

Village of Cullom
Cullom, Illinois

Annual Financial Report

For the Fiscal Year Ended April 30, 2018

Russell Leigh & Associates LLC
Certified Public Accountants
228 East Main Street
Hoopeston, Illinois 60942

Village of Cullom
Annual Financial Report
For the Fiscal Year Ended April 30, 2018
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Audit / Tax / Consult

Russell Leigh

& Associates LLC • Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Cullom
Cullom, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Village of Cullom, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village of Cullom'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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the Village of Cullom, Illinois, as of April 30, 2018, and the respective changes in financial position on a modified cash basis, cash flows on the modified cash basis, where applicable, and the budgetary comparison statements of the General Fund and the Motor Fuel Tax Fund thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

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



Russell Leigh & Associates LLC

Hoopeston, Illinois
December 4, 2018

Village of Cullom
Government-Wide Statement of Net Position
April 30, 2018
(Modified Cash Basis)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 164,157	\$ 178,538	\$ 342,695
Investments	373,560	280,652	654,212
Accounts Receivable	-0-	32,920	32,920
Internal Balances	132,354	(132,354)	-0-
Capital Assets, Net	<u>276,850</u>	<u>531,895</u>	<u>808,745</u>
Total Assets	<u>\$ 946,921</u>	<u>\$ 891,651</u>	<u>\$ 1,838,572</u>
<u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses	\$ -0-	\$ -0-	\$ -0-
Total Liabilities	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>NET POSITION</u>			
Invested in Capital Assets, net of related Debt	\$ 276,850	\$ 531,895	\$ 808,745
Restricted for:			
Unemployment	2,010	-0-	2,010
Street Improvement	-0-	-0-	-0-
Public Safety	13,715	-0-	13,715
Tiling	14,497	-0-	14,497
Water Tower	-0-	40,238	40,238
Unrestricted	<u>639,849</u>	<u>319,518</u>	<u>959,367</u>
Total Net Position	<u>\$ 946,921</u>	<u>\$ 891,651</u>	<u>\$ 1,838,572</u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Government-Wide Statement of Activities
For the Year Ended April 30, 2018
(Modified Cash Basis)

FUNCTIONS/PROGRAMS	Program Revenue				Net (Expense) Revenue and	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position	
Primary Government					Governmental Activities	Business-type Activities
Government Activities						Total
General Government						
Public Safety	\$ 95,322	\$ 1,729	\$ -0-	\$ -0-	\$ (93,593)	\$ -0-
Highways and Street	-0-	379	-0-	-0-	379	-0-
Health and Welfare	45,848	-0-	-0-	-0-	(45,848)	-0-
Culture and Recreation	-0-	-0-	-0-	-0-	-0-	-0-
Interest	182	-0-	-0-	-0-	(182)	-0-
	-0-	-0-	-0-	-0-	-0-	-0-
Total Government Activities	\$ 141,352	\$ 2,108	\$ -0-	\$ -0-	\$ (139,244)	\$ -0-
Business-type Activities						
Water	\$ 150,387	\$ 156,385	\$ -0-	\$ -0-	\$ -0-	\$ 5,998
Total Business-type Activities	\$ 150,387	\$ 156,385	\$ -0-	\$ -0-	\$ -0-	\$ 5,998
Total Primary Government	\$ 291,739	\$ 158,493	\$ -0-	\$ -0-	\$ (139,244)	\$ (133,246)
GENERAL REVENUES:						
Property Taxes					\$ 29,976	\$ 9,783
Intergovernmental					124,192	-0-
Unrestricted Investment Earnings					3,987	2,092
Miscellaneous					1,831	-0-
Refund of Prior Years Expenditures					26,048	8,874
Total General Revenues and Transfers					\$ 186,034	\$ 20,749
Change in Net Position					46,790	26,747
Net Position - Beginning					900,131	864,904
Net Position - Ending					\$ 946,921	\$ 891,651

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Balance Sheet
Governmental Funds
April 30, 2018
(Modified Cash Basis)

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Tiling Fund</u>	<u>Total Government Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 104,180	\$ 45,480	\$ 14,497	\$ 164,157
Investments	362,023	11,537	-0-	373,560
Due from Other Funds	<u>180,072</u>	<u>-0-</u>	<u>-0-</u>	<u>180,072</u>
Total Assets	<u>\$ 646,275</u>	<u>\$ 57,017</u>	<u>\$ 14,497</u>	<u>\$ 717,789</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Expenses	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Due to Other Funds	<u>-0-</u>	<u>47,718</u>	<u>-0-</u>	<u>47,718</u>
Total Liabilities	<u>\$ -0-</u>	<u>\$ 47,718</u>	<u>\$ -0-</u>	<u>\$ 47,718</u>
Fund Balances:				
Restricted:				
Unemployment	\$ 2,010	\$ -0-	\$ -0-	\$ 2,010
Street Improvements	-0-	-0-	-0-	-0-
Public Safety	13,715	-0-	-0-	13,715
Tiling	-0-	-0-	14,497	14,497
Unassigned	<u>630,550</u>	<u>9,299</u>	<u>-0-</u>	<u>639,849</u>
Total Fund Balances	<u>\$ 646,275</u>	<u>\$ 9,299</u>	<u>\$ 14,497</u>	<u>\$ 670,071</u>
Total Liabilities and Fund Balances	<u>\$ 646,275</u>	<u>\$ 57,017</u>	<u>\$ 14,497</u>	<u>\$ 717,789</u>
Reconciliation to Statement of Net Position:				
Fund Balance				\$ 670,071
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets are not current financial resources and therefore, are not reported in the governmental funds				<u>276,850</u>
Net Assets of Governmental Activities				<u>\$ 946,921</u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2018
(Modified Cash Basis)

	<u>General Fund</u>	<u>Motor Fuel Tax Funds</u>	<u>Tiling Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Property Taxes	\$ 29,976	\$ -0-	\$ -0-	\$ 29,976
Intergovernmental	106,028	14,115	4,049	124,192
Fines and Forfeitures	379	-0-	-0-	379
Licenses and Permits	1,729	-0-	-0-	1,729
Interest	3,842	145	-0-	3,987
Refund of Prior Years Expenditures	26,048	-0-	-0-	26,048
Miscellaneous	<u>1,831</u>	<u>-0-</u>	<u>-0-</u>	<u>1,831</u>
Total Revenues	<u>\$ 169,833</u>	<u>\$ 14,260</u>	<u>\$ 4,049</u>	<u>\$ 188,142</u>
EXPENDITURES				
Current:				
General Government	\$ 95,322	\$ -0-	\$ -0-	\$ 95,322
Highways and Streets	45,848	-0-	-0-	45,848
Culture and Recreation	182	-0-	-0-	182
Capital Outlay	-0-	-0-	-0-	-0-
Debt Service - Principal	-0-	-0-	-0-	-0-
Debt Service - Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>\$ 141,352</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 141,352</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>28,481</u>	<u>14,260</u>	<u>4,049</u>	<u>46,970</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Transfers Out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financial Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balances	28,481	14,260	4,049	46,970
Fund Balances - Beginning	<u>617,794</u>	<u>(4,961)</u>	<u>10,448</u>	<u>623,281</u>
Fund Balances - Ending	<u>\$ 646,275</u>	<u>\$ 9,299</u>	<u>\$ 14,497</u>	<u>\$ 670,071</u>
Reconciliation to Statement of Activities:				
Net Change in Fund Balance - Total Governmental Funds				\$ 46,970
Governmental funds report capital outlays as expenditures. In the Statement of Net Assets, the cost of these assets is capitalized				<u>-0-</u>
Change in Net Assets of Governmental Activities				<u>\$ 46,970</u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended April 30, 2018
(Modified Cash Basis)

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Property Taxes	\$ 40,679	\$ 40,679	\$ 29,976	\$ (10,703)
Intergovernmental	101,227	101,227	106,028	4,801
Fines and Forfeitures	1,653	1,653	379	(1,274)
Licenses and Permits	1,600	1,600	1,729	129
Interest	477	477	3,842	3,365
Refund of Prior Year Expenditures	-0-	-0-	26,048	26,048
Miscellaneous	<u>1,641</u>	<u>1,641</u>	<u>1,831</u>	<u>190</u>
Total Revenues	<u>\$ 147,277</u>	<u>\$ 147,277</u>	<u>\$ 169,833</u>	<u>\$ 22,556</u>
EXPENDITURES				
Current:				
General Government	\$ 90,850	\$ 90,850	\$ 95,322	\$ (4,472)
Public Safety	-0-	-0-	-0-	-0-
Highways and Streets	49,000	49,000	45,848	3,152
Culture and Recreation	4,000	4,000	182	3,818
Capital Outlay	-0-	-0-	-0-	-0-
Contingencies	<u>10,000</u>	<u>10,000</u>	<u>-0-</u>	<u>10,000</u>
Total Expenditures	<u>\$ 153,850</u>	<u>\$ 153,850</u>	<u>\$ 141,352</u>	<u>\$ 12,498</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Transfers Out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balances	(6,573)	(6,573)	28,481	35,054
Fund Balances - Beginning	<u>617,794</u>	<u>617,794</u>	<u>617,794</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 611,221</u>	<u>\$ 611,221</u>	<u>\$ 646,275</u>	<u>\$ 35,054</u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Motor Fuel Tax Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended April 30, 2018
(Modified Cash Basis)

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Interest	\$ -0-	\$ -0-	\$ 145	\$ 145
Intergovernmental	14,115	14,115	14,115	-0-
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Revenues	<u>\$ 14,115</u>	<u>\$ 14,115</u>	<u>\$ 14,260</u>	<u>\$ 145</u>
EXPENDITURES				
Current:				
General Government	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Highways and Streets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Other Financing Sources (Uses)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Net Change in Fund Balances	14,115	14,115	14,260	145
Fund Balances - Beginning	<u>(4,961)</u>	<u>(4,961)</u>	<u>(4,961)</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 9,154</u>	<u>\$ 9,154</u>	<u>\$ 9,299</u>	<u>\$ 145</u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Tiling Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended April 30, 2018
(Modified Cash Basis)

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Intergovernmental	<u>4,622</u>	<u>4,622</u>	<u>4,049</u>	<u>(573)</u>
Total Revenues	\$ <u>4,622</u>	\$ <u>4,622</u>	\$ <u>4,049</u>	\$ <u>(573)</u>
EXPENDITURES				
Current:				
General Government	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Highways and Streets	<u>13,000</u>	<u>13,000</u>	<u>-0-</u>	<u>13,000</u>
Total Expenditures	\$ <u>13,000</u>	\$ <u>13,000</u>	\$ <u>-0-</u>	\$ <u>13,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Total Other Financing Sources (Uses)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Net Change in Fund Balances	(8,378)	(8,378)	4,049	12,427
Fund Balances - Beginning	<u>10,448</u>	<u>10,448</u>	<u>10,448</u>	<u>-0-</u>
Fund Balances - Ending	\$ <u><u>2,070</u></u>	\$ <u><u>2,070</u></u>	\$ <u><u>14,497</u></u>	\$ <u><u>12,427</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Statement of Net Position
Major Proprietary Funds
April 30, 2018
(Modified Cash Basis)

	Water Fund	Total Proprietary Funds
ASSETS		
Cash and Cash Equivalent	\$ 178,538	\$ 178,538
Investments	280,652	280,652
Accounts Receivable	32,920	32,920
Due from Other Funds	-0-	-0-
Capital Asset, Net	<u>531,895</u>	<u>531,895</u>
Total Assets	<u>\$ 1,024,005</u>	<u>\$ 1,024,005</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ -0-	\$ -0-
Due to Other Funds	132,354	132,354
Loans Payable	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>\$ 132,354</u>	<u>\$ 132,354</u>
NET POSITION		
Net Investment in Capital Assets	\$ 531,895	\$ 531,895
Committed for Water Tower Improvements	40,238	40,238
Unrestricted	<u>319,518</u>	<u>319,518</u>
Total Net Position	<u>\$ 891,651</u>	<u>\$ 891,651</u>
Total Liabilities and Net Position	<u>\$ 1,024,005</u>	<u>\$ 1,024,005</u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Statement of Revenues, Expenses and
Changes in Net Position
Major Proprietary Funds
For the Year Ended April 30, 2018
(Modified Cash Basis)

	<u>Water</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
OPERATING REVENUES		
Water Revenue	\$ 156,385	\$ 156,385
Total Operating Revenue	\$ 156,385	\$ 156,385
OPERATING EXPENSES		
Salaries and Benefits	\$ 26,617	\$ 26,617
Utilities and Telephone	6,459	6,459
Office Expense	935	935
Testing	5,184	5,184
Special Waste	52,856	52,856
Repairs and Maintenance	11,673	11,683
Professional Fees	198	198
Miscellaneous and Supplies	8,604	8,604
Depreciation	37,861	37,861
Total Operating Expenses	\$ 150,387	\$ 150,387
Operating Income (Loss)	\$ 5,998	\$ 5,998
NON-OPERATING REVENUE (EXPENSES)		
Grant Revenue	\$ -0-	\$ -0-
Interest Income	2,092	2,092
Interest Expense	-0-	-0-
Property Taxes	9,783	9,783
Miscellaneous Revenue	8,874	8,874
Non-Operating Revenue (Expenses)	\$ 20,749	\$ 20,749
Income before Transfers and Other Items	\$ 26,747	\$ 26,747
Transfers In	\$ -0-	\$ -0-
Transfers Out	-0-	-0-
Change in Net Position	26,747	26,747
Net Position - Beginning	864,904	864,904
Net Position - Ending	\$ 891,651	\$ 891,651

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Statement of Cash Flows
Major Proprietary Funds
For the Year Ended April 30, 2018
(Modified Cash Basis)

	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 144,436	\$ 144,436
Payments to Suppliers	(86,348)	(86,348)
Payments to Employees	(26,617)	(26,617)
Other Receipts	18,657	18,657
Payments to Other Funds	<u>(389)</u>	<u>(389)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 49,739</u>	<u>\$ 49,739</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers In	\$ -0-	\$ -0-
Transfers Out	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>\$ -0-</u>	<u>\$ -0-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	\$ (8,500)	\$ (8,500)
Principal Paid on Loans	-0-	-0-
Interest Paid on Loans	<u>-0-</u>	<u>-0-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (8,500)</u>	<u>\$ (8,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	\$ 2,092	\$ 2,092
(Purchase) Sale of Investments	<u>(51,797)</u>	<u>(51,797)</u>
Net Cash Provided by Investing Activities	<u>\$ (49,705)</u>	<u>\$ (49,705)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (8,466)	\$ (8,466)
Cash and Cash Equivalents - Beginning of Year	<u>187,004</u>	<u>187,004</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 178,538</u></u>	<u><u>\$ 178,538</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Statement of Cash Flows
Major Proprietary Funds
For the Year Ended April 30, 2018
(Modified Cash Basis)
 Continued

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

	<u>Water Fund</u>	<u>Total Proprietary Fund</u>
Operating Income (Loss)	\$ 5,998	\$ 5,998
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Miscellaneous Revenue	\$ 18,657	\$ 18,657
Depreciation Expense	37,861	37,861
Change in Assets and Liabilities:		
Accounts Receivable	(11,949)	(11,949)
Accounts Payable and Accrued Expenses	(439)	(439)
Due to Other Funds	<u>(389)</u>	<u>(389)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 49,739</u>	<u>\$ 49,739</u>

The notes to the financial statements are an integral part of this statement.

Village of Cullom
Notes to the Financial Statements
As of and for the Year Ended April 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Village of Cullom is a municipal corporation governed by an elected board. The Village operates under a Trustee-Village form of government and provides the following services: public safety, parks and recreation, public works, water, sewer and refuse collection.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village of Cullom and any component units, of which there are none during the year. The criteria used to determine if a legally separate organization's financial statements should be included and the manner in which they should be displayed center on the nature of financial accountability. Among factors determining this financial accountability include the degree to which the governing body is controlled by the Village as manifested by the ability to appoint a majority of its voting board and approval of its budget, the degree to which it provides a financial benefit or burden to the Village or the extent to which it is fiscally dependent.

Basis of Presentation

Government-Wide Financial Statements - The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the primary governmental and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities displays the direct expenses of a given function or segment and the associated program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges by a given function or segment and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The Village segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the financial statement and all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

General Fund - This is the primary operating fund of the Village. It accounts for an reports all financial resources of the general government not accounted for in another fund.

Motor Fuel Tax Fund - This fund accounts for allotments to the Village of motor fuel taxes and expenditures for maintenance and improvements to streets.

Village of Cullom
Notes to the Financial Statements
As of and for the Year Ended April 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Proprietary funds are used to account for those Village activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The Village has presented the following major proprietary funds:

Water Fund - This fund is used to account for water services to residents of the Village and other commercial users.

Measurement Focus and Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Village receives value without directly giving equal value in exchange, include property tax revenues, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Revenue from grants and other contributions is recognized in the fiscal year after the taxes are levied. Revenue from grants and other contributions is recognized in the fiscal year in which all eligibility, matching and expenditure requirements imposed by the provider have been met.

The Proprietary Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village enterprise funds are charges to customers for water, sewer, and garbage services. Operating expenses for the enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues, except for property taxes, to be available if they are collected within 60 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year for the year they are intended to finance.

Village of Cullom
Notes to the Financial Statements
As of and for the Year Ended April 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments and compensated absences recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village considers all highly liquid assets (including restricted assets) with maturities of three months or less to be cash equivalents.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the Village as assets with an initial individual cost of more than the capitalization threshold as shown below, and an estimated useful life in excess of two years. Purchased capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Minimum capitalization costs are as follows:

Infrastructure	\$ 50,000
Buildings	5,000
Land Improvements	5,000
Equipment	2,500

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The Village depreciates assets on a straight-line basis using the following estimated useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Equipment, furniture and fixtures	2 to 20 years
Buildings, structures and improvements	20 to 50 years
Improvements other than buildings	20 to 30 years
Water and sewer system	20 to 50 years
Infrastructure assets	20 to 25 years

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 are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. The face amount of debt issued is reported as other financing sources in the fund financial statements for governmental activities.

Village of Cullom
Notes to the Financial Statements
As of and for the Year Ended April 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Interfund Transactions

During the normal course of operations, the Village has transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended, and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenses if they involved organizations external to the Village are treated similarly when involving other funds of the Village.

Activity between funds that is referred to as "due to/from other funds" represent transactions when one fund incurs expenses for the benefit of another and expects repayment from it. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government entity-wide financial statements as "internal balances".

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance - amounts that are in nonspendable form (such as prepaid expenses) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors bondholders, and high levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balances - amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Board or by an official or body to which the Village Board delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Village would typically use restricted fund balances first, followed by committed resources, then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The Village prepares its financial statements in accordance with generally accepted accounting principles which require the use of estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Village of Cullom
Notes to the Financial Statements
As of and for the Year Ended April 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences

Village employees are entitled to certain compensated absences based on their length of employment. Compensated absences are earned at the beginning of the employees's annual employment anniversary. Vacation time does not accumulated from year to year. Unused vacation is forfeited.

NOTE 2 - CASH AND INVESTMENTS

Certain funds maintain their uninvested cash balances in common checking accounts, with accounting records being maintained to show the portion of the common bank account balance attributed to each particular fund. The Village is allowed to invest in securities as authorized by the Illinois Revised Statutes. The following is a summary of cash and investments at April 30, 2018:

A. Deposits

As of April 30, 2018, the carrying amount of the Village's deposits was \$996,907; the bank balance was \$1,000,840.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of April 30, 2018, \$-0- of the Village's bank balance of \$1,000,840 was exposed to custodial risk.

Insured	\$ 250,000
Securities Pledged to the Village	<u>750,840</u>
	<u>\$ 1,000,840</u>

B. Investments

The Village maintains CD's with Vermilion Valley Bank. The value of these CD's at April 30, 2018 was \$654,212.

The Village's investments are entirely insured or guaranteed by the U.S. Government. The Village has no policy for interest rate risk. The Village has invested in instruments that have fixed rates.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at April 30, 2018 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 132,354
General	Motor Fuel Tax	47,718

The outstanding balance resulted from expenses of the Water Fund and Motor Fuel Tax Fund that were paid by the General Fund in a prior year.

Village of Cullom
Notes to the Financial Statements
As of and for the Year Ended April 30, 2018

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the year ended April 30, 2018 was as follows:

A. General Fixed Assets

General Fixed Assets activity for the year ended April 30, 2018 was as follows:

	Balance 5/1/17	Additions	Deletions	Balance 4/30/18
Land	\$ 99,939	\$ -0-	\$ -0-	\$ 99,939
Buildings	92,656	-0-	-0-	92,656
Equipment	84,255	-0-	-0-	84,255
Total	<u>\$ 276,850</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 276,850</u>

B. Capital Assets - Enterprise

Capital assets activity for the year ended April 30, 2018 was as follows:

	Balance 05/01/17	Additions	Deletion	Balance 04/30/18
Property and Equipment	\$ 1,427,751	\$ 8,500	\$ -0-	\$ 1,436,251
Accum. Depreciation	<u>(866,495)</u>	<u>(37,861)</u>	<u>-0-</u>	<u>(904,356)</u>
Net Book Value	<u>\$ 561,256</u>	<u>\$ (29,361)</u>	<u>\$ -0-</u>	<u>\$ 531,895</u>

NOTE 5 - PROPERTY TAX

Property taxes attach as an enforceable lien on January 1. Taxes are levied on the second Tuesday of September and payable in two installments on the following June 1 and September 1. Taxes are levied for the fiscal year in progress although the taxes are not received in time to finance that year. The intention of the Village is to finance the subsequent fiscal year and the Village budgets accordingly. The Village Board adopted the Tax Levy ordinance on November 28, 2017. Collection amounts are given to the taxing body in July, September and November.

NOTE 6 - SEGMENT INFORMATION FOR PROPRIETARY FUNDS

	Water Fund	Total
Operating Receipts	<u>\$ 192,535</u>	<u>\$ 192,535</u>
Operating Income/ Loss	<u>\$ 42,148</u>	<u>\$ 42,148</u>
Net Income (Loss)	<u>\$ 62,897</u>	<u>\$ 62,897</u>
Total Equity	<u>\$ 927,801</u>	<u>\$ 927,801</u>

Village of Cullom
Notes to the Financial Statements
As of and for the Year Ended April 30, 2018

NOTE 7 - ADDITIONAL DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the combined financial statements, of certain information concerning individual funds including:

- a. Segment information for certain individual Proprietary Funds. This requirement is met by Note 6.
- b. Interfund receivable and payable balances. This requirement is met by Note 3.

NOTE 8 - ACCUMULATED UNPAID VACATION AND SICK PAY

The liability of the Village for accumulated vacation has not been recorded in the General Long-Term Account Group.

No liability is recorded in governmental funds since the current portion of the liability is not considered significant, nor can it be reasonably estimated.

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The government manages these risks by securing commercial insurance. Management believes that such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 10 - LITIGATION

As of April 30, 2018, the Village was not involved in any pending litigation.

NOTE 11 - BUDGETING COMPLIANCE

The Village operated within budgetary limits in all funds for the year ended April 30, 2018.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 4, 2018, which is the date the financial statements were available to be issued. Nothing has occurred that would require recognition or disclosure.