



VILLAGE OF WARRENSBURG, ILLINOIS

ANNUAL FINANCIAL REPORT

April 30, 2020

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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, 2020, 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, 2020, 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, 2019, which are not presented with the accompanying financial statements. In our opinion dated December 20, 2019, 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 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 and cash basis that collectively comprise the Village of Warrensburg's basic 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 2019 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The information was subjected to the auditing procedures applied in the audit of those basic 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 basic 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 2019 financial statements and, accordingly, we do not express an opinion or any other form of assurance on the 2019 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 September 17, 2020, 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
September 17, 2020

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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, 2020, 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 September 17, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be 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. 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. [2020-001]

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
September 17, 2020

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 232,721	\$ 460,081	\$ 692,802
Restricted cash	-	277,076	277,076
Internal balances	(142,667)	142,667	-
Capital assets, net			
Nondepreciable	10,754	60,934	71,688
Depreciable, net	<u>162,307</u>	<u>1,799,049</u>	<u>1,961,356</u>
Total assets	<u>263,115</u>	<u>2,739,807</u>	<u>3,002,922</u>
LIABILITIES			
Customer deposits	-	9,750	9,750
Accrued payroll taxes	(70)	-	(70)
Accounts payable	3,700	-	3,700
Long-term debt:			
Due within one year	18,320	35,000	53,320
Due in more than one year	<u>21,753</u>	<u>1,290,000</u>	<u>1,311,753</u>
Total liabilities	<u>43,703</u>	<u>1,334,750</u>	<u>1,378,453</u>
NET POSITION			
Net investment in capital assets	132,988	534,983	667,971
Restricted	100,432	277,076	377,508
Unrestricted	<u>(14,008)</u>	<u>592,998</u>	<u>578,990</u>
TOTAL NET POSITION	<u>219,412</u>	<u>1,405,057</u>	<u>\$ 1,624,469</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, 2020

FUNCTIONS/PROGRAMS	Program Revenues					Net (Expense) Revenue and Changes in Net Position	
	Expenses Paid	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 202,122	\$ 4,207	\$ -	\$ -	\$ (197,915)	\$ -	\$ (197,915)
Public safety	184,161	9,755	-	-	(174,406)	-	(174,406)
Streets and alleys	128,501	-	43,741	-	(84,760)	-	(84,760)
Interest expense	2,557	-	-	-	(2,557)	-	(2,557)
Total governmental activities	517,341	13,962	43,741	-	(459,638)	-	(459,638)
Business-type activities							
Water	240,417	308,631	-	-	-	68,214	68,214
Sewer	110,715	131,889	-	-	-	21,174	21,174
Total business-type activities	351,132	440,520	-	-	-	89,388	89,388
TOTAL PRIMARY GOVERNMENT	\$ 868,473	\$ 454,482	\$ 43,741	\$ -	(459,638)	\$ 89,388	(370,250)
General revenues collected							
Property taxes					211,338	2,415	213,753
Sales and use tax					90,647	-	90,647
Replacement tax					9,511	-	9,511
State income taxes					131,146	-	131,146
Miscellaneous income					72,373	164	72,537
Investment income					847	1,359	2,206
Total general revenues collected	515,862	-	-	-	3,938	519,800	-
Transfers					43,453	(43,453)	-
Change in net position					99,677	49,873	149,550
NET POSITION, BEGINNING OF YEAR					119,735	1,355,184	1,474,919
NET POSITION, END OF YEAR					\$ 219,412	\$ 1,405,057	\$ 1,624,469

VILLAGE OF WARRENSBURG, ILLINOIS

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

GOVERNMENTAL FUNDS

April 30, 2020

	Special Revenue Funds					Total Governmental Funds
	Motor Fuel Tax	Tort Liability	Social Security	Drug and Alcohol	Safe Route to School	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 166,605	\$ 38,989	\$ 8,285	\$ 4,676	\$ 586	\$ 13,580
TOTAL ASSETS	\$ 166,605	\$ 38,989	\$ 8,285	\$ 4,676	\$ 586	\$ 13,580
LIABILITIES						
CURRENT LIABILITIES						
Accrued payroll taxes	\$ -	\$ -	\$ -	\$ (70)	\$ -	\$ (70)
Accounts payable	3,700	-	-	-	-	3,700
Total current liabilities	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>(70)</u>	<u>-</u>	<u>3,630</u>
LONG-TERM LIABILITIES						
Advance from other funds	142,667	-	-	-	-	142,667
Total liabilities	<u>146,367</u>	<u>-</u>	<u>-</u>	<u>(70)</u>	<u>-</u>	<u>146,297</u>
FUND BALANCES (DEFICIT)						
Restricted	48,412	38,989	8,285	4,746	-	-
Assigned	-	-	-	-	586	13,580
Unassigned	(28,174)	-	-	-	-	-
Total fund balances (deficit)	<u>20,238</u>	<u>38,989</u>	<u>8,285</u>	<u>4,746</u>	<u>586</u>	<u>13,580</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 166,605	\$ 38,989	\$ 8,285	\$ 4,676	\$ 586	\$ 13,580
						\$ 232,721

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, 2020

FUND DEFICIT OF GOVERNMENTAL FUNDS	\$ 86,424
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets of \$557,317 net of accumulated depreciation of \$(384,256), are not current financial resources and, therefore, are not reported in the governmental funds.	173,061
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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>(40,073)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 219,412</u></u>
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VILLAGE OF WARRENSBURG, ILLINOIS

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

GOVERNMENTAL FUNDS

Year Ended April 30, 2020

REVENUES	Special Revenue Funds						Total Governmental Funds
	Motor Fuel Tax	Tort Liability	Social Security	Drug and Alcohol	Safe Route to School		
Property taxes	\$ 146,303	\$ -	\$ 43,059	\$ 21,976	\$ -	\$ -	\$ 211,338
Sales and use taxes	90,647	-	-	-	-	-	90,647
Personal property replacement tax	9,511	-	-	-	-	-	9,511
Motor fuel tax	-	43,741	-	-	-	-	43,741
State income taxes	131,146	-	-	-	-	-	131,146
Fines and fees	9,194	-	-	-	561	-	9,755
Licenses and permits	4,207	-	-	-	-	-	4,207
Grants	3,660	-	-	-	-	-	3,660
Other revenue	68,713	-	-	-	-	-	68,713
Investment income	443	371	16	11	-	6	847
Total revenues	<u>463,824</u>	<u>44,112</u>	<u>43,075</u>	<u>21,987</u>	<u>561</u>	<u>6</u>	<u>573,565</u>

VILLAGE OF WARRENSBURG, ILLINOIS

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

GOVERNMENTAL FUNDS (Continued)

Year Ended April 30, 2020

EXPENDITURES	Special Revenue Funds				Total Governmental Funds
	General	Fuel Tax	Tort Liability	Social Security	
Current					
General government	\$ 133,150	\$ -	\$ 38,494	\$ 21,288	\$ -
Public safety	158,870	-	-	-	192,932
Streets and alleys	93,670	26,647	-	-	159,597
Debt Service					128,329
Principal	22,053	-	-	-	22,053
Interest	2,557	-	-	-	2,557
Total expenditures	<u>410,300</u>	<u>26,647</u>	<u>38,494</u>	<u>21,288</u>	<u>505,468</u>
Excess (deficiency) of revenue over (under) expenditures	53,524	17,465	4,581	699	(166)
					(8,006)
					68,097
OTHER FINANCING SOURCES (USES)					
Transfer out					
Transfer in	(23,406)	(116)	-	-	
	<u>42,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	19,166	(116)	-	2,817	
					21,586
Net change in fund balance	72,690	17,349	4,581	3,516	(166)
					13,580
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(52,452)</u>	<u>21,640</u>	<u>3,704</u>	<u>1,230</u>	<u>752</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,238</u>	<u>\$ 38,989</u>	<u>\$ 8,285</u>	<u>\$ 4,746</u>	<u>\$ 586</u>
					<u>\$ 13,580</u>
					<u>\$ 86,424</u>

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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENT FUNDS	\$ 111,550
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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 \$(36,121) was greater than
capital outlays of \$2,195

(33,926)

Governmental funds report debt principal payments as expenditures,
but the payment reduces the long-term debt payable in the statement
of net position.

22,053

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 99,677
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99,677

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

April 30, 2020

	Water	Sewer	Total Proprietary
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents, unrestricted	\$ 359,210	\$ 100,871	\$ 460,081
Cash and cash equivalents, restricted	<u>271,823</u>	<u>5,253</u>	<u>277,076</u>
Total current assets	<u>631,033</u>	<u>106,124</u>	<u>737,157</u>
NONCURRENT ASSETS			
Advance to other funds	-	142,667	142,667
Capital assets, net:			
Nondepreciable	28,570	32,364	60,934
Depreciable, net	<u>1,763,288</u>	<u>35,761</u>	<u>1,799,049</u>
Total noncurrent assets	<u>1,791,858</u>	<u>210,792</u>	<u>2,002,650</u>
Total assets	<u>2,422,891</u>	<u>316,916</u>	<u>2,739,807</u>
LIABILITIES			
CURRENT LIABILITIES			
Customer deposits	9,750	-	9,750
Bonds payable - current	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total current liabilities	<u>44,750</u>	<u>-</u>	<u>44,750</u>
NONCURRENT LIABILITIES			
Bonds payable	<u>1,290,000</u>	<u>-</u>	<u>1,290,000</u>
Total liabilities	<u>1,334,750</u>	<u>-</u>	<u>1,334,750</u>
NET POSITION			
Net investment in capital assets	466,858	68,125	534,983
Restricted	<u>271,823</u>	<u>5,253</u>	<u>277,076</u>
Unrestricted	<u>349,460</u>	<u>243,538</u>	<u>592,998</u>
TOTAL NET POSITION	<u>\$ 1,088,141</u>	<u>\$ 316,916</u>	<u>\$ 1,405,057</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, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Total Proprietary</u>
OPERATING REVENUE			
User charges	\$ 308,631	\$ 131,889	\$ 440,520
Total operating revenues	<u>308,631</u>	<u>131,889</u>	<u>440,520</u>
OPERATING EXPENSES			
Personnel services	59,434	58,197	117,631
Commodities and supplies	56,132	48,510	104,642
Contractual services	-	620	620
Depreciation	86,595	3,388	89,983
Total operating expenses	<u>202,161</u>	<u>110,715</u>	<u>312,876</u>
Net operating income (loss)	<u>106,470</u>	<u>21,174</u>	<u>127,644</u>
NON-OPERATING REVENUE (EXPENSE)			
Property taxes	-	2,415	2,415
Miscellaneous income	71	93	164
Investment income	559	800	1,359
Interest Expense	(38,256)	-	(38,256)
Total non-operating revenues (expenses)	<u>(37,626)</u>	<u>3,308</u>	<u>(34,318)</u>
Income before transfers	<u>68,844</u>	<u>24,482</u>	<u>93,326</u>
TRANSFERS			
Transfer in (out)	<u>(37,003)</u>	<u>(6,450)</u>	<u>(43,453)</u>
Change in net position	<u>31,841</u>	<u>18,032</u>	<u>49,873</u>
NET POSITION, BEGINNING OF YEAR	<u>1,056,300</u>	<u>298,884</u>	<u>1,355,184</u>
NET POSITION, END OF YEAR	<u>\$ 1,088,141</u>	<u>\$ 316,916</u>	<u>\$ 1,405,057</u>

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, 2020

	Water	Sewer	Total Proprietary
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 301,193	\$ 131,889	\$ 433,082
Payments to employees	(59,434)	(58,197)	(117,631)
Payment to suppliers	(56,132)	(49,130)	(105,262)
Miscellaneous income	71	93	164
Net cash from operating activities	<u>185,698</u>	<u>24,655</u>	<u>210,353</u>
CASH FLOWS FROM NON- CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments for interfund transfers	(37,003)	(4,190)	(41,193)
Proceeds from due from other funds	18,243	-	18,243
Proceeds from advance (to) other funds	-	1,200	1,200
Proceeds from sewer chlorination levy	-	2,415	2,415
Net cash from non-capital and related financing activities	<u>(18,760)</u>	<u>(575)</u>	<u>(19,335)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments	(35,000)	-	(35,000)
Interest expense paid	(38,256)	-	(38,256)
Net cash from capital and related financing activities	<u>(73,256)</u>	<u>-</u>	<u>(73,256)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	559	800	1,359
Net cash flows from investing activities	<u>559</u>	<u>800</u>	<u>1,359</u>
Net increase in cash and cash equivalents	94,241	24,880	119,121
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR			
	<u>536,792</u>	<u>81,244</u>	<u>618,036</u>
CASH AND CASH EQUIVALENTS, END OF YEAR			
	<u>\$ 631,033</u>	<u>\$ 106,124</u>	<u>\$ 737,157</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating (loss) income	\$ 106,470	\$ 21,174	\$ 127,644
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	86,595	3,388	89,983
Miscellaneous income	71	93	164
Decrease in meter deposits	(7,438)	-	(7,438)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 185,698</u>	<u>\$ 24,655</u>	<u>\$ 210,353</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, unrestricted	\$ 359,210	\$ 100,871	\$ 460,081
Cash and cash equivalents, restricted	271,823	5,253	277,076
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 631,033</u>	<u>\$ 106,124</u>	<u>\$ 737,157</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WARRENSBURG, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2020

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 and 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 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 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.

Safe Route to School Fund is used to account for receipts and expenditures for the Illinois Safe Routes to School (SRTS) Program.

While the Motor Fuel Tax, Tort Liability, Social Security, Drug and Alcohol and Safe Route to School 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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).

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Basis of Accounting (Continued)

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.

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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:

Assets	Years
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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Capital Assets (Continued)

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.

(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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fund Balance/Net Position (Continued)

Governmental Activities

Public Safety	\$ 11,802
Economic Development	36,610
Streets and Alleys	38,989
Liability	8,285
Benefits	<u>4,746</u>
Total Restricted Net Position - Governmental Activities	\$ <u>100,432</u>
Business-type Activities	
Water Fund	\$ 271,823
Sewer Fund	<u>5,253</u>
Total Restricted Net Position - Business-type Activities	\$ <u>277,076</u>

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.

Public Safety	\$ 11,802
Economic Development	36,610
Streets and Alleys	38,989
Liability	8,285
Benefits	<u>4,746</u>
Total Restricted Fund Balance	\$ <u>100,432</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Fund Balance/Net Position (Continued)

- 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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

2. DEPOSITS AND INVESTMENTS (Continued)

- (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 2018 tax levy was filed and published on November 19, 2018. The 2018 tax levy is recorded as revenue in the year ended April 30, 2020. 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.

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020, 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	\$ 10,754	\$ _____ -	\$ _____ -	\$ 10,754
Capital assets, being depreciated:				
Buildings	237,821	-	-	237,821
Equipment	312,420	2,195	5,873	308,742
Total capital assets being depreciated	550,241	2,195	5,873	546,563
Less accumulated depreciation for:				
Buildings	(133,862)	(5,958)	-	(139,820)
Equipment	(220,146)	(30,163)	5,873	(244,436)
Total accumulated depreciation	(354,008)	(36,121)	5,873	(384,256)
Total capital assets, being depreciated, net	196,233	(33,926)	-	162,307
Governmental activities capital assets, net	\$ 206,987	\$ (33,926)	\$ _____ -	\$ 173,061

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

4. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ <u>60,934</u>	\$ _____ -	\$ _____ -	\$ <u>60,934</u>
Total capital assets not being depreciated	<u>60,934</u>	_____ -	_____ -	<u>60,934</u>
Capital assets being depreciated:				
Treatment plants and systems	3,493,183	- _____	6,035	3,487,148
Equipment	<u>431,825</u>	_____ -	<u>17,801</u>	<u>414,024</u>
Total capital assets being depreciated	<u>3,925,008</u>	_____ -	<u>23,836</u>	<u>3,901,172</u>
Less accumulated depreciation for:				
Treatment plants and systems	(1,707,119)	(57,403)	(6,035)	(1,758,487)
Equipment	<u>(328,857)</u>	<u>(32,580)</u>	<u>(17,801)</u>	<u>(343,636)</u>
Total accumulated depreciation	<u>(2,035,976)</u>	<u>(89,983)</u>	<u>(23,836)</u>	<u>(2,102,123)</u>
Total depreciable assets, net	<u>1,889,032</u>	<u>(89,983)</u>	_____ -	<u>1,799,049</u>
Business-type activities capital assets, net	<u>\$ 1,949,966</u>	<u>\$ (89,983)</u>	\$ _____ -	<u>\$ 1,859,983</u>

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

Governmental Activities			
General government		\$ 9,190	
Public safety		24,564	
Streets and alleys		<u>2,367</u>	
Total Depreciation Expense - Governmental Activities		<u>\$ 36,121</u>	
Business-type Activities			
Water		\$ 86,595	
Sewer		<u>3,388</u>	
Total Depreciation Expense - Business-type Activities		<u>\$ 89,983</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.

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

5. LONG-TERM DEBT (Continued)

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.

	<u>Balance</u> <u>May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2020</u>
Note payable				
Ford Explorer	\$ 13,556	\$ -	\$ 8,973	\$ 4,583
Note Payable				
Ford F550	48,571	-	13,081	35,490
Total Notes Payable	<u>\$ 62,127</u>	<u>\$ -</u>	<u>\$ 22,054</u>	<u>\$ 40,073</u>

The annual requirements to amortize the loans as of April 30, 2020, are as follows:

<u>Fiscal year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 18,320	\$ 1,575	\$ 19,895
2022	14,361	814	15,175
2023	7,392	252	7,644
TOTALS	<u>\$ 40,073</u>	<u>\$ 2,641</u>	<u>\$ 42,714</u>

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.

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

5. LONG-TERM DEBT (Continued)

	<u>Balance May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2020</u>	<u>Due Within One Year</u>
Series A Revenue Bonds	<u>\$1,090,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 1,060,000</u>	<u>\$ 30,000</u>
	<u>Balance May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2020</u>	<u>Due Within One Year</u>
Series B Revenue Bonds	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 265,000</u>	<u>\$ 5,000</u>

The annual requirements to amortize the Series A bonds as of April 30, 2020, are as follows:

<u>Fiscal year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	35,000	25,231	60,231
2026 – 2030	180,000	111,650	291,650
2031 – 2035	210,000	84,975	294,975
2036 – 2040	240,000	54,038	294,038
2041 – 2045	270,000	19,250	289,250
TOTALS	<u>\$1,060,000</u>	<u>\$405,077</u>	<u>\$1,465,077</u>

The annual requirements to amortize the Series B bonds as of April 30, 2020, are as follows:

<u>Fiscal year ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	10,000	7,800	17,800
2026 – 2030	50,000	34,125	84,125
2031 – 2035	50,000	26,000	76,000
2036 – 2040	60,000	17,550	77,550
2041 – 2045	75,000	6,094	81,094
TOTALS	<u>\$ 265,000</u>	<u>\$124,719</u>	<u>\$ 389,719</u>

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

6. RESTRICTED ASSETS

Meter Replacement

The Village reports restricted cash and cash equivalents as of April 30, 2020, 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. This was discontinued effective May 1st, 2020.

National Pollutant Discharge Elimination System (NPDES)

The Village reports restricted cash and cash equivalents as of April 30, 2020, 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, 2020, 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.

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.

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

6. RESTRICTED ASSETS (Continued)

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	\$ 48,800
Escrow Security Deposits	8,802
NPDES Fee Account	5,253
Operation and Maintenance Account	-
Bond and Interest Account	83,534
Reserve Account	41,795
Depreciation Account	<u>88,892</u>
 Total	 <u>\$ 277,076</u>

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

Restricted cash and cash equivalents reported in the Water Fund at April 30, 2020	<u>\$ 271,823</u>
Restricted cash and cash equivalents reported in the Sewer Fund at April 30, 2020	<u>\$ 5,253</u>

As of April 30, 2020, 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 \$1,325,000. Principal and interest paid for the current year and total revenues were \$73,256 and \$300,293, respectively. The revenue coverage was 4.10 times principal and interest.

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

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 Village amended the pay date to align with the fiscal year. The percentage applied to 2020 covered payroll was 5%. The contribution paid for the year ended April 30, 2020, was \$0.

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 reinsurance 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) Interfund advance receivable and payable at April 30, 2020, were as follows:

	<u>Advance Receivable</u>	<u>Advance Payable</u>
Major Funds		
General Fund	\$ -	\$ 142,667
Sewer Fund	<u>142,667</u>	<u>-</u>
Total Interfund	<u>\$ 142,667</u>	<u>\$ 142,667</u>

The balance of \$142,667 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)

(b) A summary of interfund transfers during the year ended April 30, 2020, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Motor Fuel Tax Fund	\$ 116	\$ -
Social Security Fund	-	1,820
Water Fund	37,003	-
Sewer Fund	5,453	-
Safe Route to School	-	21,586
Total	<u>42,572</u>	<u>23,406</u>
Motor Fuel Tax Fund		
General Fund	-	116
Social Security Fund		
General Fund	1,820	-
Sewer Fund	997	-
Total	<u>2,817</u>	<u>-</u>
Safe Route to School Fund		
General Fund	21,586	-
Water Fund		
General Fund	-	37,003
Sewer Fund		
General Fund	-	5,453
Social Security Fund	-	997
Total	<u>-</u>	<u>6,450</u>
Total	<u>\$ 66,975</u>	<u>\$ 66,975</u>

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, 2020

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES COLLECTED				
Property taxes	\$ -	\$ 154,000	\$ 146,303	\$ (7,697)
Sales and use tax	-	80,000	90,647	10,647
Personal property replacement tax	-	6,000	9,511	3,511
State income tax	-	110,000	131,146	21,146
Fines and fees	-	17,010	9,194	(7,816)
Licenses and permits	-	4,000	4,207	207
Grants	-	3,000	3,660	660
Other revenue	-	72,575	68,713	(3,862)
Investment income	-	510	443	(67)
Total revenue collected	-	447,095	463,824	16,729
EXPENDITURES PAID				
Current				
General government	287,970	149,975	133,150	(16,825)
Public safety	434,756	181,636	158,870	(22,766)
Streets and alleys	188,814	67,145	93,670	26,525
Debt service	-	24,638	24,610	(28)
Total expenditures paid	911,540	423,394	410,300	(13,094)
Excess (deficiency) of revenue over (under) expenditures paid	(911,540)	23,701	53,524	29,823
OTHER FINANCING SOURCES (USES)				
Transfer out	-	-	(23,406)	(23,406)
Transfer in	-	-	42,572	42,572
Total Transfers	-	-	19,166	19,166
Net change in fund balance	\$ (911,540)	\$ 23,701	72,690	\$ 48,989
FUND DEFICIT, BEGINNING OF YEAR				<u>(52,452)</u>
FUND BALANCE, END OF YEAR				<u>\$ 20,238</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**

MOTOR FUEL TAX FUND

For the Year Ended April 30, 2020

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>	Variance with Final Budget Over (Under)
REVENUES COLLECTED				
Motor fuel tax allotments	\$ -	\$ 31,000	\$ 43,741	\$ 12,741
Investment Income	-	-	371	371
Total revenue collected	-	31,000	44,112	13,112
EXPENDITURES PAID				
Streets and alleys	95,442	39,535	26,647	(12,888)
Excess (deficiency) of revenue over (under) expenditures paid	(95,442)	(8,535)	17,465	26,000
OTHER FINANCING SOURCES				
Transfer out	-	-	(116)	(116)
Net change in fund balance	\$ (95,442)	\$ (8,535)	17,349	\$ 25,884
FUND BALANCE, BEGINNING OF YEAR			21,640	
FUND BALANCE, END OF YEAR			\$ 38,989	

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, 2020

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>	Variance with Final Budget Over (Under)
REVENUE COLLECTED				
Property taxes	\$ -	\$ 43,000	\$ 43,059	\$ 59
Investment income	- 20	16		(4)
Total revenue collected	- 43,020	43,075		55
EXPENDITURES PAID				
General government	48,000	40,000	38,494	(1,506)
Total expenditures paid	48,000	40,000	38,494	(1,506)
Excess (deficiency) of revenue over (under) expenditures paid	(48,000)	3,020	4,581	1,561
Net change in fund balance	<u>\$ (48,000)</u>	<u>\$ 3,020</u>	4,581	<u>\$ 1,561</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,704</u>	
FUND BALANCE, END OF YEAR			<u>\$ 8,285</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, 2020

	<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	\$ -	\$ 22,000	\$ 21,976	\$ (24)
Investment income	\$ -	\$ -	\$ 11	\$ 11
Total revenue collected	\$ -	\$ 22,000	\$ 21,987	\$ (13)
EXPENDITURES PAID				
General government	\$ -	\$ -	\$ 21,288	\$ 21,288
Total expenditures paid	\$ -	\$ -	\$ 21,288	\$ 21,288
Excess (deficiency) of revenue over (under) expenditures paid	\$ -	\$ 22,000	\$ 699	\$ (21,301)
OTHER FINANCING SOURCES				
Transfer in (out)	\$ -	\$ -	\$ 2,817	\$ 2,817
Net change in fund balance	\$ -	\$ 22,000	\$ 3,516	\$ (18,484)
FUND BALANCE, BEGINNING OF YEAR				\$ 1,230
FUND BALANCE, END OF YEAR				\$ 4,746

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, 2020

	<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	\$ _____ -	\$ 100	\$ 561	461
Total revenue collected	_____ -	100	561	461
EXPENDITURES PAID				
Public safety	86,246	850	727	(123)
Total expenditures paid	86,246	850	727	(123)
Excess (deficiency) of revenue over (under) expenditures paid	(86,246)	(750)	(166)	584
Net change in fund balance	\$ (86,246)	\$ (750)	(166)	\$ 584
FUND BALANCE BEGINNING OF YEAR			752	
FUND BALANCE, END OF YEAR			\$ 586	

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**

SAFE ROUTE TO SCHOOL FUND

For the Year Ended April 30, 2020

	<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	\$ -	\$ -	\$ -	\$ -
Investment income	\$ -	\$ -	\$ 6	\$ 6
Total revenue collected	\$ -	\$ -	\$ 6	\$ 6
EXPENDITURES PAID				
General Government	-	-	-	-
Street and alleys	\$ -	\$ -	\$ 8,012	\$ 8,012
Total expenditures paid	\$ -	\$ -	\$ 8,012	\$ 8,012
Excess (deficiency) of revenue over (under) expenditures paid	\$ -	\$ -	\$ (8,006)	\$ (8,006)
OTHER FINANCING SOURCES				
Transfer in (out)	\$ -	\$ -	\$ 21,586	\$ 21,586
Net change in fund balance	\$ <u> </u> -	\$ <u> </u> -	\$ 13,580	\$ <u> </u> <u>13,580</u>
FUND BALANCE, BEGINNING OF YEAR				\$ <u> </u> -
FUND BALANCE, END OF YEAR				\$ <u> </u> <u>13,580</u>

See accompanying Independent Auditor's Report.

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

WATER FUND

April 30, 2020

(With Comparative Actual Amounts for April 30, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	\$ 359,210	\$ 197,026
Cash and cash equivalents, restricted	271,823	339,766
Interfund receivable	-	18,243
	<hr/>	<hr/>
Total current assets	<hr/> <u>631,033</u>	<hr/> <u>555,035</u>
NONCURRENT ASSETS		
Capital assets, net:		
Nondepreciable	28,570	28,570
Depreciable, net	<u>1,763,288</u>	<u>1,849,883</u>
	<hr/>	<hr/>
Total noncurrent assets	<hr/> <u>1,791,858</u>	<hr/> <u>1,878,453</u>
	<hr/>	<hr/>
Total assets	<hr/> <u>2,422,891</u>	<hr/> <u>2,433,488</u>
LIABILITIES		
CURRENT LIABILITIES		
Customer deposits	9,750	17,188
Bonds payable - current	<u>35,000</u>	<u>30,000</u>
	<hr/>	<hr/>
Total current liabilities	<hr/> <u>44,750</u>	<hr/> <u>47,188</u>
NONCURRENT LIABILITIES		
Bonds payable	<u>1,290,000</u>	<u>1,330,000</u>
	<hr/>	<hr/>
Total liabilities	<hr/> <u>1,334,750</u>	<hr/> <u>1,377,188</u>
NET POSITION		
Net investment in capital assets	466,858	518,453
Restricted	271,823	339,766
Unrestricted	<u>349,460</u>	<u>198,081</u>
	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 1,088,141</u>	<u>\$ 1,056,300</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, 2020
(With Comparative Actual Amounts for April 30, 2019)

	2020	2019
OPERATING REVENUE		
User charges	\$ 308,631	\$ 308,742
Total operating revenues	<u>308,631</u>	<u>308,742</u>
OPERATING EXPENSES		
Personnel services	59,434	89,338
Commodities and supplies	56,132	83,202
Depreciation	<u>86,595</u>	<u>87,926</u>
Total operating expenses	<u>202,161</u>	<u>260,466</u>
Net operating income (loss)	<u>106,470</u>	<u>48,276</u>
NON-OPERATING REVENUE (EXPENSE)		
Disposal of assets	-	(3,039)
Miscellaneous income	71	6,489
Investment income	559	292
Interest Expense	<u>(38,256)</u>	<u>(39,175)</u>
Total non-operating revenues (expenses)	<u>(37,626)</u>	<u>(35,433)</u>
Income before transfers	<u>68,844</u>	<u>12,843</u>
TRANSFERS		
Transfer in (out)	<u>(37,003)</u>	<u>(770)</u>
Change in net position	31,841	12,073
NET POSITION, BEGINNING OF YEAR	<u>1,056,300</u>	<u>1,044,227</u>
NET POSITION, END OF YEAR	<u>\$ 1,088,141</u>	<u>\$ 1,056,300</u>

See accompanying Independent Auditors' Report

VILLAGE OF WARRENSBURG, ILLINOIS

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

WATER FUND

Year Ended April 30, 2020
(With Comparative Actual Amounts for April 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 301,193	\$ 308,142
Payments to employees	(59,434)	(89,338)
Payment to suppliers	(56,132)	(83,202)
Miscellaneous income	71	6,489
Net cash from operating activities	<u>185,698</u>	<u>142,091</u>
CASH FLOWS FROM NON- CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for interfund transfer	(37,003)	(770)
Advance to other funds	-	(10,500)
Proceeds from due from other funds	18,243	-
Net cash from non-capital and related financing activities	<u>(18,760)</u>	<u>(11,270)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the sale of assets	-	338
Principal payments	(35,000)	(30,000)
Interest expense paid	(38,256)	(39,175)
Net cash from capital and related financing activities	<u>(73,256)</u>	<u>(68,837)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	559	292
Net cash flows from investing activities	<u>559</u>	<u>292</u>
Net increase in cash and cash equivalents	94,241	62,276
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>536,792</u>	<u>474,516</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 631,033</u>	<u>\$ 536,792</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Operating (loss) income	\$ 106,470	\$ 48,276
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	86,595	87,926
Miscellaneous income	71	6,489
Decrease in meter deposits	(7,438)	(600)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 185,698</u>	<u>\$ 142,091</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, unrestricted	\$ 359,210	\$ 197,026
Cash and cash equivalents, restricted	271,823	339,766
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 631,033</u>	<u>\$ 536,792</u>

See accompanying Independent Auditors' Report.

VILLAGE OF WARRENSBURG, ILLINOIS

NOTES TO SUPPLEMENTARY INFORMATION

April 30, 2020

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.

2. EXCESS OVER APPROPRIATIONS/BUDGET

The following funds had an excess of expenditures over appropriations/budget for the year ended April 30, 2020:

Social Security Fund	\$ 21,288
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Payroll tax expenditures were appropriated/budgeted in other funds where payroll was paid during fiscal year 2020.

SUPPLEMENTAL FINANCIAL INFORMATION

VILLAGE OF WARRENSBURG**SCHEDULE OF INSURANCE COVERAGE**

April 30, 2020

Type of Coverage and Name of Company	Policy Number	From	To	Policy Period	Details of Coverage	Liability Limits	Annual Premium
General Liability Illinois Municipal League Risk Management Association	1185A0611	1/1/2020	1/1/2021	Bodily Injury and Property Damage	General Aggregate Products/ Completed Operations, Advertising Injury, and Personal Injury - \$1,000,000 per occurrence		\$ 38,495
Excess Liability Illinois Municipal League Risk Management Association	1185A0611	1/1/2020	1/1/2021	Commercial Liability	\$7,000,000 per occurrence \$16,000,000 aggregate		
Automobile Liability Illinois Municipal League Risk Management Association	1185A0611	1/1/2020	1/1/2021	Automobile Liability	\$1,000,000 per occurrence		
Worker's Compensation Illinois Municipal League Risk Management Association	1185A0611	1/1/2020	1/1/2021	Worker's Compensation Employers Liability	\$3,000,000 per occurrence		
Property/Inland Marine/Auto Coverage Physical Damage Illinois Municipal League Risk Management Association	1185A0611	1/1/2020	1/1/2021	Property Liability	\$250,000,000 per occurrence		

VILLAGE OF WARRENSBURG, ILLINOIS

SCHEDULE OF WATER RATES CHARGED

April 30, 2020

The Water System served 445 customers as of April 30, 2020. The Village provided 24,167,743 gallons of water to its customers during fiscal year 2020. The water rates charged by the Village are as follows:

Standard Residential Service Rates

Minimum Rate: \$16.54 per 2,000 gallons used

Excess of 2,000 gallons: \$0.40 cents per 100 gallons used

Adjusted Base Rate (ABR): \$4.41 per meter per month

Plant Operation and Maintenance Charge: \$2.20 per meter per month

Meter Replacement Charge/Infrastructure: \$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: \$17.67 per 2,000 gallons used

Excess of 2,000 gallons: \$0.40 cents per 100 gallons used

Adjusted Base Rate (ABR): \$4.41 per meter per month

Plant Operation and Maintenance Charge: \$3.31 per meter per month

U.S.D.A. Bond/Debt Account Charge: \$15.00 per meter per month

Meter Replacement Charge/Infrastructure: 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

For the Year Ended April 20, 2020

Findings Relating to Internal Control over Financial Reporting

Significant Deficiencies:

2020-001 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:

While the Village has implemented a review process for bank reconciliations, we recommend the Village implement controls over the water and sewer billing and collection process. Bank statements, cancelled checks, water and sewer billing and applicable 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:

The Village does not currently have sufficient funds to hire an additional person to minimize these controls. However, the Finance Committee members are performing various reviews and checks that include reviewing original invoices when signing checks, reviewing the bank reconciliations that includes the original bank statement, and spot review of timecards and time sheets when signing payroll checks. The Village is currently addressing the implementation of controls over water and sewer billings and collection process.