

VILLAGE OF JUSTICE, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015

VILLAGE OF JUSTICE, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	MD&A 1 - 14
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 Funds	13
Statement of Revenues, Expenses and Changes in Fund	
Net Position – Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	15
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to the Financial Statements	18 - 68
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress and Employer Contributions	
Other Post-Employment Benefit Plan	69
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	70
Police Pension Fund	71
Firefighters' Pension Fund	72
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	73
Police Pension Fund	74
Firefighters' Pension Fund	75
Schedule of Investment Returns	
Police Pension Fund	76
Firefighters' Pension Fund	77

VILLAGE OF JUSTICE, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION – Continued

REQUIRED SUPPLEMENTARY INFORMATION – Continued

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund..... 78
LNC TIF #2 Redevelopment – Special Revenue Fund..... 79
LNC TIF #2 Expense – Special Revenue Fund 80
TIF #4 – Special Revenue Fund..... 81

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Schedule of Revenues – Budget and Actual – General Fund 82
Schedule of Expenditures – Budget and Actual – General Fund..... 83 - 85
Schedule of Revenues, Expenditures and Changes in Fund Balance
LNC TIF #2 Expense – Debt Service Fund 86
Combining Balance Sheet – Nonmajor Governmental Funds 87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds 88
Combining Balance Sheet – Nonmajor Special Revenue Funds 89 - 90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds 91 - 92
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Motor Fuel Tax – Special Revenue Fund 93
Schedule of Expenditures – Budget and Actual – Motor Fuel Tax – Special Revenue Fund 94
Schedule of Revenues, Expenditures and Changes in Fund Balance
Emergency Telephone System Board – Special Revenue Fund 95
Schedule of Revenues, Expenditures and Changes in Fund Balance
Asset Forfeiture – Special Revenue Fund 96
Community Development Block Grant – Special Revenue Fund 97
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
TIF #3 – Special Revenue Fund..... 98
Combining Balance Sheet – Nonmajor Capital Projects Funds 99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds 100
Schedule of Revenues, Expenditures and Changes in Fund Balance
LNC TIF #2 Expense – Capital Projects Fund 101
Capital Projects Fund 102
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual
Sewer – Enterprise Fund..... 103
Combining Statement of Fiduciary Net Position 104
Combining Statement of Changes in Fiduciary Net Position 105
Schedule of Changes in Fiduciary Net Position – Police Pension Fund..... 106
Schedule of Changes in Fiduciary Net Position – Firefighters’ Pension Fund..... 107

VILLAGE OF JUSTICE, ILLINOIS

TABLE OF CONTENTS

	PAGE
<u>FINANCIAL SECTION – Continued</u>	
SUPPLEMENTAL SCHEDULES	
Five Year Summary of Assessed Valuations, Tax Rates and Extensions.....	108
Long-Term Debt Requirements	
LNC TIF #2 General Obligation (Alternate Revenue Source)	
Capital Appreciation Bonds of 2002.....	109
LNC TIF #2 General Obligation (Alternate Revenue Source)	
Capital Appreciation Bonds of 2003A.....	110
Taxable General Obligation (Alternate Revenue Source) Bonds of 2008A.....	111
General Obligation (Alternate Revenue Source) Bonds of 2008B.....	112
General Obligation Working Cash Fund Bonds of 2010.....	113

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

August 10, 2016

The Honorable Village President
Members of the Board of Trustees
Village of Justice, 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 Justice, Illinois, as of and for the year ended December 31, 2015, 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, major fund, and the aggregate remaining fund information of the Village of Justice, Illinois, as of December 31, 2015, 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 Justice, Illinois' basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules 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.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

The discussion and analysis of the Village of Justice's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2015. The management of the Village encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the Village's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- ❑ The Village's net position decreased by \$1,141,011 during the fiscal year ended December 31, 2015. The Governmental net position decreased by \$955,467 and the business type activities net position decreased by \$185,544 from year ending December 31, 2014.
- ❑ The total cost of all Village programs was \$10.8 million for the current fiscal year. Governmental activities had a total cost of \$10.1 million and the business type activities had a cost of \$.7 million.
- ❑ The Village had a net increase in total long term debt of \$2,226,002. Governmental Type Activities debt increased by \$2,247,598. Of this amount, \$2,850,163 was related to the net pension liability and other post-employment benefits. Eliminating this, there was a net decrease of \$602,565 in Governmental Type Activities. Debt related to the business type activities (Sewer Service) decreased by approximately \$21,596 in the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

The statement of net position presents information on all of 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 is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. 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.

The government-wide financial statements can be divided into two types of activities: governmental and business-type. Governmental activities present the functions of the Village that are principally supported by taxes and intergovernmental revenues. Business-type activities present the functions that are intended to recover all or a significant portion of their costs through user fees and charges. The Village's governmental activities include functions like general government, public safety, public works, community support and TIF development. The Village's sewer is included as a business-type activity.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

The Village maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, LNC TIF #2 Redevelopment Special Revenue, TIF #2 Expense Special Revenue, TIF #4 Special Revenues, LNC TIF #2 Debt Service, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report.

The Village adopts an annual budget for the General Fund, LNC TIF #2 Redevelopment Special Revenue, TIF #2 Expense Special Revenue, and TIF #4 Special Revenues of the major funds listed above. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village's proprietary fund presents the activities and balances in the Sewer Fund, which is considered to be a major fund, using the accrual basis of accounting and economic resources measurement focus. Proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary funds reflect the private-sector type operation, where the fee for service typically covers all or most of the cost of operation and maintenance including depreciation.

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

Notes to the basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's contributions and funding progress of the Illinois Municipal Retirement Fund and Police and Firefighters' Pension Funds and budget to actual comparisons of the General Fund, LNC TIF #2 Redevelopment Special Revenue, TIF #2 Expense Special Revenue, and TIF #4 Special Revenues.

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

Government-Wide Financial Analysis

Statement of Net Position

The governmental activities end of year total net position of (\$11.5) million reflects a decrease of \$955,467 from the beginning year's restated net position balance of (\$10.6) million. This increase is primarily the result of increases in revenues in the governmental funds, a continued pay down of the long term debt service, and implementation of GASB 68 net pension liability. The Village continues to evaluate the operations to work towards a reserve level that will support unforeseen occurrences of the Village. The Village's end of year total combined net position decreased by \$1,141,011. The business-type activities net position decreased by \$185,544. The following analysis will look at net position and net expenses of the governmental and business type activities separately.

Table 1
Condensed Statement of Net Position
(in millions of dollars)

	<i><u>Governmental Activities</u></i>		<i><u>Business-Type Activities</u></i>		<i><u>Primary Government</u></i>	
	<i><u>2015</u></i>	<i><u>2014</u></i>	<i><u>2015</u></i>	<i><u>2014</u></i>	<i><u>2014</u></i>	<i><u>2014</u></i>
Current and other assets	\$ 6.2	6.2	\$ 1.4	1.6	\$ 7.6	7.8
Capital assets	7.1	7.3	0.3	0.3	7.4	7.6
Total assets	13.3	13.5	1.7	1.9	15.0	15.4
Deferred outflows	2.3	0.0	0.0	0.0	2.3	0.0
Total assets/def. outflows	15.6	13.5	1.7	0.0	17.3	13.5
Long-term debt	24.2	12.1	0.2	0.2	24.4	12.3
Other liabilities	1.2	1.8	0.0	0.0	1.2	1.8
Total liabilities	25.2	15.4	0.2	0.2	25.4	14.1
Deferred inflows	1.6	1.5	0.0	0.0	1.6	1.5
Total liabilities/ def. inflows	27.1	16.9	0.2	0.2	27.3	15.6
Net position:						
Net invested in capital assets	6.9	7.2	0.1	0.1	7.0	7.3
Restricted	3.0	2.8	0.0	0.0	3.0	2.8
Unrestricted	(21.4)	(11.9)	1.4	1.6	(20.0)	(10.3)
Total net position	\$ (11.5)	(1.9)	\$ 1.5	1.7	\$ (10.0)	(0.2)

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net position summary presentation.

Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for capital – which will increase current assets and long-term debt.

Spending borrowed proceeds on new capital – which will (a) reduce current assets and increase capital assets and (b) increase capital assets and long-term debt, which will not change the net position invested in capital assets, net of related debt.

Spending of non-borrowed current assets on new capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase invested in capital assets, net of related debt.

Principal payment on debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase net position invested in capital assets, net of related debt.

Reduction of capital assets through depreciation – which will reduce capital assets and net position invested in capital assets, net of related debt.

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a governments' financial position. In the case of the Village of Justice, total net position decreased by \$1,141,011. The Village of Justice's total assets/deferred outflows equal \$17,285,922. The Village of Justice's total liabilities/ deferred inflows equal \$27,310,075.

The Village identified the need to provide for economic development in order to generate additional revenue streams. As such, the Village created several Tax Increment Financing Districts in order to spur that development. That development has created increment to pay for the \$7.1 million remaining in long term financing that has been issued to further development within the TIF areas. This development was private in nature and did not create any capital assets of the Village.

With the implementation of Government Accounting Standards Board Statements 67 and 68, the Village was required to reflect the net pension liability on the face of the financial statements. As such, the Village reflected \$14,551,565 in pension liability and other post-employment benefits payable. This amount will be adjusted each year for changes in the liability for changes in personnel and benefits as well as for contributions made each year.

The Tax Increment Financing District financial statements and the inclusion of the net pension liability and post-employment benefits distort the total financial position of the Governmental Funds of the Village. If these items were removed from the financial statements, the total net position of the governmental funds would be \$6.8 million versus (\$11.5). This is a \$18.3 million net negative affect caused by the Tax Increment Financing Districts and Pension Liability.

Village of Justice
Management's Discussion and Analysis
For the Year Ended December 31, 2015

Table 2
Changes in Net Position
(in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services, fees, fines and forfeitures	\$ 3.0	2.8	\$ 0.6	0.6	\$ 3.6	3.4
Operating grants & contributions	0.5	0.5	-	-	0.5	0.5
General revenues:						
Property taxes	2.3	2.3	-	-	2.3	2.3
Other taxes and intergovernmental revenues	2.9	2.9	-	-	2.9	2.9
Other general revenues	0.3	0.3	-	-	0.3	0.3
Total revenues	\$ <u>9.0</u>	<u>8.8</u>	\$ <u>0.6</u>	<u>0.6</u>	\$ <u>9.6</u>	<u>9.4</u>
Expenses:						
General government	\$ 1.8	1.6	\$ -	-	\$ 1.8	1.6
Public safety	6.1	5.0	-	-	6.1	5.0
Public works	1.7	1.4	-	-	1.7	1.4
TIF Development	0.2	0.1	-	-	0.2	0.1
Sewer	-	-	0.7	0.7	0.7	0.7
Interest and fees	0.3	0.5	-	-	0.3	0.5
Total expenses	\$ <u>10.1</u>	<u>8.6</u>	\$ <u>0.7</u>	<u>0.7</u>	\$ <u>10.8</u>	<u>9.3</u>
Increase (decrease) in net position before transfers	\$ (1.1)	0.1	\$ (0.1)	0.1	\$ (1.2)	0.2
Transfers	\$ <u>0.1</u>	<u>0.1</u>	\$ <u>(0.1)</u>	<u>(0.1)</u>	\$ <u>-</u>	<u>-</u>
Change in net position	\$ <u>(1.0)</u>	<u>0.2</u>	\$ <u>(0.2)</u>	<u>-</u>	\$ <u>(1.2)</u>	<u>0.2</u>

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues:

Economic condition – which can reflect a declining, stable or growing economic environment and has substantial impact on state sales, replacement and hotel/motel tax revenue, as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/decrease in Village approved rates – while certain tax rates are set by statute, the Village Board has significant authority to impose and periodically increase/decrease rates (sewer, rule sales tax, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

Market impacts on investment income – the Village's investments may be affected by market conditions causing investment income to increase/decrease.

Expenses:

Introduction of new programs – within the functional expense categories (general government, public safety, public works, and community development), individual programs may be added or deleted to meet changing community needs.

Change in authorized personnel – changes in service demand may cause the Village Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the Village.

Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the Village is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity specific increases.

Village of Justice

Management's Discussion and Analysis

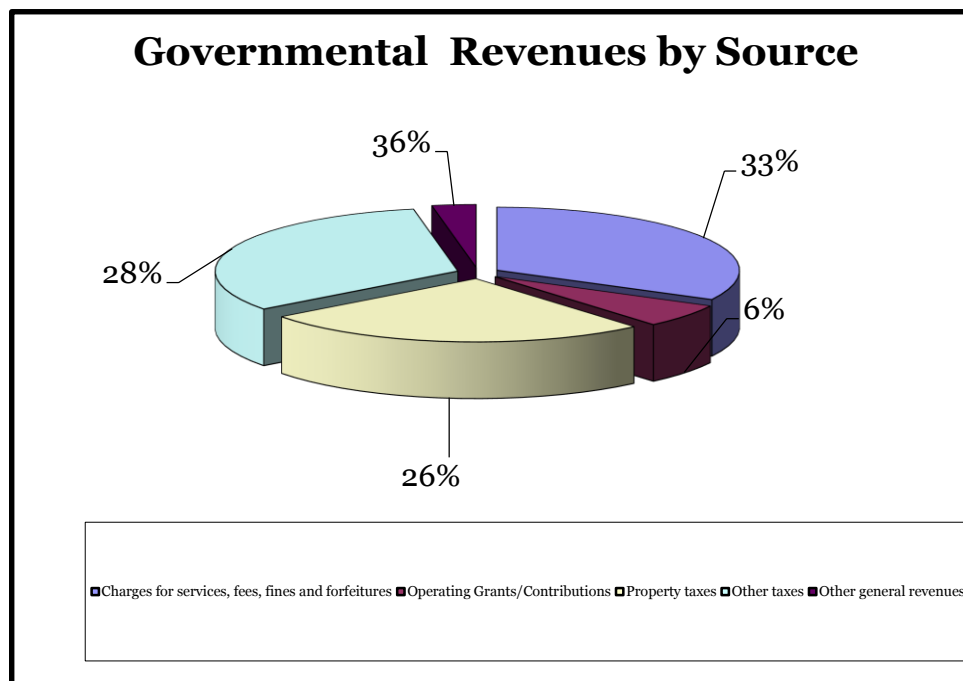
For the Year Ended December 31, 2015

Current Year Impacts

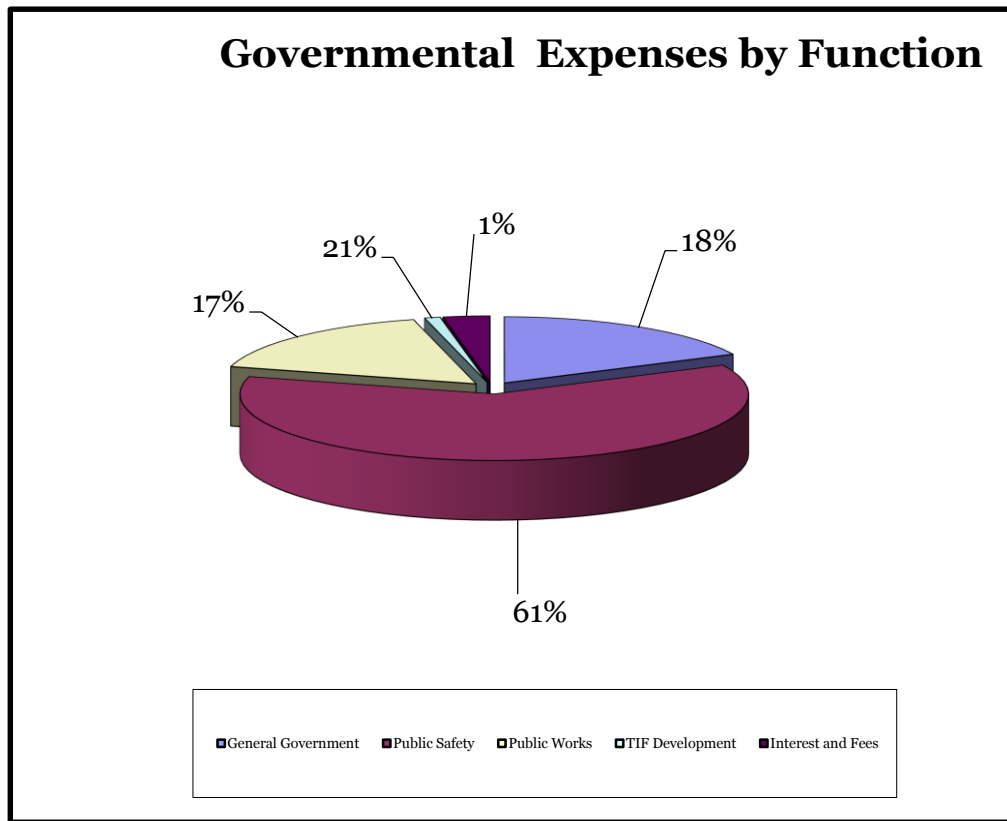
In the current years, revenues in the governmental activities had a slight increase in revenues. The increase was due to an increase in state sales taxes and other state revenues as well as an increase in the collection efforts related to past due amounts. The net position overall decrease by \$955,467 was due to the implementation of GASB 68 and recording the net pension liability of \$13.7 million. These costs will be paid over time to the pension fund. The Village had an operating increase of \$671,955 without these additional costs. The Village is evaluating the future development that is to occur within the Tax Increment Financing District.

In the business type activities, there was an overall decrease in the net position of \$185,544 due to a decline in revenue to prior year. Collection efforts are up in the current year and the allowance had declined in prior year and therefore there was a net increase in the prior year that was not present in the current year. The Village is continuing to evaluate long term projects within the fund.

Governmental Activities



**Village of Justice
Management's Discussion and Analysis
For the Year Ended December 31, 2015**



Business-Type Activities

Business-Type Activities (in millions of dollars)



Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

Financial Analysis of the Village's Funds

The Village of Justice uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of the Village of Justice'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 of Justice's financing requirements.

The Village of Justice's major funds include; the General, LNC TIF #2 Redevelopment, LNC TIF #2 Debt Service, TIF #4 Special Revenue, and LNC TIF #2 Expenses funds.

At the end of the current fiscal year, the Village of Justice's governmental funds reported a combined (major and non-major) ending fund balance of \$4.3 million, an increase of \$0.4 million over fiscal 2014.

The governmental funds have a net fund balance of \$4,317,993. The General Fund operated the current year at an excess of revenues to expenditures of \$326,493. This excess increases the fund balance to \$1,268,769 or 17.6% of operating expenditures. The Village Board continues to make a concerted effort to keep costs in control in correlation to the rising revenues. They have continued to increase the contribution to the pension fund to get closer to the actuarially determined required contribution. In the current year, \$595,000 of principal related to TIF Debt was paid in the current year. This is a decline compared to prior year due to declines in the increment received.

General Fund Budgetary Highlights

The original budget was not amended during the year. The actual revenues exceeded projected total revenues by \$410,512 in the General Fund for the year ended December 31, 2015. During the year, the Village had several revenue streams which exceeded the budgeted amount. Fines and Fees, grants and Income taxes are revenue streams that had significant excesses to the budget. Fines and fees exceeded budget due to revenues related to red light cameras as well as other collection efforts undertaken by the Village. Due to an increase in the distributions from the State Income Tax Revenue was over the amount budgeted for.

The actual expenditures for fiscal 2015 were below budget by \$122,497. The shortfall in the due to cost savings in the public safety department. The public safety department had cost savings in personnel costs and supplies. Several departments were over budget due to purchases related to long term capital items that will benefit multiple periods.

The net result in the General Fund fund balance as of December 31, 2015 was an increase in fund balance by \$326,493 as compared to December 31, 2014.

Village of Justice

Management's Discussion and Analysis

For the Year Ended December 31, 2015

Capital Asset and Debt Administration

Capital assets

At the end of fiscal 2015, the Village of Justice had total capital assets (net of accumulated depreciation) of \$7.3 million, invested in a broad range of capital assets including police and fire equipment, buildings, village facilities, roads, streets, and sewer lines. The Village does not maintain a historical detailed record of fixed assets (More detailed information about the Village's capital assets is presented in Note 3 to the financial statements.)

In the current year, the Village had additional capital projects due to grants received.

Table 3
Capital Assets (net of depreciation)
(in millions of dollars)

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Land and CIP	\$ 0.8	0.8	\$ 0.1	0.1	\$ 0.9	0.9
Buildings	5.6	5.8	0.1	0.1	5.7	5.9
Machinery & equipment	0.6	0.7	0.1	0.1	0.7	0.8
Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0
Total	\$ <u>7.0</u>	<u>7.3</u>	\$ <u>0.3</u>	<u>0.3</u>	\$ <u>7.3</u>	<u>7.6</u>

Debt Administration

The debt administration discussion covers two types of debt reported by the Village's financial statements. The Village's governmental activities consist of various bonds and bank notes. As of December 31, 2015, the Village's outstanding debt amounted to \$25.1 million. Of this amount, \$7.1 million is related to the Tax Incremental Financing Debt and \$14.6 million is related to pension liability and other post-employment benefits.

Debt was decreased in the Village business-type activity during 2014 by \$21,596 to \$216,713. The business activity debt is paid primarily by revenues generated by the Sewer Department for Sewer Charges for service. (More detailed information about the Village's long-term liabilities is presented in Note 3 to the financial statements.)

**Village of Justice
Management’s Discussion and Analysis
For the Year Ended December 31, 2015**

Table 4 Long-Term Debt (in millions of dollars)						
	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Primary Government</i>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
TIF related bonds	\$ 7.1	7.5	\$ 0.0	0.0	\$ 7.1	7.5
Other	18.0	5.5	0.2	0.2	18.2	5.7
Total	\$ 25.1	13.0	\$ 0.2	0.2	\$ 25.3	13.2

Factors Bearing on the Village’s Future

The general economic conditions of southwestern Cook County and the Chicago metropolitan statistical area are affected by the national economic downturn. The unemployment rate is for the most recent period available, 2014, is 5.5% County-wide (Local Area Unemployment Statistics LAUS web site). As with most governmental agencies, the Village is having continued difficulty in meeting its obligations as they come due. The increases in revenues cannot keep pace with the increases in costs related to salaries and other operating expenses.

The Village is a non-home rule community that levies taxes in accordance with the Property Tax Extension limitation law. Because of that law, the Village will be subject to a 0.7 percent increase in the next levy. In addition, the Village must operate within the current revenue projections. Because of this, they will closely monitor expenses to make sure the Village does not fall behind in their payments to vendors.

The Village is currently participating in a feasibility study to open an off ramp from I-294 southbound. This off ramp could lead to increase in development in the Village which would provide additional revenue streams. The Village is receiving a grant for a portion of the feasibility study however they must contribute \$250,000 towards the project. The Village contributed \$100,000 in 2015 and will contribute \$100,000 and \$50,000 in 2016 and 2017 respectively. Once the feasibility study is completed an assessment will be made regarding the construction of the off ramp as well as the Village’s portion of the construction costs.

Village of Justice
Management's Discussion and Analysis
For the Year Ended December 31, 2015

Requests for Information

This financial report is designed to provide the Village's citizens, taxpayers, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Village Hall:

Mayor Kris Wasowicz
7800 South Archer Road
Justice, Illinois 60458

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Net Position
December 31, 2015**

See Following Page

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Net Position
December 31, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 3,733,893	1,282,114	5,016,007
Receivables - Net of Allowances			
Property Taxes	1,595,296	-	1,595,296
Other Taxes	552,353	-	552,353
Accounts	26,387	122,413	148,800
Other	171,455	-	171,455
Due from Other Governments	85,731	-	85,731
Prepays	60,153	-	60,153
Total Current Assets	6,225,268	1,404,527	7,629,795
Capital Assets			
Nondepreciable	808,856	81,724	890,580
Depreciable	11,972,237	2,634,090	14,606,327
Accumulated Depreciation	(5,717,532)	(2,398,667)	(8,116,199)
Total Capital Assets	7,063,561	317,147	7,380,708
Total Assets	13,288,829	1,721,674	15,010,503
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	391,533	-	391,533
Deferred Items - Police Pension	1,875,667	-	1,875,667
Deferred Items - Firefighters' Pension	8,219	-	8,219
Total Deferred Outflows of Resources	2,275,419	-	2,275,419
Total Assets and Deferred Outflows of Resources	15,564,248	1,721,674	17,285,922

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 125,822	7,076	132,898
Retainage Payable	9,059	-	9,059
Accrued Payroll and Benefits	25,066	4,829	29,895
Accrued Interest Payable	69,695	6,027	75,722
Deposits Payable	29,500	-	29,500
Other Payables	38,764	-	38,764
Current Portion of Long-Term Debt	917,859	22,862	940,721
Total Current Liabilities	1,215,765	40,794	1,256,559
Noncurrent Liabilities			
Compensated Absences Payable	389,498	-	389,498
Net Pension Liability - IMRF	1,259,555	-	1,259,555
Net Pension Liability - Police Pension	11,729,515	-	11,729,515
Net Pension Liability - Fire Pension	735,916	-	735,916
Net Other Post-Employment Benefit Payable	826,579	-	826,579
Capital Lease Payable	113,004	28,966	141,970
General Obligation (Alternate Revenue Source)			
Capital Appreciation Bonds Payable	3,743,824	-	3,743,824
General Obligation (Alternate Revenue Source)			
Bonds Payable	2,640,115	164,885	2,805,000
TIF Junior Revenue Lien Bonds Payable	2,776,815	-	2,776,815
Total Noncurrent Liabilities	24,214,821	193,851	24,408,672
Total Liabilities	25,430,586	234,645	25,665,231
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,626,828	-	1,626,828
Deferred Items - IMRF	18,016	-	18,016
Total Deferred Inflows of Resources	1,644,844	-	1,644,844
Total Liabilities and Deferred Inflows of Resources	27,075,430	234,645	27,310,075
NET POSITION			
Net Investment in Capital Assets	6,920,034	100,434	7,020,468
Restricted			
Motor Fuel Tax	286,351	-	286,351
Asset Forfeiture	204,454	-	204,454
TIF Development	1,861,322	-	1,861,322
Debt Service	584,602	-	584,602
Capital Projects	61,501	-	61,501
Unrestricted (Deficit)	(21,429,446)	1,386,595	(20,042,851)
Total Net Position	(11,511,182)	1,487,029	(10,024,153)

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

VILLAGE OF JUSTICE, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 1,818,267	1,633,168	8	-
Public Safety	6,152,475	1,325,192	6,742	-
Public Works	1,699,003	-	538,226	-
Community Support	131,140	-	-	-
TIF Development	26,649	-	-	-
Interest on Long-Term Debt	290,740	-	-	-
Total Governmental Activities	10,118,274	2,958,360	544,976	-
Business-Type Activities				
Sewer	682,360	574,914	-	-
Total Primary Government	10,800,634	3,533,274	544,976	-

- General Revenues
- Taxes - Property Tax
- Taxes - Sales Tax
- Taxes - Utility Tax
- Intergovernmental - Income Tax
- Intergovernmental - Replacement Tax
- Intergovernmental - Other
- Interest Income
- Miscellaneous
- Transfers - Internal Activity

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
(185,091)	-	(185,091)
(4,820,541)	-	(4,820,541)
(1,160,777)	-	(1,160,777)
(131,140)	-	(131,140)
(26,649)	-	(26,649)
(290,740)	-	(290,740)
(6,614,938)	-	(6,614,938)
-	(107,446)	(107,446)
(6,614,938)	(107,446)	(6,722,384)
2,351,435	-	2,351,435
359,635	-	359,635
627,034	-	627,034
1,820,181	-	1,820,181
17,448	-	17,448
99,061	-	99,061
3,135	41,902	45,037
261,542	-	261,542
120,000	(120,000)	-
5,659,471	(78,098)	5,581,373
(955,467)	(185,544)	(1,141,011)
(10,555,715)	1,672,573	(8,883,142)
(11,511,182)	1,487,029	(10,024,153)

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

VILLAGE OF JUSTICE, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2015**

	General	LNC TIF #2 Redevelopment
ASSETS		
Cash and Investments	\$ 609,326	279,527
Receivables - Net of Allowances		
Property Taxes	1,595,296	-
Other Taxes	523,180	-
Accounts	26,387	-
Other	1,335	-
Due from Other Funds	321,399	-
Due from Other Governments	-	-
Prepays	60,153	-
	<u>3,137,076</u>	<u>279,527</u>
LIABILITIES		
Accounts Payable	91,750	-
Retainage Payable	-	-
Accrued Payroll and Benefits	25,066	-
Deposits Payable	29,500	-
Other Payables	91,000	-
Due to Other Funds	4,163	-
Total Liabilities	<u>241,479</u>	-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	1,626,828	-
Total Liabilities and Deferred Inflows of Resources	<u>1,868,307</u>	-
FUND BALANCES		
Nonspendable	60,153	-
Restricted	-	279,527
Unassigned	1,208,616	-
Total Fund Balances	<u>1,268,769</u>	<u>279,527</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>3,137,076</u>	<u>279,527</u>

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

Special Revenue		Debt Service		Totals
LNC		LNC		
TIF #2	TIF #4	TIF #2	Nonmajor	
Expense		Expense		
847,866	733,626	654,297	609,251	3,733,893
-	-	-	-	1,595,296
-	-	-	29,173	552,353
-	-	-	-	26,387
-	-	-	-	1,335
-	-	-	-	321,399
-	-	-	85,731	85,731
-	-	-	-	60,153
847,866	733,626	654,297	724,155	6,376,547
-	(303)	-	34,375	125,822
-	-	-	9,059	9,059
-	-	-	-	25,066
-	-	-	-	29,500
-	-	-	-	91,000
-	-	-	147,116	151,279
-	(303)	-	190,550	431,726
-	-	-	-	1,626,828
-	(303)	-	190,550	2,058,554
-	-	-	-	60,153
847,866	733,929	654,297	552,306	3,067,925
-	-	-	(18,701)	1,189,915
847,866	733,929	654,297	533,605	4,317,993
847,866	733,626	654,297	724,155	6,376,547

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

VILLAGE OF JUSTICE, ILLINOIS

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

December 31, 2015

Total Governmental Fund Balances \$ 4,317,993

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. 7,063,561

Deferred outflows (inflows) of resources related to the pensions not
reported in the funds.

 Deferred Items - IMRF 373,517
 Deferred Items - Police Pension 1,875,667
 Deferred Items - Firefighters' Pension 8,219

Certain revenues are deferred in the fund financial statements because they are not
available but are recognized as revenues in the government-wide financial statements. 52,236

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

 Compensated Absences Payable (486,872)
 Net Pension Liability - IMRF (1,259,555)
 Net Pension Liability - Police Pension (11,729,515)
 Net Pension Liability - Firefighters' Pension (735,916)
 Net Other Post-Employment Benefit Obligation Payable (826,579)
 Capital Lease Payable (143,527)
 TIF Capital Appreciation Bonds Payable (4,338,824)
 General Obligation (Alternate Revenue Source) Bonds Payable (2,835,077)
 TIF Junior Lien Revenue Bonds Payable (2,776,815)
 Accrued Interest Payable (69,695)

Net Position of Governmental Activities (11,511,182)

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

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2015**

See Following Page

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2015**

	General	LNC TIF #2 Redevelopment
Revenues		
Taxes	\$ 2,490,915	-
Intergovernmental	1,902,643	-
Licenses and Permits	815,556	-
Charges for Services	937,612	-
Fines and Forfeitures	1,032,497	-
Interest	2,197	-
Miscellaneous	254,718	-
Total Revenues	7,436,138	-
Expenditures		
Current		
General Government	1,302,217	-
Public Safety	4,289,591	-
Public Works	1,113,824	-
Community Support	131,140	-
TIF Development	-	26,649
Debt Service		
Principal Retirement	210,810	-
Interest and Fiscal Charges	150,809	-
Total Expenditures	7,198,391	26,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	237,747	(26,649)
Other Financing Sources (Uses)		
Disposal of Capital Asset	15,250	-
Transfers In	195,000	-
Transfers Out	(121,504)	-
	88,746	-
Net Change in Fund Balances	326,493	(26,649)
Fund Balances - Beginning	942,276	306,176
Fund Balances - Ending	1,268,769	279,527

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

Special Revenue		Debt Service		Totals
LNC		LNC		
TIF #2		TIF #2		
Expense	TIF #4	Expense	Nonmajor	
847,798	327	-	1,885	3,340,925
-	-	-	579,023	2,481,666
-	-	-	-	815,556
-	-	-	-	937,612
-	-	-	172,695	1,205,192
68	698	49	123	3,135
-	-	-	6,824	261,542
847,866	1,025	49	760,550	9,045,628
-	92,072	-	54,930	1,449,219
-	-	-	224,911	4,514,502
-	-	-	542,148	1,655,972
-	-	-	-	131,140
-	-	-	-	26,649
-	-	595,000	-	805,810
-	-	18,442	-	169,251
-	92,072	613,442	821,989	8,752,543
847,866	(91,047)	(613,393)	(61,439)	293,085
-	-	-	-	15,250
-	-	664,616	121,504	981,120
(739,616)	-	-	-	(861,120)
(739,616)	-	664,616	121,504	135,250
108,250	(91,047)	51,223	60,065	428,335
739,616	824,976	603,074	473,540	3,889,658
847,866	733,929	654,297	533,605	4,317,993

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

VILLAGE OF JUSTICE, 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 December 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 428,335

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	147,615
Depreciation Expense	(430,308)

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

Change in Deferred Items - IMRF	5,237
Change in Deferred Items - Police Pension	1,021,151
Change in Deferred Items - Firefighters' Pension	751

Revenues not collected as of the year end are not considered as "available" revenues in the
governmental funds. These are the amounts that were not considered available
in the current year.

(2,821)

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.

Decrease in Compensated Absences Payable	34,985
Increase in Net Pension Liability - IMRF	(213,802)
Increase in Net Pension Liability - Police Pension	(2,404,182)
Increase in Net Pension Liability - Firefighters' Pension	(38,577)
Increase in Net Other Post-Employment Benefit Obligation Payable	(188,172)
Retirement of Debt	805,810

Capital appreciation bonds appreciate over the life of the bond and the current year's
amortized capital appreciation is recorded as an interest expense in the
government-wide statements.

(238,230)

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

116,741

Changes in Net Position of Governmental Activities

(955,467)

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

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Net Position - Proprietary Funds
December 31, 2015**

	<u>Business-Type Activities</u> <u>Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 1,282,114
Receivables - Net of Allowances	
Accounts	122,413
Total Current Assets	<u>1,404,527</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	81,724
Depreciable	2,634,090
Accumulated Depreciation	<u>(2,398,667)</u>
Total Noncurrent Assets	<u>317,147</u>
Total Assets	<u>1,721,674</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	7,076
Accrued Payroll	4,829
Accrued Interest Payable	6,027
Current Portion of Long-Term Debt	
Capital Leases Payable	7,824
General Obligation Limited Tax Certificates Payable	<u>15,038</u>
Total Current Liabilities	<u>40,794</u>
Noncurrent Liabilities	
Capital Leases Payable	28,966
General Obligation (Alternate Revenue Source) Bonds Payable	<u>164,885</u>
Total Noncurrent Liabilities	<u>193,851</u>
Total Liabilities	<u>234,645</u>
NET POSITION	
Net Investment in Capital Assets	100,434
Unrestricted	<u>1,386,595</u>
Total Net Position	<u>1,487,029</u>

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

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2015**

	Business-Type Activities
	<u>Sewer</u>
Operating Revenues	
Charges for Services	\$ 574,914
Operating Expenses	
Personnel Services	402,013
Contractual Services	27,188
Supplies	9,192
Other Services and Charges	192,560
Depreciation	39,700
Total Operating Expenses	<u>670,653</u>
Operating Income (Loss)	<u>(95,739)</u>
Nonoperating Revenue (Expenses)	
Interest Income	41,902
Interest Expense	(11,707)
	<u>30,195</u>
Income (Loss) Before Transfers	(65,544)
Transfers Out	<u>(120,000)</u>
Change in Net Position	(185,544)
Net Position - Beginning	<u>1,672,573</u>
Net Position - Ending	<u><u>1,487,029</u></u>

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

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2015**

	Business-Type Activities <u>Sewer</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 682,762
Payments to Employees	(266,999)
Payments to Suppliers	(367,838)
	<u>47,925</u>
Cash Flows from Noncapital Financing Activities	
Transfers Out	<u>(120,000)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(37,265)</u>
Cash Flows from Investing Activities	
Interest Income	<u>41,902</u>
Cash Flows from Capital and Related Financing Activities	
Payment of Principal	(21,596)
Interest Expense	(11,707)
	<u>(33,303)</u>
Net Change in Cash and Cash Equivalents	(100,741)
Cash and Cash Equivalents	
Beginning	<u>1,382,855</u>
Ending	<u><u>1,282,114</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities.	
Operating Income (Loss)	(95,739)
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation Expense	39,700
(Increase) Decrease in Current Assets	107,848
Increase (Decrease) in Current Liabilities	(3,884)
	<u>47,925</u>
Net Cash Provided by Operating Activities	<u><u>47,925</u></u>

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

VILLAGE OF JUSTICE, ILLINOIS

**Statement of Fiduciary Net Position
December 31, 2015**

	<u>Pension Trust</u>
ASSETS	
Cash and Cash Equivalents	\$ 866,564
Investments	
U.S. Government and Agency Obligations	4,101,870
Annuities	61,801
Mutual Funds	3,076,313
Municipal Bonds	191,991
Corporate Bonds	745,192
Common Stocks	1,481,739
Receivables - Net of Allowances	
Accrued Interest	30,123
Due from Other Funds	<u>4,163</u>
Total Assets	<u>10,559,756</u>
LIABILITIES	
Accounts Payable	5,447
Due to Other Funds	<u>174,283</u>
Total Liabilities	<u>179,730</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>10,380,026</u></u>

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

VILLAGE OF JUSTICE, ILLINOIS

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended December 31, 2015

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 514,507
Contributions - Plan Members	186,347
Other - Transfer in of Pension	204,835
Total Contributions	<u>905,689</u>
Investment Income	
Interest Earned	289,907
Net Change in Fair Value	<u>(222,726)</u>
	67,181
Less Investment Expenses	<u>(45,197)</u>
Net Investment Income	<u>21,984</u>
Total Additions	<u>927,673</u>
Deductions	
Administration	
Administrative Expenses	29,796
Benefits	
Pension Payments	<u>623,935</u>
Total Deductions	<u>653,731</u>
Change in Fiduciary Net Position	273,942
Net Position Restricted for Pensions	
Beginning	<u>10,106,084</u>
Ending	<u><u>10,380,026</u></u>

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

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Justice, Illinois (Village) was incorporated on October 17, 1911. The Village is a municipal non-home rule corporation governed by an elected mayor and six-member Board of Trustees. The Village's major operations include police and fire protection, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, sewer services, and general administrative services.

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 Justice
---------------------	--------------------

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

Police Pension Employees Retirement System

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

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

The Village's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the Village President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The Village and FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the government is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's firefighters. The FPERS is reported as a pension trust fund.

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 and fire protection, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's sewer 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 first utilizes restricted resources to finance qualifying activities.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

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

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is recorded as a transfer to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

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

Fund Financial Statements

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

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

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 have debt outstanding or a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

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

Governmental Funds

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

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

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains three major special revenue funds, the LNC TIF #2 Redevelopment Fund, the LNC TIF #2 Expense Special Revenue Fund and the TIF #4 Fund. The other remaining five funds are considered nonmajor special revenue funds. The LNC TIF #2 Redevelopment Fund is used to account for revenues and expenditures related to the LNC Tax Increment Financing District #2. The LNC TIF #2 Expense Special Revenue Fund is used to account for administrative revenues and expenditures related to the LNC Tax Increment Financing District #2. The TIF #4 Fund is used to account for administrative revenues and expenditures related to the Tax Increment Financing District #4. The LNC TIF #2 Redevelopment Fund, the LNC TIF #2 Expense Fund and the TIF #4 Fund report property taxes as the major revenue source for the funds, which are restricted for TIF development.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The LNC TIF #2 Expense Debt Service Fund is treated as a major fund and is used for the accumulation of resources for the payment of general long-term debt principal, interest and related costs in association with the Tax Increment Financing District #2.

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 two nonmajor capital projects funds.

Proprietary Funds

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

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Sewer Fund, which is used to account for the activities of the Village which operate the sewer system.

Fiduciary Funds

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

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Fiduciary Funds – Continued

Pension trust funds are used to account for assets held in a trustee capacity by the Village for pension benefit payments. The Police Pension and Firefighters' Pension Funds account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the government through an annual property tax levy.

The assets of the fiduciary funds are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the Village; therefore, this fund is not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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 JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

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 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 JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

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 are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s water and sewer function and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, and franchise taxes. Business-type activities report utility charges as their major receivables.

Prepays

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

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more and an estimated useful life in excess of two years 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.

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 bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

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

Land Improvements	20 Years
Buildings	75 Years
Equipment	5 - 20 Years
Furniture	5 - 20 Years
Infrastructure	35 Years

Compensated Absences

Employees earn a specified amount of vacation and sick leave each year. Vacation leave may be accumulated for future use and paid upon termination. Sick leave may be accumulated for future use, but employees are not compensated for unused sick leave upon termination, unless the employee works in the Public Works Department. Those employees will be compensated for sick leave upon termination.

The liability for unpaid vacation and sick pay is recognized based on the employees' current rate of pay at year-end. The current portion of the liability (unpaid items that were used and for which compensation was paid within 30 days after year-end) is reported as a current liability of the fund from which the related salaries are paid. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements

December 31, 2015

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 or 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 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 JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgeted amounts for the Governmental Funds are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles (GAAP).

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

1. Prior to October 31, the Village Clerk submits to the Village Board a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance.
4. The Village Clerk is authorized to transfer budgeted amounts between departments within any fund; however, the Village Board must approve revisions that alter the total expenditures of any fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.
7. The Village does not adopt an annual budget for the Asset Forfeiture Fund, Community Development Block Grant Fund, TIF #3 Fund, LNC TIF #2 Expense Capital Projects Fund, Capital Projects Fund, Emergency Telephone System Board Fund, LNC TIF #2 Expense Debt Service Fund, Police Pension Fund and Firefighters' Pension Fund.

Budgeted amounts are as originally adopted by the Board of Trustees.

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
Sewer	\$ 51,250

DEFICIT FUND BALANCES

The following funds had deficit fund balances as of the date of this report:

Fund	Deficit
Emergency Telephone System Board	\$ 10,099
Community Development Block Grant	8,602

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The deposits and investments of the Pension Funds 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.

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 does operate 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.

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 \$4,019,268 and the bank balances totaled \$4,225,919. Additionally, the Village had \$996,739 invested in the Illinois Funds, with an average maturity of less than one year.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy attempts to limit exposure to interest rate risk by matching its investments with anticipated cash flow requirements.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Village's investment policy also prescribes to the "prudent person" rule which states that, "investments shall be made with judgment and care, under circumstances then prevailing, which person of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as possible income to be derived." As of December 31, 2015, the Village's investment in the Illinois Funds was rated AAAM by Standard and Poor's.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy does not limit custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Custodial Credit Risk – Investments. In the case of investments, 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 limit custodial credit risk for investments. At year-end, the Village's investment in the Illinois Funds is 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 policy states that no more than 40% of the assets shall be concentrated in a single instrument or class of instruments other than U.S. Treasury Obligations. At year-end the Village's investments are in compliance with the 40% guideline outlined above. At December 31, 2015, the Village's investment in the Illinois Funds represents over 5 percent of the total cash and investment portfolio.

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

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$574,063 and the bank balances totaled \$566,347.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

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

Investments. At December 31, 2015, the Pension Fund's investments in debt securities consisted of the following:

Investment Type	Fair Value	Investment Maturities - in Years			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasuries	\$ 2,806,554	403,714	1,780,636	622,204	-
U. S. Agencies	1,295,316	307,166	899,718	-	88,432
Municipal Bonds	191,991	-	191,991	-	-
Corporate Bonds	745,192	181,254	563,938	-	-
Totals	5,039,053	892,134	3,436,283	622,204	88,432

Interest Rate Risk. The Pension Fund's investment policies seek to ensure preservation of capital in the Pension Fund's portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The Pension Fund's policy requires the Pension Fund's investment portfolio to be sufficiently liquid to enable the Pension Fund to meet all operating requirements as they become due.

Credit Risk. State Statute limits the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NSRO's). The Pension Fund's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. As of December 31, 2015, the U.S. agency securities were rated AA to AA+ by Standard & Poor's, the municipal bonds were rated AA by Standard and Poor's, and the corporate bonds were rated BBB+ to AA+ by Standard and Poor's. All other investments the ratings were unavailable.

Custodial Credit Risk – Deposits. With respect to deposits, custodial credit risk refers to the risk that, in the event of bank failure, the government's deposits may not be returned to it. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Custodial Credit Risk – Investments. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

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

Concentration Risk. The Pension Fund's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The Pension Fund's policy further states that no financial institution shall hold more than 50% of the Pension Fund's investment portfolio at the current time of investment placement. The Pension Fund operates its investments as an investment pool where each fund reports its pro rata share of the investments made by the Pension Fund. In addition to the securities and fair values listed above, the Fund also has \$3,076,313 invested in mutual funds and \$1,481,739 invested in common stock. At year-end, the Fund's investment of \$786,039 in Vanguard Total Stock represents over 5 percent of net position available for retirement benefits (other than U.S. Government guaranteed obligations).

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	32.00%	1.25%
Corporate Investment Grade	8.00%	2.25%
Domestic Equities	42.00%	6.50%
International Developed	15.00%	6.00%
Real Estate	3.00%	8.00%
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 65%. 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 January 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 December 31, 2015 are listed in the table above.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements

December 31, 2015

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

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund – Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Pension Fund's deposits totaled \$203,497 and the bank balances totaled \$203,497. The Pension Fund also has \$89,004 invested in the Illinois Funds at December 31, 2015, with an average maturity of less than one year.

Interest Rate Risk. The Pension Fund does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Pension Fund's investment policies seek to ensure preservation of capital in the Pension Fund's portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The Pension Fund's policy requires the Pension Fund's investment portfolio to be sufficiently liquid to enable the Pension Fund to meet all operating requirements as they become due.

Credit Risk. State Statute limits the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NSRO's). The Pension Fund's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. The Pension Fund's investment ratings in the Illinois Funds and in the annuities were not available at December 31, 2015.

Custodial Credit Risk. With respect to deposits, custodial credit risk refers to the risk that, in the event of bank failure, the government's deposits may not be returned to it. With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Fund's investment policy does not address this risk. The Pension Fund's investment in the Illinois Funds is not subject to custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Concentration Risk. The Pension Fund's investment policy requires diversification of the investment portfolio to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. At December 31, 2015, the Pension Fund's investment in the Illinois Funds of \$89,004 and the Hartford of \$61,801 represent more than 5 percent of total net position available for pension benefits.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	90%	0.13%
Annuities	10%	1.45%
Cash and Cash Equivalents	0%	0.0%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. 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 January 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 December 31, 2015 are listed in the table above.

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

The Village must file its tax levy ordinance by the last Tuesday in December of each year. The 2015 tax levy was approved by the President and Board of Trustees on December 15, 2015. The Village's property tax is levied each year on all taxable real property located in the Village. The owner of real property on January 1 in any year is liable for taxes of that year. Property taxes attach as an enforceable lien on property as of January 1st of the levy year.

Property taxes are collected by the Cook County Collector (the Collector is also the Cook County Treasurer) who remits to the Village its share of taxes collected. Taxes levied in one year become payable during the following year in two installments, one on March 1 and the second on August 1, or 30 days after the tax bills are mailed, whichever is later. The first installment is an estimated bill, and is one half of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and reflects any changes from prior year in those factors. Taxes on railroad real property used for transportation purposes are payable in one installment on August 1. The Village collects taxes shortly after the due dates, usually within 45 days.

At the end of the year, the Collector presents the Warrant Books to the Circuit Court, and applies for judgment for all unpaid taxes. The court order resulting from that application for judgment provides for a sale of all property with unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful bidders pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of one and one half percent per month from their due date until the date of sale. Taxpayers can redeem their property by paying the tax buyer the amount paid at the sale, plus a penalty.

If no redemption is made within two years, the tax buyer receives the deed on the property. In addition, there are other miscellaneous statutory provisions for foreclosure of tax liens.

Property taxes are recognized under the modified accrual basis of accounting. The current year tax levy, reduced by an allowance for estimated uncollectible taxes, is recorded as property taxes received and deferred tax revenue. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2015, the property taxes receivable and deferred tax revenue consisted of the estimated amount collectible from the 2015 tax levy.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PERSONAL PROPERTY REPLACEMENT TAXES

The personal property replacement tax represents an additional income tax for corporations (including certain utilities), trusts, partnerships, and Subchapter S Corporation; and a tax on invested capital for public utilities providing gas, communication, electrical, and water services. Revenues collected under the replacement tax are held in a special fund in the State Treasury called the Personal Property Tax Replacement Fund. The monies are distributed to taxing districts in eight payments annually. These monies are allocated to funds at the discretion of the Village.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 794,006	14,850	-	808,856
Depreciable Capital Assets				
Land Improvements	3,074,882	-	-	3,074,882
Buildings	4,589,757	16,385	-	4,606,142
Equipment	4,184,984	116,380	100,000	4,201,364
Furniture	89,849	-	-	89,849
	<u>11,939,472</u>	<u>132,765</u>	<u>100,000</u>	<u>11,972,237</u>
Less Accumulated Depreciation				
Land Improvements	680,994	153,744	-	834,738
Buildings	1,189,477	61,415	-	1,250,892
Equipment	3,426,904	215,149	100,000	3,542,053
Furniture	89,849	-	-	89,849
	<u>5,387,224</u>	<u>430,308</u>	<u>100,000</u>	<u>5,717,532</u>
Total Net Depreciable Capital Assets	<u>6,552,248</u>	<u>(297,543)</u>	<u>-</u>	<u>6,254,705</u>
Total Net Capital Assets	<u>7,346,254</u>	<u>(282,693)</u>	<u>-</u>	<u>7,063,561</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Governmental Activities – Continued

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 154,911
Public Safety	232,366
Public Works	<u>43,031</u>
	<u><u>430,308</u></u>

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 81,724	-	-	81,724
Depreciable Capital Assets				
Buildings	166,095	-	-	166,095
Equipment	829,789	37,265	-	867,054
Infrastructure	1,600,941	-	-	1,600,941
	<u>2,596,825</u>	<u>37,265</u>	-	<u>2,634,090</u>
Less Accumulated Depreciation				
Buildings	31,145	2,215	-	33,360
Equipment	754,080	36,053	-	790,133
Infrastructure	1,573,742	1,432	-	1,575,174
	<u>2,358,967</u>	<u>39,700</u>	-	<u>2,398,667</u>
Total Net Depreciable Capital Assets	<u>237,858</u>	<u>(2,435)</u>	-	<u>235,423</u>
Total Net Capital Assets	<u><u>319,582</u></u>	<u><u>(2,435)</u></u>	-	<u><u>317,147</u></u>

Depreciation expense of \$39,700 was charged to the sewer business-type activities.

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Interfund receivables and payables for the year consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 147,116
General	Firefighters' Pension	174,283
Police Pension	General	<u>4,163</u>
		<u><u>325,562</u></u>

The outstanding balances between funds result mainly from the time lag between the dates funds are collected in one fund and paid to the other.

Interfund Transfers

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	LNC TIF #2 Expense Special Revenue	\$ 75,000
General	Sewer	120,000
LNC TIF #2 Expense Debt Service	LNC TIF #2 Expense Special Revenue	664,616
Nonmajor Governmental	General	<u>121,504</u>
		<u><u>981,120</u></u>

Transfers are used to move revenues from the fund that the statute or budget requires to collect them to the fund that statute or budget requires to expend them.

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Capital Lease

The Village has entered into a separate lease agreement as lessee for financing the acquisition of a dump truck, trailer, sewer cleaner, and milling machine. Capital assets of \$216,597 have been added to equipment in the governmental activities and \$55,510 has been added to equipment in the Sewer Fund. This lease agreement qualifies as capital lease for accounting purposes and; therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

Fiscal Year	Lease Payment
2016	\$ 42,484
2017	42,484
2018	42,484
2019	42,484
2020	<u>21,242</u>
	191,178
Interest Portion	<u>(10,861)</u>
Principal Balance	<u><u>180,317</u></u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation (Alternate Revenue Source) Capital Appreciation Bonds

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

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation (Alternate Revenue Source) Capital Appreciation Bonds of 2002 due in annual installments of \$25,000 to \$635,000, plus interest at 4.00% to 5.55% through January 1, 2022.	LNC TIF #2 Redevelopment	\$ 3,846,956	194,774	545,000	3,496,730
General Obligation (Alternate Revenue Source) Capital Appreciation Bonds of 2003A due in annual installments of \$15,000 to \$745,000, plus interest at 2.60% to 5.55% through July 1, 2022.	LNC TIF #2 Redevelopment	848,638	43,456	50,000	842,094
		<u>4,695,594</u>	<u>238,230</u>	<u>595,000</u>	<u>4,338,824</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation (Alternate Revenue Source) Bonds

The Village has issued two general obligation bonds for the purpose of acquiring property. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
Taxable General Obligation (Alternate Revenue Source) Bonds of 2008A due in annual installments of \$95,000 to \$215,000, plus interest at 5.71% through January 1, 2025.	General	\$ 1,611,113	-	116,036	1,495,077
	Sewer	193,887	-	13,964	179,923
General Obligation (Alternate Revenue Source) Bonds of 2008B due in annual installments of \$135,000 to \$260,000, plus interest at 4.25% through January 1, 2028.	General	885,000	-	-	885,000
General Obligation Working Cash Fund Bonds of 2010 due in annual installments of \$55,000 to \$85,000, plus interest at 2.50% to 6.00% through February 1, 2021.	General	520,000	-	65,000	455,000
		<u>3,210,000</u>	<u>-</u>	<u>195,000</u>	<u>3,015,000</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

TIF Junior Lien Revenue Bonds

In prior years, the Village issued \$6,550,000 in junior lien revenue bonds, which are payable from any excess TIF property tax money. Junior lien revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
TIF Junior Lien Revenue Bonds of 2003 due from remaining increment with interest accrued.	LNC TIF #2 Redevelopment	\$ 862,550	-	-	862,550
TIF Junior Lien Revenue Bonds of 2006 due in annual installments plus interest at 6.25%.	LNC TIF #2 Redevelopment	414,265	-	-	414,265
TIF Junior Lien Revenue Bonds of 2008A due in annual installments plus interest at 7.50% through December 31, 2022.	LNC TIF #2 Redevelopment	1,100,000	-	-	1,100,000
TIF Junior Lien Revenue Bonds of 2008B due in annual installments plus interest at 6.25% through December 31, 2022.	LNC TIF #2 Redevelopment	400,000	-	-	400,000
		<u>2,776,815</u>	<u>-</u>	<u>-</u>	<u>2,776,815</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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	Due within One Year
Governmental Activities					
Compensated Absences	\$ 521,857	34,986	69,971	486,872	97,374
Net Pension Liability	11,062,995	2,661,991	-	13,724,986	-
Net Other Post-Employment Benefit Obligation Payable	638,407	188,172	-	826,579	-
Capital Leases Payable	173,301	-	29,774	143,527	30,523
General Obligation (Alternate Revenue Source) Capital Appreciation Bonds Payable	4,695,594	238,230	595,000	4,338,824	595,000
General Obligation (Alternate Revenue Source) Bonds Payable	3,016,113	-	181,036	2,835,077	194,962
TIF Junior Lien Revenue Bonds Payable	2,776,815	-	-	2,776,815	-
	<u>22,885,082</u>	<u>3,123,379</u>	<u>875,781</u>	<u>25,132,680</u>	<u>917,859</u>
Business-Type Activities					
Capital Leases Payable	44,422	-	7,632	36,790	7,824
General Obligation (Alternate Revenue Source) Bonds Payable	193,887	-	13,964	179,923	15,038
	<u>238,309</u>	<u>-</u>	<u>21,596</u>	<u>216,713</u>	<u>22,862</u>

For the governmental activities, the compensated absences, the net pension liability and the net other post-employment benefit obligation payable are generally liquidated by the General Fund. The General Fund makes payments on the capital leases. The LNC TIF #2 Redevelopment Fund makes payments on the general obligation (alternate revenue source) capital appreciation bonds and the TIF junior lien revenue bonds. Payments on the general obligation (alternate revenue source) bonds are made by the General Fund.

For business-type activities, the Sewer Fund makes payments on the capital leases and the general obligation (alternate revenue source) bonds.

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	General Obligation		General Obligation	
	Bonds Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2016	\$ 194,962	137,076	15,038	9,844
2017	199,425	127,187	15,575	8,970
2018	213,351	116,656	16,649	8,050
2019	222,276	106,351	17,724	7,069
2020	236,202	93,312	18,798	6,026
2021	250,128	80,426	19,872	4,922
2022	174,054	68,829	20,946	3,757
2023	182,980	58,636	22,020	2,530
2024	191,906	47,933	23,094	1,242
2025	219,793	37,165	10,207	290
2026	240,000	26,776	-	-
2027	250,000	16,363	-	-
2028	260,000	5,523	-	-
Totals	<u>2,835,077</u>	<u>922,233</u>	<u>179,923</u>	<u>52,700</u>

For the General Obligation (Alternative Revenue Sources) Capital Appreciation Bonds Payable and TIF Junior Lien Revenue Bonds Payable, annual payments are based on the incremental revenues available within the Tax Incremental Financing District and do not have stated payments within a given year.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

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

Assessed Valuation - 2014	<u>\$ 143,081,394</u>
Bonded Debt Limit - 8.625% of Assessed Value	<u>12,340,770</u>
Amount of Debt Applicable to Limit	
General Obligation (Alternate Revenue Source) Bonds	3,015,000
General Obligation (Alternate Revenue Source)	
Capital Appreciation Bonds	<u>4,338,824</u>
	<u>7,353,824</u>
Legal Debt Margin	<u>4,986,946</u>

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of December 31, 2015:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 7,063,561
Less Capital Related Debt:	
Capital Lease Payable	<u>(143,527)</u>
	<u>6,920,034</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Net Position Classifications – Continued

Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 317,147
Less Capital Related Debt:	
Taxable General Obligation (Alternate Revenue Source)	
Bonds of 2008A	(179,923)
Capital Lease Payable	<u>(36,790)</u>
Net Investment in Capital Assets	<u><u>100,434</u></u>

Fund Balance Classifications

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

	General	Special Revenue			Debt Service	Nonmajor	Totals
		LNC TIF #2 Redevelopment	LNC TIF #2 Expense	TIF #4	LNC TIF #2 Expense		
Fund Balances							
Nonspendable							
Prepays	\$ 60,153	-	-	-	-	-	60,153
Restricted							
Motor Fuel Tax	-	-	-	-	-	286,351	286,351
Asset Forfeiture	-	-	-	-	-	204,454	204,454
TIF Development	-	279,527	847,866	733,929	-	-	1,861,322
Debt Service	-	-	-	-	654,297	-	654,297
Capital Projects	-	-	-	-	-	61,501	61,501
	-	279,527	847,866	733,929	654,297	552,306	3,067,925
Unassigned	1,208,616	-	-	-	-	(18,701)	1,189,915
Total Fund Balances	<u>1,268,769</u>	279,527	847,866	733,929	654,297	533,605	4,317,993

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.

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Net Position Restatement

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	\$ (1,922,378)	(10,555,715)	(8,633,337)

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to, and destruction of assets; and natural disasters. The Village has purchased insurance from private insurance companies for general liability, workers' compensation and other coverages. Premiums have been recorded as expenditures in the appropriate funds. Settled claims resulting from these risks have not exceeded insurance coverage in the last three years.

CONTINGENT LIABILITIES

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.

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.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements

December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to four defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police and Firefighters' Pension Plans which is are single-employer pension plans, and the Service Employees International Union – National Industry Pension Fund, a cost-sharing multiple-employer defined benefit pension plan. Separate reports are issued for the Police and Firefighters' Pension Plans and may be obtained by writing to the Village at 7800 South Archer Road, Justice, Illinois 60458. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' 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 JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

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 following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	19
Inactive Plan Members Entitled to but not yet Receiving Benefits	17
Active Plan Members	<u>26</u>
Total	<u><u>62</u></u>

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2015 was 14.81% of covered payroll.

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.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 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	7.47%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

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 JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

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 7.47% 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 7.47%.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.47%, 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 (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Net Pension Liability	\$ 2,055,990	1,259,555	607,731

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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	\$ 5,355,582	4,315,259	1,040,323
Changes for the Year:			
Service Cost	116,532	-	116,532
Interest on the Total Pension Liability	396,693	-	396,693
Difference Between Expected and Actual Experience of the Total Pension Liability	(22,896)	-	(22,896)
Changes of Assumptions	7,314	-	7,314
Contributions - Employer	-	164,343	(164,343)
Contributions - Employees	-	50,826	(50,826)
Net Investment Income	-	21,562	(21,562)
Benefit Payments, including Refunds of Employee Contributions	(220,924)	(220,924)	-
Other (Net Transfer)	-	41,680	(41,680)
Net Changes	276,719	57,487	219,232
Balances at December 31, 2015	5,632,301	4,372,746	1,259,555

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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 December 31, 2015, the Village recognized pension expense of \$208,565. At December 31, 2015, 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	\$ -	(18,016)	(18,016)
Change in Assumptions	114,628	-	114,628
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	276,905	-	276,905
Total Deferred Amounts Related to IMRF	<u>391,533</u>	<u>(18,016)</u>	<u>373,517</u>

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
2016	\$ 112,838
2017	112,838
2018	88,921
2019	58,920
2020	-
Thereafter	<u>-</u>
Total	<u>373,517</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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 December 31, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	8
Inactive Plan Members Entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>21</u>
Total	<u><u>33</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 ½ 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 JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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 office 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 of 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 December 31, 2015, the Village's contribution was 28.77% of covered payroll.

Concentrations. At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

Investment	Amount
Vanguard Total Stock	\$ 786,039

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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 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	6.50%
Salary Increases	5.50%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, 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 JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 15,203,792	11,729,515	8,913,774

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	\$ 19,199,581	9,874,248	9,325,333
Changes for the Year:			
Service Cost	482,293	-	482,293
Interest on the Total Pension Liability	1,324,224	-	1,324,224
Difference Between Expected and Actual Experience of the Total Pension Liability	-	-	-
Changes of Assumptions	1,489,116	-	1,489,116
Contributions - Employer	-	509,027	(509,027)
Contributions - Employees	-	186,347	(186,347)
Contributions - Other	-	204,835	(204,835)
Net Investment Income	-	21,038	(21,038)
Benefit Payments, including Refunds of Employee Contributions	(565,692)	(565,692)	-
Other (Net Transfer)	-	(29,796)	29,796
Net Changes	<u>2,729,941</u>	<u>325,759</u>	<u>2,404,182</u>
Balances at December 31, 2015	<u>21,929,522</u>	<u>10,200,007</u>	<u>11,729,515</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

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 December 31, 2015, the Village recognized pension expense of \$1,383,031. At December 31, 2015, 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	\$ -	-	-
Change in Assumptions	1,255,112	-	1,255,112
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	620,555	-	620,555
Total Deferred Amounts Related to Police Pension	<u>1,875,667</u>	-	<u>1,875,667</u>

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
2016	\$ 389,143
2017	389,143
2018	389,143
2019	389,142
2020	234,004
Thereafter	<u>85,092</u>
Total	<u>1,875,667</u>

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan

Plan Descriptions – Continued

Plan Administration. The Firefighters’ Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) 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 fire employees.

Plan Membership. At December 31, 2015, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	-
	<hr/>
Total	<u>1</u>

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

The Firefighters’ 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 ½ 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 firefighter 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 3percent compounded annually thereafter.

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ 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 firefighter 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. Firefighters’ 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 firefighter shall be increased annually at age 60 on the January 1st after the police office 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 of ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters’ 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 December 31, 2015, there are no active plan members.

Significant Investments. At year end, the Pension Plan has investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits as follows:

Investment	Amount
Illinois Funds	\$ 89,004
Hartford	61,801

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

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	5.00%
Salary Increases	0.00%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 5.00%, 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 JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ 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 (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net Pension Liability	\$ 997,579	735,916	845,282

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	\$ 929,175	231,836	697,339
Changes for the Year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	45,003	-	45,003
Difference Between Expected and Actual Experience of the Total Pension Liability	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	5,480	(5,480)
Contributions - Employees	-	-	-
Net Investment Income	-	946	(946)
Benefit Payments, including Refunds of Employee Contributions	(58,243)	(58,243)	-
Other (Net Transfer)	-	-	-
Net Changes	(13,240)	(51,817)	38,577
Balances at December 31, 2015	915,935	180,019	735,916

VILLAGE OF JUSTICE, ILLINOIS

**Notes to the Financial Statements
December 31, 2015**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

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

For the year ended December 31, 2015, the Village recognized pension expense of \$37,826. At December 31, 2015, 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	\$ -	-	-
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,219	-	8,219
Total Deferred Amounts Related to Firefighters' Pension	<u>8,219</u>	<u>-</u>	<u>8,219</u>

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
2016	\$ 2,055
2017	2,055
2018	2,055
2019	2,054
2020	-
Thereafter	<u>-</u>
Total	<u>8,219</u>

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Service Employees International Union – National Industry Pension Fund

Public works employees under the Collective Bargaining Agreement with Service Employees International Union, SEIU, are not covered under the SEIU National Industry Pension Fund as of May 1, 2002. This cost-sharing multiple-employer defined benefit pension plan, administered by SEIU, provides retirement, permanent disability, and death benefits to plan members and beneficiaries. This plan may be amended by the SEIU Trustees consistent with the provisions of the Trust Agreement; however, no amendment may decrease the accrued benefit of any participants unless to maintain the qualification of the plan under the Internal Revenue Code or to maintain compliance of the plan with requirements of ERISA.

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions and Funding Policies

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

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending December 31, 2015, retirees contributed \$50,795 to the plan. Active employees do not contribute to the plan until retirement.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

At December 31, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.	6
Active Employees	<u>44</u>
Total	<u>50</u>
Participating Employers	1

The Village does not currently have a funding policy.

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of December 31, 2015, was calculated as follows:

Annual Required Contribution	\$ 237,758
Interest on the NOPEBO	31,920
Adjustment to the ARC	<u>(41,670)</u>
Annual OPEB Cost	228,008
Actual Contribution	<u>39,836</u>
Change in the NPO	188,172
NOPEBO - Beginning	<u>638,407</u>
NOPEBO - Ending	<u>826,579</u>

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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
2013	\$ 202,028	\$ 96,355	47.69%	\$ 463,195
2014	211,759	36,547	17.26%	638,407
2015	228,008	39,836	17.47%	826,579

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2014, the date of the latest actuarial, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,876,199
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,876,199
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 2,738,499
UAAL as a Percentage of Covered Payroll	68.51%

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.

VILLAGE OF JUSTICE, ILLINOIS

Notes to the Financial Statements December 31, 2015

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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 December 31, 2014 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses and an annual healthcare cost trend rate of 9.0% initially, reduced to an ultimate rate of 5.0% after five years. Both rates include a 2.5% inflation assumption. 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 December 31, 2015, was 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Investment Returns
Police Pension Fund
Firefighters' Pension Fund

- Budgetary Comparison Schedules
General Fund
LNC TIF #2 Redevelopment – Special Revenue Fund
LNC TIF #2 Expense – Special Revenue Fund
TIF #4 – 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 JUSTICE, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
December 31, 2015**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2010	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2011	-	1,844,473	0.00%	1,844,473	2,131,090	86.55%
2012	N/A	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	-	1,876,199	0.00%	1,876,199	2,738,499	68.51%
2015	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2010	\$ 95,196	\$ 165,655	57.47%
2011	81,851	175,247	46.71%
2012	89,218	191,019	46.71%
2013	96,355	206,301	46.71%
2014	36,547	218,127	16.75%
2015	39,836	237,758	16.75%

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

VILLAGE OF JUSTICE, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2015

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	\$ 164,343	\$ 164,343	\$ -	\$ 1,109,673	14.81%

Notes to the Required Supplementary Information:

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: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF JUSTICE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

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	\$ 800,000	\$ 509,027	\$ (290,973)	\$ 1,769,499	28.77%

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	25 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	5.50%
Investment Rate of Return	6.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2014 projected to 2016

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF JUSTICE, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
December 31, 2015**

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	\$ 25,602	\$ 5,480	\$ (20,122)	\$ -	N/A

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	25 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	0.00%
Investment Rate of Return	5.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP 2014 projected to 2016

Note: The information presented above is formatted to comply with the requirement of GASB Statement No. 67.

VILLAGE OF JUSTICE, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2015

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 116,532
Interest	396,693
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(22,896)
Change of Assumptions	7,314
Benefit Payments, Including Refunds of Member Contributions	<u>(220,924)</u>
Net Change in Total Pension Liability	276,719
Total Pension Liability - Beginning	<u>5,355,582</u>
Total Pension Liability - Ending	<u><u>5,632,301</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 164,343
Contributions - Members	50,826
Net Investment Income	21,562
Benefit Payments, Including Refunds of Member Contributions	(220,924)
Administrative Expense	<u>41,680</u>
Net Change in Plan Fiduciary Net Position	57,487
Plan Net Position - Beginning	<u>4,315,259</u>
Plan Net Position - Ending	<u><u>4,372,746</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,259,555</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.64%
Covered-Employee Payroll	\$ 1,109,673
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	113.51%

VILLAGE OF JUSTICE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2015**

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 482,293
Interest	1,324,224
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions	1,489,116
Benefit Payments, Including Refunds of Member Contributions	<u>(565,692)</u>
 Net Change in Total Pension Liability	 2,729,941
Total Pension Liability - Beginning	<u>19,199,581</u>
 Total Pension Liability - Ending	 <u><u>21,929,522</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 509,027
Contributions - Members	186,347
Contributions - Other	204,835
Net Investment Income	21,038
Benefit Payments, Including Refunds of Member Contributions	(565,692)
Administrative Expense	<u>(29,796)</u>
 Net Change in Plan Fiduciary Net Position	 325,759
Plan Net Position - Beginning	<u>9,874,248</u>
 Plan Net Position - Ending	 <u><u>10,200,007</u></u>
 Employer's Net Pension Liability	 <u><u>\$ 11,729,515</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 46.51%
 Covered-Employee Payroll	 \$ 1,769,499
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 662.87%

VILLAGE OF JUSTICE, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information Schedule of Changes in the Employer's Net Pension Liability December 31, 2015

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ -
Interest	45,003
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Change of Assumptions	-
Benefit Payments, Including Refunds of Member Contributions	<u>(58,243)</u>
Net Change in Total Pension Liability	(13,240)
Total Pension Liability - Beginning	<u>929,175</u>
Total Pension Liability - Ending	<u><u>915,935</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,480
Contributions - Members	-
Net Investment Income	946
Benefit Payments, Including Refunds of Member Contributions	(58,243)
Administrative Expense	<u>-</u>
Net Change in Plan Fiduciary Net Position	(51,817)
Plan Net Position - Beginning	<u>231,836</u>
Plan Net Position - Ending	<u><u>180,019</u></u>
Employer's Net Pension Liability	<u><u>\$ 735,916</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	19.65%
Covered-Employee Payroll	\$ -
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	N/A

VILLAGE OF JUSTICE, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2015**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	0.22%

VILLAGE OF JUSTICE, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
December 31, 2015**

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

VILLAGE OF JUSTICE, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	Budget Original and Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,538,300	2,490,915	(47,385)
Intergovernmental	1,681,000	1,902,643	221,643
Licenses and Permits	755,700	815,556	59,856
Charges for Services	790,626	937,612	146,986
Fines and Forfeitures	867,000	1,032,497	165,497
Interest	500	2,197	1,697
Miscellaneous	392,500	254,718	(137,782)
Total Revenues	7,025,626	7,436,138	410,512
Expenditures			
Current			
General Government	1,248,692	1,302,217	(53,525)
Public Safety	4,503,901	4,289,591	214,310
Public Works	1,043,437	1,113,824	(70,387)
Community Support	138,858	131,140	7,718
Debt Service			
Principal Retirement	386,000	210,810	175,190
Interest and Fiscal Charges	-	150,809	(150,809)
Total Expenditures	7,320,888	7,198,391	122,497
Excess (Deficiency) of Revenues Over (Under) Expenditures	(295,262)	237,747	533,009
Other Financing Sources (Uses)			
Disposal of Capital Asset	8,450	15,250	6,800
Debt Issuance	45,000	-	(45,000)
Transfers In	210,000	195,000	(15,000)
Transfers Out	-	(121,504)	(121,504)
	263,450	88,746	(174,704)
Net Change in Fund Balance	<u>(31,812)</u>	326,493	<u>358,305</u>
Fund Balance - Beginning		<u>942,276</u>	
Fund Balance - Ending		<u><u>1,268,769</u></u>	

VILLAGE OF JUSTICE, ILLINOIS

LNC TIF #2 Redevelopment - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u>		Variance
	<u>Original and</u>		<u>Favorable</u>
	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues			
Interest	\$ -	-	-
Expenditures			
Current			
TIF Development	-	26,649	(26,649)
Net Change in Fund Balance	<u>-</u>	(26,649)	<u>(26,649)</u>
Fund Balance - Beginning		<u>306,176</u>	
Fund Balance - Ending		<u>279,527</u>	

VILLAGE OF JUSTICE, ILLINOIS

LNC TIF #2 Expense - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u> Original and Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes	\$ -	847,798	847,798
Interest	-	68	68
Total Revenues	<u>-</u>	<u>847,866</u>	<u>847,866</u>
Expenditures			
General Government			
Development Costs	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	847,866	847,866
Other Financing (Uses)			
Transfers Out	-	(739,616)	(739,616)
Net Change in Fund Balance	<u>-</u>	108,250	<u>108,250</u>
Fund Balance - Beginning		<u>739,616</u>	
Fund Balance - Ending		<u>847,866</u>	

VILLAGE OF JUSTICE, ILLINOIS

TIF #4 - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u> Original and Final	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Property Taxes	\$ 1,000	327	(673)
Interest	-	698	698
Total Revenues	<u>1,000</u>	<u>1,025</u>	<u>25</u>
Expenditures			
General Government			
Service and Other Fees	<u>959,000</u>	<u>92,072</u>	<u>866,928</u>
Net Change in Fund Balance	<u>(958,000)</u>	(91,047)	<u>866,953</u>
Fund Balance - Beginning		<u>824,976</u>	
Fund Balance - Ending		<u>733,929</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 Schedule – Sewer – Enterprise Fund
- Combining Statements – Pension Trust Funds

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

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

LNC Tax Increment Financing (TIF) #2 Redevelopment Fund

The LNC TIF #2 Redevelopment Fund is used to account for revenues and expenditures related to the LNC Tax Increment Financing District #2.

LNC Tax Increment Financing (TIF) #2 Expense Special Revenue Fund

The LNC TIF #2 Expense Special Revenue Fund is used to account for administrative revenues and expenditures related to the LNC Tax Increment Financing District #2.

Tax Increment Financing (TIF) #4 Fund

The TIF #4 Fund is used to account for administrative revenues and expenditures related to the Tax Increment Financing District #4.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account funds received from the State of Illinois Motor Fuel Tax to be used for operating and maintaining local streets and roads.

Emergency Telephone System Board Fund

The Emergency Telephone System Board Fund is used to account for revenues and expenditures to operate an E-911 system.

Asset Forfeiture Fund

The Asset Forfeiture Fund is used to account for revenues and expenditures related to drug asset forfeitures from the state and federal government.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS – Continued

Community Development Block Grant (CDBG) Fund

The CDBG Fund is used to account for grant revenues and expenditures related to the Community Development Block Grant.

Tax Increment Financing (TIF) #3 Fund

The TIF #3 Fund is used to account for administrative revenues and expenditures related to the Tax Increment Financing District #3.

DEBT SERVICE FUNDS

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

LNC Tax Increment Financing (TIF) #2 Expense Debt Service Fund

The LNC TIF #2 Expense Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs in association with the Tax Increment Financing District #2.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for all resources used for the acquisition of capital assets by the Village, except those financed by Proprietary and Trust Funds, including general and infrastructure capital

LNC Tax Increment Financing (TIF) #2 Expense Capital Projects Fund

The LNC TIF #2 Expense Capital Projects Fund is used to account for various capital projects related to Tax Increment Financing District #2.

Capital Projects

The Capital Projects Fund is used to account for all resources used for the acquisition of capital assets by the Village, except those financed by the LNC Tax Increment Financing (TIF) #2 Expense Capital Projects Fund, Sewer Fund and Pension Trust Funds.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

Sewer Fund

The Sewer Fund is used to account for the activities of the Village which operate the sewer system.

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

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.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department 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 JUSTICE, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u>		Variance
	Original and		Favorable
	Final	Actual	(Unfavorable)
Taxes			
Property Taxes	\$ 1,503,300	1,501,425	(1,875)
Sales Taxes	330,000	361,747	31,747
Utility Taxes	705,000	627,743	(77,257)
Fire Insurance Taxes			-
	<u>2,538,300</u>	<u>2,490,915</u>	<u>(47,385)</u>
Intergovernmental			
Income Taxes	1,615,000	1,820,181	205,181
Replacement Taxes	16,000	17,448	1,448
Grants	50,000	65,014	15,014
	<u>1,681,000</u>	<u>1,902,643</u>	<u>221,643</u>
Licenses and Permits	<u>755,700</u>	<u>815,556</u>	<u>59,856</u>
Charges for Services			
Refuse Income	473,776	492,748	18,972
Fire Protection Agreement	120,000	120,000	-
Other	196,850	324,864	128,014
	<u>790,626</u>	<u>937,612</u>	<u>146,986</u>
Fines and Forfeitures	<u>867,000</u>	<u>1,032,497</u>	<u>165,497</u>
Interest	<u>500</u>	<u>2,197</u>	<u>1,697</u>
Miscellaneous			
Special Events Income	6,000	5,433	(567)
Rentals and Agreements	105,000	104,961	(39)
Other	281,500	144,324	(137,176)
	<u>392,500</u>	<u>254,718</u>	<u>(137,782)</u>
Total Revenues	<u><u>7,025,626</u></u>	<u><u>7,436,138</u></u>	<u><u>410,512</u></u>

VILLAGE OF JUSTICE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u>		Variance
	Original and		Favorable
	Final	Actual	(Unfavorable)
General Government			
Administration			
Personnel Services	\$ 135,758	133,800	1,958
Supplies	7,500	10,569	(3,069)
Other Services and Charges	290,850	291,304	(454)
Capital Outlay	-	74,987	(74,987)
	<u>434,108</u>	<u>510,660</u>	<u>(76,552)</u>
Zoning Board			
Personnel Services	9,685	3,065	6,620
Other Services and Charges	2,230	651	1,579
	<u>11,915</u>	<u>3,716</u>	<u>8,199</u>
Building Department			
Personnel Services	104,081	111,954	(7,873)
Supplies	4,000	5,448	(1,448)
Other Services and Charges	20,050	30,026	(9,976)
Capital Outlay	5,000	3,219	1,781
	<u>133,131</u>	<u>150,647</u>	<u>(17,516)</u>
Building and Grounds			
Personnel Services	13,713	9,233	4,480
Supplies	10,600	29,188	(18,588)
Other Services and Charges	125,333	137,124	(11,791)
Capital Outlay	27,100	2,212	24,888
	<u>176,746</u>	<u>177,757</u>	<u>(1,011)</u>
Liability Insurance			
Other Services and Charges	325,000	297,655	27,345
Audit			
Other Services and Charges	45,000	47,216	(2,216)

VILLAGE OF JUSTICE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u>		Variance
	Original and		Favorable
	Final	Actual	(Unfavorable)
General Government - Continued			
Finance			
Personnel Services	\$ 115,292	110,079	5,213
Other Services and Charges	2,500	93	2,407
Capital Outlay	5,000	4,394	606
	<u>122,792</u>	<u>114,566</u>	<u>8,226</u>
Total General Government	<u>1,248,692</u>	<u>1,302,217</u>	<u>(53,525)</u>
Public Safety			
Police Department			
Personnel Services	3,166,730	2,693,497	473,233
Supplies	99,287	66,335	32,952
Other Services and Charges	87,000	431,766	(344,766)
Contribution to Police Pension Fund	525,000	511,125	13,875
Capital Outlay	30,000	40,578	(10,578)
	<u>3,908,017</u>	<u>3,743,301</u>	<u>164,716</u>
Board of Fire and Police Commissioners			
Personnel Services	5,167	5,167	-
Other Services and Charges	4,075	4,408	(333)
	<u>9,242</u>	<u>9,575</u>	<u>(333)</u>
Fire Department			
Personnel Services	524,662	526,894	(2,232)
Other Services and Charges	600	-	600
Contribution to Firefighters' Pension Fund	55,380	5,480	49,900
	<u>580,642</u>	<u>532,374</u>	<u>48,268</u>

VILLAGE OF JUSTICE, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u>		Variance
	Original and	Actual	Favorable
	Final		(Unfavorable)
Public Safety - Continued			
Emergency Services and Disaster			
Personnel Services	\$ 6,000	591	5,409
Other Services and Charges	-	3,750	(3,750)
	<u>6,000</u>	<u>4,341</u>	<u>1,659</u>
Total Public Safety	<u>4,503,901</u>	<u>4,289,591</u>	<u>214,310</u>
Public Works			
Street and Bridge			
Personnel Services	415,162	365,724	49,438
Supplies	46,300	32,072	14,228
Other Services and Charges	63,200	126,303	(63,103)
Capital Outlay	45,000	110,402	(65,402)
	<u>569,662</u>	<u>634,501</u>	<u>(64,839)</u>
Recycling			
Other Services and Charges	<u>473,775</u>	<u>479,323</u>	<u>(5,548)</u>
Total Public Works	<u>1,043,437</u>	<u>1,113,824</u>	<u>(70,387)</u>
Community Support			
Special Events	-	19,051	(19,051)
Economic Development	<u>138,858</u>	<u>112,089</u>	<u>26,769</u>
Total Community Support	<u>138,858</u>	<u>131,140</u>	<u>7,718</u>
Debt Service			
Principal Retirement	386,000	210,810	175,190
Interest and Fiscal Charges	-	150,809	(150,809)
Total Debt Service	<u>386,000</u>	<u>361,619</u>	<u>24,381</u>
Total Expenditures	<u><u>7,320,888</u></u>	<u><u>7,198,391</u></u>	<u><u>122,497</u></u>

VILLAGE OF JUSTICE, ILLINOIS

LNC TIF #2 Expense - Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Revenues	
Interest	<u>\$ 49</u>
Expenditures	
Debt Service	
Principal Retirement	595,000
Interest and Fiscal Charges	<u>18,442</u>
Total Expenditures	<u>613,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(613,393)
Other Financing Sources	
Transfers In	<u>664,616</u>
Net Change in Fund Balance	51,223
Fund Balance - Beginning	<u>603,074</u>
Fund Balance - Ending	<u><u>654,297</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
December 31, 2015**

	Special Revenue	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 609,242	9	609,251
Receivables - Net of Allowances			
Other Taxes	29,173	-	29,173
Due from Other Governments	-	85,731	85,731
Total Assets	<u>638,415</u>	<u>85,740</u>	<u>724,155</u>
LIABILITIES			
Accounts Payable	14,068	20,307	34,375
Retainage Payable	9,059	-	9,059
Due to Other Funds	143,184	3,932	147,116
Total Liabilities	<u>166,311</u>	<u>24,239</u>	<u>190,550</u>
FUND BALANCES			
Restricted	490,805	61,501	552,306
Unassigned	(18,701)	-	(18,701)
Total Fund Balances	<u>472,104</u>	<u>61,501</u>	<u>533,605</u>
Total Liabilities and Fund Balances	<u>638,415</u>	<u>85,740</u>	<u>724,155</u>

VILLAGE OF JUSTICE, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015**

	Special Revenue	Capital Projects	Totals
Revenues			
Property Taxes	\$ 1,885	-	1,885
Intergovernmental	424,890	154,133	579,023
Fines and Forfeitures	172,695	-	172,695
Interest	123	-	123
Miscellaneous	6,824	-	6,824
Total Revenues	<u>606,417</u>	<u>154,133</u>	<u>760,550</u>
Expenditures			
Current			
General Government	54,930	-	54,930
Public Safety	224,911	-	224,911
Public Works	349,507	192,641	542,148
Total Expenditures	<u>629,348</u>	<u>192,641</u>	<u>821,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,931)	(38,508)	(61,439)
Other Financing Sources			
Transfers In	<u>21,504</u>	<u>100,000</u>	<u>121,504</u>
Net Change in Fund Balances	(1,427)	61,492	60,065
Fund Balances - Beginning	<u>473,531</u>	<u>9</u>	<u>473,540</u>
Fund Balances - Ending	<u><u>472,104</u></u>	<u><u>61,501</u></u>	<u><u>533,605</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Combining Balance Sheet

**Nonmajor Special Revenue Funds
December 31, 2015**

See Following Page

VILLAGE OF JUSTICE, ILLINOIS

Nonmajor Special Revenue Funds

**Combining Balance Sheet
December 31, 2015**

	<u>Motor Fuel Tax</u>
ASSETS	
Cash and Investments	\$ 267,570
Receivables - Net of Allowances	
Other Taxes	<u>29,173</u>
Total Assets	<u><u>296,743</u></u>
LIABILITIES	
Accounts Payable	1,333
Retainage Payable	9,059
Due to Other Funds	-
Total Liabilities	<u>10,392</u>
FUND BALANCES	
Restricted	286,351
Unassigned	-
Total Fund Balances	<u>286,351</u>
Total Liabilities and Fund Balance	<u><u>296,743</u></u>

Emergency Telephone System Board	Asset Forfeiture	CDBG	TIF #3	Totals
126,281	215,391	-	-	609,242
-	-	-	-	29,173
126,281	215,391	-	-	638,415
-	9,765	-	2,970	14,068
-	-	-	-	9,059
136,380	1,172	-	5,632	143,184
136,380	10,937	-	8,602	166,311
-	204,454	-	-	490,805
(10,099)	-	-	(8,602)	(18,701)
(10,099)	204,454	-	(8,602)	472,104
126,281	215,391	-	-	638,415

VILLAGE OF JUSTICE, ILLINOIS

Nonmajor Special Revenue Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015**

	<u>Motor Fuel Tax</u>
Revenues	
Property Taxes	\$ -
Intergovernmental	325,829
Fines and Forfeitures	-
Interest	102
Miscellaneous	6,824
Total Revenues	<u>332,755</u>
Expenditures	
Current	
General Government	-
Public Safety	-
Public Works	349,507
Total Expenditures	<u>349,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,752)
Other Financing Sources	
Transfers In	<u>-</u>
Net Change in Fund Balances	(16,752)
Fund Balances - Beginning	<u>303,103</u>
Fund Balances - Ending	<u><u>286,351</u></u>

Emergency Telephone System Board	Asset Forfeiture	CDBG	TIF #3	Totals
-	-	-	1,885	1,885
99,061	-	-	-	424,890
-	172,695	-	-	172,695
14	1	-	6	123
-	-	-	-	6,824
99,075	172,696	-	1,891	606,417
-	-	-	54,930	54,930
111,809	113,102	-	-	224,911
-	-	-	-	349,507
111,809	113,102	-	54,930	629,348
(12,734)	59,594	-	(53,039)	(22,931)
-	-	21,504	-	21,504
(12,734)	59,594	21,504	(53,039)	(1,427)
2,635	144,860	(21,504)	44,437	473,531
(10,099)	204,454	-	(8,602)	472,104

VILLAGE OF JUSTICE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Intergovernmental			
Motor Fuel Tax Allotments	\$ 304,936	325,829	20,893
Interest	100	102	2
Miscellaneous	-	6,824	6,824
Total Revenues	<u>305,036</u>	<u>332,755</u>	<u>27,719</u>
Expenditures			
Public Works	<u>440,655</u>	<u>349,507</u>	<u>91,148</u>
Net Change in Fund Balance	<u>(135,619)</u>	<u>(16,752)</u>	<u>118,867</u>
Fund Balance - Beginning		<u>303,103</u>	
Fund Balance - Ending		<u>286,351</u>	

VILLAGE OF JUSTICE, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u>		Variance
	<u>Original and</u>		<u>Favorable</u>
	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Public Works			
Salaries	\$ 27,800	-	27,800
Street Signs	11,349	5,881	5,468
Engineering	30,000	-	30,000
Street Lighting + Electricity	48,000	54,594	(6,594)
Street Lighting and Repair	12,000	29,243	(17,243)
Paving	158,070	157,695	375
Salt	66,000	64,924	1,076
Traffic Signal Maintenance	2,300	3,919	(1,619)
Patching	-	90	(90)
Spoils Removal	23,546	13,978	9,568
Ditch Maintenance	4,960	2,800	2,160
Shoulder Work	2,950	1,328	1,622
R.O.W. Clearing	500	22	478
Equipment Rental	42,200	-	42,200
Sidewalks	3,080	-	3,080
Catch Basins	7,900	11,672	(3,772)
Engineering Contracts	-	5,442	(5,442)
Construction Projects	-	(2,081)	2,081
Total Expenditures	<u>440,655</u>	<u>349,507</u>	<u>91,148</u>

VILLAGE OF JUSTICE, ILLINOIS

Emergency Telephone System Board - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Revenues	
Intergovernmental	
Emergency Fees	\$ 99,061
Interest	14
Total Revenues	<u>99,075</u>
Expenditures	
Public Safety	
Communications	12,273
Professional Services	1,292
Capital Outlay	98,244
Total Expenditures	<u>111,809</u>
Net Change in Fund Balance	(12,734)
Fund Balance - Beginning	<u>2,635</u>
Fund Balance - Ending	<u><u>(10,099)</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Asset Forfeiture - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Revenues	
Fines and Forfeitures	
Equity Share Forfeitures	\$ 172,695
Interest	<u>1</u>
Total Revenues	<u>172,696</u>
Expenditures	
Public Safety	
Buildings and Improvements	<u>113,102</u>
Net Change in Fund Balance	59,594
Fund Balance - Beginning	<u>144,860</u>
Fund Balance - Ending	<u><u>204,454</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Community Development Block Grant - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Revenues	
Intergovernmental Grants	\$ -
Expenditures	
Community Support Rehabilitation	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-
Other Financing Sources	
Transfers In	<u>21,504</u>
Net Change in Fund Balance	21,504
Fund Balance - Beginning	<u>(21,504)</u>
Fund Balance - Ending	<u><u>-</u></u>

VILLAGE OF JUSTICE, ILLINOIS

TIF #3 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2015

	<u>Actual</u>
Revenues	
Property Taxes	\$ 1,885
Interest	<u>6</u>
Total Revenues	<u>1,891</u>
Expenditures	
General Government	
Service and Other Fees	<u>54,930</u>
Net Change in Fund Balance	(53,039)
Fund Balance - Beginning	<u>44,437</u>
Fund Balance - Ending	<u><u>(8,602)</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Nonmajor Capital Projects Funds

**Combining Balance Sheet
December 31, 2015**

	LNC TIF #2 Expense	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 9	-	9
Due from Other Governments	-	85,731	85,731
Total Assets	9	85,731	85,740
LIABILITIES			
Accounts Payable	-	20,307	20,307
Due to Other Funds	-	3,932	3,932
Total Liabilities	-	24,239	24,239
FUND BALANCES			
Restricted	9	61,492	61,501
Total Liabilities and Fund Balances	9	85,731	85,740

VILLAGE OF JUSTICE, ILLINOIS

Nonmajor Capital Projects Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2015**

	LNC TIF #2 Expense	Capital Projects	Totals
Revenues			
Intergovernmental	\$ -	154,133	154,133
Expenditures			
Current			
Public Works	-	192,641	192,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(38,508)	(38,508)
Other Financing Sources			
Transfers In	-	100,000	100,000
Net Change in Fund Balances	-	61,492	61,492
Fund Balances - Beginning	9	-	9
Fund Balances - Ending	9	61,492	61,501

VILLAGE OF JUSTICE, ILLINOIS

LNC TIF #2 Expense - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Revenues	
Interest	\$ -
Expenditures	
TIF Development	<u>-</u>
Net Change in Fund Balance	-
Fund Balance - Beginning	<u>9</u>
Fund Balance - Ending	<u><u>9</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Revenues	
Intergovernmental Grants	\$ 154,133
Expenditures	
Public Works	<u>192,641</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,508)
Other Financing Sources	
Transfers In	<u>100,000</u>
Net Change in Fund Balance	61,492
Fund Balance - Beginning	<u>-</u>
Fund Balance - Ending	<u><u>61,492</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2015**

	<u>Budget</u>		Variance
	<u>Original and</u>		<u>Favorable</u>
	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Operating Revenues			
Charges for Services	\$ 663,000	574,914	(88,086)
Operating Expenses			
Personnel Services	469,003	402,013	66,990
Contractual Services	22,500	27,188	(4,688)
Supplies	8,500	9,192	(692)
Other Services and Charges	79,700	192,560	(112,860)
Depreciation	-	39,700	(39,700)
Total Operating Expenses	<u>579,703</u>	<u>670,653</u>	<u>(90,950)</u>
Operating Income (Loss)	<u>83,297</u>	<u>(95,739)</u>	<u>(179,036)</u>
Nonoperating Revenue (Expenses)			
Interest Income	10,100	41,902	31,802
Interest Expense	(4,040)	(11,707)	(7,667)
	<u>6,060</u>	<u>30,195</u>	<u>24,135</u>
Income (Loss) Before Transfers	89,357	(65,544)	(154,901)
Transfers Out	<u>(120,000)</u>	<u>(120,000)</u>	-
Change in Net Position	<u>(30,643)</u>	(185,544)	<u>(154,901)</u>
Net Position - Beginning		<u>1,672,573</u>	
Net Position - Ending		<u>1,487,029</u>	

VILLAGE OF JUSTICE, ILLINOIS

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
December 31, 2015**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 574,063	292,501	866,564
Investments			
U.S. Government and Agency Obligations	4,101,870	-	4,101,870
Annuities	-	61,801	61,801
Mutual Funds	3,076,313	-	3,076,313
Municipal Bonds	191,991	-	191,991
Corporate Bonds	745,192	-	745,192
Common Stocks	1,481,739	-	1,481,739
Receivables - Net of Allowances			
Accrued Interest	30,123	-	30,123
Due from Other Funds	4,163	-	4,163
Total Assets	<u>10,205,454</u>	<u>354,302</u>	<u>10,559,756</u>
LIABILITIES			
Accounts Payable	5,447	-	5,447
Due to Other Funds	-	174,283	174,283
Total Liabilities	<u>5,447</u>	<u>174,283</u>	<u>179,730</u>
NET POSITION			
Net Position Restricted for Pensions	<u>10,200,007</u>	<u>180,019</u>	<u>10,380,026</u>

VILLAGE OF JUSTICE, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 509,027	5,480	514,507
Contributions - Plan Members	186,347	-	186,347
Other - Transfer in of Pension	204,835	-	204,835
Total Contributions	<u>900,209</u>	<u>5,480</u>	<u>905,689</u>
Investment Income			
Interest Earned	289,790	117	289,907
Net Change in Fair Value	(223,620)	894	(222,726)
	<u>66,170</u>	<u>1,011</u>	<u>67,181</u>
Less Investment Expenses	(45,132)	(65)	(45,197)
Net Investment Income	<u>21,038</u>	<u>946</u>	<u>21,984</u>
Total Additions	<u>921,247</u>	<u>6,426</u>	<u>927,673</u>
Deductions			
Administration			
Administrative Expenses	29,796	-	29,796
Benefits			
Pension Benefit Payments	565,692	58,243	623,935
Total Deductions	<u>595,488</u>	<u>58,243</u>	<u>653,731</u>
Change in Fiduciary Net Position	325,759	(51,817)	273,942
Net Position Restricted for Pensions			
Beginning	<u>9,874,248</u>	<u>231,836</u>	<u>10,106,084</u>
Ending	<u>10,200,007</u>	<u>180,019</u>	<u>10,380,026</u>

VILLAGE OF JUSTICE, ILLINOIS

Police Pension Fund

**Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Additions	
Contributions - Employer	\$ 509,027
Contributions - Plan Members	186,347
Other - Transfer in of Pension	204,835
Total Contributions	<u>900,209</u>
Investment Income	
Interest Earned	289,790
Net Change in Fair Value	<u>(223,620)</u>
	66,170
Less Investment Expenses	<u>(45,132)</u>
Net Investment Income	<u>21,038</u>
Total Additions	<u>921,247</u>
Deductions	
Administration	
Administrative Expenses	29,796
Benefits	
Pension Benefit Payments	<u>565,692</u>
Total Deductions	<u>595,488</u>
Change in Fiduciary Net Position	325,759
Net Position Restricted for Pensions	
Beginning	<u>9,874,248</u>
Ending	<u><u>10,200,007</u></u>

VILLAGE OF JUSTICE, ILLINOIS

Firefighters' Pension Fund

**Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2015**

	<u>Actual</u>
Additions	
Contributions - Employer	<u>\$ 5,480</u>
Investment Income	
Interest Earned	117
Net Change in Fair Value	<u>894</u>
	1,011
Less Investment Expenses	<u>(65)</u>
Net Investment Income	<u>946</u>
Total Additions	6,426
Deductions	
Benefits	
Pension Benefit Payments	<u>58,243</u>
Change in Fiduciary Net Position	(51,817)
Net Position Restricted for Pensions	
Beginning	<u>231,836</u>
Ending	<u><u>180,019</u></u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF JUSTICE, ILLINOIS

**Five Year Summary of Assessed Valuations, Tax Rates and Extensions
December 31, 2015**

	Tax Levy Year				
	2010	2011	2012	2013	2014
Assessed Valuation					
Lyons Township					
Real Estate	\$ 224,224,604	179,781,933	164,973,640	153,086,055	143,081,394
Railroad	N/A	N/A	N/A	N/A	N/A
Totals	224,224,604	179,781,933	164,973,640	153,086,055	143,081,394
Rates					
Corporate	0.2396	0.3103	0.3212	0.3150	0.2939
Bond and Interest	0.0376	0.0490	0.0554	0.0583	0.0643
Street and Bridge	0.0413	0.0524	0.0538	0.0572	0.0613
Liability Insurance	0.0305	0.0352	0.0388	0.0413	0.0442
I.M.R.F.	0.0411	0.0496	0.0509	0.0540	0.0579
Social Security	0.0344	0.0419	0.0359	0.0317	0.0341
Police Pension	0.1089	0.1387	0.2093	0.2860	0.3678
Fire Pension	0.0030	0.0030	0.0033	0.0036	0.0038
Audit	0.0131	0.0161	0.0149	0.0128	0.0136
Fire Protection	0.0358	0.0456	0.0503	0.0535	0.0573
Police Protection	0.0435	0.0554	0.0628	0.0667	0.0715
Totals	0.6288	0.7972	0.8966	0.9801	1.0697
Tax Extensions					
Corporate	537,242	557,863	529,895	482,221	420,516
Bond and Interest	84,339	88,079	91,450	89,266	92,046
Street and Bridge	92,604	94,205	88,755	87,565	87,708
Liability Insurance	68,388	63,283	64,009	63,224	63,241
I.M.R.F.	89,914	89,171	83,971	82,666	82,844
Social Security	77,133	75,328	59,225	48,528	48,790
Police Pension	244,180	249,357	345,289	437,826	526,253
Fire Pension	6,695	5,459	5,459	5,459	5,459
Audit	29,373	28,944	24,581	19,595	19,459
Fire Protection	80,272	81,980	82,981	81,901	81,985
Police Protection	97,537	99,599	103,603	102,108	102,303
Totals	1,407,677	1,433,268	1,479,218	1,500,359	1,530,604

N/A - Not Available

VILLAGE OF JUSTICE, ILLINOIS

Long-Term Debt Requirements

**LNC TIF #2 General Obligation (Alternate Revenue Source) Capital Appreciation Bonds of 2002
December 31, 2015**

Date of Maturity	July 1, 2022
Denomination of Bonds	\$1,000
Interest Date	July 1
Principal Maturity Date	July 1
Payable at	Bridgeview Bank and Trust

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Original Principal	Accretion to Date	Currently Payable	Future Accretion	Totals
2016	\$ 269,977	261,212	531,189	13,811	545,000
2017	273,701	271,774	545,475	44,525	590,000
2018	257,771	259,273	517,044	72,956	590,000
2019	242,537	247,082	489,619	100,381	590,000
2020	244,107	253,764	497,871	137,129	635,000
2021	229,584	241,075	470,659	164,341	635,000
2022	216,173	228,700	444,873	190,127	635,000
	<u>1,733,850</u>	<u>1,762,880</u>	<u>3,496,730</u>	<u>723,270</u>	<u>4,220,000</u>

VILLAGE OF JUSTICE, ILLINOIS

Long-Term Debt Requirements

**LNC TIF #2 General Obligation (Alternate Revenue Source) Capital Appreciation Bonds of 2003A
December 31, 2015**

Date of Maturity	July 1, 2022
Denomination of Bonds	\$1,000
Interest Date	July 1
Principal Maturity Date	July 1
Payable at	Bridgeview Bank and Trust

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Original Principal	Accretion to Date	Currently Payable	Future Accretion	Totals
2016	\$ 26,250	22,519	48,769	1,231	50,000
2017	27,100	23,861	50,961	4,039	55,000
2018	25,385	22,932	48,317	6,683	55,000
2019	23,732	21,988	45,720	9,280	55,000
2020	24,157	22,948	47,105	12,895	60,000
2021	20,802	20,007	40,809	14,191	55,000
2022	19,523	19,009	38,532	16,468	55,000
2022	277,527	244,354	521,881	223,119	745,000
	444,476	397,618	842,094	287,906	1,130,000

VILLAGE OF JUSTICE, ILLINOIS

Long-Term Debt Requirements

Taxable General Obligation (Alternate Revenue Source) Bonds of 2008A

December 31, 2015

Date of Issue	June 17, 2008
Date of Maturity	January 1, 2025
Authorized Issue	\$2,265,000
Denomination of Bonds	\$5,000
Interest Rate	5.71%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Bridgeview Bank, IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jan. 1	Amount	Jul. 1	Amount
2016	\$ 140,000	91,645	231,645	2016	47,821	2016	43,824
2017	145,000	83,509	228,509	2017	43,824	2017	39,685
2018	155,000	74,943	229,943	2018	39,684	2018	35,259
2019	165,000	65,808	230,808	2019	35,259	2019	30,549
2020	175,000	56,100	231,100	2020	30,548	2020	25,552
2021	185,000	45,823	230,823	2021	25,552	2021	20,271
2022	195,000	34,973	229,973	2022	20,270	2022	14,703
2023	205,000	23,553	228,553	2023	14,703	2023	8,850
2024	215,000	11,563	226,563	2024	8,851	2024	2,712
2025	95,000	2,712	97,712	2025	2,712	2025	-
	<u>1,675,000</u>	<u>490,629</u>	<u>2,165,629</u>		<u>269,224</u>		<u>221,405</u>
	1,495,077	Governmental					
	<u>179,923</u>	Business-Type					
	<u>1,675,000</u>						

VILLAGE OF JUSTICE, ILLINOIS

**Long-Term Debt Requirements
General Obligation (Alternate Revenue Source) Bonds of 2008B**

December 31, 2015

Date of Issue	June 17, 2008
Date of Maturity	January 1, 2028
Authorized Issue	\$885,000
Denomination of Bonds	\$5,000
Interest Rate	4.25%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1
Payable at	Bridgeview Bank, IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jan. 1	Amount	Jul. 1	Amount
2016	\$ -	37,612	37,612	2016	18,806	2016	18,806
2017	-	37,612	37,612	2017	18,806	2017	18,806
2018	-	37,612	37,612	2018	18,806	2018	18,806
2019	-	37,612	37,612	2019	18,806	2019	18,806
2020	-	37,612	37,612	2020	18,806	2020	18,806
2021	-	37,612	37,612	2021	18,806	2021	18,806
2022	-	37,612	37,612	2022	18,806	2022	18,806
2023	-	37,612	37,612	2023	18,806	2023	18,806
2024	-	37,612	37,612	2024	18,806	2024	18,806
2025	135,000	34,744	169,744	2025	18,806	2025	15,938
2026	240,000	26,776	266,776	2026	15,938	2026	10,838
2027	250,000	16,363	266,363	2027	10,838	2027	5,525
2028	260,000	5,525	265,525	2028	5,525	2028	-
	<u>885,000</u>	<u>421,916</u>	<u>1,306,916</u>		<u>220,361</u>		<u>201,555</u>

VILLAGE OF JUSTICE, ILLINOIS

**Long-Term Debt Requirements
General Obligation Working Cash Fund Bonds of 2010**

December 31, 2015

Date of Issue	October 29, 2010
Date of Maturity	February 1, 2021
Authorized Issue	\$700,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% to 6.00%
Interest Dates	February 1 and August 1
Principal Maturity Date	February 1
Payable at	Amalgamated Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Feb. 1	Amount	Aug. 1	Amount
2016	\$ 70,000	17,663	87,663	2016	9,488	2016	8,175
2017	70,000	15,037	85,037	2017	8,175	2017	6,862
2018	75,000	12,150	87,150	2018	6,863	2018	5,287
2019	75,000	10,000	85,000	2019	6,288	2019	3,712
2020	80,000	5,625	85,625	2020	3,713	2020	1,912
2021	85,000	1,913	86,913	2021	1,913	2021	-
	<u>455,000</u>	<u>62,388</u>	<u>517,388</u>		<u>36,440</u>		<u>25,948</u>