

VILLAGE OF MT. AUBURN, ILLINOIS

**AUDITED ANNUAL BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

FISCAL YEAR ENDED APRIL 30, 2018

VILLAGE OF MT. AUBURN, ILLINOIS

TABLE OF CONTENTS

FISCAL YEAR ENDED APRIL 30, 2018

	<u>Pages</u>
Independent Auditor's Report	1-2
<u>Financial Statements:</u>	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Governmental Funds	5
Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	6
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6
Statement of Fund Net Position – Modified Cash Basis – Proprietary Fund	7
Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis – Proprietary Fund	8
Statement of Cash Flows – Modified Cash Basis – Proprietary Fund	9
Notes to Financial Statements	10-23
<u>Supplementary Information:</u>	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund	24
Budgetary Comparison Schedule – Modified Cash Basis – Motor Fuel Tax Fund	25
Notes to Budgetary Comparison Schedules	26

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees
Village of Mt. Auburn, Illinois
Mt. Auburn, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities and each major fund of the Village of Mt. Auburn, 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 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 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 opinions.

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NATIONAL ASSOCIATION OF CERTIFIED VALUATION ANALYSTS

Opinions

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 and each major fund of the Village of Mt. Auburn, Illinois, as of April 30, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mt. Auburn, Illinois' basic financial statements. The information listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information

The information listed as supplementary information in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

LMHN LTD.

LMHN, Ltd.
Certified Public Accountants
Taylorville, Illinois

September 4, 2018

BASIC FINANCIAL STATEMENTS

VILLAGE OF MT. AUBURN, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 134,162	\$ 206,388	\$ 340,550
Internal balances	3,483	(3,483)	-
Land	10,000	-	10,000
Capital assets, net of accumulated depreciation	92,823	351,984	444,807
Total assets	\$ 240,468	\$ 554,889	\$ 795,357
LIABILITIES			
Payroll liabilities	\$ 3,698	\$ -	\$ 3,698
Long-term liabilities:			
Due within one year	-	16,890	16,890
Due in more than one year	-	165,973	165,973
Total liabilities	\$ 3,698	\$ 182,863	\$ 186,561
NET POSITION			
Net position invested in capital assets, net of related debt	\$ 102,823	\$ 169,121	\$ 271,944
Restricted net position for:			
Other purposes	13,569	-	13,569
Unrestricted net position	120,378	202,905	323,283
Total net position	\$ 236,770	\$ 372,026	\$ 608,796

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

VILLAGE OF MT. AUBURN, ILLINOIS
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE FISCAL YEAR ENDED APRIL 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 86,759	\$ 695	\$ -	\$ 16,995	\$ (69,069)	\$ -	\$ (69,069)
Public safety	35,612	9,539	-	-	(26,073)	-	(26,073)
Streets and public works	31,086	-	-	-	(31,086)	-	(31,086)
Culture and recreation	1,996	-	-	-	(1,996)	-	(1,996)
Total governmental activities	\$ 155,453	\$ 10,234	\$ -	\$ 16,995	\$ (128,224)	\$ -	\$ (128,224)
Business-type activities:							
Water	\$ 136,452	\$ 123,927	\$ -	\$ -	\$ -	\$ (12,525)	\$ (12,525)
Total business-type activities	\$ 136,452	\$ 123,927	\$ -	\$ -	\$ -	\$ (12,525)	\$ (12,525)
Total Primary Government	\$ 291,905	\$ 134,161	\$ -	\$ 16,995	\$ (128,224)	\$ (12,525)	\$ (140,749)
	General Revenues:						
	Taxes						
		Property tax			\$ 31,675	\$ -	\$ 31,675
		Income tax			50,844	-	50,844
		Use tax			12,452	-	12,452
		Replacement tax			1,222	-	1,222
		Sales tax			9,854	-	9,854
		Motor fuel tax			12,208	-	12,208
		Video gaming tax			7,262	-	7,262
		Investment income			726	811	1,537
		Miscellaneous income			6,491	-	6,491
		Transfers (internal activity)			(1,675)	1,675	-
		Total general revenues and activities			\$ 131,059	\$ 2,486	\$ 133,545
		Change in net position			\$ 2,835	\$ (10,039)	\$ (7,204)
		Net position - beginning			233,935	382,065	616,000
		Net position - ending			\$ 236,770	\$ 372,026	\$ 608,796

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

VILLAGE OF MT. AUBURN, ILLINOIS
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
APRIL 30, 2018

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 124,624	\$ 9,538	\$ 134,162
Due from other funds	3,483	-	3,483
Total assets	\$ 128,107	\$ 9,538	\$ 137,645
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll liabilities	\$ 3,698	\$ -	\$ 3,698
Total liabilities	\$ 3,698	\$ -	\$ 3,698
Fund balances:			
Restricted for:			
Motor fuel tax	\$ -	\$ 4,661	\$ 4,661
Parks	8,908	-	8,908
Assigned:			
Motor fuel tax	-	4,877	4,877
Unassigned	115,501	-	115,501
Total fund balances	\$ 124,409	\$ 9,538	\$ 133,947
Total liabilities and fund balances	\$ 128,107	\$ 9,538	

Reconciliation to the Statement of Net Position:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities of \$158,574, net of accumulated depreciation of \$55,751, are not financial resources and, therefore, are not reported in the funds.

	102,823
Net position of governmental activities	\$ 236,770

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

VILLAGE OF MT. AUBURN, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

	General Fund	Motor Fuel Tax Fund	Total Governmental Funds
Revenues:			
Taxes:			
Property tax	\$ 31,675	\$ -	\$ 31,675
Income tax	50,844	-	50,844
Use tax	12,452	-	12,452
Replacement tax	1,222	-	1,222
Sales tax	9,854	-	9,854
Motor fuel tax	-	12,208	12,208
Video gaming tax	7,262	-	7,262
Fines	9,539	-	9,539
Investment income	684	42	726
License and permits	695	-	695
Grant income	16,995	-	16,995
Miscellaneous income	6,491	-	6,491
	\$ 147,713	\$ 12,250	\$ 159,963
Expenditures:			
Current:			
General government	\$ 84,520	\$ -	\$ 84,520
Public safety:			
Police	33,888	-	33,888
Streets and public works:			
Streets	13,188	16,048	29,236
Culture and recreation:			
Parks	765	-	765
Capital outlay	28,957	-	28,957
	\$ 161,318	\$ 16,048	\$ 177,366
Excess (deficiency) of revenues over expenditures	\$ (13,605)	\$ (3,798)	\$ (17,403)
Other Financing Sources (Uses):			
Transfers in	\$ 6,051	\$ -	\$ 6,051
Transfers out	(7,726)	-	(7,726)
	\$ (1,675)	\$ -	\$ (1,675)
Net change in fund balances	\$ (15,280)	\$ (3,798)	\$ (19,078)
Fund balances - beginning	139,689	13,336	153,025
Fund balances - ending	\$ 124,409	\$ 9,538	\$ 133,947
Reconciliation to the Statement of Activities:			
Net change in fund balances - total governmental funds			\$ (19,078)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.			
Capital asset purchases capitalized			28,957
Depreciation expense			(7,044)
Change in net position of governmental activities			\$ 2,835

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

VILLAGE OF MT. AUBURN, ILLINOIS
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
APRIL 30, 2018

	Water Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 206,388
Total current assets	\$ 206,388
Noncurrent assets:	
Capital assets, net of accumulated depreciation	\$ 351,984
Total noncurrent assets	\$ 351,984
Total assets	\$ 558,372
LIABILITIES	
Current liabilities:	
Due to other funds	\$ 3,483
Notes payable - current portion	16,890
Total current liabilities	\$ 20,373
Noncurrent liabilities:	
Notes payable - long-term portion	\$ 165,973
Total noncurrent liabilities	\$ 165,973
Total liabilities	\$ 186,346
NET POSITION	
Net position invested in capital assets, net of related debt	\$ 169,121
Unrestricted net position	202,905
Total net position	\$ 372,026

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

VILLAGE OF MT. AUBURN, ILLINOIS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
 MODIFIED CASH BASIS - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

	Water Fund
Operating Revenues:	
Charges for services:	
Sales	\$ 122,379
Other operating revenues	<u>1,548</u>
Total operating revenues	<u>\$ 123,927</u>
Operating Expenses:	
Salaries	\$ 39,318
Employee benefits	2,400
Telephone	2,749
Utilities	9,926
Permits	4,518
Postage	992
Dues	286
Advertising	25
Supplies	2,259
Rentals	4,228
Operating chemicals	11,892
Equipment maintenance	14,056
Utility system maintenance	12,360
Building maintenance	265
Mileage reimbursement	70
Depreciation	14,337
Outside services	6,000
Training	68
Miscellaneous	4,621
Total operating expenses	<u>\$ 130,370</u>
Operating (loss)	<u>\$ (6,443)</u>
Other Financing Sources (Uses):	
Transfers in	\$ 6,498
Transfers out	<u>(4,823)</u>
Total other financing sources	<u>\$ 1,675</u>
Non-Operating Revenues (Expenses):	
Investment income	\$ 811
Interest expense	<u>(6,082)</u>
Total non-operating revenues	<u>\$ (5,271)</u>
Change in net position	\$ (10,039)
Total net position - beginning	<u>\$ 382,065</u>
Total net position - ending	<u>\$ 372,026</u>

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

VILLAGE OF MT. AUBURN, ILLINOIS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 123,927
Payments to suppliers	(74,315)
Payments to employees	(41,718)
Net cash provided (used) by operating activities	\$ 7,894
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net transfers in from other funds	\$ 1,675
Decrease in due to other funds	(1,385)
Loan proceeds	200,095
Principal paid on capital debt	(17,232)
Interest paid on capital debt	(6,082)
Net cash provided by capital and related financing activities	\$ 177,071
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	\$ 811
Net cash provided by investing activities	\$ 811
Net increase in cash and cash equivalents	\$ 185,776
Cash and cash equivalents - beginning of year	20,612
Cash and cash equivalents - end of year	\$ 206,388
Reconciliation of operating (loss) to net cash (used)	
by operating activities:	
Operating (loss)	\$ (6,443)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	14,337
Net cash provided (used) by operating activities	\$ 7,894

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

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village operates under the management of an elected board and provides general administration, street maintenance, police protection, and water services.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the Village is financially accountable. The Village has also considered all other potential organizations for which the nature and significance of their relationships with the Village are such that exclusion would cause the Village's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body, and 1) the ability of the Village to impose its will on that organization or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Village. Based upon these criteria, the Village is presented as a primary government and has no component units.

Government-Wide and Fund Financial Statements

The 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 the funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/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 within the governmental and proprietary categories. 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 MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (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 is 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 sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Village. The reporting entity includes the Motor Fuel Tax Fund, which is the Village's only special revenue fund, as a major fund. The Motor Fuel Tax Fund accounts for its revenues, which are legally restricted for related expenditures.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Water Fund, which is the Village's only enterprise fund, as a major fund. The Water Fund accounts for its revenues and related expenditures.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" 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-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined in item b below.

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

- 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.

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Basis of Accounting:

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

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

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 would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Assets, Liabilities, and Equity

Cash and Cash Equivalents:

The Village defines cash and cash equivalents as demand deposits with banks and other instruments with original maturities of three months or less.

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Capital Assets:

The Village's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment of land, buildings and improvements, utilities infrastructure, and equipment and vehicles (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.

Government-Wide Statements:

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions 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 \$0 for land, \$10,000 for buildings and improvements, \$100,000 for infrastructure assets, and \$10,000 for equipment and vehicles is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	30-40 years
Improvements	20 years
Road infrastructure	10 years
Infrastructure (other than roads)	40 years
Equipment	5-10 years

Fund Financial Statements:

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Payroll Liabilities:

As of April 30, 2018, the Village recorded \$3,698 in payroll liabilities consisting of \$1,964 withheld and accrued for employer and employees' portions of payroll taxes not yet remitted to the government and \$1,734 in outstanding net payroll deposits to employees.

Long-Term Debt:

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Equity Classification:

Government-Wide Statements:

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

- a. Net position invested in capital assets, net of related debt – 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 improvements of those assets.
- b. Restricted net positions – consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net positions – all other net positions that do not meet the definition of “restricted” or “net position invested in capital assets, net of related debt.”

It is the Village's policy to first use restricted net position prior to the use of unrestricted equity when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because it is not in spendable form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance has limitations imposed by the Village board through approval of resolutions. Assigned fund balance has limitations imposed by a designee of the Village board, or the board itself. In addition, assigned fund balance can represent the remaining fund balance after non-spendable, restricted and committed amounts have been identified for reporting in special revenue funds. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balances, if any, represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide financial statements.

When restricted and other fund balance resources are available for use, it is the Village's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

Restricted and Unrestricted, Designated Net Position:

The governmental activities restricted net positions for other purposes of \$13,569 consists of \$8,908 of restricted tax levy monies in the General Fund, and \$4,661 of restricted motor fuel tax monies in the Motor Fuel Tax Fund. The business-type activities had no restrictions on net position as of April 30, 2018.

Revenues, Expenditures, and Expenses

Program Revenues and Expenses:

In the Statement of Activities, modified cash basis 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:

Governmental activities	Rentals, sales, licenses, permits and fines
Water services	Charges for services

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

Operating Revenues and Expenses:

Operating revenues and expenses for proprietary funds result from providing services and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

VILLAGE OF MT. AUBURN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, Expenditures, and Expenses (Continued)

Property Taxes:

Property tax revenues are recognized when they are received on the modified cash basis of accounting. Taxes levied and uncollected are not carried as an asset of the related fund.

The Village’s property taxes are levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The board passed the 2016 levy payable in 2017 on December 6, 2016. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in July and September 2017, for the 2016 levy. The Village received its payments of 2016 levied property taxes from the Christian County Treasurer between July and November 2017.

The following are the tax rates applicable to the various levies for the District per \$100 of assessed valuation:

	<u>Maximum</u> <u>2017</u>	<u>Actual</u> <u>2017</u>	<u>Actual</u> <u>2016</u>	<u>Actual</u> <u>2015</u>
Tax rates:				
General corporate	0.43750	0.20941	0.20926	0.21770
Audit	Unlimited	0.03047	0.03044	0.03167
Insurance	Unlimited	0.09519	0.09512	0.09896
Social Security	Unlimited	0.05141	0.05137	0.05344
Playground and recreation	0.20000	<u>0.05712</u>	<u>0.05708</u>	<u>0.05938</u>
 Total		<u><u>0.44360</u></u>	<u><u>0.44327</u></u>	<u><u>0.46115</u></u>

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 interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity and balances are eliminated or reclassified in the government-wide financial statements as 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 activity”. The effects of interfund services between funds are not eliminated in the Statement of Activities.

VILLAGE OF MT. AUBURN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal and Interfund Balances and Activities (Continued)

Fund Financial Statements:

Interfund activity within and among the governmental and proprietary fund categories is reported as “transfers in” and “transfers out” in the fund financial statements. Operating interfund transfers occur when assets flow from one fund to another and repayment is not expected.

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); 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. The Village had no instances of noncompliance that are considered material to the financial statements.

The Village had no excess of expenditures/expenses over appropriations in individual funds for the fiscal year ended April 30, 2018.

The Village had no deficit fund balances at April 30, 2018.

NOTE 3 – TORT IMMUNITY

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. The Village’s tort immunity expenditures were as follows:

Tort immunity receipts - taxes collected	\$ 4,985
Tort immunity expenditures - property and liability	<u>(18,415)</u>
Tort immunity receipts (under) expenditures	\$ (13,430)
Restricted at May 1, 2017	<u>-</u>
Restricted at April 30, 2018	<u><u>\$ -</u></u>

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 4 – DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments:

Statutes authorize the Village to deposit and invest in obligations of States and their political subdivisions, savings accounts, certificates of deposit, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Public Treasurer's Investment Pool.

Policies:

The Village adopted a formal investment policy of public funds in 1999. According to the policy, the following guidelines should be used to meet the general investment objectives:

Safety – The security of monies, whether on hand or invested, shall be the primary concern of the Village in selecting depositories and investments.

Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating requirements, which might be reasonably anticipated.

Return – The Village shall seek to attain a market average or better rate throughout budgetary and economic cycles, taking into account risk, constraints, cash flow and legal restrictions on investments.

Deposits:

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned or the Village will not be able to recover collateral securities in the possession of an outside party. The Village's policy requires deposits to be 105% secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). As of April 30, 2018, all of the Village's \$340,550 (\$245,897 in demand deposits and \$94,653 in money market deposits) is insured and collateralized with securities held by the pledging financial institution in the name of the Village.

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 limits their exposure to interest rate risk by structuring the portfolio to include only short-term certificates of deposit and demand deposits.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. To limit this risk, the Village investment policies states that the portfolio shall be maintained within limitations as set forth in Illinois Revised State Statutes and where applicable, further limited as stated in their investment policies.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Village has no formal policy with regard to foreign currency risk. The Village has no known foreign currency risks in either investments or deposits as of April 30, 2018.

VILLAGE OF MT. AUBURN, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments:

GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, requires certain disclosures for certain investments. As of April 30, 2018, the Village held no investments.

NOTE 5 – RISK MANAGEMENT

The Village is exposed to various risks of loss including, but not limited to, general liability and Village Treasurer’s liability. The Village is a member of a public entity risk pool which is described below that provides insurance coverage for risks.

Public Entity Risk Pool

The Village is a member of the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA provides risk management services and insures that all of the Village’s property and liability claims up to specified limits.

IMLRMA is a separate entity which sets rates and purchases commercial excess and stop loss coverage. The Village pays annual premiums to IMLRMA for coverage. Supplementary payments may also be required by IMLRMA’s Board of Directors should the premiums paid be insufficient to fund operations. No such supplemental payments have been required. No material decreases in insurance coverage have occurred nor have any insurance claims in excess of insurance coverages been paid or reported. Settled claims have not exceeded insurance coverage for the past three fiscal years.

NOTE 6 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Transfers between funds of the primary government for the fiscal year ended April 30, 2018, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 6,052	\$ 6,499
Police Fund	-	1,228
Motor Fuel Tax Fund	-	-
Water Fund	6,499	4,824
Total Transfers	\$ 12,551	\$ 12,551

The transfers reflected in the above schedule are those routine kinds of transfers made between funds due to the unique relationship between the funds involved.

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 6 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (Continued)

Individual fund receivable or payable balances at April 30, 2018 were:

	Interfund Receivable	Interfund Payable
General Fund	\$ 3,483	\$ -
Water Fund	-	3,483
	\$ 3,483	\$ 3,483
Total Interfund Balances	\$ 3,483	\$ 3,483

The interfund balances in the above schedule represent temporary loans among funds for general operating purposes and for the payoff of debt certificates. These balances are expected to be repaid within one year. Only interfund balances between governmental activities and business type activities are shown on the government-wide statements.

NOTE 7 – CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2018, was as follows:

	Balance May 1, 2017	Additions	Retirements	Balance April 30, 2018
Governmental Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 106,667	\$ -	\$ -	\$ 106,667
Equipment and vehicles	12,950	28,957	-	41,907
Total capital assets being depreciated:	\$ 119,617	\$ 28,957	\$ -	\$ 148,574
Land	10,000	-	-	10,000
Total capital assets	\$ 129,617	\$ 28,957	\$ -	\$ 158,574
Less accumulated depreciation for:				
Buildings and improvements	\$ (37,915)	\$ (3,470)	\$ -	\$ (41,385)
Equipment and vehicles	(10,792)	(3,574)	-	(14,366)
Total accumulated depreciation	\$ (48,707)	\$ (7,044)	\$ -	\$ (55,751)
Governmental activities capital assets, net	\$ 80,910	\$ 21,913	\$ -	\$ 102,823

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 7 – CAPITAL ASSETS (Continued)

	Balance May 1, 2017	Additions	Retirements	Balance April 30, 2018
Business-type activities				
Capital assets being depreciated:				
Utilities and infrastructure	\$ 1,028,515	\$ -	\$ -	\$ 1,028,515
Equipment and vehicles	18,969	-	-	18,969
Total capital assets being depreciated:	\$ 1,047,484	\$ -	\$ -	\$ 1,047,484
Land	-	-	-	-
Total capital assets	\$ 1,047,484	\$ -	\$ -	\$ 1,047,484
Less accumulated depreciation for:				
Utilities and infrastructure	\$ (664,352)	\$ (12,487)	\$ -	\$ (676,839)
Equipment and vehicles	(16,811)	(1,850)	-	(18,661)
Total accumulated depreciation	\$ (681,163)	\$ (14,337)	\$ -	\$ (695,500)
Business-type activities capital assets, net	\$ 366,321	\$ (14,337)	\$ -	\$ 351,984

Depreciation expense for the fiscal year ended April 30, 2018, was charged to functions as follows in the Statement of Activities:

Primary Government:

 Governmental activities:

General government	\$ 2,239
Streets and public works	1,850
Police	1,724
Culture and recreation	1,231
	\$ 7,044

Total depreciation expense for governmental activities \$ 7,044

Business-type activities:

Water	\$ 14,337
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Total depreciation expense for business-type activities \$ 14,337

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 8 – LONG-TERM DEBT

As of April 30, 2018, the long-term debt, arising from cash transactions, consisted of a note payable to the First National Bank in Taylorville as follows:

Water System Infrastructure

A note payable from the Water Fund was issued on August 7, 2017 in the amount of \$200,095, for an upgrade to the water system infrastructure and is scheduled to mature on August 7, 2027.

The note payable calls for 240 monthly payments of \$2,105, including interest of 4.75 percent per month, beginning September 7, 2017. The interest paid on this loan during the fiscal year ended April 30, 2018 was \$6,082. The balance on this note as of April 30, 2018 is \$182,863.

The following is a summary of the change in long-term debt for the fiscal year ended April 30, 2018:

	May 1, 2017	Increases	Decreases	April 30, 2018
<i>Business-Type Activities</i>				
Water System Infrastructure	\$ -	\$ 200,095	\$ (17,232)	\$ 182,863

At April 30, 2018, future annual cash flow requirements for long-term debt principal and interest were as follows:

	Fiscal Year Ending	Principal	Interest	Total
Water Infrastructure	2019	\$ 16,890	\$ 8,366	\$ 25,256
	2020	17,627	7,629	25,256
	2021	18,515	6,741	25,256
	2022	19,427	5,829	25,256
	2023	20,384	4,872	25,256
	2024-2027	90,020	8,958	98,978
			\$ 182,863	\$ 42,395

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 9 – LEGAL DEBT LIMIT

As of April 30, 2018, the Village was subject to a legal debt limit of \$463,058. Debt that is to be repaid by revenue from users, such as water receipts, is excludable. As of April 30, 2018, the Village had no long-term debt subject to this limitation.

NOTE 10 - EVALUATION OF SUBSEQUENT EVENTS

The Village has evaluated subsequent events through September 4, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VILLAGE OF MT. AUBURN, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED APRIL 30, 2018

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget Positive (Negative)</u>
Charges to appropriations (outflows):			
General government:			
Salaries and benefits	\$ 24,160	\$ 37,738	\$ (13,578)
Materials and supplies	2,000	954	1,046
Insurance	20,000	18,415	1,585
Other services and charges	<u>20,100</u>	<u>27,413</u>	<u>(7,313)</u>
Total general government	<u>\$ 66,260</u>	<u>\$ 84,520</u>	<u>\$ (18,260)</u>
Police:			
Personal services	\$ 32,240	\$ 30,406	\$ 1,834
Materials and supplies	-	-	-
Other services and charges	<u>12,000</u>	<u>3,482</u>	<u>8,518</u>
Total police	<u>\$ 44,240</u>	<u>\$ 33,888</u>	<u>\$ 10,352</u>
Streets:			
Personal services	\$ 5,000	\$ 3,385	\$ 1,615
Other services and charges	<u>126,000</u>	<u>9,803</u>	<u>116,197</u>
Total streets	<u>\$ 131,000</u>	<u>\$ 13,188</u>	<u>\$ 117,812</u>
Culture and recreation:			
Parks	<u>\$ 5,000</u>	<u>\$ 765</u>	<u>\$ 4,235</u>
Total culture and recreation	<u>\$ 5,000</u>	<u>\$ 765</u>	<u>\$ 4,235</u>
Capital outlay	<u>\$ 83,500</u>	<u>\$ 28,957</u>	<u>\$ 54,543</u>
Total charges to appropriations	<u><u>\$ 330,000</u></u>	<u><u>\$ 161,318</u></u>	<u><u>\$ 168,682</u></u>

Reference should be made to auditor's report regarding this information.

VILLAGE OF MT. AUBURN, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 MOTOR FUEL TAX FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Charges to appropriations (outflows):			
Streets and public works:			
Personal services	\$ -	\$ -	\$ -
Materials and supplies	-	1,384	(1,384)
Other services and charges	-	14,664	(14,664)
Total streets and public works	\$ -	\$ 16,048	\$ (16,048)
Total charges to appropriations	\$ -	\$ 16,048	\$ (16,048)

Reference should be made to auditor's report regarding this information.

VILLAGE OF MT. AUBURN, ILLINOIS
NOTES TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budget Law

The Village of Mt. Auburn complies with budgetary legal requirements, as set forth by the State of Illinois, by preparing an Annual Appropriations Ordinance. This document is used by the Village management as a budget and is prepared on a modified cash basis of accounting for each fund that the Village maintains. The Village approved their fiscal year 2018 budget, which was not amended, on June 7, 2017.

Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions.

Excess of Expenditures Disbursed Over Appropriations in Budgeted Major Funds

No instances of overexpending the budget in the major governmental funds were noted.