
**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
APRIL 30, 2019**

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

TABLE OF CONTENTS

	<u>Page</u>
 AUDITOR'S REPORTS	
Independent Auditor's Report	1 - 3
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 <i>Government Auditing Standards</i>	4 - 5
 BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position – Modified Cash Basis	6
Statement of Activities – Modified Cash Basis	7
 <i>Fund Financial Statements</i>	
Governmental Funds	
Balance Sheet – Modified Cash Basis	8
Reconciliation of the Balance Sheet – Modified Cash Basis to the Statement of Net Position – Modified Cash Basis	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis to the Statement of Activities – Modified Cash Basis	11
Proprietary Funds	
Statement of Net Position – Modified Cash Basis	12
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	13
Statement of Cash Flows – Modified Cash Basis	14
Fiduciary Fund	
Statement of Fiduciary Net Position – Modified Cash Basis	15
Statement of Changes in Fiduciary Net Position – Modified Cash Basis	16
Notes to Financial Statements	17 - 31

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

TABLE OF CONTENTS (CONCLUDED)

SUPPLEMENTARY INFORMATION

General Fund

Balance Sheet Schedule – Modified Cash Basis	32
Schedule of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis .	33

Nonmajor Governmental Funds

Combining Balance Sheet – Modified Cash Basis	34
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis	35

Budgetary Comparison Schedules – Modified Cash Basis – General Fund

General Administration	36
Cemetery	37
Fire	38
Parks	39
Police	40
Streets	41

SCHEDULE OF FINDINGS AND RESPONSES

Internal Control and Compliance Findings and Responses	42 - 45
--	---------

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Cobden
Cobden, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cobden, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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 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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cobden, Illinois, as of April 30, 2019, and the respective changes in the modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Cobden's basic financial statements. The General Fund Schedules, Nonmajor Governmental Funds Statements, and Budgetary Comparison Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The General Fund Schedules and the Nonmajor Governmental Funds Statement 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 General Fund Schedules and the Nonmajor Governmental Funds Statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Budgetary Comparison Schedules, which are the responsibility of management, 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 October 17, 2019 on our consideration of the Village of Cobden's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 effectiveness of the Village of Cobden's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Village of Cobden's internal control over financial reporting and compliance.



KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
October 17, 2019

**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***

Board of Trustees
Village of Cobden
Cobden, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cobden, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Village of Cobden's basic financial statements and have issued our report thereon dated October 17, 2019. The report states that the basic financial statements were prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions were not modified with respect to that matter.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2019-001, 2019-002, and 2019-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Cobden's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2019-003 and 2019-004.

Village of Cobden's Responses to Findings

The Village of Cobden's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Village of Cobden'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
October 17, 2019

BASIC FINANCIAL STATEMENTS

**VILLAGE OF COBDEN, ILLINOIS
UNION COUNTY, ILLINOIS**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 131,136	\$ 407,465	\$ 538,601
Noncurrent assets			
Capital assets not being depreciated			
Land	33,038	23,669	56,707
Construction in progress	-	27,247	27,247
Total capital assets not being depreciated	33,038	50,916	83,954
Other capital assets			
Equipment and vehicles	881,675	380,991	1,262,666
Buildings	334,001	1,241,644	1,575,645
Land improvements	6,950	-	6,950
Infrastructure	-	2,726,435	2,726,435
Less accumulated depreciation	(895,812)	(1,210,041)	(2,105,853)
Total other capital assets, net	326,814	3,139,029	3,465,843
Total noncurrent assets	359,852	3,189,945	3,549,797
Total Assets	490,988	3,597,410	4,088,398
LIABILITIES			
Current liabilities			
Utility deposits	-	7,884	7,884
Payroll liabilities	1,109	-	1,109
Due within on year:			
Lease-purchase agreement payable	5,728	-	5,728
Billings overage payable	-	20,000	20,000
Bonds payable	-	24,000	24,000
Total Current Liabilities	6,837	51,884	58,721
Noncurrent Liabilities			
Due in more than one year:			
Lease-purchase agreement payable	7,189	-	7,189
Billings overage payable	-	20,000	20,000
Bonds payable	-	1,276,000	1,276,000
Total Noncurrent Liabilities	7,189	1,296,000	1,303,189
Total Liabilities	14,026	1,347,884	1,361,910
NET POSITION			
Net investment in capital assets	352,663	1,889,945	2,242,608
Restricted for other purposes	95,743	-	95,743
Unrestricted	28,556	359,581	388,137
Total Net Position	\$ 476,962	\$ 2,249,526	\$ 2,726,488

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

VILLAGE OF COBDEN, ILLINOIS
UNION COUNTY, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 51,043	\$ 14,653	\$ 1,755	\$ -	\$ (34,635)	\$ -	\$ (34,635)
Public safety	317,930	12,602	350	-	(304,978)	-	(304,978)
Public works and transportation	250,054	102,799	29,458	-	(117,797)	-	(117,797)
Social services	48,958	6,460	12,349	-	(30,149)	-	(30,149)
Culture and recreation	25,362	-	359	-	(25,003)	-	(25,003)
Total Governmental Activities	693,347	136,514	44,271	-	(512,562)	-	(512,562)
Business-type Activities:							
Water fund	283,667	334,259	-	-	-	50,592	50,592
Sewer fund	302,273	163,806	-	269,000	-	130,533	130,533
Gas fund	264,780	324,321	-	-	-	59,541	59,541
Total Business-type Activities	850,720	822,386	-	269,000	-	240,666	240,666
Total Primary Government	\$ 1,544,067	\$ 958,900	\$ 44,271	\$ 269,000	(512,562)	240,666	(271,896)
General Revenues and Transfers:							
Taxes							
Property tax					82,123	-	82,123
Utility tax					49,169	-	49,169
Intergovernmental revenue							
Sales and use tax					78,096	-	78,096
Telecommunications tax					12,757	-	12,757
State income tax					112,332	-	112,332
Replacement tax					3,824	-	3,824
Video gaming tax					6,853	-	6,853
Interest income					77	181	258
Other receipts and reimbursements					8,043	-	8,043
Transfers (to) from other funds					138,000	(113,000)	25,000
Total General Revenues and Transfers					491,274	(112,819)	378,455
Change in Net Position					(21,288)	127,847	106,559
Net Position, May 1, 2018					498,250	2,121,679	2,619,929
Net Position, April 30, 2019					\$ 476,962	\$ 2,249,526	\$ 2,726,488

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

April 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 35,393	\$ 95,743	\$ 131,136
Total Assets	<u>\$ 35,393</u>	<u>\$ 95,743</u>	<u>\$ 131,136</u>
LIABILITIES AND FUND BALANCE			
Current liabilities			
Payroll liabilities	\$ 1,109	\$ -	\$ 1,109
Total Liabilities	<u>1,109</u>	<u>-</u>	<u>1,109</u>
Fund Balance			
Restricted	-	95,743	95,743
Unassigned	34,284	-	34,284
Total Fund Balances	<u>34,284</u>	<u>95,743</u>	<u>130,027</u>
Total Liabilities and Fund Balance	<u>\$ 35,393</u>	<u>\$ 95,743</u>	<u>\$ 131,136</u>

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS TO THE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2019

Total Fund Balances—Governmental Funds	\$ 130,027
Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	359,852
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	
Lease-purchase agreement payable	<u>(12,917)</u>
Net Position of Governmental Activities	<u><u>\$ 476,962</u></u>

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

GOVERNMENTAL FUNDS

For the Year Ended April 30, 2019

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenues			
Local taxes			
Property tax	\$ 49,247	\$ 32,876	\$ 82,123
Utility tax	49,169	-	49,169
	<u>98,416</u>	<u>32,876</u>	<u>131,292</u>
Intergovernmental revenues			
Sales and use tax	78,096	-	78,096
Telecommunications tax	12,757	-	12,757
State income tax	112,332	-	112,332
Replacement tax	3,824	-	3,824
Video gaming tax	6,853	-	6,853
Motor fuel tax	-	29,458	29,458
	<u>213,862</u>	<u>29,458</u>	<u>243,320</u>
Other local sources			
Fees and fines	136,514	-	136,514
Interest income	6	71	77
Donations	14,813	-	14,813
Miscellaneous	8,043	-	8,043
	<u>159,376</u>	<u>71</u>	<u>159,447</u>
Total Revenues	<u>471,654</u>	<u>62,405</u>	<u>534,059</u>
Expenditures			
Current			
General government	40,869	6,793	47,662
Public safety	283,080	-	283,080
Public works and transportation	217,456	26,551	244,007
Social services	46,054	-	46,054
Culture and recreation	20,676	-	20,676
Capital outlay	45,215	-	45,215
Total Expenditures	<u>653,350</u>	<u>33,344</u>	<u>686,694</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(181,696)</u>	<u>29,061</u>	<u>(152,635)</u>
Other Financing Sources (Uses)			
Lease-purchase agreement proceeds	17,265	-	17,265
Lease-purchase agreement principal payments	(4,348)	-	(4,348)
Lease-purchase agreement interest expense	(535)	-	(535)
Transfers (to) from other funds	138,000	-	138,000
	<u>150,382</u>	<u>-</u>	<u>150,382</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	<u>(31,314)</u>	<u>29,061</u>	<u>(2,253)</u>
Fund Balance, May 1, 2018	<u>65,598</u>	<u>66,682</u>	<u>132,280</u>
Fund Balance, April 30, 2019	<u><u>\$ 34,284</u></u>	<u><u>\$ 95,743</u></u>	<u><u>\$ 130,027</u></u>

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

For the Year Ended April 30, 2019

Net Change in Fund Balance - Total Governmental Funds	\$	(2,253)
--	----	---------

Amounts reported for *governmental activities* in the Statement of Activities - Modified Cash Basis are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital asset purchases capitalized	\$ 45,215		
Depreciation expense	<u>(51,333)</u>		(6,118)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt:

Proceeds from lease-purchase agreement	(17,265)		
Repayment of principal of long-term debt	<u>4,348</u>		<u>(12,917)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(21,288)</u></u>
--	----	------------------------

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUNDS

April 30, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 43,664	\$ 286,430	\$ 77,371	\$ 407,465
Noncurrent assets				
Capital assets not being depreciated				
Land	13,669	10,000	-	23,669
Construction in progress	-	27,247	-	27,247
Total capital assets not being depreciated	13,669	37,247	-	50,916
Other capital assets				
Equipment and vehicles	141,011	118,669	121,311	380,991
Buildings	305,125	931,618	4,901	1,241,644
Infrastructure	126,534	2,564,365	35,536	2,726,435
Less accumulated depreciation	(243,382)	(834,072)	(132,587)	(1,210,041)
Total other capital assets, net	329,288	2,780,580	29,161	3,139,029
Total noncurrent assets	342,957	2,817,827	29,161	3,189,945
Total Assets	386,621	3,104,257	106,532	3,597,410
LIABILITIES				
Current Liabilities				
Utility deposits	4,195	-	3,689	7,884
Current portion of billing overage payable	-	-	20,000	20,000
Current portion of bonds payable	-	24,000	-	24,000
Total current liabilities	4,195	24,000	23,689	51,884
Noncurrent Liabilities				
Billings overage payable	-	-	20,000	20,000
Bonds payable	-	1,276,000	-	1,276,000
Total noncurrent liabilities	-	1,276,000	20,000	1,296,000
Total Liabilities	4,195	1,300,000	43,689	1,347,884
NET POSITION				
Net investment in capital assets	342,957	1,517,827	29,161	1,889,945
Unrestricted	39,469	286,430	33,682	359,581
Total Net Position	\$ 382,426	\$ 1,804,257	\$ 62,843	\$ 2,249,526

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

PROPRIETARY FUNDS

For the Year Ended April 30, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
Operating Revenues				
Charges for services	\$ 334,259	\$ 163,806	\$ 324,321	\$ 822,386
Cost of services	-	-	(109,952)	(109,952)
Gross margin	334,259	163,806	214,369	712,434
Operating Expenses				
Salaries and benefits	168,280	130,405	79,384	378,069
Contractual expenses	72,669	53,626	62,519	188,814
Supplies / Commodities	23,921	5,733	6,303	35,957
Interest & service charge	-	28,135	-	28,135
Depreciation	18,797	84,374	6,542	109,713
Other	-	-	80	80
	283,667	302,273	154,828	740,768
Operating Revenues over (under) Operating Expenditures	50,592	(138,467)	59,541	(28,334)
Non-Operating Items				
Interest income	50	106	25	181
Income (Loss) before Contributions and Transfers	50,642	(138,361)	59,566	(28,153)
Capital Contributions				
Federal grants	-	269,000	-	269,000
Transfers (to) from other funds	(46,000)	(11,000)	(56,000)	(113,000)
Change in Net Position	4,642	119,639	3,566	127,847
Net Position, May 1, 2018	377,784	1,684,618	59,277	2,121,679
Net Position, April 30, 2019	\$ 382,426	\$ 1,804,257	\$ 62,843	\$ 2,249,526

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS**

For the Year Ended April 30, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 334,259	\$ 163,806	\$ 324,321	\$ 822,386
Payments to suppliers	(96,590)	(59,359)	(178,854)	(334,803)
Payments to employees	(168,280)	(130,405)	(79,384)	(378,069)
Other receipts (payments)	150	-	(18,454)	(18,304)
Net cash provided (used) by operating activities	<u>69,539</u>	<u>(25,958)</u>	<u>47,629</u>	<u>91,210</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (to) from other funds	(46,000)	(11,000)	(56,000)	(113,000)
Net cash provided (used) by noncapital financing activities	<u>(46,000)</u>	<u>(11,000)</u>	<u>(56,000)</u>	<u>(113,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest on capital debt	-	(28,135)	-	(28,135)
Purchases of capital assets	(20,900)	(64,715)	-	(85,615)
Proceeds from capital grant	-	269,000	-	269,000
Retirement of bonds payable	-	(24,000)	-	(24,000)
Net cash provided (used) by capital and related financing activities	<u>(20,900)</u>	<u>152,150</u>	<u>-</u>	<u>131,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned	50	106	25	181
Net cash provided (used) by investing activities	<u>50</u>	<u>106</u>	<u>25</u>	<u>181</u>
Net increase (decrease) in cash and cash equivalents	2,689	115,298	(8,346)	109,641
Cash and cash equivalents, May 1, 2018	40,975	171,132	85,717	297,824
Cash and cash equivalents, April 30, 2019	<u>\$ 43,664</u>	<u>\$ 286,430</u>	<u>\$ 77,371</u>	<u>\$ 407,465</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating revenues over (under) operating expenditures	\$ 50,592	\$ (138,467)	\$ 59,541	\$ (28,334)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	18,797	84,374	6,542	109,713
Interest on capital debt	-	28,135	-	28,135
Change in assets and liabilities:				
Utility deposits	150	-	1,546	1,696
Billings overage payable	-	-	(20,000)	(20,000)
Net cash flows provided by operating activities	<u>\$ 69,539</u>	<u>\$ (25,958)</u>	<u>\$ 47,629</u>	<u>\$ 91,210</u>

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION
MODIFIED CASH BASIS**

FIDUCIARY FUND

April 30, 2019

	<u>Private-Purpose Trust Cemetery Perpetual Trust Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 219,962
Total Assets	<u>219,962</u>
LIABILITIES	<u>-</u>
NET POSITION	
Held for other purposes	<u>219,962</u>
Total Net Position	<u><u>\$ 219,962</u></u>

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

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
MODIFIED CASH BASIS**

FIDUCIARY FUND

For the Year Ended April 30, 2019

	Private-Purpose Trust
	Cemetery Perpetual Trust Fund
ADDITIONS	
Interest income	\$ 13,094
DEDUCTIONS	
Transfers to other funds	<u>25,000</u>
Change in Net Position	(11,906)
Net Position, May 1, 2018	<u>231,868</u>
Net Position, April 30, 2019	<u><u>\$ 219,962</u></u>

The accompanying notes are an integral part of these statements.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies 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 Village of Cobden operates as a non-home-rule unit, and functions under a President - Trustee form of government, providing the following services: public safety, highways and streets, utilities, cemetery, park and general administrative services. The Village, for financial purposes, includes all of the funds relevant to the operations of the Village of Cobden. The Village is considered to be a primary government pursuant to GASB Statement No. 14 since it is legally separate and fiscally independent. The Village has no component units which are legally separate entities from the Village for which the Village is financially accountable or whose relationship with the Village is such that exclusion would cause the Village's statements to be misleading or incomplete.

B. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of Accounting refers to "when" transactions are recorded regardless of the measurement focus applies.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

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

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position, Statement of Activities, and the fund financial statements, the governmental activities and business-type activities are presented using a 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. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Concluded)

Basis of Accounting (Concluded)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable and accrued expenses and liabilities) are *not recorded* in these financial statements.

C. Government-Wide and Fund Financial Statements

The Village of Cobden's government-wide financial statements include the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis and display information about the reporting government as a whole. These statements focus on the sustainability of the Village as an entity and the change in aggregate financial position resulting from activities of the current fiscal period. The statements include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village's utility services are classified as business-type activities. All other services are classified as governmental activities.

All of the Village of Cobden's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position – Modified Cash Basis. The Statement of Activities – Modified Cash Basis demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and proprietary funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities such as payables, receivables, and transfers. Any interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet – Modified Cash Basis and the proprietary fund Statement of Net Position – Modified Cash Basis and as other financing sources (uses) on the governmental fund Statement of Revenues, Expenses and Changes in Fund Balance – Modified Cash basis and the proprietary fund Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis. All interfund transactions between governmental funds or proprietary funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and business-type funds remain as due to/ due from or as a transfer on the government-wide financial statements.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Concluded)

The purpose of interfund borrowing and permanent transfers is to cover temporary or permanent shortfalls in cash flow within funds.

In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Village the option of electing to apply FASB pronouncements issued after November 30, 1989. The Village has elected not to apply those pronouncements.

D. 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. The Village uses governmental, proprietary and fiduciary funds. Within each fund, the Village has created a number of sub-funds in order to separately report to management the various activities within each fund.

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.

Governmental Fund Financial Statements include a Balance Sheet – Modified Cash Basis and a Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as well as the changes in fund balances as presented in these statements to the Net Position and changes in Net Position presented in the government-wide financial statements.

The governmental fund financial statements have been prepared in accordance with the modified cash basis of accounting as discussed in Note 1B above.

The Village reports the following types of governmental funds:

General Fund – The General Fund is established to account for resources devoted to financing the general services that the Village performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Village are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

Governmental Funds (Concluded)

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.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in Net Position, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenues of the Village's proprietary funds are charges to customers for utility services. Operating expenses include the cost of these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary Fund Financial Statements include a Statement of Net Position – Modified Cash Basis, a Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis, and a Statement of Cash Flows – Modified Cash Basis for each major proprietary fund and non-major funds aggregated.

The proprietary fund financial statements have been prepared in accordance with the modified cash basis of accounting as discussed in Note 1B above.

The Village reports the following type of proprietary fund:

Enterprise Funds - Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The purpose of the Village's Enterprise Funds is to provide utility services to the Village.

Fiduciary Funds

Trust Funds - The Trust Funds are established to account for assets held by the Village in a trustee capacity. These funds include the Cemetery Perpetual Trust Fund.

Major and Nonmajor Funds

As prescribed by GASB Statement No. 34, government and proprietary fund reporting focuses on the major fund, rather than on fund type. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of an individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Major and Nonmajor Funds (Concluded)

- b. Total assets, liabilities, revenues, or expenditures of an individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Funds that do not meet the major fund determination requirements are reported in aggregate as nonmajor governmental funds and/or nonmajor proprietary funds. The Village has presented all major funds that have met the above criteria.

Major Funds

The Village reports on the following major governmental funds:

General Fund – This is the Village’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village reports on the following major proprietary funds:

Water Fund – This fund accounts for the activities related to the water distribution system.

Sewer Fund – This fund accounts for the activities related to the sewage pumping station and sewage treatment lagoons.

Gas Fund – This fund accounts for the activities related to the gas distribution system.

Nonmajor Funds

The Village reports on the following nonmajor governmental funds:

Motor Fuel Tax Fund – This fund is a special revenue fund established to receive allotments of motor fuel taxes from the State of Illinois. This money is restricted to specific programs approved by the State.

Tax Increment Financing (TIF) Fund – This fund accounts for the activities related to the development or redevelopment of property within the TIF district.

The Village does not have any nonmajor proprietary funds.

E. Net Position

Equity is classified as Net Position in the government-wide financial statements and is displayed in three components:

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Net Position (Concluded)

Net investment in capital assets – Consists of 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 improvement of those assets.

Restricted Net Position – Consists of Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted Net Position – All other Net Position that does not meet the definition of "restricted" or "invested in capital assets."

F. Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet – Modified Cash Basis:

Nonspendable fund balance – The portion of a governmental fund's Net Position that are not available to be spent, either short term or long term, in either form or through legal restrictions. The Village of Cobden has no nonspendable fund balances.

Restricted fund balance – The portion of a governmental fund's Net Position with constraints placed on the use of resources which are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislations. The following funds have restricted fund balances: Motor Fuel Tax Fund (\$25,553) and Tax Increment Financing Fund (\$70,190).

Committed fund balance – The portion of a governmental fund's Net Position with self-imposed constraints or limitations that have been placed at the highest level of decision making. The Village of Cobden has no committed fund balances.

Assigned fund balance – The portion of a governmental fund's Net Position for which an intended use of resources has been denoted. The accounts presented with assigned fund balances are specified for a particular purpose by the Board of Trustees. The Village of Cobden has no assigned fund balances.

Unassigned fund balance – Available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following General Fund accounts have unassigned fund balances: General Administration, Cemetery, Fire, Parks, Police and Streets.

Unless specifically identified, expenditures act to reduce restricted fund balances first, then committed balances, next assigned balances, and finally unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents

For purposes of the statement of cash flows of the enterprise funds, the Village considers all cash and certificates of deposit to be cash and cash equivalents.

H. Capital Assets

The accounting treatment over fixed assets depends on whether the assets are used in the governmental fund operations or proprietary funds operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment & Vehicles	5-10 years
Buildings	40-50 years
Land improvements	20 years
Infrastructure	30-50 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

GASB No. 34 required the Village to begin reporting and depreciating new infrastructure effective with the beginning of the year ended April 30, 2005. Infrastructure assets include roads, bridges, underground pipe, traffic signals, etc.

I. Encumbrances

The Village does not maintain information concerning encumbrances; therefore, no amounts for encumbrances are reported in the financial statements.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

J. 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 the passage of an ordinance.

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

K. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires the use of management's estimates. Accordingly, actual results may differ from those estimates.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations resulting from cash transactions are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of any applicable bond premium or discount.

M. Date of Management's Review

The Village of Cobden has evaluated subsequent events through October 17, 2019, the date which the financial statements were available to be issued.

NOTE 2: PROPERTY TAX

The Village's Property Tax Levy is due on the second Tuesday in December. The County Clerk (Union County, Illinois) calculates, extends, bills and collects the Village's property taxes. The property taxes are payable in two installments.

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The 2017 levy was passed by the Board on July 17, 2017. Property taxes attach as an enforceable lien on property as of the January 1. The property taxes are typically due in July and September, and are distributed to the Village in August, September, and November. Taxes recorded in these financial statements are from the 2017 and prior tax levies for which payments were received during the year ended April 30, 2019.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 2: PROPERTY TAX (CONCLUDED)

The following are the tax rate limits permitted by Local Referendum and the actual rates levied per \$100.00 of assessed valuation:

Fund	Limit	2017 Payable 2018 Levy
Corporate	.32000	.24615
Police Protection	.07500	.07385
Fire Protection	.07500	.07385
Street Lighting	.05000	.04923
Parks	.07500	.07385
Social Security	As Needed	.10299
Illinois Municipal Retirement Fund	As Needed	.10299
Unemployment Insurance	As Needed	.04303
School Crossing Guards	.02000	.01970
		<u>.78564</u>

NOTE 3: CASH AND CASH EQUIVALENTS

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

At April 30, 2019, the carrying amount of the Village's cash deposits, including certificates of deposit, was \$758,563 which includes \$100 in petty cash maintained by various funds. The bank balance of these deposits was \$753,233. Of the total bank balance as of April 30, 2019, \$607,572 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$81,188 was collateralized by securities pledged by the Village's financial institution in the name of the Village. A total of \$64,473 was uncollateralized at April 30, 2019.

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 secured by some form of collateral with a written agreement and held at an independent, third-party institution, in the name of the Village.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 4: CAPITAL ASSETS

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 33,038	\$ -	\$ -	\$ 33,038
 <u>Other Capital Assets:</u>				
Equipment & Vehicles	843,410	\$ 38,265	\$ -	881,675
Building	334,001	-	-	334,001
Land improvements	-	6,950	-	6,950
	<u>1,177,411</u>	<u>\$ 45,215</u>	<u>\$ -</u>	<u>1,222,626</u>
 <u>Accumulated Depreciation:</u>				
Equipment & Vehicles	692,898	\$ 42,991	\$ -	735,889
Building	151,581	8,197	-	159,778
	-	145	-	145
	<u>844,479</u>	<u>\$ 51,333</u>	<u>\$ -</u>	<u>895,812</u>
Other Capital Assets, Net	<u>332,932</u>			<u>326,814</u>
 Capital Assets, Net	<u>\$ 365,970</u>			<u>\$ 359,852</u>

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Business-Type Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 23,669	\$ -	\$ -	\$ 23,669
Construction in Progress	-	27,247	-	27,247
	<u>23,669</u>	<u>\$ 27,247</u>	<u>\$ -</u>	<u>50,916</u>
 <u>Other Capital Assets:</u>				
Equipment & Vehicles	380,991	\$ -	\$ -	\$ 380,991
Building	1,241,644	-	-	1,241,644
Infrastructure	2,668,067	58,368	-	2,726,435
	<u>4,290,702</u>	<u>\$ 58,368</u>	<u>\$ -</u>	<u>4,349,070</u>
 <u>Accumulated Depreciation:</u>				
Equipment & Vehicles	231,079	\$ 25,431	\$ -	256,510
Building	820,584	24,525	-	845,109
Infrastructure	48,665	59,757	-	108,422
	<u>1,100,328</u>	<u>\$ 109,713</u>	<u>\$ -</u>	<u>1,210,041</u>
Other Capital Assets, Net	<u>3,190,374</u>			<u>3,139,029</u>
 Capital Assets, Net	<u>\$ 3,214,043</u>			<u>\$ 3,189,945</u>

VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019

NOTE 4: CAPITAL ASSETS (CONCLUDED)

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$ 3,381
Public Safety	34,315
Public Works and Transportation	6,047
Social Services	2,904
Culture and recreation	4,686
Total Depreciation Expense	<u>\$ 51,333</u>

Business-Type Activities:

Water Fund	\$ 18,797
Sewer Fund	84,374
Gas Fund	6,542
Total Depreciation Expense	<u>\$ 109,713</u>

NOTE 5: BILLINGS OVERAGE PAYABLE

During the year ended April 30, 2018, the Village of Cobden determined it had been incorrectly billing one of its gas customers since 1998. The result was that the Village had overbilled the customer by a total of \$80,043. Upon learning of the error, the Village made an immediate payment of \$20,043 in order reimburse the customer for this over billing. The Village will make subsequent payments of \$10,000 on October 1 and March 1 of each year beginning October 1, 2018 and ending March 1, 2021. At April 30, 2019, the Village's current portion of this payable was \$20,000 and the noncurrent portion was \$20,000.

NOTE 6: LONG-TERM DEBT AND SERVICE REQUIREMENTS

The following is a summary of changes in long-term debt for the year ended April 30, 2019:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	<u>Lease-Purchase Agreement</u>	<u>2015 Sewerage System Revenue Bonds</u>	<u>Total</u>
Balance, May 1, 2018	\$ -	\$ 1,324,000	\$ 1,324,000
Addition of New Debt	17,265	-	17,265
Debt Retired	4,348	24,000	28,348
Balance, April 30, 2019	<u>\$ 12,917</u>	<u>\$ 1,300,000</u>	<u>\$ 1,312,917</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 6: LONG-TERM DEBT AND SERVICE REQUIREMENTS (CONTINUED)

The following is a description of the debt issues and the debt service requirements to maturity:

Lease-Purchase Agreement

Ford F-150 Police Vehicle
Lessor: Ford Credit
Dated: September 25, 2018
Interest Rate: 6.9%
Principal: \$17,265
Maturity Date: June 25, 2021
Collateral: Ford F-150 Police Vehicle

Fiscal Year	Principal	Interest	Total
2020	\$ 5,728	\$ 783	\$ 6,511
2021	6,134	377	6,511
2022	1,055	28	1,083
	<u>\$ 12,917</u>	<u>\$ 1,188</u>	<u>\$ 14,105</u>

Bonds

Sewerage System Revenue Bonds, Series 2015
Original Amount of Issuance: \$1,364,000
Principal Amount Payable: January 1
Maturity Date: January 1, 2054
Interest Rate 2.5% Semi-Annual (paid on January 1 and July 1)

Fiscal Year	Principal	Interest	Total
2020	\$ 24,000	\$ 32,200	\$ 56,200
2021	24,000	31,600	55,600
2022	24,000	31,000	55,000
2023	24,000	30,400	54,400
2024	24,000	29,800	53,800
2025-2029	140,000	138,750	278,750
2030-2034	160,000	120,000	280,000
2035-2039	184,000	98,700	282,700
2040-2044	204,000	74,450	278,450
2045-2049	232,000	47,300	279,300
2050-2054	260,000	16,650	276,650
	<u>\$ 1,300,000</u>	<u>\$ 650,850</u>	<u>\$ 1,950,850</u>

There are certain restrictions and limitations imposed by the bond ordinances that provide for the issuance and retirement of the bonds. All monies are required to be segregated and restricted in separate reserve accounts. For the year ended April 30, 2019, the Village complied with all bond ordinance requirements.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 6: LONG-TERM DEBT AND SERVICE REQUIREMENTS (CONCLUDED)

Total future debt service requirements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 29,728	\$ 32,983	\$ 62,711
2021	30,134	31,977	62,111
2022	25,055	31,028	56,083
2023	24,000	30,400	54,400
2024	24,000	29,800	53,800
2025-2029	140,000	138,750	278,750
2030-2034	160,000	120,000	280,000
2035-2039	184,000	98,700	282,700
2040-2044	204,000	74,450	278,450
2045-2049	232,000	47,300	279,300
2050-2054	260,000	16,650	276,650
	<u>\$ 1,312,917</u>	<u>\$ 652,038</u>	<u>\$ 1,964,955</u>

NOTE 7: INTERFUND TRANSFERS

The following interfund transfers occurred during the year ended April 30, 2019 in order to meet operating costs:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 138,000	\$
Proprietary		
Water		46,000
Sewer		11,000
Gas	-	56,000
Fiduciary		
Cemetery Perpetual Trust	-	25,000
	<u>\$ 138,000</u>	<u>\$ 138,000</u>

NOTE 8: PENSION AND RETIREMENT FUND COMMITMENTS

A. Illinois Municipal Retirement Fund - Defined Benefit Pension Plan

Plan Description:

The Village of Cobden's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 8: PENSION AND RETIREMENT FUND COMMITMENTS (CONCLUDED)

A. Illinois Municipal Retirement Fund - Defined Benefit Pension Plan (Concluded)

Funding Policy:

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute required employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village of Cobden's annual contribution rate for calendar year 2018 was 14.06%. The Village of Cobden also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For the calendar year December 31, 2018, the Village of Cobden's actual contributions for pension cost for the plan was \$60,790. The covered payroll for the calendar year 2018 (annual payroll of active employees covered by the plan) was \$432,361. For the year ending April 30, 2019, the Village paid \$56,179, the total required contribution for the current fiscal year

B. Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered "non-participating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The Village paid \$34,688, the total required contribution for the current fiscal year.

NOTE 9: POSTEMPLOYMENT HEALTHCARE BENEFITS

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Village provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium and, if applicable, a 2% administration fee, is paid in full by the insured each month. This program is offered for a duration of 18 months after termination date, and is subject to extension. There is no cost to the Village under this program.

In addition to COBRA Benefits, in accordance with rules established through participation in the Illinois Municipal Retirement Fund, the Village offers health insurance coverage to retirees. The cost for retirees to purchase coverage is the same as the amount active employees pay. Expenditures for postemployment healthcare benefits are recognized on a pay-as-you-go basis. During the year, no expenses were recognized for postemployment healthcare.

Accounting standards require numerous disclosure about postemployment benefits, including amounts that can only be determined through an actuarial study. The Village has elected not to incur the cost of having an actuarial study completed and therefore the amounts that should be disclosed are not known.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2019**

NOTE 10: WATER, SEWER, AND GAS USAGE STATISTICS

At year end the system had the following number of users:

Water Consumers	481
Sewer Consumers	361
Gas Consumers	306

NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds including:

- A. There were no outstanding interfund loans as of April 30, 2019.
- B. No funds had total disbursements that exceeded the budget at April 30, 2019.

NOTE 12: RISK MANAGEMENT

The Village is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the Village participates in the Illinois Municipal League Risk Management Association. The Village's policy is to record any related expenditures in the year in which they are notified of the loss. During the year ended April 30, 2019, there were no significant reductions in coverage. There have been no significant settlement amounts which have exceeded insurance coverage during the past three years. The Village is not aware of any liabilities owed as of April 30, 2019.

SUPPLEMENTARY INFORMATION

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**GENERAL FUND
BALANCE SHEET SCHEDULE - MODIFIED CASH BASIS**

April 30, 2019

	<u>General Administration</u>	<u>Cemetery</u>	<u>Fire</u>	<u>Parks</u>	<u>Police</u>	<u>Streets</u>	<u>Total</u>
ASSETS							
Current assets							
Cash and cash equivalents	\$ 5,135	\$ 8,135	\$ 4,734	\$ 2,032	\$ 13,944	\$ 1,413	\$ 35,393
Total Assets	<u>\$ 5,135</u>	<u>\$ 8,135</u>	<u>\$ 4,734</u>	<u>\$ 2,032</u>	<u>\$ 13,944</u>	<u>\$ 1,413</u>	<u>\$ 35,393</u>
LIABILITIES AND FUND BALANCE							
Current liabilities							
Payroll liabilities	\$ 1,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,109
Total Liabilities	<u>1,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,109</u>
Fund Balance							
Unassigned	<u>4,026</u>	<u>8,135</u>	<u>4,734</u>	<u>2,032</u>	<u>13,944</u>	<u>1,413</u>	<u>34,284</u>
Total Liabilities and Fund Balance	<u>\$ 5,135</u>	<u>\$ 8,135</u>	<u>\$ 4,734</u>	<u>\$ 2,032</u>	<u>\$ 13,944</u>	<u>\$ 1,413</u>	<u>\$ 35,393</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**

For the Year Ended April 30, 2019

	General Administration	Cemetery	Fire	Parks	Police	Streets	Total
Revenues							
Local taxes							
Property tax	\$ 16,689	\$ -	\$ 4,243	\$ 4,243	\$ 17,186	\$ 6,886	\$ 49,247
Utility tax	-	-	1,189	-	32,500	15,480	49,169
	<u>16,689</u>	<u>-</u>	<u>5,432</u>	<u>4,243</u>	<u>49,686</u>	<u>22,366</u>	<u>98,416</u>
Intergovernmental revenues							
Sales and use tax	-	-	4,663	4,901	41,947	26,585	78,096
Telecommunications tax	-	-	2,061	3,203	7,213	280	12,757
State income tax	-	-	2,000	6,020	54,312	50,000	112,332
Replacement tax	-	-	-	577	1,567	1,680	3,824
Video gaming tax	-	-	-	-	6,367	486	6,853
	<u>-</u>	<u>-</u>	<u>8,724</u>	<u>14,701</u>	<u>111,406</u>	<u>79,031</u>	<u>213,862</u>
Other local sources							
Fees and fines	14,653	6,460	-	-	12,602	102,799	136,514
Interest income	-	-	6	-	-	-	6
Donations	1,755	12,349	-	359	350	-	14,813
Miscellaneous	1,047	-	-	1,139	5,857	-	8,043
	<u>17,455</u>	<u>18,809</u>	<u>6</u>	<u>1,498</u>	<u>18,809</u>	<u>102,799</u>	<u>159,376</u>
Total Revenues	<u>34,144</u>	<u>18,809</u>	<u>14,162</u>	<u>20,442</u>	<u>179,901</u>	<u>204,196</u>	<u>471,654</u>
Expenditures							
Current							
General government							
Salaries and benefits	17,469	-	-	-	-	-	17,469
Contractual services	13,471	-	-	-	-	-	13,471
Small equipment / Commodities	8,362	-	-	-	-	-	8,362
Other	1,567	-	-	-	-	-	1,567
	<u>40,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,869</u>
Public safety							
Salaries and benefits	-	-	-	-	209,515	-	209,515
Contractual services	-	-	11,284	-	32,956	-	44,240
Small equipment / Commodities	-	-	2,191	-	24,411	-	26,602
Other	-	-	-	-	2,723	-	2,723
	<u>-</u>	<u>-</u>	<u>13,475</u>	<u>-</u>	<u>269,605</u>	<u>-</u>	<u>283,080</u>
Public works and transportation							
Salaries and benefits	-	-	-	-	-	90,963	90,963
Contractual services	-	-	-	-	-	116,197	116,197
Small equipment / Commodities	-	-	-	-	-	10,296	10,296
Other	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,456</u>	<u>217,456</u>
Social services							
Salaries and benefits	-	38,912	-	-	-	-	38,912
Contractual services	-	5,856	-	-	-	-	5,856
Small equipment / Commodities	-	1,286	-	-	-	-	1,286
	<u>-</u>	<u>46,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,054</u>
Culture and recreation							
Salaries and benefits	-	-	-	12,660	-	-	12,660
Contractual services	-	-	-	5,962	-	-	5,962
Small equipment / Commodities	-	-	-	2,054	-	-	2,054
Other	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,676</u>	<u>-</u>	<u>-</u>	<u>20,676</u>
Capital outlay	<u>6,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,265</u>	<u>-</u>	<u>45,215</u>
Total Expenditures	<u>47,819</u>	<u>46,054</u>	<u>13,475</u>	<u>20,676</u>	<u>307,870</u>	<u>217,456</u>	<u>653,350</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,675)</u>	<u>(27,245)</u>	<u>687</u>	<u>(234)</u>	<u>(127,969)</u>	<u>(13,260)</u>	<u>(181,696)</u>
Other Financing Sources (Uses)							
Lease-purchase agreement proceeds	-	-	-	-	17,265	-	17,265
Lease-purchase agreement principal payments	-	-	-	-	(4,348)	-	(4,348)
Lease-purchase agreement interest expense	-	-	-	-	(535)	-	(535)
Transfers (to) from other funds	-	25,000	(20,205)	-	122,205	11,000	138,000
	<u>-</u>	<u>25,000</u>	<u>(20,205)</u>	<u>-</u>	<u>134,587</u>	<u>11,000</u>	<u>150,382</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(13,675)</u>	<u>(2,245)</u>	<u>(19,518)</u>	<u>(234)</u>	<u>6,618</u>	<u>(2,260)</u>	<u>(31,314)</u>
Fund Balance, May 1, 2018	<u>17,701</u>	<u>10,380</u>	<u>24,252</u>	<u>2,266</u>	<u>7,326</u>	<u>3,673</u>	<u>65,598</u>
Fund Balance, April 30, 2019	<u>\$ 4,026</u>	<u>\$ 8,135</u>	<u>\$ 4,734</u>	<u>\$ 2,032</u>	<u>\$ 13,944</u>	<u>\$ 1,413</u>	<u>\$ 34,284</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

April 30, 2019

	<u>Motor Fuel Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 25,553	\$ 70,190	\$ 95,743
 Total Assets	 <u>\$ 25,553</u>	 <u>\$ 70,190</u>	 <u>\$ 95,743</u>
 LIABILITIES AND FUND BALANCE			
Liabilities	\$ -	\$ -	\$ -
 Fund Balance			
Restricted	 <u>25,553</u>	 <u>70,190</u>	 <u>95,743</u>
 Total Liabilities and Fund Balance	 <u>\$ 25,553</u>	 <u>\$ 70,190</u>	 <u>\$ 95,743</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

For the Year Ended April 30, 2019

	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
Revenues			
Local taxes			
Property tax	\$ -	\$ 32,876	\$ 32,876
	<u>-</u>	<u>32,876</u>	<u>32,876</u>
Intergovernmental revenues			
Motor fuel tax	29,458	-	29,458
	<u>29,458</u>	<u>-</u>	<u>29,458</u>
Other local sources			
Interest income	15	56	71
	<u>15</u>	<u>56</u>	<u>71</u>
Total Revenues	<u>29,473</u>	<u>32,932</u>	<u>62,405</u>
Expenditures			
Current			
General government			
Contractual services	-	6,793	6,793
	<u>-</u>	<u>6,793</u>	<u>6,793</u>
Public works and transportation			
Salaries and benefits	6,248	-	6,248
Contractual services	20,303	-	20,303
	<u>26,551</u>	<u>-</u>	<u>26,551</u>
Total Expenditures	<u>26,551</u>	<u>6,793</u>	<u>33,344</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,922</u>	<u>26,139</u>	<u>29,061</u>
Fund Balance, May 1, 2018	<u>22,631</u>	<u>44,051</u>	<u>66,682</u>
Fund Balance, April 30, 2019	<u>\$ 25,553</u>	<u>\$ 70,190</u>	<u>\$ 95,743</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS - GENERAL FUND
GENERAL ADMINISTRATION**

For the Year Ended April 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local taxes				
Property tax	\$ 18,875	\$ 16,690	\$ 16,689	\$ (1)
	18,875	16,690	16,689	(1)
Other local sources				
Fees and fines	14,125	14,380	14,653	273
Donations	-	-	1,755	1,755
Miscellaneous	1,430	1,200	1,047	(153)
	15,555	15,580	17,455	1,875
Total Revenues	34,430	32,270	34,144	1,874
Expenditures				
Current				
General government				
Salaries and benefits	14,850	17,515	17,469	(46)
Contractual services	19,715	14,195	13,471	(724)
Small equipment / Commodities	8,660	7,860	8,362	502
Other	1,540	1,400	1,567	167
Capital Outlay	1,000	900	6,950	6,050
Total Expenditures	45,765	41,870	47,819	5,949
Excess (Deficiency) of Revenues over Expenditures	(11,335)	(9,600)	(13,675)	(4,075)
Other Financing Sources (Uses)				
Transfers (to) from other funds	-	-	-	-
	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	(11,335)	(9,600)	(13,675)	(4,075)
Fund Balance, May 1, 2018	17,701	17,701	17,701	-
Fund Balance, April 30, 2019	\$ 6,366	\$ 8,101	\$ 4,026	\$ (4,075)

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS - GENERAL FUND
CEMETERY**

For the Year Ended April 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other local sources				
Fees and fines	\$ 14,600	\$ 9,400	\$ 6,460	\$ (2,940)
Donations	13,300	13,300	12,349	(951)
	<u>27,900</u>	<u>22,700</u>	<u>18,809</u>	<u>(3,891)</u>
 Total Revenues	 <u>27,900</u>	 <u>22,700</u>	 <u>18,809</u>	 <u>(3,891)</u>
Expenditures				
Current				
Social services				
Salaries and benefits	48,135	42,235	38,912	(3,323)
Contractual services	22,465	9,605	5,856	(3,749)
Small equipment / Commodities	7,185	6,270	1,286	(4,984)
Capital Outlay	<u>1,195</u>	<u>1,195</u>	<u>-</u>	<u>(1,195)</u>
 Total Expenditures	 <u>78,980</u>	 <u>59,305</u>	 <u>46,054</u>	 <u>(13,251)</u>
 Excess (Deficiency) of Revenues over Expenditures	 (51,080)	 (36,605)	 (27,245)	 9,360
 Other Financing Sources (Uses)				
Transfers (to) from other funds	<u>51,500</u>	<u>33,000</u>	<u>25,000</u>	<u>(8,000)</u>
 Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	 420	 (3,605)	 (2,245)	 1,360
 Fund Balance, May 1, 2018	 <u>10,380</u>	 <u>10,380</u>	 <u>10,380</u>	 <u>-</u>
 Fund Balance, April 30, 2019	 <u><u>\$ 10,800</u></u>	 <u><u>\$ 6,775</u></u>	 <u><u>\$ 8,135</u></u>	 <u><u>\$ 1,360</u></u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS - GENERAL FUND
FIRE**

For the Year Ended April 30, 2019

	Budgeted Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local taxes				
Property tax	\$ 4,500	\$ 4,245	\$ 4,243	\$ (2)
Utility tax	3,000	3,000	1,189	(1,811)
	<u>7,500</u>	<u>7,245</u>	<u>5,432</u>	<u>(1,813)</u>
Intergovernmental revenues				
Sales and use tax	10,000	10,000	4,663	(5,337)
Telecommunications tax	2,000	2,060	2,061	1
State income tax	5,000	5,000	2,000	(3,000)
	<u>17,000</u>	<u>17,060</u>	<u>8,724</u>	<u>(8,336)</u>
Other local sources				
Interest income	-	-	6	6
	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
Total Revenues	<u>24,500</u>	<u>24,305</u>	<u>14,162</u>	<u>(10,143)</u>
Expenditures Disbursed				
Current				
Public safety				
Contractual services	15,000	10,180	11,284	1,104
Small equipment / Commodities	11,735	8,975	2,191	(6,784)
Other	85	85	-	(85)
Capital outlay	<u>7,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total Expenditures	<u>33,820</u>	<u>24,240</u>	<u>13,475</u>	<u>(10,765)</u>
Excess (Deficiency) of Revenues over Expenditures	(9,320)	65	687	622
Other Financing Sources (Uses)				
Transfers (to) from other funds	<u>10,000</u>	<u>-</u>	<u>(20,205)</u>	<u>(20,205)</u>
	<u>10,000</u>	<u>-</u>	<u>(20,205)</u>	<u>(20,205)</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	680	65	(19,518)	(19,583)
Fund Balance, May 1, 2018	<u>24,252</u>	<u>24,252</u>	<u>24,252</u>	<u>-</u>
Fund Balance, April 30, 2019	<u>\$ 24,932</u>	<u>\$ 24,317</u>	<u>\$ 4,734</u>	<u>\$ (19,583)</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS - GENERAL FUND
PARKS**

For the Year Ended April 30, 2019

	Budgeted Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local taxes				
Property tax	\$ 4,135	\$ 4,245	\$ 4,243	\$ (2)
	<u>4,135</u>	<u>4,245</u>	<u>4,243</u>	<u>(2)</u>
Intergovernmental revenues				
Sales and use tax	6,885	6,885	4,901	(1,984)
Telecommunications tax	2,795	2,795	3,203	408
State income tax	6,020	6,020	6,020	-
Replacement tax	720	720	577	(143)
Video gaming tax	465	-	-	-
	<u>16,885</u>	<u>16,420</u>	<u>14,701</u>	<u>(1,719)</u>
Other local sources				
Donations	3,000	1,000	359	(641)
Miscellaneous	2,200	1,900	1,139	(761)
	<u>5,200</u>	<u>2,900</u>	<u>1,498</u>	<u>(1,402)</u>
Total Revenues	<u>26,220</u>	<u>23,565</u>	<u>20,442</u>	<u>(3,123)</u>
Expenditures				
Current				
Culture and recreation				
Salaries and benefits	12,565	13,080	12,660	(420)
Contractual services	8,340	5,980	5,962	(18)
Small equipment / Commodities	3,400	3,405	2,054	(1,351)
Other	355	-	-	-
Capital outlay	1,515	1,125	-	(1,125)
Total Expenditures	<u>26,175</u>	<u>23,590</u>	<u>20,676</u>	<u>(2,914)</u>
Excess (Deficiency) of Revenues over Expenditures	45	(25)	(234)	(209)
Other Financing Sources (Uses)				
Transfers (to) from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	45	(25)	(234)	(209)
Fund Balance, May 1, 2018	<u>2,266</u>	<u>2,266</u>	<u>2,266</u>	<u>-</u>
Fund Balance, April 30, 2019	<u>\$ 2,311</u>	<u>\$ 2,241</u>	<u>\$ 2,032</u>	<u>\$ (209)</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS - GENERAL FUND
POLICE**

For the Year Ended April 30, 2019

	Budgeted Amount		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local taxes				
Property tax	\$ 5,240	\$ 17,185	\$ 17,186	\$ 1
Utility tax	32,500	32,500	32,500	-
	<u>37,740</u>	<u>49,685</u>	<u>49,686</u>	<u>1</u>
Intergovernmental revenues				
Sales and use tax	38,415	39,420	41,947	2,527
Telecommunications tax	14,015	10,000	7,213	(2,787)
State income tax	89,835	70,000	54,312	(15,688)
Replacement tax	2,020	2,020	1,567	(453)
Video gaming tax	3,000	-	6,367	6,367
	<u>147,285</u>	<u>121,440</u>	<u>111,406</u>	<u>(10,034)</u>
Other local sources				
Fees and fines	14,750	12,615	12,602	(13)
Donations	-	350	350	-
Miscellaneous	2,100	2,280	5,857	3,577
Grant funds	-	-	-	-
	<u>16,850</u>	<u>15,245</u>	<u>18,809</u>	<u>3,564</u>
Total Revenues	<u>201,875</u>	<u>186,370</u>	<u>179,901</u>	<u>(6,469)</u>
Expenditures				
Current				
Public safety				
Salaries and benefits	227,910	219,450	209,515	(9,935)
Contractual services	44,065	38,770	32,956	(5,814)
Small equipment / Commodities	19,350	19,670	24,411	4,741
Other	480	100	2,723	2,623
Capital outlay	45,700	31,440	38,265	6,825
Total Expenditures	<u>337,505</u>	<u>309,430</u>	<u>307,870</u>	<u>(1,560)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(135,630)</u>	<u>(123,060)</u>	<u>(127,969)</u>	<u>(4,909)</u>
Other Financing Sources (Uses)				
Lease-purchase agreement proceeds	-	-	17,265	17,265
Lease-purchase agreement principal payments	-	-	(4,348)	(4,348)
Lease-purchase agreement interest expense	-	-	(535)	(535)
Transfers (to) from other funds	135,700	118,705	122,205	3,500
	<u>135,700</u>	<u>118,705</u>	<u>134,587</u>	<u>15,882</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	70	(4,355)	6,618	10,973
Fund Balance, May 1, 2018	<u>7,326</u>	<u>7,326</u>	<u>7,326</u>	<u>-</u>
Fund Balance, April 30, 2019	<u>\$ 7,396</u>	<u>\$ 2,971</u>	<u>\$ 13,944</u>	<u>\$ 10,973</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS - GENERAL FUND
STREETS**

For the Year Ended April 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local taxes				
Property tax	\$ 6,925	\$ 6,885	\$ 6,886	\$ 1
Utility tax	10,810	15,500	15,480	(20)
	<u>17,735</u>	<u>22,385</u>	<u>22,366</u>	<u>(19)</u>
Intergovernmental revenues				
Sales and use tax	26,540	26,585	26,585	-
Telecommunications tax	280	280	280	-
State income tax	50,000	50,000	50,000	-
Replacement tax	1,680	1,680	1,680	-
Video gaming tax	1,480	485	486	1
	<u>79,980</u>	<u>79,030</u>	<u>79,031</u>	<u>1</u>
Other local sources				
Fees and fines	102,620	104,125	102,799	(1,326)
	<u>102,620</u>	<u>104,125</u>	<u>102,799</u>	<u>(1,326)</u>
Total Revenues	<u>200,335</u>	<u>205,540</u>	<u>204,196</u>	<u>(1,344)</u>
Expenditures				
Current				
Public works and transportation				
Salaries and benefits	94,015	100,405	90,963	(9,442)
Contractual services	136,020	123,170	116,197	(6,973)
Small equipment / Commodities	13,110	15,225	10,296	(4,929)
Other	125	125	-	(125)
Capital outlay	19,800	5,000	-	(5,000)
Total Expenditures	<u>263,070</u>	<u>243,925</u>	<u>217,456</u>	<u>(26,469)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(62,735)</u>	<u>(38,385)</u>	<u>(13,260)</u>	<u>25,125</u>
Other Financing Sources (Uses)				
Transfers (to) from other funds	<u>62,745</u>	<u>37,000</u>	<u>11,000</u>	<u>(26,000)</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	<u>10</u>	<u>(1,385)</u>	<u>(2,260)</u>	<u>(875)</u>
Fund Balance, May 1, 2018	<u>3,673</u>	<u>3,673</u>	<u>3,673</u>	<u>-</u>
Fund Balance, April 30, 2019	<u><u>\$ 3,683</u></u>	<u><u>\$ 2,288</u></u>	<u><u>\$ 1,413</u></u>	<u><u>\$ (875)</u></u>

SCHEDULE OF FINDINGS AND RESPONSES

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended April 30, 2019**

Finding No. 2019-001 – Oversight for Drafting Financial Statements

Criteria/Specific Requirement:

The Village is required to maintain a system of controls over the preparation of financial statements, including footnotes and the schedule of expenditures of federal awards, in accordance with the modified cash basis of accounting. The Village's internal controls over the modified cash basis financial reporting should include adequately trained personnel with the knowledge, skills and experience to prepare modified cash basis financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental funds balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the Statement requires information about the government's major and nonmajor funds in the aggregate, to be provided in the fund financial statements.

Condition:

The Village does not have sufficient internal controls over the financial reporting process. While the Village maintains controls over the processing of most accounting transactions, such as the governmental fund and proprietary fund financial statements, there are not sufficient controls over the preparation of modified cash basis financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Effect:

The Village's management or employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause:

Lack of technical training. Prior auditing standards did not require an entity's accounting personnel or members of management to possess the level of technical expertise that is currently required by standards.

Recommendation:

As part of internal control over the preparation of financial statements, the Village should implement comprehensive preparation procedures to ensure that the financial statements are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable modified cash, GAAP, and GASB pronouncements, and knowledge of the Village's activities and operations. This could include providing additional training to the Village's current accounting personnel, as well as, trying to attract an individual with a higher level accounting background to serve as a Village Trustee.

Management's Response:

Management agrees with this finding.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the year ended April 30, 2019**

Finding No. 2019-002 – Inadequate Internal Controls

Criteria/Specific Requirement:

The Village is responsible for establishing and maintaining an internal control system over receipts and disbursements to prevent unintentional or intentional errors, misappropriations of assets, and fraud.

Condition:

The following deficiencies were noted during our review of internal control:

- a) Inadequate segregation of duties exist over cash/check receipts as almost all cash/check receipt process procedures are performed by the Village clerks with no review.
- b) The accounting software used for utility billings and payroll is not integrated with the general accounting software. Inadequate segregation of duties exist over utility revenue and payroll, as someone independent of recording utility billings and payroll does not reconcile the entries made into the general ledger accounting software.
- c) Journal entries are not reviewed and/or approved by anyone independent of the journal entry process.

Effect:

Risk of loss due to intentional or unintentional error.

Cause:

Management's oversight of internal controls.

Recommendation:

The Village should formally segregate duties between the Clerk and the Deputy Clerk and, where appropriate, members of the Board of Trustees, in order to allow for proper checks and balances of the day to day operations. In addition, the Village Treasurer should review and document approval on all journal entries. The Village should also have an individual independent of recording utility billings and payroll reconcile these entries into the general accounting software.

Management's Response:

Management agrees with this finding.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the year ended April 30, 2019**

Finding No. 2019-003 – Economic Interest Statements

Criteria/Specific Requirement:

Chapter 5 section 420/4A-101 of the *Illinois Compiled Statutes* requires that certain persons employed by the Village or persons who are elected to hold an office of the Village file an economic interest statement annually with the County Clerk's office.

Condition:

The Village Clerk appropriately notified the County Clerk of those who are required to file. The County Clerk has the responsibility of notifying the individual and obtaining the economic interest statement from each by the filing due date. Based on the audit procedures performed, it was determined that six of the twenty-one Village employees and officials failed to file such statements with the County Clerk's office by May 1, 2018.

Effect:

Failure to file this statement subjects the individuals to potential fines and jeopardizes their elected office or position of employment with the Village.

Cause:

Failure to file is due to an apparent oversight by certain Village officials & personnel who are required to file.

Recommendation:

The Village, in conjunction with the County Clerk, should take the necessary steps to ensure that all economic interest statements are correctly and timely filed. One recommendation would be for the Village to consider having all applicable individuals sign the economic interest statements at the same time, such as at a board meeting, and then submit all of the forms together to ensure all filings are made in a timely manner.

Management's Response:

Management agrees with this finding

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES (CONCLUDED)
For the year ended April 30, 2019**

Finding No. 2019-004 – Under-collateralized Deposits / Investments

Criteria/Specific Requirement:

The Village is required to have deposit/investment accounts at financial institutions properly collateralized.

Condition:

The amount of the Village's cash deposits were in excess of federally insured limits at one financial institution.

Effect:

Failure to be fully collateralized can result in losing excess funds of the federally insured limits if the financial institution fails.

Cause:

Failure to be fully collateralized is due to an apparent oversight by certain Village officials.

Recommendation:

The Village, in conjunction with its financial institution, will monitor the amount of pledged collateral throughout the year to assess that sufficient collateral is being maintained at each financial institution.

Management's Response:

Management agrees with this finding