

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

ANNUAL FINANCIAL REPORT

APRIL 30, 2018

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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, 2018, 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 September 5, 2018 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 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

KEMPER CPA GROUP LLP

Certified Public Accountants and Consultants

Marion, Illinois
September 5, 2018

**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, 2018, 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 September 5, 2018. 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 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

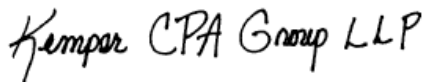
As part of obtaining reasonable assurance about whether the Village of Cobden's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and 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 item 2018-003.

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
September 5, 2018

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 133,065	\$ 297,824	\$ 430,889
Noncurrent assets			
Capital assets not being depreciated			
Land	33,038	23,669	56,707
Total capital assets not being depreciated	<u>33,038</u>	<u>23,669</u>	<u>56,707</u>
Other capital assets			
Equipment and vehicles	843,410	380,991	1,224,401
Buildings	334,001	1,241,644	1,575,645
Infrastructure	-	2,668,067	2,668,067
Less accumulated depreciation	(844,479)	(1,100,328)	(1,944,807)
Total other capital assets, net	<u>332,932</u>	<u>3,190,374</u>	<u>3,523,306</u>
Total noncurrent assets	<u>365,970</u>	<u>3,214,043</u>	<u>3,580,013</u>
Total Assets	<u>499,035</u>	<u>3,511,867</u>	<u>4,010,902</u>
LIABILITIES			
Current liabilities			
Utility deposits	-	6,188	6,188
Payroll liabilities	785	-	785
Current portion of billings overage payable	-	20,000	20,000
Current portion of bonds payable	-	24,000	24,000
Total Current Liabilities	<u>785</u>	<u>50,188</u>	<u>50,973</u>
Noncurrent Liabilities			
Billings overage payable	-	40,000	40,000
Bonds payable	-	1,300,000	1,300,000
Total Noncurrent Liabilities	<u>-</u>	<u>1,340,000</u>	<u>1,340,000</u>
Total Liabilities	<u>785</u>	<u>1,390,188</u>	<u>1,390,973</u>
NET POSITION			
Net investment in capital assets	365,970	1,890,043	2,256,013
Restricted	66,682	-	66,682
Unrestricted	<u>65,598</u>	<u>231,636</u>	<u>297,234</u>
Total Net Position	<u>\$ 498,250</u>	<u>\$ 2,121,679</u>	<u>\$ 2,619,929</u>

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, 2018

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	\$ 43,018	\$ 12,244	\$ 7,395	\$ -	\$ (23,379)	\$ -	\$ (23,379)
Public safety	309,551	10,498	-	-	(299,053)	-	(299,053)
Public works and transportation	253,070	103,096	29,426	-	(120,548)	-	(120,548)
Social services	51,404	12,190	12,418	-	(26,796)	-	(26,796)
Culture and recreation	23,162	-	2,201	-	(20,961)	-	(20,961)
Total Governmental Activities	680,205	138,028	51,440	-	(490,737)	-	(490,737)
Business-type Activities:							
Water fund	331,496	338,885	-	-	-	7,389	7,389
Sewer fund	212,813	164,469	-	433,000	-	384,656	384,656
Gas fund	329,061	269,517	-	-	-	(59,544)	(59,544)
Total Business-type Activities	873,370	772,871	-	433,000	-	332,501	332,501
Total Primary Government	\$ 1,553,575	\$ 910,899	\$ 51,440	\$ 433,000	(490,737)	332,501	(158,236)
General Revenues and Transfers:							
Taxes							
Property tax					72,256	-	72,256
Utility tax					46,269	-	46,269
Sales and use tax					70,185	-	70,185
Telecommunications tax					13,212	-	13,212
State income tax					122,556	-	122,556
Replacement tax					3,706	-	3,706
Video gaming tax					5,245	-	5,245
Interest income					70	284	354
Other receipts and reimbursements					7,224	-	7,224
Transfers (to) from other funds					146,935	(117,765)	29,170
Total General Revenues and Transfers					487,658	(117,481)	370,177
Change in Net Position					(3,079)	215,020	211,941
Net Position, May 1, 2017					501,329	1,906,659	2,407,988
Net Position, April 30, 2018					\$ 498,250	\$ 2,121,679	\$ 2,619,929

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, 2018

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 66,383	\$ 66,682	\$ 133,065
Total Assets	<u>\$ 66,383</u>	<u>\$ 66,682</u>	<u>\$ 133,065</u>
LIABILITIES AND FUND BALANCE			
Current liabilities			
Payroll liabilities	\$ 785	\$ -	\$ 785
Total Liabilities	<u>785</u>	<u>-</u>	<u>785</u>
Fund Balance			
Restricted	-	66,682	66,682
Unassigned	65,598	-	65,598
Total Fund Balances	<u>65,598</u>	<u>66,682</u>	<u>132,280</u>
Total Liabilities and Fund Balance	<u>\$ 66,383</u>	<u>\$ 66,682</u>	<u>\$ 133,065</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, 2018

Total Fund Balances—Governmental Funds	\$ 132,280
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.	<u>365,970</u>
Net Position of Governmental Activities	<u><u>\$ 498,250</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, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenues			
Local taxes			
Property tax	\$ 44,220	\$ 28,036	\$ 72,256
Utility tax	46,269	-	46,269
	<u>90,489</u>	<u>28,036</u>	<u>118,525</u>
Intergovernmental revenues			
Sales and use tax	70,185	-	70,185
Telecommunications tax	13,212	-	13,212
State income tax	122,556	-	122,556
Replacement tax	3,706	-	3,706
Video gaming tax	5,245	-	5,245
Motor fuel tax	-	29,426	29,426
	<u>214,904</u>	<u>29,426</u>	<u>244,330</u>
Other local sources			
Fees and fines	138,028	-	138,028
Interest income	20	50	70
Donations	22,014	-	22,014
Miscellaneous	7,224	-	7,224
	<u>167,286</u>	<u>50</u>	<u>167,336</u>
Total Revenues	<u>472,679</u>	<u>57,512</u>	<u>530,191</u>
Expenditures			
Current			
General government	33,266	6,515	39,781
Public safety	277,254	-	277,254
Public works and transportation	211,015	33,148	244,163
Social services	48,500	-	48,500
Culture and recreation	18,476	-	18,476
Capital outlay	9,950	-	9,950
	<u>598,461</u>	<u>39,663</u>	<u>638,124</u>
Total Expenditures	<u>598,461</u>	<u>39,663</u>	<u>638,124</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(125,782)</u>	<u>17,849</u>	<u>(107,933)</u>
Other Financing Sources (Uses)			
Transfers (to) from other funds	146,935	-	146,935
	<u>146,935</u>	<u>-</u>	<u>146,935</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	21,153	17,849	39,002
Fund Balance, May 1, 2017	<u>44,445</u>	<u>48,833</u>	<u>93,278</u>
Fund Balance, April 30, 2018	<u>\$ 65,598</u>	<u>\$ 66,682</u>	<u>\$ 132,280</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, 2018

Net Change in Fund Balance - Total Governmental Funds	\$ 39,002
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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	\$ 9,950	
Depreciation expense	(52,031)	
Loss on disposal of capital asset	-	(42,081)
	<hr/>	<hr/>

Change in Net Position of Governmental Activities	\$ <u>(3,079)</u>
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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, 2018

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Gas Fund	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 40,975	\$ 171,132	\$ 85,717	\$ 297,824
Noncurrent assets				
Capital assets not being depreciated				
Land	13,669	10,000	-	23,669
Total capital assets not being depreciated	13,669	10,000	-	23,669
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	105,634	2,526,897	35,536	2,668,067
Less accumulated depreciation	(224,585)	(749,698)	(126,045)	(1,100,328)
Total other capital assets, net	327,185	2,827,486	35,703	3,190,374
Total noncurrent assets	340,854	2,837,486	35,703	3,214,043
Total Assets	381,829	3,008,618	121,420	3,511,867
LIABILITIES				
Current Liabilities				
Utility deposits	4,045	-	2,143	6,188
Current portion of billing overage payable	-	-	20,000	20,000
Current portion of bonds payable	-	24,000	-	24,000
Total current liabilities	4,045	24,000	22,143	50,188
Noncurrent Liabilities				
Billings overage payable	-	-	40,000	40,000
Bonds payable	-	1,300,000	-	1,300,000
Total noncurrent liabilities	-	1,300,000	40,000	1,340,000
Total Liabilities	4,045	1,324,000	62,143	1,390,188
NET POSITION				
Net investment in capital assets	340,854	1,513,486	35,703	1,890,043
Unrestricted	36,930	171,132	23,574	231,636
Total Net Position	\$ 377,784	\$ 1,684,618	\$ 59,277	\$ 2,121,679

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, 2018

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Gas Fund	
Operating Revenues				
Charges for services	\$ 338,885	\$ 164,469	\$ 269,517	\$ 772,871
Cost of services	-	-	(91,471)	(91,471)
Gross margin	<u>338,885</u>	<u>164,469</u>	<u>178,046</u>	<u>681,400</u>
Operating Expenses				
Salaries and benefits	226,204	67,956	85,563	379,723
Contractual expenses	66,728	58,522	58,041	183,291
Supplies / Commodities	24,720	4,371	7,399	36,490
Interest & service charge	-	28,560	-	28,560
Depreciation	13,504	53,404	6,543	73,451
Other	340	-	80,044	80,384
	<u>331,496</u>	<u>212,813</u>	<u>237,590</u>	<u>781,899</u>
Operating Revenues over (under) Operating Expenditures	<u>7,389</u>	<u>(48,344)</u>	<u>(59,544)</u>	<u>(100,499)</u>
Non-Operating Items				
Interest income	<u>42</u>	<u>180</u>	<u>62</u>	<u>284</u>
Income (Loss) before Contributions and Transfers	7,431	(48,164)	(59,482)	(100,215)
Capital Contributions				
Federal grants	-	433,000	-	433,000
Transfers (to) from other funds	<u>36,495</u>	<u>(76,895)</u>	<u>(77,365)</u>	<u>(117,765)</u>
Change in Net Position	43,926	307,941	(136,847)	215,020
Net Position, May 1, 2017	<u>333,858</u>	<u>1,376,677</u>	<u>196,124</u>	<u>1,906,659</u>
Net Position, April 30, 2018	<u>\$ 377,784</u>	<u>\$ 1,684,618</u>	<u>\$ 59,277</u>	<u>\$ 2,121,679</u>

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, 2018

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Gas Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 338,885	\$ 164,469	\$ 269,517	\$ 772,871
Payments to suppliers	(91,788)	(62,893)	(236,955)	(391,636)
Payments to employees	(226,204)	(67,956)	(85,563)	(379,723)
Other receipts (payments)	(600)	-	58,548	57,948
Net cash provided (used) by operating activities	<u>20,293</u>	<u>33,620</u>	<u>5,547</u>	<u>59,460</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (to) from other funds	36,495	(76,895)	(77,365)	(117,765)
Net cash provided (used) by noncapital financing activities	<u>36,495</u>	<u>(76,895)</u>	<u>(77,365)</u>	<u>(117,765)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest on capital debt	-	(28,560)	-	(28,560)
Purchases of capital assets	(78,775)	(304,978)	-	(383,753)
Proceeds from capital grant	-	433,000	-	433,000
Retirement of bonds payable	-	(20,000)	-	(20,000)
Net cash provided (used) by capital and related financing activities	<u>(78,775)</u>	<u>79,462</u>	<u>-</u>	<u>687</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned	42	180	62	284
Net cash provided (used) by investing activities	<u>42</u>	<u>180</u>	<u>62</u>	<u>284</u>
Net increase (decrease) in cash and cash equivalents	(21,945)	36,367	(71,756)	(57,334)
Cash and cash equivalents, May 1, 2017	<u>62,920</u>	<u>134,765</u>	<u>157,473</u>	<u>355,158</u>
Cash and cash equivalents, April 30, 2018	<u>\$ 40,975</u>	<u>\$ 171,132</u>	<u>\$ 85,717</u>	<u>\$ 297,824</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating revenues over (under) operating expenditures	\$ 7,389	\$ (48,344)	\$ (59,544)	\$ (100,499)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation expense	13,504	53,404	6,543	73,451
Interest on capital debt	-	28,560	-	28,560
Change in assets and liabilities:				
Utility deposits	(600)	-	(1,452)	(2,052)
Billings overage payable	-	-	60,000	60,000
Net cash flows provided by operating activities	<u>\$ 20,293</u>	<u>\$ 33,620</u>	<u>\$ 5,547</u>	<u>\$ 59,460</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, 2018

	<u>Private-Purpose Trust</u> <u>Cemetery Perpetual Trust Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 231,868
Total Assets	<u>231,868</u>
LIABILITIES	
	<u>-</u>
NET POSITION	
Held for other purposes	<u>231,868</u>
Total Net Position	<u><u>\$ 231,868</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, 2018

	Private-Purpose Trust
	Cemetery Perpetual Trust Fund
ADDITIONS	
Interest income	\$ 15,724
DEDUCTIONS	
Transfers to other funds	<u>29,170</u>
Change in Net Position	(13,446)
Net Position, May 1, 2017	<u>245,315</u>
Net Position, April 30, 2018	<u><u>\$ 231,869</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, 2018**

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 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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018

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 (\$22,631) and Tax Increment Financing Fund (\$44,051).

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, 2018**

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
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, 2018**

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 September 5, 2018, 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 2016 levy was passed by the Board on July 5, 2016. 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 collected in August, September, and November. Taxes recorded in these financial statements are from the 2016 and prior tax levies for which payments were received during the year ended April 30, 2018.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2018**

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	2016 Payable 2017 Levy
Corporate	.32000	.24592
Police Protection	.07500	.07379
Fire Protection	.07500	.07379
Street Lighting	.05000	.04918
Parks	.07500	.07379
Social Security	As Needed	.10031
Illinois Municipal Retirement Fund	As Needed	.10031
Unemployment Insurance	As Needed	.05990
School Crossing Guards	.02000	.01968
		<u>.79667</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, 2018, the carrying amount of the Village's cash deposits, including certificates of deposit, was \$662,757 which includes \$100 in petty cash maintained by various funds. The bank balance of these deposits was \$667,290. Of the total bank balance as of April 30, 2018, \$518,216 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$149,074 was collateralized.

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, 2018

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 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	\$ -	\$ -	843,410
Building	324,051	9,950	-	334,001
	<u>1,167,461</u>	<u>\$ 9,950</u>	<u>\$ -</u>	<u>1,177,411</u>
<u>Accumulated Depreciation:</u>				
Equipment & Vehicles	648,843	\$ 44,055	\$ -	692,898
Building	143,605	7,976	-	151,581
	<u>792,448</u>	<u>\$ 52,031</u>	<u>\$ -</u>	<u>844,479</u>
Other Capital Assets, Net	<u>375,013</u>			<u>332,932</u>
Capital Assets, Net	<u>\$ 408,051</u>			<u>\$ 365,970</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	2,221,919	-	(2,221,919)	-
	<u>2,245,588</u>	<u>\$ -</u>	<u>\$ (2,221,919)</u>	<u>23,669</u>
<u>Other Capital Assets:</u>				
Equipment & Vehicles	302,216	\$ 78,775	\$ -	\$ 380,991
Building	1,241,644	-	-	1,241,644
Infrastructure	141,170	2,526,897	-	2,668,067
	<u>1,685,030</u>	<u>\$ 2,605,672</u>	<u>\$ -</u>	<u>4,290,702</u>
<u>Accumulated Depreciation:</u>				
Equipment & Vehicles	210,461	\$ 20,618	\$ -	231,079
Building	796,059	24,525	-	820,584
Infrastructure	20,357	28,308	-	48,665
	<u>1,026,877</u>	<u>\$ 73,451</u>	<u>\$ -</u>	<u>1,100,328</u>
Other Capital Assets, Net	<u>658,153</u>			<u>3,190,374</u>
Capital Assets, Net	<u>\$ 2,903,741</u>			<u>\$ 3,214,043</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2018**

NOTE 4: CAPITAL ASSETS (CONCLUDED)

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$ 3,237
Public Safety	32,297
Public Works and Transportation	8,907
Social Services	2,904
Culture and recreation	4,686
Total Depreciation Expense	\$ 52,031

Business-Type Activities:

Water Fund	\$ 13,504
Sewer Fund	53,404
Gas Fund	6,543
Total Depreciation Expense	\$ 73,451

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, 2018, the Village's current portion of this payable was \$20,000 and the noncurrent portion was \$40,000.

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, 2018:

	Business-Type Activities
	2015 Sewerage System
	Revenue Bonds
Balance, May 1, 2017	\$ 1,344,000
Addition of New Debt	-
Debt Retired	20,000
Balance, April 30, 2018	\$ 1,324,000

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2018**

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

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

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
2019	\$ 24,000	\$ 32,800	\$ 56,800
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
2024-2028	136,000	142,200	278,200
2029-2033	156,000	123,950	279,950
2034-2038	176,000	103,200	279,200
2039-2043	200,000	79,500	279,500
2044-2048	228,000	53,050	281,050
2049-2053	252,000	23,050	275,050
2054	56,000	700	56,700
	<u>\$ 1,324,000</u>	<u>\$ 683,650</u>	<u>\$ 2,007,650</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, 2018, the Village complied with all bond ordinance requirements.

NOTE 7: INTERFUND TRANSFERS

The following interfund transfers occurred during the year ended April 30, 2018 in order to meet operating costs:

Fund	Transfers In	Transfers Out
General	\$ 146,935	\$
Proprietary		
Water	36,495	
Sewer		76,895
Gas	-	77,365
Fiduciary		
Cemetery Perpetual Trust	-	29,170
	<u>\$ 183,430</u>	<u>\$ 183,430</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2018**

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.

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 2017 was 15.14%. 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, 2017, the Village of Cobden's actual contributions for pension cost for the plan was \$64,351. The covered payroll for the calendar year 2017 (annual payroll of active employees covered by the plan) was \$425,045.

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 \$35,671, 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.

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
For the year ended April 30, 2018**

NOTE 9: POSTEMPLOYMENT HEALTHCARE BENEFITS (CONCLUDED)

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.

NOTE 10: WATER, SEWER, AND GAS USAGE STATISTICS

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

Water Consumers	484
Sewer Consumers	367
Gas Consumers	308

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, 2018.
- B. No funds had total disbursements that exceeded the budget at April 30, 2018.

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, 2018, 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, 2018.

NOTE 13: COMMITMENTS

The Village of Cobden is currently in the midst of making improvements to its sewer system. The estimated cost of the renovation is \$2,912,000. Total costs incurred as of April 30, 2018 were \$2,586,247.

SUPPLEMENTARY INFORMATION

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

April 30, 2018

	<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	\$ 18,486	\$ 10,380	\$ 24,252	\$ 2,266	\$ 7,326	\$ 3,673	\$ 66,383
Total Assets	<u>\$ 18,486</u>	<u>\$ 10,380</u>	<u>\$ 24,252</u>	<u>\$ 2,266</u>	<u>\$ 7,326</u>	<u>\$ 3,673</u>	<u>\$ 66,383</u>
LIABILITIES AND FUND BALANCE							
Current liabilities							
Payroll liabilities	\$ 785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 785
Total Liabilities	<u>785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>785</u>
Fund Balance							
Unassigned	<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>
Total Liabilities and Fund Balance	<u>\$ 18,486</u>	<u>\$ 10,380</u>	<u>\$ 24,252</u>	<u>\$ 2,266</u>	<u>\$ 7,326</u>	<u>\$ 3,673</u>	<u>\$ 66,383</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, 2018

	<u>General Administration</u>	<u>Cemetery</u>	<u>Fire</u>	<u>Parks</u>	<u>Police</u>	<u>Streets</u>	<u>Total</u>
Revenues							
Local taxes							
Property tax	\$ 25,704	\$ -	\$ 3,746	\$ 3,746	\$ 4,745	\$ 6,279	\$ 44,220
Utility tax	-	-	2,908	-	32,500	10,861	46,269
	<u>25,704</u>	<u>-</u>	<u>6,654</u>	<u>3,746</u>	<u>37,245</u>	<u>17,140</u>	<u>90,489</u>
Intergovernmental revenues							
Sales and use tax	-	-	11,294	1,220	31,127	26,544	70,185
Telecommunications tax	-	-	1,059	2,277	9,876	-	13,212
State income tax	-	-	3,000	-	69,698	49,858	122,556
Replacement tax	-	-	-	718	1,505	1,483	3,706
Video gaming tax	-	-	-	464	2,955	1,826	5,245
	<u>-</u>	<u>-</u>	<u>15,353</u>	<u>4,679</u>	<u>115,161</u>	<u>79,711</u>	<u>214,904</u>
Other local sources							
Fees and fines	12,244	12,190	-	-	10,498	103,096	138,028
Interest income	-	-	20	-	-	-	20
Donations	7,395	12,418	-	2,201	-	-	22,014
Miscellaneous	700	-	-	1,115	5,159	250	7,224
	<u>20,339</u>	<u>24,608</u>	<u>20</u>	<u>3,316</u>	<u>15,657</u>	<u>103,346</u>	<u>167,286</u>
Total Revenues	<u>46,043</u>	<u>24,608</u>	<u>22,027</u>	<u>11,741</u>	<u>168,063</u>	<u>200,197</u>	<u>472,679</u>
Expenditures							
Current							
General government							
Salaries and benefits	15,355	-	-	-	-	-	15,355
Contractual services	11,471	-	-	-	-	-	11,471
Small equipment / Commodities	3,318	-	-	-	-	-	3,318
Other	3,122	-	-	-	-	-	3,122
	<u>33,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,266</u>
Public safety							
Salaries and benefits	-	-	-	-	208,372	-	208,372
Contractual services	-	-	13,962	-	30,617	-	44,579
Small equipment / Commodities	-	-	4,907	-	17,349	-	22,256
Other	-	-	-	-	2,047	-	2,047
	<u>-</u>	<u>-</u>	<u>18,869</u>	<u>-</u>	<u>258,385</u>	<u>-</u>	<u>277,254</u>
Public works and transportation							
Salaries and benefits	-	-	-	-	-	91,542	91,542
Contractual services	-	-	-	-	-	107,341	107,341
Small equipment / Commodities	-	-	-	-	-	12,129	12,129
Other	-	-	-	-	-	3	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,015</u>	<u>211,015</u>
Social services							
Salaries and benefits	-	38,363	-	-	-	-	38,363
Contractual services	-	7,461	-	-	-	-	7,461
Small equipment / Commodities	-	2,676	-	-	-	-	2,676
	<u>-</u>	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,500</u>
Culture and recreation							
Salaries and benefits	-	-	-	10,855	-	-	10,855
Contractual services	-	-	-	6,250	-	-	6,250
Small equipment / Commodities	-	-	-	1,181	-	-	1,181
Other	-	-	-	190	-	-	190
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,476</u>	<u>-</u>	<u>-</u>	<u>18,476</u>
Capital outlay	-	-	-	-	-	9,950	9,950
Total Expenditures	<u>33,266</u>	<u>48,500</u>	<u>18,869</u>	<u>18,476</u>	<u>258,385</u>	<u>220,965</u>	<u>598,461</u>
Excess (Deficiency) of Revenues over Expenditures	<u>12,777</u>	<u>(23,892)</u>	<u>3,158</u>	<u>(6,735)</u>	<u>(90,322)</u>	<u>(20,768)</u>	<u>(125,782)</u>
Other Financing Sources (Uses)							
Transfers (to) from other funds	(8,934)	29,170	-	8,100	95,199	23,400	146,935
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>3,843</u>	<u>5,278</u>	<u>3,158</u>	<u>1,365</u>	<u>4,877</u>	<u>2,632</u>	<u>21,153</u>
Fund Balance, May 1, 2017	<u>13,858</u>	<u>5,102</u>	<u>21,094</u>	<u>901</u>	<u>2,449</u>	<u>1,041</u>	<u>44,445</u>
Fund Balance, April 30, 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>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

April 30, 2018

	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 22,631	\$ 44,051	\$ 66,682
Total Assets	\$ 22,631	\$ 44,051	\$ 66,682
 LIABILITIES AND FUND BALANCE			
Liabilities	\$ -	\$ -	\$ -
Fund Balance			
Restricted	22,631	44,051	66,682
Total Liabilities and Fund Balance	\$ 22,631	\$ 44,051	\$ 66,682

**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, 2018

	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
Revenues			
Local taxes			
Property tax	\$ -	\$ 28,036	\$ 28,036
	<u>-</u>	<u>28,036</u>	<u>28,036</u>
Intergovernmental revenues			
Motor fuel tax	29,426	-	29,426
	<u>29,426</u>	<u>-</u>	<u>29,426</u>
Other local sources			
Interest income	15	35	50
	<u>15</u>	<u>35</u>	<u>50</u>
Total Revenues	<u>29,441</u>	<u>28,071</u>	<u>57,512</u>
Expenditures			
Current			
General government			
Contractual services	-	6,515	6,515
	<u>-</u>	<u>6,515</u>	<u>6,515</u>
Public works and transportation			
Salaries and benefits	10,138	-	10,138
Contractual services	23,010	-	23,010
	<u>33,148</u>	<u>-</u>	<u>33,148</u>
Total Expenditures	<u>33,148</u>	<u>6,515</u>	<u>39,663</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,707)</u>	<u>21,556</u>	<u>17,849</u>
Fund Balance, May 1, 2017	<u>26,338</u>	<u>22,495</u>	<u>48,833</u>
Fund Balance, April 30, 2018	<u>\$ 22,631</u>	<u>\$ 44,051</u>	<u>\$ 66,682</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local taxes				
Property tax	\$ 27,815	\$ 27,815	\$ 25,704	\$ (2,111)
	<u>27,815</u>	<u>27,815</u>	<u>25,704</u>	<u>(2,111)</u>
Other local sources				
Fees and fines	14,125	14,125	12,244	(1,881)
Donations	-	-	7,395	7,395
Miscellaneous	1,430	1,430	700	(730)
	<u>15,555</u>	<u>15,555</u>	<u>20,339</u>	<u>4,784</u>
Total Revenues	<u>43,370</u>	<u>43,370</u>	<u>46,043</u>	<u>2,673</u>
Expenditures				
Current				
General government				
Salaries and benefits	14,850	14,850	15,355	505
Contractual services	13,715	12,440	11,471	(969)
Small equipment / Commodities	3,840	5,115	3,318	(1,797)
Other	6,500	1,885	3,122	1,237
Capital Outlay	<u>1,125</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Expenditures	<u>40,030</u>	<u>35,290</u>	<u>33,266</u>	<u>(2,024)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,340</u>	<u>8,080</u>	<u>12,777</u>	<u>4,697</u>
Other Financing Sources (Uses)				
Transfers (to) from other funds	-	(8,940)	(8,934)	6
	<u>-</u>	<u>(8,940)</u>	<u>(8,934)</u>	<u>6</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	3,340	(860)	3,843	4,703
Fund Balance, May 1, 2017	<u>13,858</u>	<u>13,858</u>	<u>13,858</u>	<u>-</u>
Fund Balance, April 30, 2018	<u>\$ 17,198</u>	<u>\$ 12,998</u>	<u>\$ 17,701</u>	<u>\$ 4,703</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local sources				
Fees and fines	\$ 13,875	\$ 14,250	\$ 12,190	\$ (2,060)
Donations	13,300	13,300	12,418	(882)
	<u>27,175</u>	<u>27,550</u>	<u>24,608</u>	<u>(2,942)</u>
 Total Revenues	 <u>27,175</u>	 <u>27,550</u>	 <u>24,608</u>	 <u>(2,942)</u>
Expenditures				
Current				
Social services				
Salaries and benefits	68,690	42,800	38,363	(4,437)
Contractual services	25,325	11,985	7,461	(4,524)
Small equipment / Commodities	4,375	3,885	2,676	(1,209)
Capital Outlay	700	1,195	-	(1,195)
	<u>99,090</u>	<u>59,865</u>	<u>48,500</u>	<u>(11,365)</u>
 Total Expenditures	 <u>99,090</u>	 <u>59,865</u>	 <u>48,500</u>	 <u>(11,365)</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>(71,915)</u>	 <u>(32,315)</u>	 <u>(23,892)</u>	 <u>8,423</u>
 Other Financing Sources (Uses)				
Transfers (to) from other funds	70,500	35,770	29,170	(6,600)
	<u>70,500</u>	<u>35,770</u>	<u>29,170</u>	<u>(6,600)</u>
 Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	 <u>(1,415)</u>	 <u>3,455</u>	 <u>5,278</u>	 <u>1,823</u>
 Fund Balance, May 1, 2017	 <u>5,102</u>	 <u>5,102</u>	 <u>5,102</u>	 <u>-</u>
 Fund Balance, April 30, 2018	 <u>\$ 3,687</u>	 <u>\$ 8,557</u>	 <u>\$ 10,380</u>	 <u>\$ 1,823</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

For the Year Ended April 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local taxes				
Property tax	\$ 4,500	\$ 4,500	\$ 3,746	\$ (754)
Utility tax	3,000	3,000	2,908	(92)
	<u>7,500</u>	<u>7,500</u>	<u>6,654</u>	<u>(846)</u>
Intergovernmental revenues				
Sales and use tax	10,000	10,000	11,294	1,294
Telecommunications tax	2,000	2,000	1,059	(941)
State income tax	5,000	5,000	3,000	(2,000)
	<u>17,000</u>	<u>17,000</u>	<u>15,353</u>	<u>(1,647)</u>
Other local sources				
Interest income	-	-	20	20
	<u>-</u>	<u>-</u>	<u>20</u>	<u>20</u>
Total Revenues	<u>24,500</u>	<u>24,500</u>	<u>22,027</u>	<u>(2,473)</u>
Expenditures Disbursed				
Current				
Public safety				
Contractual services	17,065	17,190	13,962	(3,228)
Small equipment / Commodities	5,485	5,010	4,907	(103)
Other	85	85	-	(85)
Capital outlay	8,000	1,950	-	(1,950)
	<u>30,635</u>	<u>24,235</u>	<u>18,869</u>	<u>(5,366)</u>
Total Expenditures	<u>30,635</u>	<u>24,235</u>	<u>18,869</u>	<u>(5,366)</u>
Excess (Deficiency) of Revenues over Expenditures	(6,135)	265	3,158	2,893
Fund Balance, May 1, 2017	<u>21,094</u>	<u>21,094</u>	<u>21,094</u>	<u>-</u>
Fund Balance, April 30, 2018	<u>\$ 14,959</u>	<u>\$ 21,359</u>	<u>\$ 24,252</u>	<u>\$ 2,893</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

For the Year Ended April 30, 2018

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local taxes				
Property tax	\$ 4,135	\$ 3,745	\$ 3,746	\$ 1
	<u>4,135</u>	<u>3,745</u>	<u>3,746</u>	<u>1</u>
Intergovernmental revenues				
Sales and use tax	6,885	5,220	1,220	(4,000)
Telecommunications tax	2,795	2,795	2,277	(518)
Replacement tax	720	720	718	(2)
Video gaming tax	350	465	464	(1)
	<u>16,770</u>	<u>9,200</u>	<u>4,679</u>	<u>(4,521)</u>
Other local sources				
Donations	3,000	3,000	2,201	(799)
Special Events/ Promotion	1,900	1,900	1,115	(785)
Miscellaneous	300	300	-	(300)
	<u>5,200</u>	<u>5,200</u>	<u>3,316</u>	<u>(1,884)</u>
Total Revenues	<u>26,105</u>	<u>18,145</u>	<u>11,741</u>	<u>(6,404)</u>
Expenditures				
Current				
Culture and recreation				
Salaries and benefits	11,530	13,065	10,855	(2,210)
Contractual services	7,595	9,310	6,250	(3,060)
Small equipment / Commodities	6,630	2,515	1,181	(1,334)
Other	355	355	190	(165)
Capital outlay	700	700	-	(700)
Total Expenditures	<u>26,810</u>	<u>25,945</u>	<u>18,476</u>	<u>(7,469)</u>
Excess (Deficiency) of Revenues over Expenditures	(705)	(7,800)	(6,735)	1,065
Other Financing Sources (Uses)				
Transfers (to) from other funds	-	8,100	8,100	-
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	(705)	300	1,365	1,065
Fund Balance, May 1, 2017	<u>901</u>	<u>901</u>	<u>901</u>	<u>-</u>
Fund Balance, April 30, 2018	<u>\$ 196</u>	<u>\$ 1,201</u>	<u>\$ 2,266</u>	<u>\$ 1,065</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

For the Year Ended April 30, 2018

	Budgeted Amount		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local taxes				
Property tax	\$ 5,240	\$ 5,240	\$ 4,745	\$ (495)
Utility tax	32,500	32,500	32,500	-
	<u>37,740</u>	<u>37,740</u>	<u>37,245</u>	<u>(495)</u>
Intergovernmental revenues				
Sales and use tax	38,415	38,415	31,127	(7,288)
Telecommunications tax	14,015	14,015	9,876	(4,139)
State income tax	89,835	89,835	69,698	(20,137)
Replacement tax	2,020	2,020	1,505	(515)
Video gaming tax	2,390	2,730	2,955	225
	<u>146,675</u>	<u>147,015</u>	<u>115,161</u>	<u>(31,854)</u>
Other local sources				
Fees and fines	15,250	15,250	10,498	(4,752)
Miscellaneous	2,100	2,310	5,159	2,849
	<u>17,350</u>	<u>17,560</u>	<u>15,657</u>	<u>(1,903)</u>
Total Revenues	<u>201,765</u>	<u>202,315</u>	<u>168,063</u>	<u>(34,252)</u>
Expenditures				
Current				
Public safety				
Salaries and benefits	235,150	220,550	208,372	(12,178)
Contractual services	57,745	34,820	30,617	(4,203)
Small equipment / Commodities	21,785	21,585	17,349	(4,236)
Other	480	480	2,047	1,567
Capital outlay	22,400	2,400	-	(2,400)
	<u>337,560</u>	<u>279,835</u>	<u>258,385</u>	<u>(21,450)</u>
Total Expenditures	<u>337,560</u>	<u>279,835</u>	<u>258,385</u>	<u>(21,450)</u>
Excess (Deficiency) of Revenues over Expenditures	(135,795)	(77,520)	(90,322)	(12,802)
Other Financing Sources (Uses)				
Transfers (to) from other funds	135,700	83,205	95,199	11,994
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	(95)	5,685	4,877	(808)
Fund Balance, May 1, 2017	<u>2,449</u>	<u>2,449</u>	<u>2,449</u>	<u>-</u>
Fund Balance, April 30, 2018	<u>\$ 2,354</u>	<u>\$ 8,134</u>	<u>\$ 7,326</u>	<u>\$ (808)</u>

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS**

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

For the Year Ended April 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local taxes				
Property tax	\$ 6,925	\$ 6,280	\$ 6,279	\$ (1)
Utility tax	8,000	10,810	10,861	51
	<u>14,925</u>	<u>17,090</u>	<u>17,140</u>	<u>50</u>
Intergovernmental revenues				
Sales and use tax	24,310	26,540	26,544	4
Telecommunications tax	280	280	-	(280)
State income tax	29,955	49,860	49,858	(2)
Replacement tax	1,680	1,680	1,483	(197)
Video gaming tax	1,480	1,480	1,826	346
	<u>57,705</u>	<u>79,840</u>	<u>79,711</u>	<u>(129)</u>
Other local sources				
Fees and fines	102,620	103,755	103,096	(659)
	<u>102,620</u>	<u>103,755</u>	<u>103,346</u>	<u>(409)</u>
Total Revenues	<u>175,250</u>	<u>200,685</u>	<u>200,197</u>	<u>(488)</u>
Expenditures				
Current				
Public works and transportation				
Salaries and benefits	96,065	106,875	91,542	(15,333)
Contractual services	133,115	132,955	107,341	(25,614)
Small equipment / Commodities	9,710	10,410	12,129	1,719
Other	125	45	3	(42)
Capital outlay	9,500	1,500	9,950	8,450
	<u>248,515</u>	<u>251,785</u>	<u>220,965</u>	<u>(30,820)</u>
Total Expenditures	<u>248,515</u>	<u>251,785</u>	<u>220,965</u>	<u>(30,820)</u>
Excess (Deficiency) of Revenues over Expenditures	(73,265)	(51,100)	(20,768)	30,332
Other Financing Sources (Uses)				
Transfers (to) from other funds	69,745	53,145	23,400	(29,745)
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	(3,520)	2,045	2,632	587
Fund Balance, May 1, 2017	1,041	1,041	1,041	-
Fund Balance, April 30, 2018	<u>\$ (2,479)</u>	<u>\$ 3,086</u>	<u>\$ 3,673</u>	<u>\$ 587</u>

SCHEDULE OF FINDINGS AND RESPONSES

**VILLAGE OF COBDEN
UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND RESPONSES
For the year ended April 30, 2018**

Finding No. 2018-001 – 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, 2018**

Finding No. 2018-002 – 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 (CONCLUDED)
For the year ended April 30, 2018**

Finding No. 2018-003 – 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 eight 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