

VILLAGE OF ILLIOPOLIS, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2018

Village of Illiopolis, Illinois
Annual Financial Report
For the Year Ended April 30, 2018

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Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Illiopolis, Illinois

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of Illiopolis, Illinois as of April 30, 2018, and the respective changes in modified cash basis financial position, and, when applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Village of Illiopolis, Illinois' basic financial statements. The statements of revenues, expenditures and changes in fund balance – budget to actual, and schedules of assessed valuations, rates, extensions, and collections, legal debt margin, and utility rates are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements of revenues, expenditures and changes in fund balance – budget to actual presented on pages 23-25 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The schedules of assessed valuations, rates, extensions, and collections, legal debt margin, and utility rates presented on pages 27-29 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on such information.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Village of Illiopolis, Illinois' basic financial statements for the year ended April 30, 2017, which are not presented with the accompanying financial statements and we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Illiopolis, Illinois' basic financial statements as a whole. The prior year actual information shown on the statements of revenues, expenditures and change in fund balance – budget to actual for the General Fund and Motor Fuel Tax related to the financial statements for the year ended April 30, 2017, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 prior year actual information shown on the statements of revenues, expenditures and change in fund balance – budget to actual for the General Fund and Motor Fuel Tax Fund are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Estes, Bridgewater & Ryden

Certified Public Accountants
Springfield, Illinois

September 4, 2018

Village of Illiopolis, Illinois
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
April 30, 2018

Statement 1

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 125,723	\$ 265,010	\$ 390,733
Investments	66,774	276,743	343,517
Accounts receivable	-	27,463	27,463
Capital assets, net of accumulated depreciation	<u>-</u>	<u>990,837</u>	<u>990,837</u>
Total Assets	<u>192,497</u>	<u>1,560,053</u>	<u>1,752,550</u>
LIABILITIES			
Accounts payable	-	583	583
Customer deposits payable	<u>-</u>	<u>18,840</u>	<u>18,840</u>
Total Liabilities	<u>-</u>	<u>19,423</u>	<u>19,423</u>
NET POSITION			
Net investment in capital assets	-	990,837	990,837
Restricted for:			
Streets and public works	50,396	-	50,396
Unrestricted	<u>142,101</u>	<u>549,793</u>	<u>691,894</u>
Total Net Position	<u>\$ 192,497</u>	<u>\$1,540,630</u>	<u>\$1,733,127</u>

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

Village of Illiopolis, Illinois
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
GOVERNMENTAL ACTIVITIES
For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	(Expenses)	Services	Contributions	Activities	Activities	Total
Primary Government:						
Governmental activities:						
General government	(\$ 246,770)	\$ 1,346	\$ -	(\$ 245,424)	\$ -	(\$ 245,424)
Public safety	(31,631)	150	-	(31,481)	-	(31,481)
Street and public works	(55,182)	-	-	(55,182)	-	(55,182)
Total governmental activities.....	(333,583)	1,496	-	(332,087)	-	(332,087)
Business-type activities:						
Water & Sewer Utility	(308,795)	333,136	-	-	24,341	24,341
Total Primary Government	(\$ 642,378)	\$ 334,632	\$ -	(332,087)	24,341	(307,746)
General revenues:						
Sales and use taxes				56,231	-	56,231
Income taxes				94,379	-	94,379
Property taxes				15,454	-	15,454
Motor fuel tax				22,661	-	22,661
Other taxes				90,233	-	90,233
Franchise fees				13,945	-	13,945
Interest income				298	2,468	2,766
Miscellaneous				11,514	-	11,514
Insurance claims				-	33,471	33,471
Transfers				(8,238)	8,238	-
Total general revenues				296,477	44,177	340,654
Changes in Net Position				(35,610)	68,518	32,908
Net Position - Beginning				228,107	1,472,112	1,700,219
Net Position - Ending				\$ 192,497	\$ 1,540,630	\$ 1,733,127

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

Village of Illiopolis, Illinois
**STATEMENT OF ASSETS, LIABILITIES, AND
 FUND BALANCES – MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS**
 April 30, 2018

Statement 3

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 75,327	\$ 50,396	\$125,723
Investments	<u>66,774</u>	<u>-</u>	<u>66,774</u>
Total Assets.....	<u>\$142,101</u>	<u>\$ 50,396</u>	<u>\$192,497</u>
FUND BALANCES			
Assigned.....	\$ -	\$ 7,738	\$ 7,738
Restricted for streets and public works.....	-	42,658	42,658
Unassigned	<u>142,101</u>	<u>-</u>	<u>142,101</u>
Total Fund Balances	<u>\$142,101</u>	<u>\$ 50,396</u>	<u>\$192,497</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2018

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$256,297	\$ 22,661	\$278,958
Franchise fees.....	13,945	-	13,945
Fines and forfeitures	150	-	150
Licenses and permits.....	1,346	-	1,346
Miscellaneous	11,514	-	11,514
Interest income.....	<u>270</u>	<u>28</u>	<u>298</u>
 Total Revenues	 <u>283,522</u>	 <u>22,689</u>	 <u>306,211</u>
EXPENDITURES			
Current operating:			
General Government	246,770	-	246,770
Public Safety:			
Police	31,631	-	31,631
Streets and Public Works:			
Streets	<u>55,182</u>	<u>-</u>	<u>55,182</u>
 Total Expenditures	 <u>333,583</u>	 <u>-</u>	 <u>333,583</u>
OTHER FINANCING SOURCES AND USES			
Transfers in (out).....	(<u>8,238</u>)	<u>-</u>	(<u>8,238</u>)
NET CHANGES IN FUND BALANCES	(<u>58,299</u>)	22,689	(<u>35,610</u>)
FUND BALANCES – BEGINNING.....	<u>200,400</u>	<u>27,707</u>	<u>228,107</u>
FUND BALANCES – ENDING	<u>\$142,101</u>	<u>\$ 50,396</u>	<u>\$192,497</u>

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

Village of Illiopolis, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUND – WATER AND SEWER UTILITY FUND
April 30, 2018

Statement 5

	<u>Water and Sewer Utility Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 265,010
Investments	276,743
Accounts receivable	<u>27,463</u>
Total current assets	<u>569,216</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>990,837</u>
Total Assets	<u>1,560,053</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	583
Customer deposits payable	<u>18,840</u>
Total Liabilities	<u>19,423</u>
NET POSITION	
Net investment in capital assets	990,837
Unrestricted	<u>549,793</u>
Total Net Position	<u>\$1,540,630</u>

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

Village of Illiopolis, Illinois
**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION**
PROPRIETARY FUND – WATER AND SEWER UTILITY FUND
 For the Year Ended April 30, 2018

Statement 6

	<u>Water and Sewer Utility Fund</u>
OPERATING REVENUES	
Metered water sales and fees	\$ 232,265
Sewer charges	90,291
Penalty income.....	10,327
Other income.....	<u>253</u>
 Total Operating Revenues.....	 <u>333,136</u>
OPERATING EXPENSES	
Salaries, taxes and benefits	72,514
Materials and supplies	6,910
Chemicals.....	24,522
Depreciation expense.....	72,784
Repairs and maintenance	39,363
Gasoline/oil	6,884
Office supplies	4,301
Utilities and telephone	34,597
Utility bill assistance.....	60
Testing fees	6,954
Professional fees	15,422
Licenses and dues	7,247
Insurance	15,400
Miscellaneous	<u>1,837</u>
 Total Operating Expenses	 <u>308,795</u>
 Operating Income	 <u>24,341</u>
NONOPERATING REVENUES (EXPENSES)	
Insurance claims	33,471
Interest income.....	2,468
Transfers in (out).....	<u>8,238</u>
 Total Nonoperating Revenues (Expenses).....	 <u>44,177</u>
 CHANGES IN NET POSITION	 68,518
 NET POSITION – BEGINNING	 <u>1,472,112</u>
 NET POSITION – ENDING	 <u>\$1,540,630</u>

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

Village of Illiopolis, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – WATER AND SEWER UTILITY FUND
For the Year Ended April 30, 2018

Statement 7

	<u>Water and Sewer Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$336,829
Payments for goods and services.....	(170,323)
Payments on behalf of employees for services	(72,514)
Net cash provided by (used for) operating activities	<u>93,992</u>

~~CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES~~

MAJOR AND NON-MAJOR FUNDS:

The funds are classified as major or non-major as follows:

<u>Major Funds</u>	<u>Non-major Fund</u>
General Fund	None
Motor Fuel Tax Fund	
Water and Sewer Utility Fund	

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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	91,667
CASH AND CASH EQUIVALENTS – BEGINNING	<u>173,343</u>
CASH AND CASH EQUIVALENTS – ENDING	<u>\$265,010</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating income (loss).....	\$ 24,341
Adjustment to reconcile operating income (loss) to cash from operating activities:	
Depreciation.....	72,784
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable.....	3,693
Increase (decrease) in accounts payable.....	(311)
Increase decrease in customer meter deposits.....	(6,515)
Net cash provided by (used for) operating activities.....	<u>\$ 93,992</u>

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

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the use of the modified cash basis of accounting for governmental funds as discussed in Note 1C, the Village complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

1A. FINANCIAL REPORTING ENTITY

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

Primary Government: Village of Illiopolis

Component Units: None

In determining the financial reporting entity, the Village complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*.

1B. BASIS OF PRESENTATION

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village presently has no fiduciary funds. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, 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
- b. Total assets, liabilities, 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.

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

1B. BASIS OF PRESENTATION, (Continued)

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS:

General Fund

The General Fund is the primary operating fund of the Village and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes or designated to finance particular functions or activities of the Village. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
Motor Fuel Tax Fund	Accounts for revenues received and expenditures paid for street improvements and projects provided by the motor fuel taxes received from the State of Illinois. This fund is classified as a major fund.

PROPRIETARY FUNDS:

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on the net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

<u>Fund</u>	<u>Brief Description</u>
Water and Sewer Utility Fund	Accounts for the activities of the Water Utility in providing water services and the Sewer Utility in providing wastewater and sanitation services to the public. This fund is classified as a major fund.

MAJOR AND NON-MAJOR FUNDS:

The funds are classified as major or non-major as follows:

<u>Major Funds</u>	<u>Non-major Fund</u>
General Fund	None
Motor Fuel Tax Fund	
Water and Sewer Utility Fund	

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

1C. 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

In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses 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.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented on the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditure/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The business-like activities are presented on the accrual basis of accounting, which is recognized as generally accepted.

If the Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types use the accrual basis. All government-wide financials would be presented on the accrual basis of accounting.

Accrual Basis –	Revenue is recognized when earned, such as billing for water or sewer services, and expenses (including depreciation and amortization) would be recorded when the liability was incurred or economic asset used.
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Modified Accrual Basis –	Revenues would be recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities.
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Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

1D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts. Additional cash and investment disclosures are presented in Note 3A.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity date exceeds three months. Investments are carried at cost which approximate market.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Governmental Funds: Capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Proprietary Funds: Capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Depreciation of capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- | | |
|--------------------------------------|-------------|
| • Buildings | 40 years |
| • Improvements, other than buildings | 20-40 years |
| • Machinery, furniture and equipment | 3-7 years |
| • Utility property and improvements | 10-40 years |

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to enterprise funds restricted for debt service.

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

1D. ASSETS, LIABILITIES AND EQUITY, (Continued)

Long-Term Debt

All long-term debt arising from cash transactions to be repaid from business-type resources are reported as liabilities in the government-wide statements. Presently, the Village's long-term debt consists of revenue bonds payable.

Long-term debt arising from cash transactions for governmental funds is not reported as a liability in the government-wide statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid leave and compensatory time along with related employer costs that would be due to employees upon termination is immaterial to the financial statement presentation.

Equity Classification

Government-Wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets Net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net position – Consist 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 legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.
- c. Committed – Amounts that can be used only for specific purposes determined by the formal action of the Village's highest level of decision making authority (i.e. the Village Board).

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

1D. ASSETS, LIABILITIES AND EQUITY, (Continued)

- d. Assigned – Amounts that are designated by the Village for a particular purpose, but are neither restricted nor committed. This balance is usually assigned for use in the following year's budget if a legal budget is adopted.
- e. Unassigned – Amounts available for any purpose and not included in other spendable classifications. Unassigned balances pertain only to the general fund.

Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's practice is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's practice is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, prior to using unassigned fund balances. The Village has not established a formal written and approved policy for use of residual net position and fund balance classifications.

1E. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The Village presently receives a 1% percent sales tax on taxable sales within the Village. The sales tax is collected by the Illinois Department of Revenue and remitted to the Village in the following months. The sales tax received is to be recorded as sales tax revenue within the General Fund.

Property Tax

Property tax is levied and becomes an enforceable lien each January 1st, on the assessed value listed as of the prior January 1st for all real and business personal property located in the Village. The Village Board of Trustees determines the tax rate by approving a tax levy ordinance each year prior to January 1st based on the expected financial needs of the Village. Property tax rate increases are limited to a maximum 5% increase by state law each year. The Sangamon County Supervisor of Assessments appraises property each year and the Sangamon County Treasurer bills and collects all taxes as they become due and payable. Property taxes are payable in two installments on June 1st and September 1st each year. The County remits the property tax revenue collected in monthly installments beginning in July each year.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the Village's taxpayers are reported as program revenues. The Village has the following program revenues in each activity:

General Government	Licenses and permits, miscellaneous income
Public Safety	Fines revenue
Streets and Public Works	Motor fuel tax shared by the State of Illinois

All other governmental revenues are reported as general. All taxes are classified as general revenue if restricted for a specific purpose.

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

1E. REVENUES, EXPENDITURES AND EXPENSES, (Continued)

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis in the proprietary fund and are classified by function for governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by activity)
	Capital Outlay

Proprietary Funds – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to the use of economic resources.

1F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

Fund Financial Statements:

Interfund activity, if any, within and among the government and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans (Due to/from other funds) – amounts provided with a requirement for repayment are as due to/from other funds.
2. Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers as in and out.

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

1F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES, (Continued)

Government-Wide Financial Statements:

Interfund activity and balances, if any are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal balances.
2. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers – internal activities.

1G. USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Village is subject to various federal, state and local laws and contractual regulations. An analysis of the Village's compliance with significant laws, regulations, grants and contracts and demonstration of its stewardship over Village resources follows:

2A. BUDGETS AND BUDGETARY ACCOUNTING

In accordance with State laws, the Village Board annually adopts a budget on the modified cash basis following the required public notice and hearing for all funds.

- a. Prior to July 31st, the Village Board prepares a proposed operating budget for the fiscal year commencing the previous May 1st. The operating budget includes proposed expenditures/expenses and the means of financing them.
- b. The proposed budget is placed on file for 30 days before adoption.
- c. Prior to July 31st, the budget is legally adopted through passage of a resolution.

For the year ended April 30, 2018, the Village complied, in all material respects, with the applicable budget laws.

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

2A. BUDGETS AND BUDGETARY ACCOUNTING, (Continued)

Excess of Expenditures Over Budget

The following fund expended more than their budget during the year ended April 30, 2018:

	<u>Budgeted</u>	<u>Actual</u>	<u>Overexpended</u>
Major Fund:			
General Fund	\$ <u>305,233</u>	\$ <u>333,583</u>	\$ <u>28,350</u>

2B. DEBT RESTRICTIONS

The Bond ordinance, under which the water and sewer utilities operate while bonded debt is still outstanding, requires the funding by the utilities of certain reserve accounts. These reserve account balances are further required to be invested as the ordinances require segregation from other funds. The following accounts were so segregated:

Restricted Investments:

Water and sewer utility depreciation certificate of deposit	\$ 49,000
Future water bond redemption certificate of deposit	<u>227,743</u>
	<u>\$276,743</u>

Restricted Cash and Cash Equivalents:

Water and sewer utility bonds and interest savings	\$ <u>98,329</u>
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NOTE 3. DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3A. DEPOSITS AND INVESTMENTS

The Village's written investment policy for eligible investments is governed by the Illinois Public Funds Investment Act (30 ILCS 235/). The provisions of this Act delineate the types of investments in which the Village may invest public funds.

The following definitions outline potential risks related to the Village's holdings at the Prairie State Bank and Trust located in Illiopolis which have not been specifically addressed in the Village's investment policy.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of April 30, 2018, none of the Village's bank balance was exposed to custodial credit risk.

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

3A. DEPOSITS AND INVESTMENTS, (Continued)

Custodial Credit Risk – Investments. Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. The Village does not have a custodial credit risk policy for investments.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village has no policy regarding credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At April 30, 2018, the Village had no concentration of credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The Village does not have a formal investment policy that limits investment maturities as a means of management its exposure to fair value arising from increasing interest rates.

The Village held certificates of deposit at April 30, 2018 as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>			
		<u><30 days</u>	<u>30 days to 1 year</u>	<u>1 to 2 years</u>	<u>> 2 years</u>
Certificates of Deposit	<u>\$343,517</u>	<u>\$ -</u>	<u>\$115,774</u>	<u>\$ -</u>	<u>\$227,743</u>

As of April 30, 2018, the Village's holdings at financial institutions were adequately insured and/or secured by pledged collateral as follows:

	<u>Prairie State Bank</u>
Cash held in interest bearing checking accounts (per bank)	\$321,857
Investments in Certificates of Deposit	<u>343,517</u>
Total amount held at Prairie's State Bank and Trust	665,374
FDIC insured (Basic)	(<u>250,000</u>)
Total uninsured by FDIC insurance	415,374
Total collateralized in the name of Village	557,987
Total uninsured and uncollateralized	-

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

3C. CAPITAL ASSETS

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

	<u>April 30,</u> <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>April 30,</u> <u>2018</u>
Business-type activities:				
Capital assets being depreciated:				
Water Plant and Distribution Lines	\$1,431,729	\$ 4,782	\$ -	\$1,436,511
Sewer Plant and System	911,030	2,050	-	913,080
Equipment	<u>407,966</u>	<u>37,406</u>	<u>-</u>	<u>445,372</u>
Total assets being depreciated	2,750,725	44,238	-	2,794,963
Less: Accumulated depreciation, net	(<u>1,731,342</u>)	(<u>72,784</u>)	<u>-</u>	(<u>1,804,126</u>)
Business-type activities capital assets, net	<u>\$1,019,383</u>	(<u>\$ 28,546</u>)	<u>\$ -</u>	<u>\$ 990,837</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Business-type activities:

Water utility	\$ 62,290
Sewer utility	<u>10,494</u>
Total depreciation expense	<u>\$ 72,784</u>

3D. LONG-TERM DEBT

Governmental Activities

As of April 30, 2018, there was no long-term debt outstanding, arising from cash transactions, to be repaid from governmental funds.

Business-Type Activities

As of April 30, 2018, there was no long-term debt outstanding, arising from cash transactions, to be repaid from business-type activities.

Village of Illiopolis, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

NOTE 4. OTHER NOTES

4A. PENSION AND RETIREMENT COMMITMENTS

Village employees are covered under the Social Security system. The Village's share of Social Security and Medicare taxes were \$6,704. The Village has no future pension or retirement commitments for current year or prior year wages.

4B. RISK MANAGEMENT

The Village received its insurance coverage as a member of the Illinois Municipal League Risk Management Association, coverage agreement number 0590A0276, and has a single policy in force for the period from December 31, 2017 to December 31, 2018.

The Village is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

The Village manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors and omissions, health and life	Purchased commercial insurance	None
b. Workers Compensation - Employee injuries	Purchased commercial insurance	None
c. Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables. At April 30, 2018, there were no receivables and payables interfund balances to report.

Interfund transfers. At April 30, 2018, interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government		
Major funds:		
General Fund	\$ 55,624	\$ 63,862
Business-type Activities	<u>63,862</u>	<u>55,624</u>
	<u>\$119,486</u>	<u>\$119,486</u>

Village of Illiopolis, Illinois
**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – MODIFIED CASH BASIS**
GENERAL FUND – BUDGET AND ACTUAL
 For the Years Ended April 30, 2018 and 2017

Schedule 1

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
REVENUES:			
Taxes:			
Road and bridge taxes	\$ -	\$ -	\$ 6,197
Property taxes	14,000	15,454	21,185
Sales and use tax	48,000	56,231	53,930
Income taxes	90,000	94,379	84,834
Other taxes	67,400	82,621	76,410
Personal property replacement taxes	<u>9,000</u>	<u>7,612</u>	<u>5,661</u>
Total Taxes	<u>228,400</u>	<u>256,297</u>	<u>248,217</u>
Franchise fees	<u>13,500</u>	<u>13,945</u>	<u>13,674</u>
Charges For Services:			
Traffic fines	-	150	-
Licenses and Permits	<u>3,750</u>	<u>1,346</u>	<u>2,925</u>
Total Charges For Services	<u>3,750</u>	<u>1,496</u>	<u>2,925</u>
Miscellaneous	<u>2,450</u>	<u>11,514</u>	<u>6,144</u>
Interest Income	<u>300</u>	<u>270</u>	<u>173</u>
Total Revenues	<u>248,400</u>	<u>283,522</u>	<u>271,133</u>
EXPENDITURES:			
Salaries and Benefits of Administration Personnel:			
Regular salaries	45,000	18,943	20,043
Elected officials	10,700	10,695	10,970
Insurance benefits	12,750	1,597	20
Unemployment insurance	300	138	164
Social Security and Medicare	<u>5,000</u>	<u>2,268</u>	<u>2,373</u>
Total Salaries and Benefits of Administration Personnel	<u>73,750</u>	<u>33,641</u>	<u>33,570</u>
General Government:			
Maintenance services	7,500	1,244	5,821
Repairs	3,000	40,813	(806)
Professional fees	52,350	66,573	65,759
Postage	500	273	395
Telephone	2,500	2,259	2,519
Publishing/filing	500	386	633
Printing	-	30	1,117
Broadband services	750	1,153	1,277

Village of Illiopolis, Illinois
**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – MODIFIED CASH BASIS**
GENERAL FUND – BUDGET AND ACTUAL
 For the Years Ended April 30, 2018 and 2017

Schedule 1

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Prior Year Actual</u>
EXPENDITURES, (CONTINUED):			
General Government, (Continued):			
Utilities.....	\$ 21,000	\$ 1,671	\$ 2,644
Insurance.....	15,750	14,957	29,786
Employee uniforms	-	1,190	1,543
Supplies.....	21,000	22,979	10,417
Capital outlay.....	11,113	45,415	6,985
Donations.....	3,500	3,600	3,200
Abandon property	-	639	55
Miscellaneous	<u>65,020</u>	<u>9,947</u>	<u>21,623</u>
Total General Government	<u>204,483</u>	<u>213,129</u>	<u>152,968</u>
Maintaining and Improvements of Streets, Alleys and Sidewalks:			
Salaries, Insurance, Social Security & Medicare	-	21,238	19,880
Maintenance services.....	-	5,512	11,842
Commodities.....	-	12,228	19,545
Miscellaneous expenses.....	-	-	2,047
Capital outlay	<u>-</u>	<u>16,204</u>	<u>3,200</u>
Total Maintaining and Improvements of Streets, Alleys and Sidewalks.....	<u>-</u>	<u>55,182</u>	<u>56,514</u>
Police Department:			
Contract services.....	27,000	31,631	28,509
Commodities.....	<u>-</u>	<u>-</u>	<u>39</u>
Total Police Department	<u>27,000</u>	<u>31,631</u>	<u>28,548</u>
Total Expenditures.....	<u>305,233</u>	<u>333,583</u>	<u>271,600</u>
OTHER FINANCING SOURCES AND USES			
Transfers in (out)	<u>-</u>	(<u>8,238</u>)	(<u>13,871</u>)
NET CHANGES IN FUND BALANCES.....	(56,833)	(58,299)	(14,338)
FUND BALANCE – BEGINNING OF YEAR.....	<u>494,294</u>	<u>200,400</u>	<u>214,738</u>
FUND BALANCE – END OF YEAR.....	<u>\$437,461</u>	<u>\$142,101</u>	<u>\$200,400</u>

Village of Illiopolis, Illinois
**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE – MODIFIED CASH BASIS**
MOTOR FUEL TAX FUND – BUDGET AND ACTUAL
 For the Years Ended April 30, 2018 and 2017

Schedule 2

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
REVENUES:			
Taxes:			
Motor Fuel taxes	\$ -	\$ 22,661	\$ 22,661
Interest income	-	28	426
Total revenues.....	-	22,689	23,087
EXPENDITURES:			
Maintaining and Improvements of Streets, Alleys and Sidewalks:			
Materials and supplies	-	-	189,482
NET CHANGES IN FUND BALANCES.....	-	22,689	(166,395)
FUND BALANCE – BEGINNING OF YEAR.....	<u>151,235</u>	<u>27,707</u>	<u>194,102</u>
FUND BALANCE – END OF YEAR.....	<u>\$151,235</u>	<u>\$ 50,396</u>	<u>\$ 27,707</u>

Village of Illiopolis, Illinois
NOTES TO SUPPLEMENTARY INFORMATION
For the Fiscal Years Ended April 30, 2018 and 2017

Budgetary Accounting

The Village prepares its budget for the General Fund and Motor Fuel Tax Fund on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the General Fund and Special Revenue Funds in the basic financial statements. All unexpended appropriations lapse at year-end.

Village of Illiopolis, Illinois
**SCHEDULE OF ASSESSED VALUATIONS, RATES,
EXTENSIONS AND COLLECTIONS**
Tax Years 2017, 2016 and 2015

Schedule 3

	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSESSED VALUATIONS	<u>\$8,620,974</u>	<u>\$8,536,566</u>	<u>\$8,367,122</u>
TAX RATES			
General corporate.....	<u>.2577</u>	<u>.2525</u>	<u>.2556</u>
TAX EXTENSIONS			
General corporate.....	<u>\$ 22,216</u>	<u>\$ 21,555</u>	<u>\$ 21,386</u>
TAX COLLECTIONS			
General corporate.....		<u>\$ 15,454</u>	<u>\$ 21,185</u>

Village of Illiopolis, Illinois
SCHEDULE OF LEGAL DEBT MARGIN
April 30, 2018

Schedule 4

ASSESSED VALUATION - 2017 TAX YEAR.....	<u>\$8,620,974</u>
STATUTORY DEBT LIMITATION (8.625% OF ASSESSED VALUATION)	\$ 743,559
TOTAL DEBT	_____ -
TOTAL LEGAL DEBT MARGIN - APRIL 30, 2018.....	<u>\$ 743,559</u>

Village of Illiopolis, Illinois
Illiopolis Water and Sewer Utility Fund
SCHEDULE OF UTILITY RATES
April 30, 2018

Schedule 5

Water Rates

Minimum charge	\$ 11.597
Minimum usage	No minimum
Usage from 1 to 99,999,999	\$.87763 per 100 gallons

Sewer Rates

Minimum charge	\$ 9.00
Minimum usage	1,000 gallons
Usage from 1,100 to 99,999,999	\$.4637 per 100 gallons