

**VILLAGE OF COBDEN  
COBDEN, ILLINOIS**

**TAX INCREMENT FINANCING FUND**

**FINANCIAL REPORT  
APRIL 30, 2018**

**VILLAGE OF COBDEN, ILLINOIS  
TAX INCREMENT FINANCING FUND**

**TABLE OF CONTENTS**

|  | <u>Page</u> |
|--|-------------|
| <b>AUDITOR’S REPORTS</b>   |             |
| Independent Auditor’s Report . . . . .   | 1 - 2       |
| Independent Accountant’s Report . . . . .  | 3           |
| <b>FINANCIAL STATEMENTS</b>  |             |
| Balance Sheet – Modified Cash Basis . . . . .  | 4           |
| Statement of Revenues, Expenditures and Changes in Fund Balance –<br>Modified Cash Basis – Budget and Actual . . . . . | 5           |
| Notes to Financial Statements . . . . .  | 6 - 8       |

## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Village of Cobden  
Cobden, Illinois

We have audited the accompanying financial statements of the Tax Increment Financing Fund of the Village of Cobden, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Tax Increment Financing Fund of the Village of Cobden, Illinois, as of April 30, 2018, and the changes in the modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Emphasis of Matter**

As discussed in Note 1A, the financial statements present only the Tax Increment Financing Fund and do not purport to, and do not present fairly the financial position of the Village of Cobden, Illinois, as of April 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with the modified cash basis of accounting. Our opinion is not modified with respect to this matter.

## **Basis of Accounting**

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



KEMPER CPA GROUP LLP

*Certified Public Accountants and Consultants*

Marion, Illinois  
September 5, 2018

## INDEPENDENT ACCOUNTANT'S REPORT

Board of Trustees  
Village of Cobden  
Cobden, Illinois

We have examined management of the Village of Cobden's assertion that the Village of Cobden, Illinois (the Village) complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2018. The Village of Cobden's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the Village's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Village of Cobden, Illinois' compliance with specified requirements.

In our opinion, management's assertion that the Village of Cobden, Illinois complied with the aforementioned requirements for the year ended April 30, 2018 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Village President, Board of Trustees, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.



KEMPER CPA GROUP LLP  
*Certified Public Accountants and Consultants*

Marion, Illinois  
September 5, 2018

## **FINANCIAL STATEMENTS**

**VILLAGE OF COBDEN  
TAX INCREMENT FINANCING FUND**

**BALANCE SHEET - MODIFIED CASH BASIS**

**April 30, 2018**

**ASSETS**

Current assets

|                           |           |
|---------------------------|-----------|
| Cash and cash equivalents | \$ 44,051 |
|---------------------------|-----------|

|              |           |
|--------------|-----------|
| Total Assets | \$ 44,051 |
|--------------|-----------|

**LIABILITIES AND FUND BALANCE**

|             |      |
|-------------|------|
| Liabilities | \$ - |
|-------------|------|

Fund Balance

|            |        |
|------------|--------|
| Restricted | 44,051 |
|------------|--------|

|                                    |           |
|------------------------------------|-----------|
| Total Liabilities and Fund Balance | \$ 44,051 |
|------------------------------------|-----------|

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

**VILLAGE OF COBDEN  
TAX INCREMENT FINANCING FUND**

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

**For the Year Ended April 30, 2018**

|  | Budgeted Amounts        |                         | Actual<br>Amounts       | Variance with<br>Final Budget |
|--|-------------------------|-------------------------|-------------------------|-------------------------------|
|  | Original                | Final                   |                         |                               |
| <b>Revenues</b>  |                         |                         |                         |                               |
| Local taxes  |                         |                         |                         |                               |
| Property taxes   | \$ 15,000               | \$ 28,100               | \$ 28,036               | \$ (64)                       |
| Other local sources  |                         |                         |                         |                               |
| Interest income  | <u>5</u>                | <u>25</u>               | <u>35</u>               | <u>10</u>                     |
| Total Revenues   | <u>15,005</u>           | <u>28,125</u>           | <u>28,071</u>           | <u>(54)</u>                   |
| <b>Expenditures</b>  |                         |                         |                         | -                             |
| Economic Development   | <u>7,025</u>            | <u>13,115</u>           | <u>6,515</u>            | <u>(6,600)</u>                |
| <b>Excess (Deficiency) of Revenues<br/>over Expenditures</b> | 7,980                   | 15,010                  | 21,556                  | 6,546                         |
| <b>Fund Balance, May 1, 2017</b>                             | <u>22,495</u>           | <u>22,495</u>           | <u>22,495</u>           | <u>-</u>                      |
| <b>Fund Balance, April 30, 2018</b>                          | <u><u>\$ 30,475</u></u> | <u><u>\$ 37,505</u></u> | <u><u>\$ 44,051</u></u> | <u><u>\$ 6,546</u></u>        |

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



**VILLAGE OF COBDEN**  
**TAX INCREMENT FINANCING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended April 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Tax Increment Financing Fund of the Village of Cobden are in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board (GASB), except as noted in Note 1B.

A. Reporting Entity

The Tax Increment Financing Fund is a special revenue fund of the Village of Cobden. The Fund was established to account for the Tax Increment Redevelopment Plan for the Village.

The Tax Increment Financing Fund is only one fund of the Village of Cobden, Illinois. Complete financial statements for the Village of Cobden are available from the Village.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses disbursed are recognized in the accounts and how they are reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are presented on the modified cash basis of accounting. Accordingly, revenue is recognized and recorded when cash is received and expenditures are recognized and recorded when checks are written and disbursed. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. This differs from the accounting principles generally accepted in the United States of America of recording revenues and expenditures of governmental funds when they become measurable and available and when the related liability is incurred.

C. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

***Fund Financial Statements***

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental or proprietary. The Tax Increment Financing Fund is a governmental fund reported as a special revenue fund.

**VILLAGE OF COBDEN**  
**TAX INCREMENT FINANCING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended April 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

C. Fund Accounting (Concluded)

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Village are typically reported. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets 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 a fund balance. The primary revenue sources of governmental funds are property tax, sales tax, intergovernmental revenues, and other taxes.

The Tax Increment Financing Fund of the Village reports the following type of governmental fund:

*Special Revenue Funds* - Special Revenue Funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts or major capital projects that are legally restricted to expenditures for specific purposes.

D. Budgets and Budgetary Accounting

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

The Village President submits to the Board of Trustees a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at regular board meetings to obtain taxpayer comments. Prior to May 1 the budget is legally enacted through passage of an ordinance.

The Village Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that later the total expenditures of any fund must be approved by the Village Board.

E. Fund Equity

In the fund financial statements, governmental funds report fund balances as restricted for amounts that can be used only for specific purposes, i.e. fund balances of special revenue funds. If a fund has both restricted and unrestricted fund balances available, the Village considers restricted amounts to have been spent when an expenditure is incurred for which either classification could be used.

**VILLAGE OF COBDEN**  
**TAX INCREMENT FINANCING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended April 30, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

F. Property Tax

The Village's property tax levy is due on the second Tuesday in December. The property taxes attach as an enforceable lien on property as of January 1. The County (Union County, Illinois) extends, bills, and collects the Village's property taxes. Property taxes are generally due in July and September, and are remitted mostly during the months of August, September, and November. Property taxes are not recognized as revenues until they are received from the County.

G. Risk Management

The Village is exposed to various risks of loss including, but not limited to, torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To limit exposure to these risks, the Village participates in the Illinois Municipal League Risk Management Association, a public entity risk pool currently operating as a common risk management and insurance program for Illinois municipalities. The Village pays an annual premium to the pool. The agreement for formation of the Illinois Municipal League Risk Management Association provides that the pool will be self-sustaining through member premiums.

H. Date of Management's Review

The Village of Cobden has evaluated subsequent events through September 5, 2018 the date which the financial statements were available to be issued.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Village is allowed to invest in securities as authorized by Illinois Compiled Statutes, Section 235/2.

At April 30, 2018, the Tax Increment Financing Fund's deposits included cash in bank. The carrying amount and bank balance of these deposits was \$44,051.

At April 30, 2018, the Tax Increment Financing Fund's cash deposits were fully insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk – Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned. To guard against custodial credit risk for deposits with financial institutions, the Village's investment policy requires that deposits with financial institutions in excess of FDIC limits be collateralized by collateral or private insurance.