



VILLAGE OF WARRENSBURG, ILLINOIS

ANNUAL FINANCIAL REPORT

April 30, 2019

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VILLAGE OF WARRENSBURG, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Village of Warrensburg
Warrensburg, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Warrensburg, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Warrensburg'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 for government-wide financial statements and proprietary fund financial statements and cash basis of accounting for the governmental fund financial statements described in Note 1; this includes determining that the modified cash basis of accounting and the cash basis of accounting are an acceptable basis for 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, the business-type activities, and each major proprietary fund and the financial position on a cash basis of each governmental major fund of the Village of Warrensburg, Illinois, as of April 30, 2019, and the respective changes in financial position on a modified cash basis and cash basis, and where 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, which describes the basis of accounting. The government-wide and proprietary fund financial statements are prepared on the modified cash basis of accounting and the governmental fund financial statements are prepared on the cash basis of accounting, which are 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

Supplementary Information

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

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 taken as a whole.

Other Information

We audited, in accordance with auditing standards generally accepted in the United States of America, the Village of Warrensburg's basic financial statements for the year ended April 30, 2018, which are not presented with the accompanying financial statements. In our opinion dated September 27, 2018, we expressed unmodified opinions on the respective financial position on a modified cash basis of the governmental activities, the business-type activities, each major proprietary fund and the financial position on a modified cash basis of each governmental fund. As identified in the prior independent auditor's report, the audit was conducted for the purpose of forming opinions on the respective financial position on a modified cash basis that collectively comprise the Village of Warrensburg's financial statements as a whole. The Comparative Statement of Net Position, Comparative Statement of Revenues, Expenses, and Changes in Net Position, Comparative Statement of Cash Flows all presented on a modified cash basis for the Water Fund, related to the 2018 financial statements are presented for purposes of additional analysis and are not a required part of the 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 2018 financial statements. The information was subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures performed in the prior year, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our prior year auditor's opinion, the information was fairly stated in all material respects, in relation to the basic financial statements as a whole. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Supplemental Financial Information

The supplemental financial information listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Village of Warrensburg, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Warrensburg, Illinois' internal control over financial reporting and compliance.

Sikich LLP

Decatur, Illinois
December 20, 2019

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
Village of Warrensburg
Warrensburg, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Warrensburg, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Warrensburg, Illinois' basic financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. [2019-001, 2019-002]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. [2019-003, 2019-004, 2019-005 and 2019-006]

Compliance and Other Matters

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

Village's Responses to Findings

The Village's responses to findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Sikich LLP

Decatur, Illinois
December 20, 2019

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 146,617	\$ 275,179	\$ 421,796
Restricted cash	-	342,857	342,857
Internal balances	(164,370)	164,370	-
Capital assets, net			
Nondepreciable	10,754	60,934	71,688
Depreciable, net	196,233	1,889,032	2,085,265
Total assets	<u>189,234</u>	<u>2,732,372</u>	<u>2,921,606</u>
LIABILITIES			
Customer deposits	-	17,188	17,188
Cash overdraft	7,373	-	7,373
Long-term debt:			
Due within one year	22,112	30,000	52,112
Due in more than one year	40,014	1,330,000	1,370,014
Total liabilities	<u>69,499</u>	<u>1,377,188</u>	<u>1,446,687</u>
NET POSITION			
Net investment in capital assets	144,861	589,966	734,827
Restricted	30,928	342,857	373,785
Unrestricted	(56,054)	422,361	366,307
TOTAL NET POSITION	<u>\$ 119,735</u>	<u>\$ 1,355,184</u>	<u>\$ 1,474,919</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended April 30, 2019

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses Paid	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Governmental activities						
General government	\$ 207,701	\$ 3,926	\$ -	\$ (203,775)	\$ -	\$ (203,775)
Public safety	213,801	8,589	-	(205,212)	-	(205,212)
Streets and alleys	109,662	-	30,807	(78,855)	-	(78,855)
Interest expense	3,409	-	-	(3,409)	-	(3,409)
Total governmental activities	534,573	12,515	30,807	(491,251)	-	(491,251)
Business-type activities						
Water	302,680	308,742	-	-	6,062	6,062
Sewer	129,728	97,245	-	-	(32,483)	(32,483)
Total business-type activities	432,408	405,987	-	-	(26,421)	(26,421)
TOTAL PRIMARY GOVERNMENT	\$ 966,981	\$ 418,502	\$ 30,807	\$ (491,251)	(26,421)	(517,672)
General revenues collected						
Property taxes				190,253	2,423	192,676
Sales and use tax				88,421	-	88,421
Replacement tax				8,174	-	8,174
State income taxes				117,478	-	117,478
Miscellaneous income				80,779	8,085	88,864
Investment income				680	601	1,281
Gain on disposal of assets				-	338	338
Total general revenues collected				485,785	11,447	497,232
Transfers				19,720	(19,720)	-
Change in net position				14,254	(34,694)	(20,440)
NET POSITION, BEGINNING OF YEAR				105,481	1,389,878	1,495,359
NET POSITION, END OF YEAR				\$ 119,735	\$ 1,355,184	\$ 1,474,919

The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - CASH BASIS

GOVERNMENTAL FUNDS

April 30, 2019

	Special Revenue Funds					Total
	General	Motor Fuel Tax	Tort Liability	Social Security	Drug and Alcohol	Governmental Funds
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 92,310	\$ 21,851	\$ 31,704	\$ -	\$ 752	\$ 146,617
Interfund receivable	28,000	-	-	8,603	-	36,603
TOTAL ASSETS	<u>\$ 120,310</u>	<u>\$ 21,851</u>	<u>\$ 31,704</u>	<u>\$ 8,603</u>	<u>\$ 752</u>	<u>\$ 183,220</u>
LIABILITIES						
CURRENT LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ 7,373	\$ -	\$ 7,373
Interfund payable	28,895	211	28,000	-	-	57,106
Total current liabilities	<u>28,895</u>	<u>211</u>	<u>28,000</u>	<u>7,373</u>	<u>-</u>	<u>64,479</u>
LONG-TERM LIABILITIES						
Advance from other funds	143,867	-	-	-	-	143,867
Total liabilities	<u>172,762</u>	<u>211</u>	<u>28,000</u>	<u>7,373</u>	<u>-</u>	<u>208,346</u>
FUND BALANCES (DEFICIT)						
Restricted	4,354	21,640	3,704	1,230	-	30,928
Unassigned	(56,806)	-	-	-	752	(56,054)
Total fund balances (deficit)	<u>(52,452)</u>	<u>21,640</u>	<u>3,704</u>	<u>1,230</u>	<u>752</u>	<u>(25,126)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 120,310</u>	<u>\$ 21,851</u>	<u>\$ 31,704</u>	<u>\$ 8,603</u>	<u>\$ 752</u>	<u>\$ 183,220</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES, AND FUND
BALANCES - CASH BASIS - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2019

FUND DEFICIT OF GOVERNMENTAL FUNDS	\$ (25,126)
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets of \$567,394 net of accumulated depreciation of \$(331,439), are not current financial resources and, therefore, are not reported in the governmental funds.	206,987
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Long-term debt is not due and payable in the current period and, therefore, are not reported in the funds.	<u>(62,126)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>119,735</u>
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The accompanying notes are an integral part of this statements.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CASH BASIS

GOVERNMENTAL FUNDS

Year Ended April 30, 2019

	General	Special Revenue Funds				Total Governmental Funds
		Motor Fuel Tax	Tort Liability	Social Security	Drug and Alcohol	
REVENUES						
Property taxes	\$ 128,484	\$ -	\$ 40,897	\$ 20,872	\$ -	\$ 190,253
Sales and use taxes	88,421	-	-	-	-	88,421
Personal property replacement tax	8,174	-	-	-	-	8,174
Motor fuel tax	-	30,807	-	-	-	30,807
State income taxes	117,478	-	-	-	-	117,478
Fines and fees	8,505	-	-	-	84	8,589
Licenses and permits	3,926	-	-	-	-	3,926
Other revenue	80,779	-	-	-	-	80,779
Investment income	373	279	19	9	-	680
Total revenues	436,140	31,086	40,916	20,881	84	529,107

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CASH BASIS

GOVERNMENTAL FUNDS (Continued)

Year Ended April 30, 2019

EXPENDITURES	General	Special Revenue Funds			Total Governmental Funds
		Motor Fuel Tax	Tort Liability	Social Security	
Current					
General government	\$ 146,838	\$ -	\$ 38,687	\$ 21,890	\$ 207,683
Public safety	186,762	-	-	-	187,952
Streets and alleys	79,837	26,726	-	-	106,563
Debt service					
Principal	21,201	-	-	-	21,201
Interest	3,409	-	-	-	3,409
Capital outlay	-	-	-	-	-
Total expenditures	438,047	26,726	38,687	21,890	526,808
Excess (deficiency) of revenue over (under) expenditures	(1,907)	4,360	2,229	(1,009)	2,299
OTHER FINANCING SOURCES (USES)					
Transfer in (out)	(29,298)	26,000	16,321	5,697	19,720
	(29,298)	26,000	16,321	5,697	19,720
Net change in fund balance	(31,205)	30,360	18,550	4,688	22,019
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(21,247)	(8,720)	(14,846)	(3,458)	(47,145)
FUND BALANCES (DEFICIT), END OF YEAR	\$ (52,452)	\$ 21,640	\$ 3,704	\$ 1,230	\$ (25,126)

The accompanying notes are an integral part of these statements.

VILLAGE OF WARRENSBURG, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

Year Ended April 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENT FUNDS	\$	22,019
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures. However, they are capitalized and depreciated in the statement of activities This is the amount by which depreciation \$(38,507) was greater than capital outlays of \$9,065		(28,966)
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Governmental funds report the issuance of long-term debt as current financial resources, however the amount is recorded as a liability in the statement of financial position. Principal		-
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Governmental funds report debt principal payments as expenditures, but the payment reduces the long-term debt payable in the statement of net position.		<u>21,201</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>14,254</u></u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

April 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total Proprietary</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents, unrestricted	\$ 197,026	\$ 78,153	\$ 275,179
Cash and cash equivalents, restricted	339,766	3,091	342,857
Interfund receivable	18,243	2,260	20,503
Total current assets	<u>555,035</u>	<u>83,504</u>	<u>638,539</u>
NONCURRENT ASSETS			
Advance to other funds	-	143,867	143,867
Capital assets, net:			
Nondepreciable	28,570	32,364	60,934
Depreciable, net	<u>1,849,883</u>	<u>39,149</u>	<u>1,889,032</u>
Total noncurrent assets	<u>1,878,453</u>	<u>215,380</u>	<u>2,093,833</u>
Total assets	<u>2,433,488</u>	<u>298,884</u>	<u>2,732,372</u>
LIABILITIES			
CURRENT LIABILITIES			
Customer deposits	17,188	-	17,188
Bonds payable - current	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total current liabilities	<u>47,188</u>	<u>-</u>	<u>47,188</u>
NONCURRENT LIABILITIES			
Bonds payable	<u>1,330,000</u>	<u>-</u>	<u>1,330,000</u>
Total liabilities	<u>1,377,188</u>	<u>-</u>	<u>1,377,188</u>
NET POSITION			
Net investment in capital assets	518,453	71,513	589,966
Restricted	339,766	3,091	342,857
Unrestricted	<u>198,081</u>	<u>224,280</u>	<u>422,361</u>
TOTAL NET POSITION	<u>\$ 1,056,300</u>	<u>\$ 298,884</u>	<u>\$ 1,355,184</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS**

PROPRIETARY FUNDS

Year Ended April 30, 2019

	Water	Sewer	Total Proprietary
OPERATING REVENUE			
User charges	\$ 308,742	\$ 97,245	\$ 405,987
Total operating revenues	308,742	97,245	405,987
OPERATING EXPENSES			
Personnel services	89,338	65,138	154,476
Commodities and supplies	83,202	59,506	142,708
Contractual services	-	891	891
Depreciation	87,926	4,193	92,119
Total operating expenses	260,466	129,728	390,194
Net operating income (loss)	48,276	(32,483)	15,793
NON-OPERATING REVENUE (EXPENSE)			
Property taxes	-	2,423	2,423
Disposal of assets	(3,039)	338	(2,701)
Miscellaneous income	6,489	1,596	8,085
Investment income	292	309	601
Interest Expense	(39,175)	-	(39,175)
Total non-operating revenues (expenses)	(35,433)	4,666	(30,767)
OTHER FINANCING SOURCES			
Transfer in (out)	(770)	(18,950)	(19,720)
Change in net position	12,073	(46,767)	(34,694)
NET POSITION, BEGINNING OF YEAR	1,044,227	345,651	1,389,878
NET POSITION, END OF YEAR	\$ 1,056,300	\$ 298,884	\$ 1,355,184

The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUNDS

Year Ended April 30, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Total Proprietary</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 308,142	\$ 97,245	\$ 405,387
Payments to employees	(89,338)	(65,138)	(154,476)
Payment to suppliers	(83,202)	(60,397)	(143,599)
Miscellaneous income	<u>6,489</u>	<u>1,596</u>	<u>8,085</u>
Net cash from operating activities	<u>142,091</u>	<u>(26,694)</u>	<u>115,397</u>
CASH FLOWS FROM NON- CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from interfund transfer	(770)	(439)	(1,209)
Proceeds from advance (to) other funds	(10,500)	15,200	4,700
Advance to Illini Drainage	-	-	-
Proceeds from sewer chlorination levy	<u>-</u>	<u>2,423</u>	<u>2,423</u>
Net cash from non-capital and related financing activities	<u>(11,270)</u>	<u>17,184</u>	<u>5,914</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from the sale of assets	338	338	676
Principal payments	(30,000)	-	(30,000)
Interest expense paid	<u>(39,175)</u>	<u>-</u>	<u>(39,175)</u>
Net cash from capital and related financing activities	<u>(68,837)</u>	<u>338</u>	<u>(68,499)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>292</u>	<u>309</u>	<u>601</u>
Net cash flows from investing activities	<u>292</u>	<u>309</u>	<u>601</u>
Net increase in cash and cash equivalents	<u>62,276</u>	<u>(8,863)</u>	<u>53,413</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>474,516</u>	<u>90,107</u>	<u>564,623</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 536,792</u></u>	<u><u>\$ 81,244</u></u>	<u><u>\$ 618,036</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating (loss) income	\$ 48,276	\$ (32,483)	\$ 15,793
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	87,926	4,193	92,119
Miscellaneous income	6,489	1,596	8,085
Increase in meter deposits	<u>(600)</u>	<u>-</u>	<u>(600)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 142,091</u></u>	<u><u>\$ (26,694)</u></u>	<u><u>\$ 115,397</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, unrestricted	\$ 197,026	\$ 78,153	\$ 275,179
Cash and cash equivalents, restricted	<u>339,766</u>	<u>3,091</u>	<u>342,857</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 536,792</u></u>	<u><u>\$ 81,244</u></u>	<u><u>\$ 618,036</u></u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Warrensburg, Illinois (Village) have been prepared in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Village are described as follows:

(a) Reporting Entity

The Village of Warrensburg operates under a mayor-trustee form of government and provides the following services as authorized by its charter; public safety (police); streets, alleys and sidewalks; water distribution; sewage treatment; public improvements; planning and zoning; and general administrative services.

The Village's financial statements include the accounts of all Village operations. The criteria for including organizations within the Village's reporting entity, as set forth in GASB No. 61, "The Financial Reporting Entity; Omnibus" is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either (1) the Village is able to influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; or (3) the Village is legally obligated or has otherwise assumed responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Village is obligated for the debt of the organization. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

(b) Government-wide Financial Statements

The basic financial statements include both government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Government-wide Financial Statements (Continued)

The statement of net position presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Taxes and other items not included in program revenues are reported as general revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods or services provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

(c) Fund Financial Statements

During the year, the Village segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at a more detailed level. The focus of the governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets and liabilities are assigned to the various governmental funds according to the purpose for which they may or must be used.

Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Village reports the following major governmental funds:

The General Fund is used to account for all activities of the general government not accounted for in some other fund.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fund Financial Statements (Continued)

The Motor Fuel Tax Fund is used to account for the receipts and expenditures of State Motor Fuel Taxes which are legally restricted to expenditures for road maintenance and construction.

Tort Liability Fund is used to account for expenses relating to insuring the Village. This fund is a special revenue fund.

Social Security Fund is used to account for the Village's payroll expense, including the Payroll taxes. This fund is a special revenue fund.

Drug and Alcohol Fund is used to account for receipts and expenditures for public safety related to drugs and alcohol abuse. This fund is a special revenue fund.

While the Motor Fuel Tax, Social Security and Drug and Alcohol funds do not qualify as major funds in accordance with GASB, the Village has elected to report these as major funds.

Proprietary Funds

Proprietary fund operating revenues, such as charges for services, generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, generally result from non-exchange transactions or ancillary activities.

Proprietary fund operating expenses include costs directly related to providing services and producing and delivering goods. All expenses not meeting this definition are reported as non-operating expenses.

The Village reports the following major proprietary funds:

The Water Fund is used to account for the revenues and expenditures related to operating and maintaining the Village's water operations.

The Sewer Fund is used to account for revenues and expenditures related to operating and maintaining the Village's sewer operations.

(d) 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 Note 1(e).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Measurement Focus (Continued)

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. 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 funds utilize an “economic resources” measurement focus, as applied to the modified cash basis of accounting. 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.

(e) Basis of Accounting

The government-wide financial statements and the proprietary fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the 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 including long-term debt and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The governmental fund financial statements are presented using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes assets, liabilities, fund equity, revenues, and expenditures when they result from cash transactions.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Interfund Transactions

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

(g) Interfund Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivable/payable” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

If applicable, advances between funds, as reported in the fund financial statements, are offset by a fund balance non-spendable classification in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position. The only interfund balances which remain on the government-wide statement of net position are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.”

(h) Meter Deposits

Water and/or sewer customers are required to make a deposit with the Village in order to receive water and sewer services. Deposits are credited to the account of the person having made the deposit after 36 months of prompt payment of charges.

(i) Capital Assets

The Village’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Capital Assets (Continued)

Government-wide Statements

In the government-wide financial statements, capital assets arising from cash transactions and having a useful life in excess of one year and an original cost of \$500 or more are accounted for as assets in the Statement of Net Position. All capital assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are reported at their acquisition value as of the date received.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of routine maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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 computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Machinery and equipment	5 - 30
Water plant	30
Water system	40
Sewer plant and system	40

Infrastructure assets include roads; bridges; curbs and gutters; streets and sidewalks; drainage system; and lighting systems. The Village has elected to report only those infrastructure capital assets that were acquired or constructed after May 1, 2004.

Fund Financial Statements

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

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments

Investments are stated at cost, which approximates market.

(k) Compensated Absences

The Village does not report accrued vacation leave or sick pay under the modified cash basis of accounting. Such amounts are reported as expenditures when paid. The Village's vacation period is in line with the calendar year. All vacation time earned must be used by December 31 of each year or it is considered waived. The employee may request reimbursement in lieu of vacation time.

(l) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, for proprietary funds, the Village considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

(m) Fund Balance/Net Position

In the government-wide financial 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 any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position - consists of net position with constraints placed on their 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.

Governmental Activities

Audit	\$ 4,354
Public Works	21,640
Liability	3,704
Benefits	<u>1,230</u>

Total Restricted Net Position - Governmental Activities \$ 30,928

Business-type Activities

Water Fund	\$ 339,766
Sewer Fund	<u>3,091</u>

Total Restricted Net Position - Business-type Activities \$ 342,857

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fund Balance/Net Position (Continued)

- c. Unrestricted net position - consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

In the governmental fund financial statements, fund balance is the difference between assets and liabilities and is displayed in five components:

- a. Non-spendable - consists of fund balance amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- b. Restricted - consists of fund balances with constraints placed on their use either by external groups, by laws of higher authority governments or by constitutional provisions or enabling legislation.

Audit	\$ 4,354
Public Works	21,640
Liability	3,704
Benefits	<u>1,230</u>
Total Restricted Fund Balance	<u>\$ 30,928</u>

- c. Committed - consists of fund balance amounts that are constrained for specific purposes that are internally imposed by formal action (ordinance) of the highest level of decision-making authority, the Village Board of Trustees. These amounts must be committed prior to year end (actual amounts may be determined after year end). Any changes to the constraints imposed require amendment by the same type of Village Board formal action.
- d. Assigned - consists of fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - consists of the residual positive fund balance within the general fund that has not been classified within the above categories. Unassigned fund balance amounts may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fund Balance/Net Position (Continued)

It is the Village's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. Likewise, it is the Village's policy to first use committed or assigned fund balance prior to the use of unassigned fund balance when an expenditure is incurred for purposes for which both committed or assigned and unassigned fund balance is available.

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

(n) Use of Estimates

The preparation of financial statements in conformity with the modified basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(o) Long-term Debt

All long-term debt arising from cash 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 transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest is reported as expenditures.

The accounting for debt in the proprietary fund financial statements is the same as the treatment in the government-wide statements.

(p) Restricted Assets

Restricted assets consist primarily of the following items. Cash set aside by the Village for the meter replacement project in the Water Fund. Cash required to be set aside to fulfill revenue bond covenants in the Water Fund. Cash restricted by law to be used to pay the National Pollutant Discharge Elimination System (NPDES) fee in the Sewer Fund.

2. DEPOSITS AND INVESTMENTS

The Village's Board of Trustees has adopted an investment policy to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds. Illinois Compiled Statutes (ILCS) authorize the Village to invest funds in interest-bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of governmental securities, The Illinois Funds, and annuities.

- (a) Deposits - Separate cash and investment accounts are maintained for all Village funds.
- (b) Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be recovered. The Village's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Collateral must be witnessed by a written agreement and held at an independent third party institution in the name of the municipality.
- (c) Concentration of Credit Risk - The Village's investment policy states that investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. This diversification is achieved by investing in the Illinois Funds, which is an external investment pool managed by the Illinois State Treasurer, in addition to a local bank.
- (d) Interest Rate Risk - Interest rate risk is the risk that the market value of portfolio securities will fall due to a decrease in general interest rates. Interest rate risk is mitigated by structuring the Village's portfolio so that securities mature to meet the Village's cash requirements for ongoing operations.

3. PROPERTY TAXES

The Village's property tax is levied and attached as an enforceable lien on January 1 of each year on property values assessed as of the same date. The 2017 tax levy was filed and published on November 6, 2017. The 2017 tax levy is recorded as revenue in the year ended April 30, 2019. Taxes levied in one year become due and payable in two installments during the following year. The first installment is due no later than June 1 and the second installment is due no later than September 1. Property taxes are collected by the Macon County Collector who remits to each taxing unit its respective share of the collections.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ <u>10,754</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,754</u>
Capital assets, being depreciated:				
Buildings	237,821	-	-	237,821
Equipment	<u>318,819</u>	<u>9,065</u>	<u>15,464</u>	<u>312,420</u>
Total capital assets being depreciated	<u>556,640</u>	<u>9,065</u>	<u>15,464</u>	<u>550,241</u>
Less accumulated depreciation for:				
Buildings	(127,902)	(5,960)	-	(133,862)
Equipment	<u>(203,539)</u>	<u>(32,071)</u>	<u>15,464</u>	<u>(220,146)</u>
Total accumulated depreciation	<u>(331,441)</u>	<u>(38,031)</u>	<u>15,464</u>	<u>(354,008)</u>
Total capital assets, being depreciated, net	<u>225,199</u>	<u>(28,966)</u>	<u>-</u>	<u>196,233</u>
Governmental activities capital assets, net	\$ <u>235,953</u>	\$ <u>(28,966)</u>	\$ <u>-</u>	\$ <u>206,987</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 60,934	\$ -	\$ -	\$ 60,934
Construction in process	<u>6,169</u>	<u>-</u>	<u>6,169</u>	<u>-</u>
Total capital assets not being depreciated	<u>67,103</u>	<u>-</u>	<u>6,169</u>	<u>60,934</u>
Capital assets being depreciated:				
Treatment plants and systems	3,518,026	6,169	31,012	3,493,183
Equipment	<u>432,425</u>	<u>-</u>	<u>600</u>	<u>431,825</u>
Total capital assets being depreciated	<u>3,950,451</u>	<u>6,169</u>	<u>31,612</u>	<u>3,925,008</u>
Less accumulated depreciation for:				
Treatment plants and systems	(1,677,281)	(57,477)	(27,639)	(1,707,119)
Equipment	<u>(294,815)</u>	<u>(34,642)</u>	<u>(600)</u>	<u>(328,857)</u>
Total accumulated depreciation	<u>(1,972,096)</u>	<u>(92,119)</u>	<u>(28,239)</u>	<u>(2,035,976)</u>
Total depreciable assets, net	<u>1,978,355</u>	<u>(85,950)</u>	<u>3,373</u>	<u>1,889,032</u>
Business-type activities capital assets, net	\$ <u>2,045,458</u>	\$ <u>(85,950)</u>	\$ <u>9,542</u>	\$ <u>1,949,966</u>

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government in the following manner.

Governmental Activities	
General government	\$ 9,083
Public safety	25,849
Streets and alleys	<u>3,099</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 38,031</u>
Business-type Activities	
Water	\$ 87,926
Sewer	<u>4,193</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 92,119</u>

5. LONG-TERM DEBT

On May 18, 2016, the Village obtained a note payable to Buena Vista Bank to purchase a Ford Explorer, payable in eight semi-annual installments of \$4,717 each on November 18 and May 18 including interest at 4.0%. The final payment is due May 18, 2020, and the note is secured by the vehicle.

On September 22, 2017, the Village obtained a note payable to Buena Vista Bank to purchase a Ford F550, payable in ten semi-annual installments of \$7,588 each on April 1st and October 1st including interest at 4.5%. The final payment is due October 1st, 2022, and the note is secured by the vehicle.

	Balance May 1, 2018	Additions	Deletions	Balance April 30, 2019
Note payable				
Ford Explorer	\$ 22,223	\$ -	\$ 8,667	\$ 13,556
Note Payable				
Ford F550	<u>61,104</u>	<u>-</u>	<u>12,533</u>	<u>48,571</u>
Total Notes Payable	<u>\$ 83,327</u>	<u>\$ -</u>	<u>\$ 21,200</u>	<u>\$ 62,127</u>

The annual requirements to amortize the loans as of April 30, 2019, are as follows:

<u>Fiscal year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 22,112	\$ 2,498	\$ 24,610
2021	18,318	1,575	19,893
2022	14,361	814	15,175
2023	<u>7,336</u>	<u>252</u>	<u>7,588</u>
TOTALS	<u>\$ 62,127</u>	<u>\$ 5,139</u>	<u>\$ 67,266</u>

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

On June 20, 2014, the Village issued Series A bonds in the amount of 1,165,000 and Series B bonds in the amount of \$285,000 to the U.S. Department of Agriculture Rural Development.

The net proceeds were used to construct a new water treatment plant and well. The Village accessed the bond proceeds as construction on the plant progressed. During the fiscal year ended April 30, 2015, the Village had accessed \$1,130,000 of the Series A bonds and \$5,000 of the Series B bonds. During the fiscal year ended April 30, 2016, the Village accessed the remainder of the Series A bond proceeds in the amount of \$35,000 and Series B bond proceeds in the amount of \$280,000.

Future revenues of the system have been pledged to service the debt. The water treatment plant serves as collateral to secure the bonds payable. The agreement requires the Village to maintain the system in good working order.

The Series A bonds bear interest at 2.750% for thirty years with one year deferred principal. The Revenue Bonds, Series B bear interest at 3.25% for thirty years with one year deferred principal. Principal payments are due annually on May 1 and interest payments are due semiannually. The final payment is due on May 1, 2044.

	<u>Balance May 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2019</u>	<u>Due Within One Year</u>
Series A Revenue Bonds	<u>\$1,115,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 1,090,000</u>	<u>\$ 30,000</u>
	<u>Balance May 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2019</u>	<u>Due Within One Year</u>
Series B Revenue Bonds	<u>\$ 275,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 270,000</u>	<u>\$ 5,000</u>

The annual requirements to amortize the Series A bonds as of April 30, 2019, are as follows:

<u>Fiscal year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 30,000	\$ 29,563	\$ 59,563
2021	30,000	28,738	58,738
2022	30,000	27,913	57,913
2023	30,000	27,088	57,088
2024	35,000	26,194	61,194
2025 - 2029	175,000	116,531	291,531
2030 - 2034	205,000	90,681	295,681
2035 - 2039	235,000	60,569	295,569
2040 - 2044	260,000	26,538	286,538
2045	60,000	825	60,825
TOTALS	<u>\$1,090,000</u>	<u>\$434,640</u>	<u>\$1,524,640</u>

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

The annual requirements to amortize the Series B bonds as of April 30, 2019, are as follows:

<u>Fiscal year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,000	\$ 8,694	\$ 13,694
2021	5,000	8,531	13,531
2022	5,000	8,369	13,369
2023	5,000	8,206	13,206
2024	5,000	8,044	13,044
2025 - 2029	50,000	35,750	85,750
2030 – 2034	50,000	27,625	77,625
2035 – 2039	55,000	19,419	74,419
2040 – 2044	75,000	8,531	83,531
2045	15,000	244	15,244
TOTALS	<u>\$ 270,000</u>	<u>\$133,413</u>	<u>\$ 403,413</u>

6. RESTRICTED ASSETS

Meter Replacement

The Village reports restricted cash and cash equivalents as of April 30, 2019, in the Water Fund due to passage of an ordinance on August 18, 2014, establishing a \$5 fee per meter per month for the purpose of replacing meters throughout the Village.

National Pollutant Discharge Elimination System (NPDES)

The Village reports restricted cash and cash equivalents as of April 30, 2019, in the Sewer Fund due to accumulation of money required by law to be used to pay the annual NPDES fee.

U.S. Department of Agriculture Rural Development Bonds

The Village reports restricted cash and cash equivalents as of April 30, 2019, in the Water Fund due to the issuance of U.S. Department of Agriculture Rural Development Bonds, Series A and B. The Village's ordinance related to issuance of these bonds establishes various accounts, which have specific funding requirements, as outlined in the ordinance. The funding requirements of these accounts are outlined as follows:

Construction Account – Established for the purpose of depositing proceeds of the sale of the bonds and for the payment of all expenses related to the project.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RESTRICTED ASSETS (Continued)

U.S. Department of Agriculture Rural Development Bonds (Continued)

Operation and Maintenance Account – Established for the purpose of depositing sufficient water revenues for the purpose of paying the monthly reasonable expenses of the operation, maintenance and repair of the system, including without limiting the generality of the foregoing salaries, wages, taxes, costs of materials and supplies, insurance, power, fuel, reasonable repairs and extensions necessary to render efficient service. Amounts shall be paid into the Operation and Maintenance Account on the first business day of each month.

Bond and Interest Account – Established for the purpose of depositing water revenues for the purpose of making payments of principal of and interest on the bonds. Amounts shall be paid into the Bond and Interest Account on the first business day of each month for a fractional amount of the principal and interest due on the next succeeding principal and interest due date(s) until the account balance has sufficient funds to pay the total principal and interest requirements for all bond and additional obligations then outstanding for the pertinent fiscal year. Such payments shall again be resumed at the beginning of the next fiscal year.

Reserve Account – Established for the purpose of depositing water revenues to provide funds for emergency maintenance and repairs or to prevent or remedy a default in the payment of interest on or principal of any bonds of the Village. The total amount of \$623 (\$491 related to Series A and \$132 related to Series B) shall be paid into the Reserve Account on the first day of each month until such account accumulates a total amount of \$74,760. After \$74,760 has accumulated in such Reserve Account, no further deposits need to be made therein except to replace withdrawals at such \$623 monthly rate.

Depreciation Account – Established for the purpose of depositing water revenues to be used to make any needful repairs or replacements to the System, constituting short-lived assets, and, although not reasonably expected, to prevent or remedy a default in the payment of interest on or principal of any bonds or obligations of the Village. The total amount of \$1,325 shall be paid into the Depreciation Account on the first day of each month.

Cash:

Meter Replacement Fee Account	\$ 92,803
Escrow Security Deposits	7,902
NPDES Fee Account	3,091
Operation and Maintenance Account	40,266
Bond and Interest Account	91,542
Reserve Account	34,300
Depreciation Account	<u>72,953</u>
Total	<u>\$ 342,857</u>

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RESTRICTED ASSETS (Continued)

U.S. Department of Agriculture Rural Development Bonds (Continued)

Depreciation Account – Established for the purpose of depositing water revenues to be used to make any needful repairs or replacements to the System, constituting short-lived assets, and, although not reasonably expected, to prevent or remedy a default in the payment of interest on or principal of any bonds or obligations of the Village. The total amount of \$1,325 shall be paid into the Depreciation Account on the first day of each month.

Cash:

Meter Replacement Fee Account	\$ 92,803
Escrow Security Deposits	7,902
NPDES Fee Account	3,091
Operation and Maintenance Account	40,266
Bond and Interest Account	91,542
Reserve Account	34,300
Depreciation Account	<u>72,953</u>

Total \$ 342,857

Restricted cash and cash equivalents reported
in the Water Fund at April 30, 2019 \$ 339,766

Restricted cash and cash equivalents reported
in the Sewer Fund at April 30, 2019 \$ 3,091

As of April 30, 2019, the Village has established all accounts as required by the bond ordinance.

7. PLEDGED REVENUES

The Village has pledged all revenue from the Village's Water operations to repay the \$1,450,000 Waterworks System Revenue Bonds, Series A and B. Annual principal and interest payments on the bonds are expected to require less than thirty (30) percent of revenues. The total principal remaining to be paid on the bonds is \$1,360,000. Principal and interest paid for the current year and total revenues were \$69,175 and \$308,742, respectively. The revenue coverage was 4.46 times principal and interest.

8. RETIREMENT PLAN

The Village maintains a single employer defined contribution simplified employee retirement plan for all of its full-time employees. Full-time employees become eligible to enter the plan after one full year of employment and are 100% vested on all contributions made on their behalf. The Village has the authority to amend plan provisions including contribution amounts. The Village makes annual contributions to the plan based on a percentage, determined annually, of eligible calendar year compensation. The percentage applied to 2019 covered payroll was 5%. The contribution paid for the year ended April 30, 2019, was \$12,702.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee's health; and natural disasters. The Village has joined together with other municipalities in the State of Illinois to form the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for its member municipalities. The Village pays an annual premium to IMLRMA for its general insurance coverage which includes workers' compensation, comprehensive general liability, inland marine, automobile physical damage, and property loss. Each area of coverage is subject to limitations that would be comparable to commercial insurance coverage. The agreement for formation of the IMLRMA provides that IMLRMA will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of \$15 million for each insured event. Settled claims in the past three years have not exceeded coverage. Health insurance is purchased from Health Alliance.

10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

(a) At April 30, 2019, interfund receivables and payables consisted of the following:

	<u>Receivables</u>	<u>Payables</u>
General Fund		
Water Fund	\$ -	\$ 10,000
Tort Liability Fund	28,000	-
Social Security	<u>-</u>	<u>18,895</u>
Total	<u>28,000</u>	<u>28,895</u>
Motor Fuel Tax Fund		
Social Security Fund	<u>-</u>	<u>211</u>
Tort Liability Fund		
General Fund	<u>-</u>	<u>28,000</u>
Social Security Fund		
General Fund	18,895	-
Motor Fuel Tax Fund	211	-
Water Fund	-	8,243
Sewer Fund	<u>-</u>	<u>2,260</u>
Total	<u>19,106</u>	<u>10,503</u>
Water Fund		
General Fund	10,000	-
Social Security Fund	<u>8,243</u>	<u>-</u>
Total	<u>18,243</u>	<u>-</u>
Sewer Fund		
Social Security Fund	<u>2,260</u>	<u>-</u>
Total	<u>\$ 67,609</u>	<u>\$ 67,609</u>

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

During Fiscal Year 2015, the Water Fund paid for the purchase of a truck to be split one third between the Water, Sewer and General Funds. The reimbursement from the General Fund did not take place before year ended April 30, 2019. Therefore, an inter-fund receivable and payable has been established.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(b) Interfund advance receivable and payable at April 30, 2019, were as follows:

	<u>Advance Receivable</u>	<u>Advance Payable</u>
Major Funds		
General Fund	\$ -	\$ 143,867
Sewer Fund	143,867	-
Total Interfund	<u>\$ 143,867</u>	<u>\$ 143,867</u>

The balance of \$143,867 due to the Sewer Fund from the General Fund resulted from loans made in previous years for operations. The Village does not expect to repay the balance within the next fiscal year.

VILLAGE OF WARRENSBURG, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

- (c) A summary of interfund transfers during the year ended April 30, 2019, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Motor Fuel Tax Fund	\$ -	\$ 4,800
Tort Liability Fund	-	16,321
Social Security Fund	-	5,697
Water Fund	770	-
Sewer Fund	-	2,250
Drug & Alcohol Fund	-	1,000
Total	<u>770</u>	<u>30,068</u>
Motor Fuel Tax Fund		
General Fund	4,800	-
Sewer Fund	<u>21,200</u>	-
Total	<u>26,000</u>	-
Tort Liability Fund		
General Fund	<u>16,321</u>	-
Social Security Fund		
General Fund	<u>5,697</u>	-
Water Fund		
General Fund	<u>-</u>	<u>770</u>
Sewer Fund		
Motor Fuel Tax Fund	-	21,200
General Fund	<u>2,250</u>	-
Total	<u>2,250</u>	<u>21,200</u>
Drug & Alcohol Fund		
General Fund	<u>1,000</u>	-
Total	<u>\$ 52,038</u>	<u>\$ 52,038</u>

- (d) Deficit Fund Balances

A deficit unassigned fund balance of \$56,806 exists in the General Fund. Previous declines in income tax revenues without an offsetting reduction in expenditures contributed to the deficit balance. The Village intends to fund this deficit through future tax collections.

SUPPLEMENTARY INFORMATION

VILLAGE OF WARRENSBURG, ILLINOIS

**STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL**

GENERAL FUND

For the Year Ended April 30, 2019

	Original and Final Appropriation	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES COLLECTED				
Property taxes	\$ -	\$ 120,036	\$ 128,484	\$ 8,448
Sales and use tax	-	90,000	88,421	(1,579)
Personal property replacement tax	-	12,000	8,174	(3,826)
State income tax	-	125,000	117,478	(7,522)
Fines and fees	-	10,375	8,505	(1,870)
Licenses and permits	-	4,000	3,926	(74)
Franchise fees	-	-	-	-
Other revenue	-	55,575	80,779	25,204
Investment income	-	285	373	88
Total revenue collected	-	417,271	436,140	18,869
EXPENDITURES PAID				
Current				
General government	578,850	165,175	146,838	(18,337)
Public safety	320,460	213,285	186,762	(26,523)
Streets and alleys	334,405	46,250	79,837	33,587
Debt service	-	5,000	24,610	19,610
Capital outlay	-	-	-	-
Total expenditures paid	1,233,715	429,710	438,047	8,337
Excess (deficiency) of revenue over (under) expenditures paid	(1,233,715)	(12,439)	(1,907)	10,532
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	-	-
Transfer out	(230,000)	(500)	(29,298)	(28,798)
Total Transfers	(230,000)	(500)	(29,298)	(28,798)
Net change in fund balance	\$ (1,463,715)	\$ (12,939)	(31,205)	\$ (18,266)
FUND DEFICIT, BEGINNING OF YEAR			(21,247)	
FUND DEFICIT, END OF YEAR			\$ (52,452)	

See accompanying Independent Auditor's Report.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL

MOTOR FUEL TAX FUND

For the Year Ended April 30, 2019

	Original and Final Appropriation	Original and Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES COLLECTED				
Motor fuel tax allotments	\$ -	\$ 30,000	\$ 30,807	\$ 807
Investment Income	-	-	279	279
Total revenue collected	-	30,000	31,086	1,086
EXPENDITURES PAID				
Streets and alleys	187,187	51,730	26,726	(25,004)
Excess (deficiency) of revenue over (under) expenditures paid	(187,187)	(21,730)	4,360	26,090
OTHER FINANCING SOURCES				
Transfer in	-	-	26,000	26,000
Net change in fund balance	\$ (187,187)	\$ (21,730)	\$ 30,360	\$ 52,090
FUND DEFICIT, BEGINNING OF YEAR			(8,720)	
FUND DEFICIT, END OF YEAR			\$ 21,640	

See accompanying Independent Auditor's Report.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL

TORT LIABILITY FUND

For the Year Ended April 30, 2019

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUE COLLECTED				
Property taxes	\$ -	\$ 59,361	\$ 40,897	\$ (18,464)
Investment income	-	-	19	19
Total revenue collected	-	59,361	40,916	(18,445)
EXPENDITURES PAID				
General government	70,000	59,361	38,687	(20,674)
Total expenditures paid	70,000	59,361	38,687	(20,674)
Excess (deficiency) of revenue over (under) expenditures paid	(70,000)	-	2,229	2,229
OTHER FINANCING SOURCES				
Transfer in	-	-	16,321	16,321
Net change in fund balance	\$ <u>(70,000)</u>	\$ <u>-</u>	18,550	\$ <u>18,550</u>
FUND DEFICIT, BEGINNING OF YEAR			(14,846)	
FUND DEFICIT END OF YEAR			\$ <u>3,704</u>	

See accompanying Independent Auditor's Report.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL

SOCIAL SECURITY FUND

For the Year Ended April 30, 2019

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUE COLLECTED				
Property taxes	\$ -	\$ 19,000	\$ 20,872	\$ 1,872
Other Revenue	-	9,000	-	(9,000)
Investment income	-	-	9	9
Total revenue collected	<u>\$ -</u>	<u>28,000</u>	<u>20,881</u>	<u>(7,119)</u>
EXPENDITURES PAID				
General government	-	27,000	21,890	(5,110)
Public safety	-	-	-	-
Street and alleys	-	-	-	-
Total expenditures paid	<u>-</u>	<u>27,000</u>	<u>21,890</u>	<u>(5,110)</u>
Excess (deficiency) of revenue over (under) expenditures paid	<u>-</u>	<u>1,000</u>	<u>(1,009)</u>	<u>(2,009)</u>
OTHER FINANCING SOURCES				
Transfer in (out)	-	(18,380)	5,697	24,077
Net change in fund balance	<u>\$ -</u>	<u>\$ (17,380)</u>	4,688	<u>\$ 22,068</u>
FUND BALANCE, BEGINNING OF YEAR			<u>(3,458)</u>	
FUND DEFICIT, END OF YEAR			<u>\$ 1,230</u>	

See accompanying Independent Auditor's Report.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL

DRUG AND ALCOHOL FUND

For the Year Ended April 30, 2019

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUE COLLECTED				
Fines and fees	\$ -	\$ 500	\$ 84	(416)
Other Revenue	-	500	-	(500)
Total revenue collected	\$ -	1,000	84	(916)
EXPENDITURES PAID				
General government	38,150	3,000	268	(2,732)
Public safety	68,350	31,600	1,190	(30,410)
Total expenditures paid	106,500	34,600	1,458	(33,142)
Excess (deficiency) of revenue over (under) expenditures paid	(106,500)	(33,600)	(1,374)	32,226
OTHER FINANCING SOURCES				
Transfer in (out)	-	-	1,000	1,000
Net change in fund balance	\$ (106,500)	\$ (33,600)	(374)	\$ 33,226
FUND BALANCE BEGINNING OF YEAR			1,126	
FUND BALANCE, END OF YEAR			\$ 752	

See accompanying Independent Auditor's Report.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

WATER FUND

April 30, 2019

(With Comparative Actual Amounts for April 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 197,026	\$ 179,631
Cash and cash equivalents, restricted	339,766	294,885
Due from Illini Drainage	-	-
Interfund receivable	18,243	7,743
Total current assets	<u>555,035</u>	<u>482,259</u>
NONCURRENT ASSETS		
Capital assets, net:		
Nondepreciable	28,570	28,570
Depreciable, net	1,849,883	1,941,186
Total noncurrent assets	<u>1,878,453</u>	<u>1,969,756</u>
Total assets	<u>2,433,488</u>	<u>2,452,015</u>
LIABILITIES		
CURRENT LIABILITIES		
Customer deposits	17,188	17,788
Bonds payable - current	30,000	30,000
Total current liabilities	<u>47,188</u>	<u>47,788</u>
NONCURRENT LIABILITIES		
Bonds payable	1,330,000	1,360,000
Total liabilities	<u>1,377,188</u>	<u>1,407,788</u>
NET POSITION		
Net investment in capital assets	518,453	579,756
Restricted	339,766	294,885
Unrestricted	198,081	169,586
TOTAL NET POSITION	<u>\$ 1,056,300</u>	<u>\$ 1,044,227</u>

See accompanying Independent Auditors' Report.

VILLAGE OF WARRENSBURG, ILLINOIS**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - MODIFIED CASH BASIS****WATER FUND**

Year Ended April 30, 2019

(With Comparative Actual Amounts for April 30, 2018)

	2019	2018
OPERATING REVENUE		
User charges	\$ 308,742	\$ 306,401
Other fees	-	-
Total operating revenues	<u>308,742</u>	<u>306,401</u>
OPERATING EXPENSES		
Personnel services	89,338	91,761
Commodities and supplies	83,202	135,149
Depreciation	<u>87,926</u>	<u>91,379</u>
Total operating expenses	<u>260,466</u>	<u>318,289</u>
Net operating income (loss)	<u>48,276</u>	<u>(11,888)</u>
NON-OPERATING REVENUE (EXPENSE)		
Disposal of assets	(3,039)	(69,402)
Miscellaneous income	6,489	11,584
Investment income	292	302
Interest Expense	<u>(39,175)</u>	<u>(40,025)</u>
Total non-operating revenues (expenses)	<u>(35,433)</u>	<u>(97,541)</u>
OTHER FINANCING SOURCES		
Transfer in	<u>(770)</u>	<u>-</u>
Change in net position	12,073	(109,429)
NET POSITION, BEGINNING OF YEAR	<u>1,044,227</u>	<u>1,153,656</u>
NET POSITION, END OF YEAR	<u>\$ 1,056,300</u>	<u>\$ 1,044,227</u>

See accompanying Independent Auditors' Report

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

WATER FUND

Year Ended April 30, 2019
(With Comparative Actual Amounts for April 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 308,142	\$ 306,290
Payments to employees	(89,338)	(91,761)
Payment to suppliers	(83,202)	(135,149)
Miscellaneous income	6,489	11,584
Net cash from operating activities	<u>142,091</u>	<u>90,964</u>
CASH FLOWS FROM NON- CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from interfund transfer	(770)	-
Advance to other funds	(10,500)	-
Advance to Illini Drainage	-	-
Net cash from non-capital and related financing activities	<u>(11,270)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash paid for equipment purchases	-	(11,163)
Proceeds from the sale of assets	338	-
Principal payments	(30,000)	(30,000)
Interest expense paid	(39,175)	(40,025)
Net cash from capital and related financing activities	<u>(68,837)</u>	<u>(81,188)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	292	302
Net cash flows from investing activities	<u>292</u>	<u>302</u>
Net increase in cash and cash equivalents	62,276	10,078
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>474,516</u>	<u>464,438</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u><u>536,792</u></u>	\$ <u><u>474,516</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Operating (loss) income	\$ 48,276	\$ (11,888)
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	87,926	91,379
Miscellaneous income	6,489	11,584
Increase in meter deposits	(600)	(111)
NET CASH FROM OPERATING ACTIVITIES	\$ <u><u>142,091</u></u>	\$ <u><u>90,964</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, unrestricted	\$ 197,026	\$ 179,631
Cash and cash equivalents, restricted	<u>339,766</u>	<u>294,885</u>
TOTAL CASH AND CASH EQUIVALENTS	\$ <u><u>536,792</u></u>	\$ <u><u>474,516</u></u>

See accompanying Independent Auditors' Report.

VILLAGE OF WARRENSBURG, ILLINOIS

NOTES TO SUPPLEMENTARY INFORMATION

April 30, 2019

1. BUDGETS AND BUDGETARY ACCOUNTING

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

- a. Annually the expenditure budget for each governmental fund is legally enacted through the passage of an appropriation ordinance. The appropriation ordinance is prepared on the cash basis.
- b. The board must approve the Village appropriation ordinance on or before July 31 of the fiscal year of the Village.
- c. Except as to expenditures pending adoption of the appropriation ordinance for the new year, prior unexpended appropriations lapse.
- d. The Village board determines any amendments that may be made to the expenditure budget, and evaluation and financial control are determined at the fund level, which is the legal level of budgetary control. There were no amendments to the budget.
- e. In addition to the appropriations ordinance, the Village prepares a working budget. The working budget is prepared on the cash basis in a detailed manner to allow comparisons with balances of the Village's general ledger accounts. The working budget is presented in the financial statements to provide comparison with actual results. The final working budget includes all approved amendments.

SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF WARRENSBURG
SCHEDULE OF INSURANCE COVERAGE
April 30, 2019

Type of Coverage and Name of Company	Policy Number	Policy Period From	To	Details of Coverage	Liability Limits	Annual Premium
General Liability Illinois Municipal League Risk Management Association	1185A0611	1/1/2019	1/1/2020	Bodily Injury and Property Damage	General Aggregate Products/ Completed Operations, Advertising Injury, and Personal Injury - \$1,000,000 per occurrence	\$ 38,687
					Fire Damage - \$1,000,000 per occurrence	
					Medical Expense - \$1,000,000 per occurrence	
Excess Liability Illinois Municipal League Risk Management Association	1185A0611	1/1/2019	1/1/2020	Commercial Liability	\$7,000,000 per occurrence \$16,000,000 aggregate	
Automobile Liability Illinois Municipal League Risk Management Association	1185A0611	1/1/2019	1/1/2020	Automobile Liability	\$1,000,000 per occurrence	
Worker's Compensation Illinois Municipal League Risk Management Association	1185A0611	1/1/2019	1/1/2020	Worker's Compensation Employers Liability	\$3,000,000 per occurrence	
Property/Inland Marine/Auto Coverage Physical Damage Illinois Municipal League Risk Management Association	1185A0611	1/1/2019	1/1/2020	Property Liability	\$250,000,000 per occurrence	

See accompanying Independent Auditor's Report.

VILLAGE OF WARRENSBURG, ILLINOIS

SCHEDULE OF WATER RATES CHARGED

April 30, 2019

The Water System served 450 customers as of April 30, 2019. The Village provided 25,137,428 gallons of water to its customers during fiscal year 2019. The water rates charged by the Village are as follows:

Standard Residential Service Rates

Minimum Rate: \$16.24 per 2,000 gallons used
Excess of 2,000 gallons: \$0.40 cents per 100 gallons used
Adjusted Base Rate (ABR): \$4.33 per meter per month
Plant Operation and Maintenance Charge: \$2.16 per meter per month
Meter Replacement Charge: \$5.00 per meter per month
U.S.D.A. Bond/Debt Account Charge: \$15.00 per meter per month

Outside Corporate Limits Rates

Rates for users outside the corporate limits shall be 200 percent of the rates set forth above.

Commercial and Industrial Service Rates

Minimum Rate: \$17.32 per 2,000 gallons used
Excess of 2,000 gallons: \$0.40 cents per 100 gallons used
Adjusted Base Rate (ABR): \$4.33 per meter per month
Plant Operation and Maintenance Charge: \$3.25 per meter per month
U.S.D.A. Bond/Debt Account Charge: \$15.00 per meter per month
Meter Replacement Charge: Actual cost of the meter divided by sixty (60) and rounded to the nearest whole dollar

VILLAGE OF WARRENSBURG, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES

Fiscal Year Ending April 30, 2019

Findings Relating to Internal Control over Financial Reporting

Material Weakness:

2019-001 The Village is required to maintain a system of controls over the preparation of financial statements in accordance with the modified cash basis of accounting which includes having adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB). During the audit, we recommended material adjustments to the presentation of the financial statements. Several adjustments were to correct incorrect adjustments to fund balance accounts. We recommend that the Village's accounting department receive training to ensure that they are able to conduct a thorough review of the drafted financial statements to ensure that they are free of material misstatement and that all necessary note disclosures are included as required by GASB.

Auditee Response:

Our prior staff and outside assistance incorrectly recommended entries to fund balance accounts and reconciliation discrepancy accounts. Current staff realizes that these accounts are not to be used to make entries during the course of the year.

2019-002 During the audit, we noted that bank accounts were not reconciled. During the month of February 2019 accounts were "reconciled" by recording any differences noted through a "reconciliation discrepancies" account. We recommend the Village reconcile bank accounts on a regular basis to determine funds have been accounted for properly.

Auditee Response:

The reconciliation discrepancies account was used to offset some open items. Those are being reversed as part of adjusting entries for Fiscal Year 2019. As well, it is policy that bank accounts are reconciled each month.

VILLAGE OF WARRENSBURG, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

Fiscal Year Ending April 30, 2019

Findings Relating to Internal Control over Financial Reporting (Continued)

Significant Deficiencies:

2019-003 During the audit, we noted the Village Administrative Clerk is responsible for depositing cash receipts, paying cash disbursements, and recording transactions of the Village. In addition, the Clerk reconciles bank statements. We also noted the Clerk not only generates the water and sewer billings from the meter readings, but also makes the deposits for money received at the Village hall and records all payments in the computer software. As a result, the Village had inadequate segregation of duties over these processes.

Internal controls are designed to safeguard assets and help to detect or prevent material misstatements by employees whether from error or fraud. A fundamental concept in a good system of internal control is the segregation of duties. Although the size of the Village's accounting staff prohibits complete adherence to this concept, we believe that the following practices could be implemented to improve existing internal control without impairing efficiency:

Bank statements, cancelled checks, and appropriate remittance advices should be received by someone other than employees maintaining the cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.

Auditee Response:

We are reviewing various options to provide some segregation of duties.

2019-004 During the audit, we noted that the interfund accounts were not reconciled. We recommend the Village reconcile the interfund payables and receivables as well as the interfund transfers on a regular basis to determine that amounts transferred between funds have been accounted for properly. In addition, some interfund balances have not changed since the prior year. We recommend the Village evaluate if the interfund balances will be repaid.

Auditee Response:

Interfund balances are being taken care of in the Fiscal year 2019 closing entries. In the future, these will be used to maintain loans from one fund to another.

VILLAGE OF WARRENSBURG, ILLINOIS

SCHEDULE OF FINDINGS AND RESPONSES (Continued)

Fiscal Year Ending April 30, 2019

Findings Relating to Internal Control over Financial Reporting (Continued)

Significant Deficiencies: (Continued)

2019-005 During the audit, we noted some instances where bank reconciliations are prepared by the person maintaining the cash account, but there was no documentation that the reconciliation was reviewed and approved by another person. We recommend bank reconciliations reflect documentation of the person who performed the reconciliation and the person who reviewed and approved the reconciliation. The review and approval should be conducted by someone other than the person who performed the reconciliation.

Auditee Response:

Finance chair will review the bank reconciliations on a quarterly basis at a minimum and sign off on them.

2019-006 During the audit, we noted the Village water and sewer consumption reports from LOCIS appear to contain inaccuracies. Based on our discussions with management, the inaccuracies relate electronic read malfunctions which are caught after the reports are run and bills are printed. Since these system consumption reports provide a basis for billing customers, we recommend the Village implement controls to either prevent inaccurate readings or correct errors before reports are run and bills are printed.

Auditee Response:

We review a usage report generated by the meter reading system before loading information into the water billing system to look for errors. Once the readings are uploaded into LOCIS, the bill generation process needs to be performed before the usage reports can be generated. The usage report has comparisons to prior period which can highlight other potential issues. We will continue to monitor the usage information that we can before generating bills. Also, if we find that a meter reading is incorrect, we can manually adjust that reading in LOCIS and rerun the bill generation process for that meter.