

CITY OF ASSUMPTION, ILLINOIS

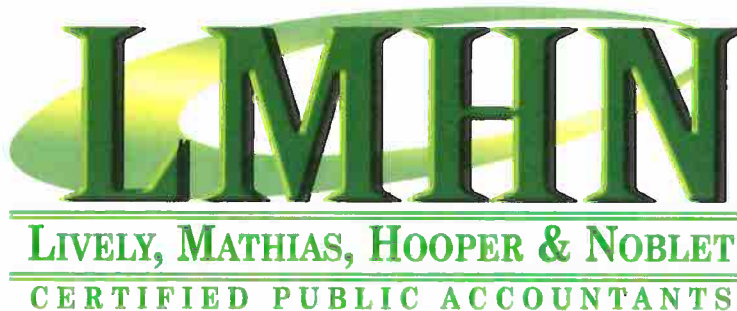
ANNUAL AUDITED BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED APRIL 30, 2019

CITY OF ASSUMPTION, ILLINOIS
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FISCAL YEAR ENDED APRIL 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Alderman
City of Assumption, Illinois
Assumption, Illinois

Report on the Financial Statements

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 City of Assumption, Illinois as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City'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 preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 City'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 City'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 audit 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 City of Assumption, Illinois, as of April 30, 2019, and the respective changes in 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 City of Assumption, Illinois' basic financial statements. The information listed as supplementary information and other information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information

The information listed as supplementary information in the table of contents is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Compliance with Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act

In connection with our audit, nothing came to our attention that caused us to believe that the City of Assumption, Illinois failed to comply with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Assumption, Illinois' noncompliance with the above-referenced provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act insofar as they relate to accounting matters.

Restricted Use Relating to Other Matters

The communication related to compliance with the aforementioned provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act described in the Other Matters paragraph is intended solely for the information and use of the Board of Alderman of the City of Assumption, Illinois and the Illinois Office of the Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "LMHN LTD." in a stylized, cursive font.

LMHN, Ltd.
Certified Public Accountants
Taylorville, Illinois

July 3, 2019

BASIC FINANCIAL STATEMENTS

CITY OF ASSUMPTION, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2019

| | Primary Government | | |
|--|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,013,559 | \$ 886,059 | \$ 1,899,618 |
| Investments | 485,000 | - | 485,000 |
| Loans receivable | 21,209 | - | 21,209 |
| Capital assets, net of accumulated depreciation | 277,584 | 1,666,033 | 1,943,617 |
| Total assets | <u>\$ 1,797,352</u> | <u>\$ 2,552,092</u> | <u>\$ 4,349,444</u> |
| LIABILITIES | | | |
| Payroll tax liabilities | \$ 6,192 | \$ - | \$ 6,192 |
| Refundable deposits | - | 10,599 | 10,599 |
| Total liabilities | <u>\$ 6,192</u> | <u>\$ 10,599</u> | <u>\$ 16,791</u> |
| NET POSITION | | | |
| Net position invested in capital assets, net of related debt | \$ 277,584 | \$ 1,666,033 | \$ 1,943,617 |
| Restricted net position for: | | | |
| Other purposes | 364,504 | - | 364,504 |
| Unrestricted net position | 1,149,072 | 875,460 | 2,024,532 |
| Total net position | <u>\$ 1,791,160</u> | <u>\$ 2,541,493</u> | <u>\$ 4,332,653</u> |

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

CITY OF ASSUMPTION, 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 | Capital Grants | | Governmental Activities | Primary Government Business-Type Activities | Total |
| Primary Government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 715,527 | \$ 74,404 | \$ - | \$ - | \$ (641,123) | \$ - | \$ - | \$ (641,123) |
| Public safety | 157,468 | 6,031 | - | - | (151,437) | - | - | (151,437) |
| Streets and public works | 174,637 | - | - | - | (174,637) | - | - | (174,637) |
| Culture and recreation | 18,275 | - | - | - | (18,275) | - | - | (18,275) |
| Total governmental activities | <u>\$ 1,065,907</u> | <u>\$ 80,435</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (985,472)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (985,472)</u> |
| Business-type activities: | | | | | | | | |
| Water | \$ 224,502 | \$ 219,220 | \$ - | \$ - | \$ - | \$ (5,282) | \$ - | \$ (5,282) |
| Sewer | 91,298 | 218,617 | - | - | - | - | 127,319 | 127,319 |
| Total business-type activities | <u>\$ 315,800</u> | <u>\$ 437,837</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 122,037</u> | <u>\$ 122,037</u> | <u>\$ 122,037</u> |
| Total Primary Government | <u>\$ 1,381,707</u> | <u>\$ 518,272</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (985,472)</u> | <u>\$ 122,037</u> | <u>\$ (863,435)</u> | |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property tax | | \$ 169,717 | \$ - | \$ - | \$ 1,945 | \$ - | \$ 171,662 | \$ 171,662 |
| Sales tax | | 250,502 | - | - | - | - | 250,502 | 250,502 |
| Income tax | | 113,400 | - | - | - | - | 113,400 | 113,400 |
| Use tax | | 34,534 | - | - | - | - | 34,534 | 34,534 |
| Replacement tax | | 14,872 | - | - | - | - | 14,872 | 14,872 |
| Video gaming tax | | 14,416 | - | - | - | - | 14,416 | 14,416 |
| Motor fuel tax | | 29,738 | - | - | - | - | 29,738 | 29,738 |
| Investment income | | 4,214 | - | - | 2,046 | - | 6,260 | 6,260 |
| Donations | | 125,080 | - | - | - | - | 125,080 | 125,080 |
| Miscellaneous | | 10,547 | - | - | - | - | 10,547 | 10,547 |
| Transfers - internal activity | | (119,473) | - | - | 119,473 | - | - | - |
| Total general revenues and activities | | <u>\$ 647,547</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 123,464</u> | <u>\$ -</u> | <u>\$ 771,011</u> | |
| Change in net position | | \$ (337,925) | \$ - | \$ - | \$ 245,501 | \$ - | \$ (92,424) | \$ (92,424) |
| Net position - beginning | | 2,129,085 | - | - | 2,295,992 | - | 4,425,077 | 4,425,077 |
| Net position - ending | | <u>\$ 1,791,160</u> | <u>\$ 2,541,493</u> | <u>\$ -</u> | <u>\$ 4,332,653</u> | <u>\$ -</u> | <u>\$ 4,332,653</u> | |

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

CITY OF ASSUMPTION, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2019

| | General Fund | Motor Fuel Tax Fund | Community Development Fund | IMRF Fund | Playground and Recreation Fund | TIF Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|---------------------|---------------------|----------------------------|------------------|--------------------------------|--------------------|--------------------------|--------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 579,503 | \$ 112,635 | \$ - | \$ 12,095 | \$ 200,734 | \$ 12,791 | \$ 95,801 | \$ 1,013,559 |
| Investments | 470,000 | - | - | - | - | - | 15,000 | 485,000 |
| Loans receivable | 21,209 | - | - | - | - | - | - | 21,209 |
| Due from other funds | 52,491 | - | - | - | - | - | - | 52,491 |
| Total assets | <u>\$ 1,123,203</u> | <u>\$ 112,635</u> | <u>\$ -</u> | <u>\$ 12,095</u> | <u>\$ 200,734</u> | <u>\$ 12,791</u> | <u>\$ 110,801</u> | <u>\$ 1,572,259</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Payroll tax liabilities | \$ - | \$ - | \$ - | \$ 6,192 | \$ - | \$ - | \$ - | \$ 6,192 |
| Due to other funds | - | - | - | - | - | 52,491 | - | 52,491 |
| Total liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,192</u> | <u>\$ -</u> | <u>\$ 52,491</u> | <u>\$ -</u> | <u>\$ 58,683</u> |
| Fund balances: | | | | | | | | |
| Restricted for: | | | | | | | | |
| Motor fuel tax | \$ - | \$ 93,352 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 93,352 |
| Playground and recreation | - | - | - | - | 183,464 | - | - | 183,464 |
| Health, recycling and garbage | - | - | - | - | - | - | 87,688 | 87,688 |
| Other purposes | - | - | - | - | - | - | - | - |
| Assigned: | | | | | | | | |
| Motor fuel tax | - | 19,283 | - | - | - | - | - | 19,283 |
| IMRF | - | - | - | - | - | - | - | - |
| Playground and recreation | - | - | - | - | 17,270 | - | - | 17,270 |
| Social security and medicare | - | - | - | - | - | - | 22,004 | 22,004 |
| Other purposes | - | - | - | - | - | - | 1,109 | 1,109 |
| Unassigned | 1,123,203 | - | - | 5,903 | - | (39,700) | - | 1,089,406 |
| Total fund balances | <u>\$ 1,123,203</u> | <u>\$ 112,635</u> | <u>\$ -</u> | <u>\$ 5,903</u> | <u>\$ 200,734</u> | <u>\$ (39,700)</u> | <u>\$ 110,801</u> | <u>\$ 1,513,576</u> |
| Total liabilities and fund balances | <u>\$ 1,123,203</u> | <u>\$ 112,635</u> | <u>\$ -</u> | <u>\$ 12,095</u> | <u>\$ 200,734</u> | <u>\$ 12,791</u> | <u>\$ 110,801</u> | <u>\$ 1,572,259</u> |

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities of \$760,003, net of accumulated depreciation of \$482,419, are not financial resources and, therefore, are not reported in the funds.

Net position of governmental activities

277,584
\$ 1,791,160

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

CITY OF ASSUMPTION, ILLINOIS
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

| | General Fund | Motor Fuel Tax Fund | Community Development Fund | IMRF Fund | Playground and Recreation Fund | TIF Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------|--------------|---------------------|----------------------------|-----------|--------------------------------|-----------|--------------------------|--------------------------|
| Revenues Received: | | | | | | | | |
| Property tax | \$ 74,179 | \$ - | \$ - | \$ 39,856 | \$ 7,050 | \$ 17,449 | \$ 31,183 | \$ 169,717 |
| Sales tax | 250,502 | - | - | - | - | - | - | 250,502 |
| Income tax | 113,400 | - | - | - | - | - | - | 113,400 |
| Use tax | 34,534 | - | - | - | - | - | - | 34,534 |
| Replacement tax | 14,872 | - | - | - | - | - | - | 14,872 |
| Video gaming tax | 14,416 | - | - | - | - | - | - | 14,416 |
| Motor fuel tax | - | 29,738 | - | - | - | - | - | 29,738 |
| Fines and forfeitures | 6,031 | - | - | - | - | - | - | 6,031 |
| Licenses and permits | 6,392 | - | - | - | - | - | - | 6,392 |
| Franchise fees | 15,262 | - | - | - | - | - | - | 15,262 |
| Tower lease | 52,750 | - | - | - | - | - | - | 52,750 |
| Investment income | 3,214 | 256 | - | - | 403 | 29 | 212 | 4,214 |
| Donations | 64,276 | - | - | - | 60,804 | - | - | 125,080 |
| Grant revenue | - | - | - | - | - | - | - | - |
| Miscellaneous | 1,318 | - | - | - | 9,229 | - | - | 10,547 |
| Total revenues received | \$ 651,246 | \$ 29,994 | \$ - | \$ 39,856 | \$ 77,486 | \$ 17,478 | \$ 31,395 | \$ 847,455 |

Expenditures Disbursed:

| | | | | | | | | |
|--|------------|-----------|--------------|-------------|-----------|------------|------------|--------------|
| Current: | | | | | | | | |
| General government | \$ 165,385 | \$ - | \$ 429,963 | \$ 56,872 | \$ - | \$ 20,712 | \$ 37,103 | \$ 710,035 |
| Public safety: | | | | | | | | |
| Police | 147,992 | - | - | - | - | - | - | 147,992 |
| Streets and public works: | | | | | | | | |
| Streets | 151,665 | 17,153 | - | - | - | - | - | 168,818 |
| Culture and recreation: | | | | | | | | |
| Parks | - | - | - | - | 14,725 | - | - | 14,725 |
| Capital outlay | 56,116 | - | - | - | - | - | - | 56,116 |
| Total expenditures disbursed | \$ 521,158 | \$ 17,153 | \$ 429,963 | \$ 56,872 | \$ 14,725 | \$ 20,712 | \$ 37,103 | \$ 1,097,686 |
| Excess (deficiency) of revenues received over expenditures disbursed | \$ 130,088 | \$ 12,841 | \$ (429,963) | \$ (17,016) | \$ 62,761 | \$ (3,234) | \$ (5,708) | \$ (250,231) |

Other Financing Sources (Uses):

| | | | | | | | | |
|--------------------------------------|--------------|------------|--------------|-----------|------------|-------------|------------|--------------|
| Transfers in | \$ 5,000 | \$ - | \$ - | \$ 20,000 | \$ - | \$ - | \$ 11,000 | \$ 36,000 |
| Transfers out | (150,473) | - | - | - | (5,000) | - | - | (155,473) |
| Total other financing sources (uses) | \$ (145,473) | \$ - | \$ - | \$ 20,000 | \$ (5,000) | \$ - | \$ 11,000 | \$ (119,473) |
| Net change in fund balances | \$ (15,385) | \$ 12,841 | \$ (429,963) | \$ 2,984 | \$ 57,761 | \$ (3,234) | \$ 5,292 | \$ (369,704) |
| Fund balances - beginning | 1,138,588 | 99,794 | 429,963 | 2,919 | 142,973 | (36,466) | 105,509 | 1,883,280 |
| Fund balances - ending | \$ 1,123,203 | \$ 112,635 | \$ - | \$ 5,903 | \$ 200,734 | \$ (39,700) | \$ 110,801 | \$ 1,513,576 |

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ (369,704)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized \$ 56,116

Depreciation expense (24,337)

Change in net position of governmental activities \$ 31,779

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

CITY OF ASSUMPTION, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2019

| | Water Fund | Sewer Fund | Total |
|--|---------------|---------------|--------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 426,946 | \$ 459,113 | \$ 886,059 |
| Total current assets | \$ 426,946 | \$ 459,113 | \$ 886,059 |
| Noncurrent assets: | | | |
| Other capital assets, net of accumulated depreciation | \$ 760,466 | \$ 905,567 | \$ 1,666,033 |
| Total noncurrent assets | \$ 760,466 | \$ 905,567 | \$ 1,666,033 |
| Total assets | \$ 1,187,412 | \$ 1,364,680 | \$ 2,552,092 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Refundable deposits | \$ 10,599 | \$ - | \$ 10,599 |
| Total liabilities | \$ 10,599 | \$ - | \$ 10,599 |
| NET POSITION | | | |
| Net position invested in capital assets, net of related debt | \$ 760,466 | \$ 905,567 | \$ 1,666,033 |
| Unrestricted net position | 416,347 | 459,113 | 875,460 |
| Total net position | \$ 1,176,813 | \$ 1,364,680 | \$ 2,541,493 |

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

CITY OF ASSUMPTION, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

| | Water Fund | Sewer Fund | Total |
|---|----------------------------|----------------------------|----------------------------|
| Operating Revenues: | | | |
| Charges for services: | | | |
| Collections | \$ 211,859 | \$ 214,549 | \$ 426,408 |
| Bulk water sales | 3,615 | - | 3,615 |
| Penalties | 3,569 | 3,567 | 7,136 |
| Other operating revenues | 177 | 501 | 678 |
| | <u>\$ 219,220</u> | <u>\$ 218,617</u> | <u>\$ 437,837</u> |
| Total operating revenues received | | | |
| Operating Expenses: | | | |
| Salaries | \$ 73,135 | \$ 31,537 | \$ 104,672 |
| Employee benefits | 5,595 | 2,413 | 8,008 |
| Engineering | 529 | 1,421 | 1,950 |
| Legal and accounting | - | 450 | 450 |
| Gas and oil | 3,493 | - | 3,493 |
| Utilities | 24,570 | 10,211 | 34,781 |
| Lab fees | 180 | 5,895 | 6,075 |
| Equipment rent and lease | 2,200 | 650 | 2,850 |
| Miscellaneous | 3,506 | 3,529 | 7,035 |
| Uniforms | 589 | 727 | 1,316 |
| Postage | 2,317 | - | 2,317 |
| Telephone | 1,494 | 458 | 1,952 |
| Printing and advertising | 1,181 | 115 | 1,296 |
| Repairs and maintenance | 52,381 | 3,951 | 56,332 |
| Training | 525 | - | 525 |
| Supplies | 18,526 | 407 | 18,933 |
| Depreciation | 34,281 | 29,534 | 63,815 |
| | <u>\$ 224,502</u> | <u>\$ 91,298</u> | <u>\$ 315,800</u> |
| Total operating expenses | | | |
| Operating income (loss) | <u>\$ (5,282)</u> | <u>\$ 127,319</u> | <u>\$ 122,037</u> |
| Non-Operating Revenues (Expenses): | | | |
| Investment income | \$ 1,155 | \$ 891 | \$ 2,046 |
| Property tax | - | 1,945 | 1,945 |
| | <u>\$ 1,155</u> | <u>\$ 2,836</u> | <u>\$ 3,991</u> |
| Total non-operating revenues (expenses) | | | |
| Net income (loss) before transfers | <u>\$ (4,127)</u> | <u>\$ 130,155</u> | <u>\$ 126,028</u> |
| Transfers in | - | 119,473 | 119,473 |
| Transfers out | - | - | - |
| | <u>\$ (4,127)</u> | <u>\$ 249,628</u> | <u>\$ 245,501</u> |
| Change in net position | | | |
| Total net position - beginning | <u>1,180,940</u> | <u>1,115,052</u> | <u>2,295,992</u> |
| Total net position - ending | <u><u>\$ 1,176,813</u></u> | <u><u>\$ 1,364,680</u></u> | <u><u>\$ 2,541,493</u></u> |

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

CITY OF ASSUMPTION, ILLINOIS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2019

| | Water Fund | Sewer Fund | Total |
|--|--------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 220,121 | \$ 218,617 | \$ 438,738 |
| Payments to suppliers | (117,087) | (30,227) | (147,314) |
| Payments to employees | (73,135) | (31,537) | (104,672) |
| | <u>\$ 29,899</u> | <u>\$ 156,853</u> | <u>\$ 186,752</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Property tax | \$ - | \$ 1,945 | \$ 1,945 |
| Transfers from other funds | - | 119,473 | 119,473 |
| | <u>\$ -</u> | <u>\$ 121,418</u> | <u>\$ 121,418</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of capital assets | \$ (44,768) | \$ (141,933) | \$ (186,701) |
| | <u>\$ (44,768)</u> | <u>\$ (141,933)</u> | <u>\$ (186,701)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends | \$ 1,155 | \$ 891 | \$ 2,046 |
| | <u>\$ 1,155</u> | <u>\$ 891</u> | <u>\$ 2,046</u> |
| Net decrease in cash and cash equivalents | \$ (13,714) | \$ 137,229 | \$ 123,515 |
| Balance - beginning of year | 440,660 | 321,884 | 762,544 |
| Balance - end of year | <u>\$ 426,946</u> | <u>\$ 459,113</u> | <u>\$ 886,059</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (5,282) | \$ 127,319 | \$ 122,037 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation expense | 34,281 | 29,534 | 63,815 |
| Change in assets and liabilities: | | | |
| Increase in refundable deposits | 900 | - | 900 |
| | <u>\$ 29,899</u> | <u>\$ 156,853</u> | <u>\$ 186,752</u> |
| Net cash provided (used) by operating activities | <u>\$ 29,899</u> | <u>\$ 156,853</u> | <u>\$ 186,752</u> |

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

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Assumption, Illinois was organized in 1902. The City operates under the management of an elected board and provides general administration, police protection, street maintenance, park maintenance, water, and sewer services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to the modified cash basis of accounting. The more significant accounting policies of the City are described below.

Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, and as amended by GASB Statement 61, include whether: 1) The organization is legally separate (can sue and be sued in their own name); 2) The City holds the corporate powers of the organization; 3) The City appoints a voting majority of the organization's board; 4) The City is able to impose its will on the organization; 5) The organization has the potential to impose a financial benefit/burden on the City and; 6) There is fiscal dependency by the organization on the City.

No other entities meet the GASB Statements No. 14 and 61 criteria to be included as component units for financial reporting purposes.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. They include all the funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund - The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Motor Fuel Tax Fund, Community Development Fund, IMRF Fund, Playground and Recreation Fund and TIF Fund are classified as a major fund.

The Social Security Fund, Health, Recycling and Garbage Fund and Unemployment Compensation Fund are classified as a nonmajor fund.

The Community Development Fund accounts for loan repayments, interest earned, and expenditures paid for community development activities. All other Special Revenue Funds account for their respective revenues (motor fuel taxes and property taxes), which are legally restricted for related expenditures.

Proprietary Funds:

Enterprise Funds – Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Water Fund and Sewer Fund are classified as a major fund.

Both of the above Enterprise Funds account for their respective revenues (charges for services) and related expenditures.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 applied.

Measurement Focus:

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined in item b 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:

- a. 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.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net positions (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting:

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity

Cash and Cash Equivalents:

The City defines cash and cash equivalents as demand deposits with banks and other instruments with original maturities of three months or less.

Investments:

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity terms exceed three months. Investments are carried at cost, which approximates fair value.

Loans Receivable:

During the fiscal year ended April 30, 1999, the city received a \$495,000 grant from the Illinois Department of Commerce and Community Affairs. The purpose of the grant was to retain jobs and assist with business development in Assumption through the issuance of low interest rate loans to community businesses. The City has completed the process of returning these funds to the Illinois Department of Commerce and Community Affairs, the outstanding loans receivable were transferred to the General Fund. As of April 30, 2019, the City had outstanding loans receivable to community businesses in the amount of \$21,209. The terms and balances of all loans are as follows:

| | | |
|----------------------|--|-----------------|
| Double D Towing | 120 monthly payments at 0.25% interest | \$12,120 |
| Wash House Equipment | 120 monthly payments at 0.25% interest | <u>9,089</u> |
| Total | | <u>\$21,209</u> |

Capital Assets:

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment of land, buildings and improvements, utilities infrastructure, and equipment and vehicles (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements:

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004 are recorded at cost.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$0 for land and buildings, \$5,000 for improvements, \$50,000 for infrastructure assets, and \$5,000 for equipment and vehicles is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

| | |
|-----------------------------------|-----------|
| Buildings | 40 years |
| Improvements | 20 years |
| Road infrastructure | 10 years |
| Infrastructure (other than roads) | 40 years |
| Equipment | 7 years |
| Vehicles | 5-7 years |

Fund Financial Statements:

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

Payroll Tax Liabilities:

As of April 30, 2019, the City had withheld and accrued \$6,192 for employer and employees' portions of payroll taxes and had not remitted payment to the government.

Refundable Deposits:

As of April 30, 2019, the City had deposits of \$10,599 from customers due upon termination of water services.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Equity Classification:

Government-Wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net position invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net positions – consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net positions – all other net positions that do not meet the definition of “restricted” or “net position invested in capital assets, net of related debt.”

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because it is not in spendable form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance has limitations imposed by the City board through approval of resolutions. Assigned fund balance has limitations imposed by a designee of the City board, or the board itself. In addition, assigned fund balance can represent the remaining fund balance after nonspendable, restricted and committed amounts have been identified for reporting in special revenue funds. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balances, if any, in the other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide financial statements.

When restricted and other fund balance resources are available for use, it is the City’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Equity (Continued)

Restricted and Unrestricted, Designated Net Position:

The governmental activities restricted net position for other purposes of \$364,504 represent total net positions of all Special Revenue Funds, in which revenues are legally restricted for related expenditures.

Revenues, Expenditures, and Expenses

Program Revenues and Expenses:

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

| | |
|--------------------|---|
| General Government | - Licenses, permits, fees and tower lease revenue |
| Public Safety | - Fines and forfeitures |

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses:

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Property Taxes:

Property tax revenues are recognized when they are received on the modified cash basis of accounting. Taxes levied and uncollected are not carried as an asset of the related fund.

The City's property taxes are levied each year on all taxable real property located in the City on or before the last Tuesday in December. The board passed the 2017 levy on December 6, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in July and September 2018, for the 2017 levy. The City received its payments of 2017 levied property taxes from the Christian County Treasurer between August and December 2018.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, Expenditures, and Expenses (Continued)

The following are the tax rates applicable to the various levies for the City per \$100 of assessed valuation:

| | <u>Maximum</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> |
|------------------------|----------------|----------------|----------------|----------------|
| | 2018 | 2018 | 2017 | 2016 |
| General Corporate | 0.43750 | 0.38752 | 0.19505 | 0.22153 |
| Police Protection | 0.60000 | 0.04921 | 0.04953 | 0.06219 |
| Audit | Unlimited | 0.00000 | 0.07503 | 0.08162 |
| Garbage (Landfill) | 0.20000 | 0.13190 | 0.13278 | 0.14225 |
| Social Security | Unlimited | 0.10434 | 0.10504 | 0.08441 |
| Playground | 0.20000 | 0.05405 | 0.05440 | 0.07462 |
| Chlorination Sewage | 0.07500 | 0.01491 | 0.01501 | 0.01664 |
| Liability Insurance | Unlimited | 0.00000 | 0.12004 | 0.12825 |
| IMRF | Unlimited | 0.30555 | 0.30757 | 0.29615 |
| Unemployment Insurance | Unlimited | 0.00279 | 0.00282 | 0.00326 |
| Road and Bridge | Unlimited | 0.06334 | 0.06377 | 0.00000 |
| Total | | <u>1.11361</u> | <u>1.12104</u> | <u>1.11092</u> |

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Government-Wide Financial Statements:

Interfund activity and balances are eliminated or reclassified in the government-wide financial statements as internal activities. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as “transfers-internal activity”. The effects of interfund services between funds are not eliminated in the Statement of Activities.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal and Interfund Balances and Activities (Continued)

Fund Financial Statements:

Interfund activity within and among the governmental and proprietary fund categories is reported as “transfers in” and “transfers out” in the fund financial statements. Operating interfund transfers occur when assets flow from one fund to another and repayment is not expected.

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City had three instances of noncompliance that are considered material to the financial statements. The City did not operate within the legal confines of its budget. Expenditures exceeded budgeted amounts in the Community Development Fund by \$429,963, the IMRF Fund by \$9,872 and the TIF Fund by \$20,712.

The City had a deficit fund balance in the TIF Fund of \$39,700 for the fiscal year ended April 30, 2019.

NOTE 3 – TORT IMMUNITY

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. The City’s tort immunity expenditures were as follows:

| | |
|---|--------------------|
| Tort immunity receipts - taxes collected | \$ 15,555 |
| Tort immunity expenditures - property and liability insurance | <u>44,376</u> |
| Tort immunity expenditures over receipts | \$ 59,931 |
| Restricted at May 1, 2018 | <u>-</u> |
| Restricted at April 30, 2019 | <u><u>\$ -</u></u> |

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 4 – CASH AND INVESTMENTS

Permitted Investments:

Statutes authorize the City to deposit and invest in obligations of States and their political subdivisions, savings accounts, certificates of deposit, credit union shares, repurchase agreements, commercial paper rated with the three highest classifications by at least two standard rating services and the Illinois Public Treasurer's Investment Pool.

Each fund maintains its own cash deposit and time deposit accounts.

The City does not have policies regarding custodial credit risk, interest rate risk, concentration of credit risk or foreign currency risk.

Deposits:

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. As of April 30, 2019, \$92,790 of the City's \$2,384,618 (\$1,899,618 in demand, NOW and savings accounts and \$485,000 in certificates of deposit) is uninsured and uncollateralized; the remainder is insured or collateralized with securities held by the pledging financial institution in the name of the City.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City of Assumption limits their exposure to interest rate risk by structuring the portfolio to include only short-term certificates of deposit and demand deposits.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the City of Assumption's investment in a single issuer. The demand, NOW, savings accounts and certificates of deposit are carried at the First National Bank of Assumption.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The City has no known foreign currency risks in either investments or deposits as of April 30, 2019.

Investments:

GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, requires certain disclosures for certain investments. As of April 30, 2019, the City of Assumption held no investments other than time deposits (disclosed above).

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 5 – CAPITAL ASSETS

Capital asset activity, resulting from the modified cash basis transactions, for the fiscal year ended April 30, 2019 was as follows:

| | Balance May 1, 2018 | Additions | Retirements | Balance April 30, 2019 |
|--|---------------------------|-------------|-------------|------------------------------|
| Governmental activities: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 208,049 | \$ - | \$ - | \$ 208,049 |
| Equipment and vehicles | 266,307 | 29,998 | - | 296,305 |
| Road infrastructure | 176,333 | - | - | 176,333 |
| Total capital assets being depreciated | \$ 650,689 | \$ 29,998 | \$ - | \$ 680,687 |
| Land | 53,198 | 26,118 | - | 79,316 |
| Total capital assets | \$ 703,887 | \$ 56,116 | \$ - | \$ 760,003 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | \$ (94,345) | \$ (5,231) | \$ - | \$ (99,576) |
| Equipment and vehicles | (187,404) | (19,106) | - | (206,510) |
| Road infrastructure | (176,333) | - | - | (176,333) |
| Total accumulated depreciation | \$ (458,082) | \$ (24,337) | \$ - | \$ (482,419) |
| Governmental activities capital assets, net | \$ 245,805 | \$ 31,779 | \$ - | \$ 277,584 |
| Business-type activities: | | | | |
| Capital assets being depreciated: | | | | |
| Utilities infrastructure | \$ 2,586,454 | \$ 12,961 | \$ - | \$ 2,599,415 |
| Equipment and vehicles | 173,378 | 15,897 | - | 189,275 |
| Total capital assets being depreciated | \$ 2,759,832 | \$ 28,858 | \$ - | \$ 2,788,690 |
| Land | - | - | - | - |
| Construction in progress | - | 157,843 | - | 157,843 |
| Total capital assets | \$ 2,759,832 | \$ 186,701 | \$ - | \$ 2,946,533 |
| Less accumulated depreciation for: | | | | |
| Utilities infrastructure | \$ (1,102,904) | \$ (55,062) | \$ - | \$ (1,157,966) |
| Equipment and vehicles | (113,781) | (8,753) | - | (122,534) |
| Total accumulated depreciation | \$ (1,216,685) | \$ (63,815) | \$ - | \$ (1,280,500) |
| Business-type activities capital assets, net | \$ 1,543,147 | \$ 122,886 | \$ - | \$ 1,666,033 |

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ended April 30, 2019 was charged to functions as follows in the Statement of Activities:

Primary Government:

Governmental activities:

| | |
|--|------------------|
| General government | \$ 5,492 |
| Public safety | 9,476 |
| Streets and public works | 5,819 |
| Culture and recreation | 3,550 |
| Total depreciation expense for governmental activities | <u>\$ 24,337</u> |

Business-type activities:

| | |
|---|------------------|
| Water | \$ 34,281 |
| Sewer | 29,534 |
| Total depreciation expense for business-type activities | <u>\$ 63,815</u> |

NOTE 6 – LONG-TERM DEBT

Governmental Activities:

As of April 30, 2019, the City had no outstanding long-term debt arising from governmental activities.

Business-Type Activities:

As of April 30, 2019, the City had no outstanding long-term debt arising from business-type activities.

NOTE 7 – RELATED PARTY TRANSACTIONS

The City has made a community development loan of \$60,000 to Double D Towing, a company owned by two City employees. The loan was evaluated and awarded on the same basis as all other community development loans. The balance owed on the loan as of April 30, 2019 is \$12,120.

NOTE 8 – LEASES

The City has a lease with land owners totaling \$2,200 per year allowing the City to pump water from the existing wells. The lease expires in the year 2077. Total lease payments of \$2,200 were paid during the fiscal year ended April 30, 2019. Total minimum lease payments for the next five years total \$11,000 and each five-year period thereafter until expiration in the year 2077.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 9 – INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

Transfers between funds of the primary government for the fiscal year ended April 30, 2019, were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------|---------------------|----------------------|
| Major Funds: | | |
| General Fund | \$ 5,000 | \$ 150,473 |
| Sewer Fund | 119,473 | |
| Water Fund | - | - |
| IMRF Fund | 20,000 | - |
| Playground and Recreation Fund | - | 5,000 |
| | <hr/> | <hr/> |
| Subtotal Major Funds | \$ 144,473 | \$ 155,473 |
| Non-Major Funds: | <hr/> | <hr/> |
| | 11,000 | - |
| Total Transfers | <hr/> | <hr/> |
| | \$ 155,473 | \$ 155,473 |

The transfers reflected in the above schedule represent transfers of monies among funds for retirement contributions and vehicle replacement.

Individual fund receivable or payable balances at April 30, 2019 were:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|--------------------------|---------------------------------|------------------------------|
| General Fund | \$ 52,491 | \$ - |
| TIF Fund | - | 52,491 |
| | <hr/> | <hr/> |
| Total Interfund Balances | <hr/> | <hr/> |
| | \$ 52,491 | \$ 52,491 |

The interfund balance in the above schedule represent a temporary loan among funds for TIF related projects. This balance is expected to be repaid within one year. Only interfund balances between governmental activities and business type activities are shown on the government-wide statements.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 10 – RETIREMENT PLANS

Illinois Municipal Retirement Fund

Plan Description

The employer'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 employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "benefits provided" section below. Details of all benefits are available from IMRF. 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 (RSI). The report is available for download at www.imrf.org.

Benefits provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.67 percent of the final rate of earnings for the first 15 years of service credit, plus 2.00 percent for each year of service credit after 15 years to a maximum of 75.00 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3.00 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.67 percent of the final rate of earnings for the first 15 years of service credit, plus 2.00 percent for each year of service credit after 15 years to a maximum of 75.00 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of: 1) 3.00 percent of the original pension amount, or 2) half of the increase in the Consumer Price Index of the original pension amount.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 10 – RETIREMENT PLANS (Continued)

Employees covered by benefit terms

As of December 31, 2018, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Retirees and beneficiaries currently receiving benefits | 5 |
| Inactive plan members entitled to but not yet receiving benefits | 3 |
| Active plan members | <u>8</u> |
| Total | <u>16</u> |

Contributions

As set by statute, the employer Regular Plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual required contribution rate for calendar year 2018 was 18.64 percent. For the fiscal year ended April 30, 2019, the employer contributed \$56,872 to the plan. The employer 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Social Security

All employees, including those covered by IMRF, are covered under social security. The City paid \$27,502, the total required contribution for the current fiscal year.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss including, but not limited to, general liability and City Treasurer's liability. The City is a member of a public entity risk pool which is described below that provides insurance coverage for risks.

Public Entity Risk Pool

The City is a member of the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA provides risk management services and insures that all of the City's property and liability claims up to specified limits.

IMLRMA is a separate entity which sets rates and purchases commercial excess and stop loss coverage. The City pays annual premiums to IMLRMA for coverage. Supplementary payments may also be required by IMLRMA's Board of Directors should the premiums paid be insufficient to fund operations. No such supplemental payments have been required. No material decreases in insurance coverage have occurred nor have any insurance claims in excess of insurance coverages been paid or reported. Settled claims have not exceeded insurance coverage for the past three fiscal years.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Prior to May 1, 2011, the City had received notification from the Illinois Environmental Protection Agency (IEPA) that the City's sewer system may be in violation of IEPA guidelines and will need correction. The City is cooperating and working with the IEPA to correct the problem.

NOTE 13 – LEGAL DEBT LIMIT

As of April 30, 2019, the City was subject to a legal debt limit of \$1,158,108. Debt that is to be repaid by revenue from users, such as water, sewer and gas receipts, is excludable. As of April 30, 2019, the City had no debt subject to this limitation.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through July 3, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF ASSUMPTION, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|-------------------------------------|--|-------------------|---|
| Beginning budgetary fund balance | \$ 1,138,588 | \$ 1,138,588 | \$ - |
| Resources (inflows): | | | |
| Taxes: | | | |
| Property tax | \$ 74,500 | \$ 74,179 | \$ (321) |
| Sales tax | 180,000 | 250,502 | 70,502 |
| Income tax | 138,000 | 113,400 | (24,600) |
| Use tax | 25,000 | 34,534 | 9,534 |
| Replacement tax | 15,000 | 14,872 | (128) |
| Fire insurance tax | 100 | - | (100) |
| Video gaming tax | 14,000 | 14,416 | 416 |
| Total taxes | \$ 446,600 | \$ 501,903 | \$ 55,303 |
| Fines and forfeitures: | | | |
| Ordinance fines | \$ 5,000 | \$ 6,031 | \$ 1,031 |
| Animal control | 100 | - | (100) |
| Total fines and forfeitures | \$ 5,100 | \$ 6,031 | \$ 931 |
| Licenses and permits | \$ 4,750 | \$ 6,392 | \$ 1,642 |
| Investment income | \$ 2,500 | \$ 3,314 | \$ 814 |
| Franchise fees | \$ 18,000 | \$ 15,262 | \$ (2,738) |
| Miscellaneous: | | | |
| Tower lease | \$ 20,000 | \$ 52,750 | \$ 32,750 |
| Contributions | - | 64,276 | 64,276 |
| Miscellaneous | 250 | 1,318 | 1,068 |
| Total miscellaneous | \$ 20,250 | \$ 118,344 | \$ 98,094 |
| Other financing sources: | | | |
| Transfers from other funds | \$ - | \$ 5,000 | \$ 5,000 |
| Amounts available for appropriation | \$ 1,635,788 | \$ 1,794,834 | \$ 159,046 |

Reference should be made to auditor's report regarding this information.

CITY OF ASSUMPTION, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------|--|----------------------------|---|
| Charges to appropriation (outflows): | | | |
| General government: | | | |
| Salaries and benefits | \$ 50,000 | \$ 48,816 | \$ 1,184 |
| Materials and supplies | 26,500 | 27,980 | (1,480) |
| Insurance | 50,000 | 44,376 | 5,624 |
| Other services and charges | 65,550 | 44,213 | 21,337 |
| Total general government | <u>\$ 192,050</u> | <u>\$ 165,385</u> | <u>\$ 26,665</u> |
| Public safety: | | | |
| Salaries and benefits | \$ 125,000 | \$ 119,165 | \$ 5,835 |
| Materials and supplies | 13,850 | 18,058 | (4,208) |
| Other services and charges | 7,500 | 10,769 | (3,269) |
| Total public safety | <u>\$ 146,350</u> | <u>\$ 147,992</u> | <u>\$ (1,642)</u> |
| Streets and public works: | | | |
| Salaries and benefits | \$ 66,000 | \$ 84,450 | \$ (18,450) |
| Materials and supplies | 51,000 | 43,420 | 7,580 |
| Other services and charges | 21,700 | 23,795 | (2,095) |
| Total streets and public works | <u>\$ 138,700</u> | <u>\$ 151,665</u> | <u>\$ (12,965)</u> |
| Capital outlay | <u>\$ 347,300</u> | <u>\$ 56,116</u> | <u>\$ 291,184</u> |
| Other financing uses: | | | |
| Transfers to other funds | <u>\$ -</u> | <u>\$ 150,473</u> | <u>\$ (150,473)</u> |
| Total charges to appropriation | <u>\$ 824,400</u> | <u>\$ 671,631</u> | <u>\$ 152,769</u> |
| Ending budgetary fund balance | <u><u>\$ 811,388</u></u> | <u><u>\$ 1,123,203</u></u> | <u><u>\$ 311,815</u></u> |

Reference should be made to auditor's report regarding this information.

CITY OF ASSUMPTION, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
MOTOR FUEL TAX FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------|--|-------------------|---|
| Beginning budgetary fund balance | \$ 99,794 | \$ 99,794 | \$ - |
| Resources (inflows): | | | |
| Taxes: | | | |
| Motor fuel tax | \$ 32,000 | \$ 29,738 | \$ (2,262) |
| Total taxes | \$ 32,000 | \$ 29,738 | \$ (2,262) |
| Investment income | \$ 100 | \$ 256 | \$ 156 |
| Amounts available for appropriation | \$ 131,894 | \$ 129,788 | \$ (2,106) |
| Charges to appropriation (outflows): | | | |
| Streets and public works: | | | |
| Materials and supplies | \$ 7,500 | \$ - | \$ 7,500 |
| Other services and charges | 11,200 | 17,153 | (5,953) |
| Total streets and public works | \$ 18,700 | \$ 17,153 | \$ 1,547 |
| Capital outlay | \$ 18,410 | \$ - | \$ 18,410 |
| Total charges to appropriation | \$ 37,110 | \$ 17,153 | \$ 19,957 |
| Ending budgetary fund balance | \$ 94,784 | \$ 112,635 | \$ 17,851 |

Reference should be made to the auditor's report regarding this information.

CITY OF ASSUMPTION, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 COMMUNITY DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------|--|-------------------|---|
| Beginning budgetary fund balance | \$ 429,963 | \$ 429,963 | \$ - |
| Resources (inflows): | | | |
| Investment income | \$ - | \$ - | \$ - |
| Amounts available for appropriation | \$ 429,963 | \$ 429,963 | \$ - |
| Charges to appropriation (outflows): | | | |
| General government | | | |
| Other services and charges | \$ - | \$ 429,963 | \$ (429,963) |
| Total general government | \$ - | \$ 429,963 | \$ (429,963) |
| Total charges to appropriation | \$ - | \$ 429,963 | \$ (429,963) |
| Ending budgetary fund balance | \$ 429,963 | \$ - | \$ (429,963) |

Reference should be made to auditor's report regarding this information.

CITY OF ASSUMPTION, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
IMRF FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------|--|-------------------|---|
| Beginning budgetary fund balance | \$ 2,919 | \$ 2,919 | \$ - |
| Resources (inflows): | | | |
| Taxes: | | | |
| Property tax | \$ 47,000 | \$ 39,856 | \$ (7,144) |
| Total taxes | \$ 47,000 | \$ 39,856 | \$ (7,144) |
| Other financing sources: | | | |
| Transfers from other funds | \$ - | \$ 20,000 | \$ 20,000 |
| Amounts available for appropriation | \$ 49,919 | \$ 62,775 | \$ 12,856 |
| Charges to appropriation (outflows): | | | |
| General government: | | | |
| Retirement benefits | \$ 46,950 | \$ 56,872 | \$ (9,922) |
| Other services and charges | 50 | - | 50 |
| Total general government | \$ 47,000 | \$ 56,872 | \$ (9,872) |
| Total charges to appropriation | \$ 47,000 | \$ 56,872 | \$ (9,872) |
| Ending budgetary fund balance | \$ 2,919 | \$ 5,903 | \$ 2,984 |

Reference should be made to auditor's report regarding this information.

CITY OF ASSUMPTION, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
PLAYGROUND AND RECREATION FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------|--|-------------------|---|
| Beginning budgetary fund balance | \$ 142,973 | \$ 142,973 | \$ - |
| Resources (inflows): | | | |
| Taxes: | | | |
| Property tax | \$ 9,750 | \$ 7,050 | \$ (2,700) |
| Total taxes | \$ 9,750 | \$ 7,050 | \$ (2,700) |
| Investment income | \$ 25 | \$ 403 | \$ 378 |
| Miscellaneous | \$ 50 | \$ 9,229 | \$ 9,179 |
| Contributions | \$ - | \$ 60,804 | \$ 60,804 |
| Amounts available for appropriation | \$ 152,798 | \$ 220,459 | \$ 67,661 |
| Charges to appropriation (outflows): | | | |
| Culture and recreation: | | | |
| Salaries and benefits | \$ 1,500 | \$ - | \$ 1,500 |
| Supplies expense | 3,500 | 3,354 | 146 |
| Repairs and maintenance - equipment | 3,000 | 6,632 | (3,632) |
| Other services and charges | 4,425 | 4,739 | (314) |
| Total culture and recreation | \$ 12,425 | \$ 14,725 | \$ (2,300) |
| Capital outlay | \$ 8,700 | \$ - | \$ 8,700 |
| Other financing uses: | | | |
| Transfers to other funds | \$ - | \$ 5,000 | \$ (5,000) |
| Total charges to appropriation | \$ 21,125 | \$ 19,725 | \$ 1,400 |
| Ending budgetary fund balance | \$ 131,673 | \$ 200,734 | \$ 69,061 |

Reference should be made to auditor's report regarding this information.

CITY OF ASSUMPTION, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
TIF FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Budget Positive (Negative) |
|--------------------------------------|--|-------------------|---|
| Beginning budgetary fund balance | \$ - | \$ (36,466) | \$ (36,466) |
| Resources (inflows): | | | |
| Taxes: | | | |
| Property tax | \$ - | \$ 17,449 | \$ 17,449 |
| Total taxes | \$ - | \$ 17,449 | \$ 17,449 |
| Investment income | \$ - | \$ 29 | \$ 29 |
| Amounts available for appropriation | \$ - | \$ (18,988) | \$ (18,988) |
| Charges to appropriation (outflows): | | | |
| General government: | | | |
| Other services and charges | \$ - | \$ 20,712 | \$ (20,712) |
| Total general government | \$ - | \$ 20,712 | \$ (20,712) |
| Total charges to appropriation | \$ - | \$ 20,712 | \$ (20,712) |
| Ending budgetary fund balance | \$ - | \$ (39,700) | \$ (39,700) |

Reference should be made to auditor's report regarding this information.

CITY OF ASSUMPTION, ILLINOIS
NOTES TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budget Law

The City of Assumption complies with budgetary legal requirements, as set forth by the State of Illinois, by preparing an Annual Appropriations Ordinance. This document is used by the City management as a budget and is prepared on a modified cash basis of accounting for each fund that the City maintains. The City approved their fiscal year 2019 budget, which was not amended, on August 1, 2018.

Basis of Accounting

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions.

Excess of Expenditures Disbursed Over Appropriations in Budgeted Major Funds

The City had three instances of noncompliance that are considered material to the financial statements. The City did not operate within the legal confines of its budget. Expenditures exceeded budgeted amounts in the Community Development Fund by \$429,963, the IMRF Fund by \$9,872 and the TIF Fund by \$20,712.