31,886
1,722,342	1,369,535	1,621,364	726,090	526,201	457,826	183,713
14,492,835	14,566,302	16,531,616	14,591,570	14,616,491	15,605,167	15,878,516
1,382,816	1,499,853	1,085,480	1,097,929	1,252,249	1,226,492	1,212,974
861,454	764,484	853,432	875,112	824,135	1,026,036	990,264
4,764,634	4,815,647	5,169,660	5,502,632	5,207,943	5,590,913	5,806,743
3,449,200	3,902,499	4,683,187	3,568,188	4,579,825	3,954,226	3,963,254
1,206,237	1,222,835	1,283,755	1,301,292	1,286,640	1,358,153	1,373,180
3,154,086	1,574,233	2,689,414	2,097,659	3,644,142	5,275,911	2,938,387
295,917	275,770	256,493	240,045	234,076	690,000	-
344,083	364,830	384,107	425,555	431,524	375	-
15,458,427	14,420,151	16,405,528	15,108,412	17,460,534	19,122,106	16,284,802
(965,592)	146,151	126,088	(516,842)	(2,844,043)	(3,516,939)	(406,286)
-	-	-	-	-	35,283	13,587
2,285,000	1,986,000	1,343,437	3,555,600	3,429,014	3,463,386	6,097,564
(1,645,000)	(1,345,000)	(4,610,805)	(2,890,000)	(2,763,414)	(2,773,011)	(6,097,564)
640,000	641,000	(3,267,368)	665,600	665,600	725,658	13,587
(325,592)	787,151	(3,141,280)	148,758	(2,178,443)	(2,791,281)	(392,699)
4.80%	5.00%	5.40%	4.80%	4.60%	4.40%	0.00%

VILLAGE OF FRANKFORT, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years April 30, 2016 (Unaudited)

Tax Levy Year	Residential Property	Farm	Commercial Property	Industrial Property
2006	\$ 667,555,031	2,419,989	99,792,924	24,276,837
2007	760,015,875	2,259,362	103,061,973	24,972,831
2008	820,926,851	2,332,732	111,321,808	26,974,262
2009	811,630,248	2,176,440	110,107,819	26,649,696
2010	785,368,808	2,400,719	106,545,126	25,787,407
2011	749,144,362	2,979,443	101,630,826	24,597,986
2012	718,171,314	2,811,457	97,428,943	23,580,993
2013	662,228,819	2,653,374	99,301,209	40,216,961
2014	657,182,007	2,622,087	95,953,106	39,649,377
2015	673,559,289	2,668,354	91,283,575	39,539,740

Data Source: County Assessor

Total	Railroad	Total Assessed Value	Assessed Value as a Percentage of Estimated Actual Value	Total Direct Tax Rate
794,044,781	21,870	794,066,651	33.33	0.4696
890,310,041	29,831	890,339,872	33.33	0.4483
961,555,653	40,723	961,596,376	33.33	0.4185
950,564,203	46,637	950,610,840	33.33	0.4245
920,102,060	233,189	920,335,249	33.33	0.4250
878,352,617	212,910	878,565,527	33.33	0.4267
841,992,707	171,169	842,163,876	33.33	0.4309
804,400,363	372,521	804,772,884	33.33	0.4380
795,406,577	436,220	795,842,797	33.33	0.4444
807,050,958	526,071	807,577,029	33.33	0.4405

VILLAGE OF FRANKFORT, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years April 30, 2016 (Unaudited)

	2006	2007	2008	2009
Village of Frankfort				
Corporate	\$ 0.0567	0.0512	0.0474	0.0391
Police Protection	0.1372	0.1230	0.1238	0.1263
Garbage Disposal	0.0693	0.0731	0.0687	0.0695
I.M.R.F	0.0252	0.0231	0.0219	0.0227
Social Security	0.0366	0.0642	0.0312	0.0316
Police Pension	0.0555	0.0500	0.0481	0.0508
Road and Bridge	0.0891	0.0637	0.0774	0.0845
Total Direct Tax Rate	0.4696	0.4483	0.4185	0.4245
Overlapping Rates				
Will County Forest Preserve District	0.1369	0.1424	0.1445	0.1519
Will County	0.5027	0.4826	0.4751	0.4833
Will County Building Comm.	0.0127	0.0117	0.0191	0.0191
Frankfort Township Funds	0.0824	0.0787	0.0786	0.0782
Frankfort Township Road Funds	0.1135	0.0989	0.1160	0.1079
Frankfort Fire Protection District	0.5958	0.5622	0.5631	0.5769
Frankfort School District #157-C	3.0220	3.0924	3.1200	3.2100
Crete-Monee School District #201-U	4.9920	4.7214	4.8050	5.2375
Peotone School District #207-U	3.3713	3.1891	3.2927	3.3430
Lincoln-Way High School District #210	1.6098	1.5345	1.5442	1.6067
Prairie State Community College District #515	0.3788	0.3086	0.2400	0.2606
Joliet Community College District #525	0.1936	0.1901	0.1896	0.2144
Frankfort Park District	0.2282	0.2179	0.2020	0.1752
Frankfort Square Park District	0.4362	0.4163	0.4206	0.4399
Frankfort Public Library	0.1629	0.1543	0.1552	0.1585
Mokena Community Library District	0.3147	0.3018	0.2991	0.3036
Mokena Fire District	0.5075	0.5703	0.6284	0.7303
Green Garden Township Fund	0.1000	0.0928	0.0926	0.0942
Green Garden Township Road Fund	0.3276	0.3039	0.3031	0.3084
Monee Township Fund	0.1501	0.1365	0.1403	0.1415
Monee Township Road Fund	0.2219	0.2018	0.2074	0.2092
Monee Fire Protection District	0.6388	0.6015	0.6614	0.6718
Peotone Library District	0.0806	0.0745	0.0757	0.0766
Mokena Community Park District	0.2593	0.2457	0.2430	0.2512
Summit Hill School District #161	2.9940	2.8604	2.8530	2.9894
Total Direct and Overlapping Tax Rate	21.9029	21.0386	21.2882	22.2638

Data Source: Office of the Will County Clerk

Notes: Road and Bridge taxes are levied by Frankfort Township; the tax rate is based on the Village's equalized assessed valuation.

2010	2011	2012	2013	2014	2015
0.0142	0.0040	0.0057	0.0024	0.0045	0.0062
0.1304	0.1366	0.1425	0.1492	0.1517	0.1486
0.0718	0.0649	0.0499	0.0392	0.0247	0.0219
0.0234	0.0245	0.0256	0.0268	0.0273	0.0267
0.0326	0.0342	0.0357	0.0249	0.0254	0.0248
0.0674	0.0750	0.0797	0.0965	0.1053	0.1106
0.0852	0.0875	0.0918	0.0990	0.1055	0.1017
0.4250	0.4267	0.4309	0.4380	0.4444	0.4405
0.1567	0.1693	0.1859	0.1970	0.1977	0.1937
0.5077	0.5351	0.5696	0.5994	0.6210	0.6140
0.0197	0.0200	0.0212	0.0222	0.0223	0.0218
0.0822	0.0858	0.0896	0.0960	0.0998	0.0998
0.1092	0.1119	0.1228	0.0205	0.1167	0.1138
0.6212	0.6667	0.7272	0.7840	0.8157	0.8224
3.4608	3.6144	3.7572	3.9318	4.0179	4.0362
5.7261	6.3487	7.2682	8.1372	8.8188	8.6262
3.4495	3.6624	4.0915	4.4680	4.5933	4.6250
1.7045	1.8306	1.9190	2.0650	2.1394	2.1594
0.3025	0.3472	0.4321	0.4429	0.4585	0.4703
0.2270	0.2463	0.2768	0.2955	0.3066	0.3065
0.1858	0.1959	0.2089	0.2215	0.2286	0.2302
0.5180	0.5382	0.5846	0.6265	0.6527	0.6699
0.1703	0.1827	0.1843	0.1988	0.2049	0.2067
0.3206	0.3424	0.3709	0.3229	0.3169	0.3392
0.7900	0.8442	0.9107	0.9684	1.0097	1.0245
0.0989	0.1093	0.1232	0.1350	0.1383	0.1387
0.3239	0.3580	0.4034	0.4419	0.4526	0.4538
0.1542	0.1702	0.1959	0.2160	0.2288	0.2284
0.2279	0.2515	0.2896	0.1761	0.3383	0.3378
0.7375	0.7817	0.7834	0.9056	0.9489	0.9502
0.0815	0.0890	0.1009	0.1102	0.1138	0.1134
0.2579	0.2830	0.3030	0.3184	0.3234	0.3255
3.1874	3.3782	3.6596	3.9036	4.1112	4.1590
23.8460	25.5894	28.0104	30.0424	31.7202	31.7069

VILLAGE OF FRANKFORT, ILLINOIS

Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2016 (Unaudited)

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Pactiv Corp	\$ 4,954,600	1	0.61%	\$ 4,753,778	3	0.60%
BRE Throne Frankfort Crossing	3,727,734	2	0.46%			
Inland Prairie Crossings LLC	3,635,997	3	0.45%			
CAB Holdings Inc.	2,967,989	4	0.37%	2,119,392	8	0.27%
Butera Center Management Inc.	2,394,800	5	0.30%	2,775,243	5	0.35%
Charm III LLC-Home Depot USA	2,118,602	6	0.26%	4,636,311	4	0.58%
Kohl's Illinois Inc.	1,863,680	7	0.23%	2,555,796	6	0.32%
IM Property Inv LLC	1,587,558	8	0.20%			
Crown Centre Frankfort LLC	1,314,740	9	0.16%			
Dominicks Finer Foods	1,306,899	10	0.16%	1,797,368	10	0.23%
Frankfort 30 & Wolf LLC				5,842,574	1	0.74%
Regency Centers LP				5,033,333	2	0.63%
Inland Hickory Creek LLC				2,192,541	7	0.28%
Phillips Chevrolet				1,821,672	9	0.23%
	<u>25,872,599</u>		<u>3.20%</u>	<u>33,528,008</u>		<u>4.22%</u>

Data Source: County Board of Equalization and Assessment

VILLAGE OF FRANKFORT, ILLINOIS

Property Tax Levies and Collections - Last Ten Tax Levy Years April 30, 2016 (Unaudited)

Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 3,728,692	\$ 3,717,395	99.70%	-	\$ 3,717,395	99.70%
2007	3,715,204	3,714,881	99.99%	-	3,714,881	99.99%
2008	4,024,103	4,020,430	99.91%	-	4,020,430	99.91%
2009	4,035,130	4,014,050	99.48%	-	4,014,050	99.48%
2010	3,911,425	3,878,562	99.16%	-	3,878,562	99.16%
2011	3,748,840	3,748,840	100.00%	-	3,748,840	100.00%
2012	3,628,537	3,628,537	100.00%	-	3,628,537	100.00%
2013	3,537,834	3,529,867	99.77%	-	3,529,867	99.77%
2014	3,529,319	3,529,319	100.00%	-	3,529,319	100.00%
2015	3,605,430	-	N/A	-	-	N/A

Note:

Road and Bridge taxes are levied by Frankfort Township; the tax rate is based on the Village's equalized assessed valuation.

N/A - Not Available

VILLAGE OF FRANKFORT, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Fiscal Year	Government Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds (2)	Illinois EPA Loan	General Obligation Bonds (2)			
2007	\$ 2,915,687	\$ -	\$ 7,085,000	\$ 10,000,687	1.74%	\$ 592.46
2008	3,092,011	-	5,860,000	8,952,011	1.60%	544.79
2009	3,278,998	-	4,585,000	7,863,998	1.37%	465.08
2010	2,770,447	-	3,870,000	6,640,447	1.13%	384.60
2011	2,297,988	-	3,160,000	5,457,988	0.69%	306.94
2012	1,796,957	1,833,619	-	3,630,576	0.47%	202.27
2013	1,265,637	1,737,113	-	3,002,750	0.37%	164.07
2014	663,769	1,640,607	-	2,304,376	0.27%	123.70
2015	-	1,544,101	-	1,544,101	187.21%	81.92
2016	-	1,447,595	-	1,447,595	181.17%	75.79

Note:

Details regarding the Village's outstanding debt can be found in the notes to basic financial statements.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data.

(2) Amounts include accrued interest on capital appreciation bonds.

VILLAGE OF FRANKFORT, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Fiscal Year	General Obligation Bonds (3)	Less: Amounts Available in Debt Service	Net General Obligation Bonds	Percentage of Equalized Assessed Valuation (1)	Per Capita (2)
2007	\$ 10,000,687	\$ 3,187,593	\$ 6,813,094	0.29%	\$ 403.62
2008	8,952,011	3,606,806	5,345,205	0.20%	325.29
2009	7,863,998	3,761,540	4,102,458	0.14%	242.62
2010	6,640,447	3,829,515	2,810,932	0.10%	162.80
2011	5,457,988	3,887,149	1,570,839	0.06%	88.34
2012	1,796,957	815	1,796,142	0.07%	100.07
2013	1,265,637	966	1,264,671	0.05%	69.10
2014	663,769	1,002	662,767	0.03%	35.58
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-

Note:

Details regarding the Village's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

(3) Amounts include accrued interest on capital appreciation bonds.

VILLAGE OF FRANKFORT, ILLINOIS

Schedule of Direct and Overlapping Bonded Debt April 30, 2016 (Unaudited)

Governmental Unit	Gross Debt	*Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Frankfort	\$ -	100.000 %	\$ -
Will County	128,048,053	4.445 %	5,691,736
Will County Forest Preserve	148,492,165	4.445 %	6,600,477
Park Districts:			
Frankfort	520,000	99.162 %	515,642
Frankfort Square	1,854,295	19.938 %	369,709
Mokena Community	8,867,134	1.271 %	112,701
School Districts			
Frankfort SD # 157-C	25,216,197	92.822 %	23,406,178
Summit Hill SD #161	55,099,712	12.618 %	6,952,482
Lincoln Way HSD #210	158,584,161	22.791 %	36,142,916
Crete-Monee SD #201-U	45,970,848	0.058 %	26,663
Peotone SD #207-U	22,109,127	2.028 %	448,373
Prairie State Community College	14,720,000	0.012 %	1,766
Joliet Community College #525	82,000,000	4.524 %	3,709,680
	691,481,692		83,978,324
Totals	691,481,692		83,978,324

Data Source: Audited Financial Statements

* This statement excludes the Cook County portion of debt in the Village.
The Village's 2015 equalized assessed valuation in Cook County is \$31,486.

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Frankfort. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) Determined by ratio of assessed valuation of property subject to taxation in the Village to valuation of property subject to taxation in overlapping unit.

VILLAGE OF FRANKFORT, ILLINOIS

Pledged-Revenue Coverage - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Fiscal Year	Waterworks and Sewerage Revenue Bonds					
	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		Coverage
				Principal	Interest	
2007	\$ 7,797,652	\$ 2,974,512	\$ 4,823,140	\$ -	\$ -	-
2008	8,095,709	3,241,925	4,853,784	-	-	-
2009	7,527,087	3,713,851	3,813,236	-	-	-
2010	7,661,955	3,276,393	4,385,562	-	-	-
2011	7,113,069	3,790,864	3,322,205	-	-	-
2012	7,079,712	4,317,061	2,762,651	-	-	-
2013	8,102,743	4,030,109	4,072,634	-	-	-
2014	7,965,230	5,067,500	2,897,730	-	-	-
2015	7,727,347	5,820,577	1,906,770	96,506	-	19.76
2016	7,809,970	6,444,256	1,365,714	96,506	-	14.15

(1) Total revenues (including interest) exclusive of fees by agreement and contributions by developers.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only. It does not include the general obligation bond issues for sewer improvements or debt defeasance transactions.

VILLAGE OF FRANKFORT, ILLINOIS

Legal Debt Margin - Last Ten Fiscal Years
April 30, 2016 (Unaudited)

See Following Page

VILLAGE OF FRANKFORT, ILLINOIS

Legal Debt Margin - Last Ten Fiscal Years April 30, 2016 (Unaudited)

	2007	2008	2009	2010
Assessed Valuation	\$ 794,066,651	890,339,872	961,596,376	950,610,840
Bonded Debt Limit - 8.625% of Assessed Value	68,488,249	76,791,814	82,937,687	81,990,185
Less: General Obligation Bonds (1)	10,000,687	8,952,011	7,863,998	6,640,447
Legal Debt Margin	58,487,562	67,839,803	75,073,689	75,349,738
Percentage of Legal Debt Margin to Bonded Debt Limit	85.40%	88.34%	90.52%	91.90%

Data Source: Equalized Assessed Valuation of Taxable Property from Will County Clerk's Office of Property Taxation.

Debt limit ceiling is established by the Illinois General Assembly and promulgated in the current edition of the Illinois Compiled Statutes.

(1) Includes accrued interest on capital appreciation bonds.

2011	2012	2013	2014	2015	2016
920,335,249	878,565,527	842,163,876	804,772,884	795,874,283	807,609,460
79,378,915	75,776,277	72,636,634	69,411,661	68,644,157	69,656,316
5,457,988	1,796,957	1,265,637	663,769	-	-
73,920,927	73,979,320	71,370,997	68,747,892	68,644,157	69,656,316
93.12%	97.63%	98.26%	99.04%	100.00%	100.00%

VILLAGE OF FRANKFORT, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level Age 25 and Older		School Enrollment	Unemployment Rate
					High School	Four Years or More College		
2007	16,880	\$ 573,128	\$ 33,968	39.9	1,558	1,641	9,853	4.4%
2008	16,432	557,866	33,968	39.9	1,558	1,641	10,061	5.9%
2009	16,909	574,365	33,968	39.9	1,558	1,641	10,214	9.8%
2010	17,266	586,491	33,968	39.9	1,558	1,641	10,260	11.0%
2011	17,782	785,467	44,172	37.5	4,701	5,700	10,226	8.7%
2012	17,949	792,843	44,172	37.5	4,701	5,700	10,117	9.0%
2013	18,302	808,436	44,172	37.5	4,701	5,700	10,034	9.7%
2014	18,628	838,204	44,172	39.9	4,586	6,116	9,801	7.8%
2015	18,850	824,800	43,756	40.7	10,961	6,083	9,667	6.1%
2016	19,101	799,030	41,832	40.8	10,937	5,137	9,497	6.4%

Data Sources: Population - 2012 based on U.S. Census Bureau 2010 official census; 2008 based on U.S. Census Bureau special census; all other years are estimated from Frankfort building permit data.

Per capita income, median age and median education level - American Community Survey 5-year estimates from the U.S. Census Bureau

School enrollment figures are for Frankfort School District #157-C, Summit Hill School District #161 and Lincoln-Way High School District #210 East and North Campuses.

Unemployment rate available only for Will County. Figures are not compiled for "Frankfort Only". Statistics are from Illinois Department of Employment Security

VILLAGE OF FRANKFORT, ILLINOIS

Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2016 (Unaudited)

Employer	2016			2007		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Retail Trade	1,352	1	N/A	N/A	N/A	N/A
Accommodation and Food Services	987	2	N/A	N/A	N/A	N/A
Manufacturing	950	3	N/A	N/A	N/A	N/A
Administrative and Waste Management Services	908	4	N/A	N/A	N/A	N/A
Health Care and Social Assistance	794	5	N/A	N/A	N/A	N/A
Construction	707	6	N/A	N/A	N/A	N/A
Other Services	657	7	N/A	N/A	N/A	N/A
Professional, Scientific and Technical Services	513	8	N/A	N/A	N/A	N/A
Finance and Insurance	314	9	N/A	N/A	N/A	N/A
Wholesale Trade	279	10	N/A	N/A	N/A	N/A
	<u>7,461</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

Source: Industry Report from Illinois Department of Employment Security

N/A - Not Available

VILLAGE OF FRANKFORT, ILLINOIS

Full-Time Equivalent Village Government Employees by Function/Program - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	18	18	16	16	16	17	18	16	14	16
Public Safety	30	31	30	30	30	30	30	28	28	28
Public Works	14	15	15	15	15	15	15	16	18	18
Building and Community Development	10	8	7	6	5	5	6	6	6	5
Waterworks and Sewage	17	17	14	15	15	17	17	18	21	21
Totals	89	89	82	82	81	84	86	84	87	88

Data Source: Various Village Records

VILLAGE OF FRANKFORT, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

See Following Page

VILLAGE OF FRANKFORT, ILLINOIS**Operating Indicators by Function/Program - Last Ten Fiscal Years
April 30, 2016 (Unaudited)**

Function/Program	2007	2008	2009	2010
Police				
Arrests	1,024	1,122	1,051	954
Traffic Violation	5,220	5,191	7,520	7,826
Parking Violations	380	303	290	210
Public Works				
Street Resurfacing (Miles)	3.200	3.200	2.530	2.002
Building and Community Development				
Building Permits Issued	284	105	25	34
Building Value	103,805,306	36,365,420	9,672,196	11,250,550
Inspections	6,816	2,415	600	816
Solid Waste				
Refuse Collected (Tons/Day)	18.08	20.55	23.15	22.24
Recyclables Collected (Tons/Day)	6.73	6.98	7.16	6.99
Waterworks and Sewage				
Number of Customers	10,356	10,529	10,585	10,615
Average Daily Consumption	2,793,604	2,932,690	2,874,781	2,589,476
Total Gallons Billed	1,019,665,578	1,070,431,919	1,049,295,131	945,158,695

Data Source: Various Village Records

2011	2012	2013	2014	2015	2016
324	430	510	355	535	420
7,062	7,945	7,955	7,994	9,404	9,647
268	176	190	227	249	255
2.222	2.100	2.290	2.200	1.900	0.510
56	43	81	94	92	82
20,029,836	15,888,636	27,142,572	31,490,000	34,500,000	30,750,000
1,344	1,032	3,517	3,063	3,881	3,611
21.57	20.69	20.53	20.93	22.51	23.63
6.51	5.54	5.58	5.21	5.74	5.85
10,651	10,699	10,782	10,872	10,782	10,825
2,644,642	2,566,709	2,873,849	2,628,101	2,322,122	2,311,614
965,294,348	936,848,945	1,048,954,966	959,256,723	847,574,374	843,739,148

VILLAGE OF FRANKFORT, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years April 30, 2016 (Unaudited)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	13	15	15	16	16	16	16	16	16
Public Works										
Streets (Miles)	119	120	120	120	120	120	120	130	130	130
Streetlights	1,366	1,372	1,416	1,419	1,419	1,429	1,432	1,444	1,452	1,454
Storm Sewers (Miles)	78	79	80	80	80	80	80	80	80	80
Storm Inlets	2,722	2,724	2,730	2,733	2,733	2,738	2,744	2,753	2,753	2,753
Waterworks and Sewerage										
Water Mains (Miles)	158	159	159	159	159	159	159	208	208	208
Fire Hydrants	2,420	2,427	2,430	2,433	2,433	2,433	2,435	2,836	2,836	2,837
Sanitary Sewers (Miles)	156	157	158	158	158	158	158	181	181	181
Manholes	3,042	3,050	3,058	3,062	3,062	3,062	3,064	4,341	4,341	4,341

Data Source: Various Village Records