

VILLAGE PRESIDENT
Seth Speiser

VILLAGE CLERK
Jerry Menard

VILLAGE TRUSTEES
Mike Blaies
Ray Matchett, Jr.
Lisa Meehling
Denise Albers
Michael Heap
Bob Kaiser

VILLAGE TREASURER
Bryan A. Vogel

VILLAGE OF FREEBURG

FREEBURG MUNICIPAL CENTER
14 SOUTHGATE CENTER, FREEBURG, IL 62243
PHONE: (618) 539-5545 • FAX: (618) 539-5590
Web Site: www.freeburg.com

VILLAGE ADMINISTRATOR
Tony Funderburg

PUBLIC WORKS DIRECTOR
John Tolan

POLICE CHIEF
Michael J. Schutzenhofer

ESDA COORDINATOR
Eugene Kramer

ZONING ADMINISTRATOR

Matt Trout

VILLAGE ATTORNEY
Weilmuenster Keck Brown, P.C.

**IN ACCORDANCE WITH EXECUTIVE ORDER 2020-07, THE PUBLIC
CAN PARTICIPATE THROUGH THE ZOOM CLOUD MEETING
APPLICATION AND CLICKING ON THE FOLLOWING LINK:**

Meeting ID: 447 872 7673
<https://us02web.zoom.us/j/4478727673>

We ask the public to mute their phone or mic until Public Participation
If you have any questions, please contact Matt Trout at mtrout@freeburg.com
Village Hall will be open to the public for this meeting

October 12, 2020

TIF JOINT REVIEW BOARD AGENDA

A TIF Joint Review Board Meeting of the Village of Freeburg will be held at the
Municipal Center, Executive Board Room, **Tuesday, October 27, 2020, at 10:30
a.m.**

A. OLD BUSINESS:

1. Approval of October 29, 2019 minutes

B. NEW BUSINESS:

1. Review of FY2020 TIF Report

C. GENERAL CONCERNS

D. PUBLIC PARTICIPATION

E. ADJOURN

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TIF

Joint Review Board Meeting
Tuesday, October 29, 2019 at 10:00 a.m.

The meeting of the Joint Review Board for the TIF was called to order by Tony Funderburg at 10:00 a.m. on Tuesday, October 29, 2019, in the Municipal Center. Those in attendance were Frank Heiligenstein, Citizen Representative, Rick Stubblefield, St. Clair County; Mark Janssen, Freeburg District 70; Marianne Recker, Freeburg Township; Holly Zipfel, Freeburg Area Library; Sharon Marquardt, Freeburg Park District, Village Administrator Tony Funderburg, Zoning Administrator Matt Trout and Office Manager Julie Polson. Freeburg School District #77 and Freeburg Fire Protection District not present. Guest present: Tom Carpenter, Freeburg Tribune.

A. OLD BUSINESS:

1. Approval of October 23, 2018 Minutes: Mr. Rick Stubblefield motioned to approve the October 23, 2018 minutes and Ms. Holly Zipfel seconded the motion. All voting yea, the motion carried.

B. NEW BUSINESS:

1. Review of FY2019 TIF Report: Village Administrator Tony Funderburg provided a summary sheet detailing the 2019 revenue of \$246,562 and the principal/interest payment of \$189,940 leaving a balance of \$56,622. The fund balance is \$523,088, and Tony confirmed the bonds became callable on November 1st. In addition to the 2019 payment, he would like pay the principal and interest for 2020, 2021 and 2022 as well. By doing so, we will pay off the bonds early leaving approximately \$45,000 left over. The TIF remains healthy, and will be an asset to the village in the future. After this is paid off, the revenues coming in will make a difference to the taxing districts.


Mark Janssen recommend to the Village Board of Trustees to pay down the TIF bonds and Holly Zipfel seconded the motion. All voting yea, the motion carried.

Frank asked if there any new plans for a TIF district, and if we have ever charged an administrative fee. Tony replied no to both questions. Frank also asked if the comptroller's office has assessed any penalties, and Tony believes the portal hasn't even opened up yet to file the TIF report. He has contacted the person in charge of the TIF reports and delivered it to her. Tony asked for everyone to support the businesses there as much as possible. Mr. Koppeis has worked hard to make this a successful project for everyone.

C. GENERAL CONCERNS: None.

D. PUBLIC PARTICIPATION: None.

E. ADJOURN: Mr. Mark Janssen motioned to adjourn the meeting at 10:11 a.m. and Ms. Holly Zipfel seconded the motion. All voting yea, the motion carried.


Julie Polson
Office Manager

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

FY 2020

Name of Redevelopment Project Area (below):
 North State Street

Primary Use of Redevelopment Project Area*: Retail

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

If "Combination/Mixed" List Component Types:

Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):
 Tax Increment Allocation Redevelopment Act
 Industrial Jobs Recovery Law

Please utilize the information below to properly label the Attachments.

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment (labeled Attachment A).	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification (labeled Attachment B).		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion (labeled Attachment C).		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement (labeled Attachment D).	X	
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) (labeled Attachment E).	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information (labeled Attachment F).	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) (labeled Attachment G).	X	
Were there any reports <u>submitted to</u> the municipality <u>by</u> the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report (labeled Attachment H).		X
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached and (labeled Attachment J).	X	
An analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If attachment I is yes, then Analysis <u>MUST</u> be attached and (labeled Attachment J).	X	
Has a cumulative of \$100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund (labeled Attachment K).		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose the list only, not actual agreements (labeled Attachment M).	X	

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d))
Provide an analysis of the special tax allocation fund.

FY 2020

North State Street

Special Tax Allocation Fund Balance at Beginning of Reporting Period **\$ 523,088**

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ 257,088	\$ 2,630,726	56%
State Sales Tax Increment	\$ -	\$ -	0%
Local Sales Tax Increment	\$ -	\$ -	0%
State Utility Tax Increment	\$ -	\$ -	0%
Local Utility Tax Increment	\$ -	\$ -	0%
Interest	\$ 631	\$ -	0%
Land/Building Sale Proceeds	\$ -	\$ -	0%
Bond Proceeds	\$ -	\$ 2,050,000	44%
Transfers from Municipal Sources	\$ -	\$ -	0%
Private Sources	\$ -	\$ -	0%
Other (identify source _____; if multiple other sources, attach schedule)	\$ -	\$ -	0%

All Amount Deposited in Special Tax Allocation Fund **\$ 257,719**

Cumulative Total Revenues/Cash Receipts **\$ 4,680,726 100%**

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) **\$ 696,897**

Transfers to Municipal Sources **\$ -**

Distribution of Surplus **\$ -**

Total Expenditures/Disbursements **\$ 696,897**

Net/Income/Cash Receipts Over/(Under) Cash Disbursements **\$ (439,178)**

Previous Year Adjustment (Explain Below) **\$ -**

FUND BALANCE, END OF REPORTING PERIOD* **\$ 83,910**

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

Previous Year Explanation:

SECTION 3.2 A

PAGE 3

13. Relocation costs.		
		\$ -
14. Payments in lieu of taxes.		
		\$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		\$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
		\$ -
17. Cost of day care services.		
		\$ -
18. Other.		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 696,897

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2020

TIF NAME:

North State Street

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

Check here if no property was acquired by the Municipality within the Redevelopment Project Area.

Property Acquired by the Municipality Within the Redevelopment Project Area.

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	
Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	
Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	
Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	
Property (5):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	
Property (6):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	
Property (7):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	
Property (8):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 20 ILCS 620/4.7 (7)(F)

PAGE 1

FY 2020

TIF Name: North State Street

Page 1 is to be included with TIF report. Pages 2 and 3 are to be included **ONLY** if projects are listed.Select **ONE** of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	
--	--

2. The Municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	X
---	---

2a. The total number of ALL activities undertaken in furtherance of the objectives of the redevelopment plan:	3
--	---

LIST **ALL** projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 6,550,000	\$ -	\$ 6,550,000
Public Investment Undertaken	\$ 2,205,269	\$ 150,000	\$ 603,142
Ratio of Private/Public Investment	2 65/67		10 49/69

*PROJECT NAME TO BE LISTED AFTER PROJECT NUMBER

Project 1*: Freeburg Center

Private Investment Undertaken (See Instructions)	\$ 5,000,000		\$ 5,000,000
Public Investment Undertaken	\$ 2,205,269	\$ 150,000	\$ 603,142
Ratio of Private/Public Investment	2 4/15		8 20/69

Project 2*: Medical Office

Private Investment Undertaken (See Instructions)	\$ 1,000,000		\$ 1,000,000
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 3*:

Private Investment Undertaken (See Instructions)	\$ 550,000		\$ 550,000
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 4*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 5*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 6*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

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VILLAGE ATTORNEY
Weilmuenster & Keck, P.C.

September 11, 2020

Attachment B

IL Office of the Comptroller
Local Government Division
100 W. Randolph Street, Suite 15-500
Chicago, IL 60601

Re: North State Street Redevelopment Project Area
Unit Code: 088/070/32


To Whom it May Concern:

This will certify that, to the best of my knowledge, and based on my inquiry of those directly responsible for reviewing the available records, that the Village of Freeburg complied with the requirements of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act" during the fiscal year ended March 31, 2020.

Should you have any questions regarding this matter, please do not hesitate to contact me at 618/539-5705.

Sincerely,

Village of Freeburg


Seth Speiser
Village President

SES/jp

cc: File



WEILMUENSTER KECK BROWN, P.C.

September 14, 2020

Mr. Tony Funderburg
Village Administrator
Village of Freeburg
Freeburg Municipal Center
14 Southgate Center
Freeburg, IL 62243

Re: Tax Increment Financing District
Annual Report for Fiscal Year 2019-2020

Dear Tony,

Pursuant to your request, I have reviewed various materials provided by the Village of Freeburg with respect to the Tax Increment Financing District. Based upon my review of the materials provided, it is my opinion that the Village of Freeburg, Illinois, is in compliance with 65 ILCS 5/11-74.4-5(d)(4) and 65 ILCS 5/11-74.6-22(d)(4) of the Illinois Municipal Code.

If you have any questions or wish to discuss this matter further, please do not hesitate to call me.

Sincerely,

WEILMUENSTER KECK & BROWN, P.C.

By: 
Frederick W. Keck

FWK/sb
Cc: Julie Polson

J. MICHAEL WEILMUENSTER
jmw@weilmuensterlaw.com
Licensed in Illinois and Missouri

FREDERICK W. KECK
fwk@weilmuensterlaw.com
Licensed in Illinois and Missouri

NATHANIEL O. BROWN
nob@weilmuensterlaw.com
Licensed in Illinois

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TIF

Joint Review Board Meeting
Tuesday, October 29, 2019 at 10:00 a.m.

The meeting of the Joint Review Board for the TIF was called to order by Tony Funderburg at 10:00 a.m. on Tuesday, October 29, 2019, in the Municipal Center. Those in attendance were Frank Heiligenstein, Citizen Representative, Rick Stubblefield, St. Clair County; Mark Janssen, Freeburg District 70; Marianne Recker, Freeburg Township; Holly Zipfel, Freeburg Area Library; Sharon Marquardt, Freeburg Park District, Village Administrator Tony Funderburg, Zoning Administrator Matt Trout and Office Manager Julie Polson. Freeburg School District #77 and Freeburg Fire Protection District not present. Guest present: Tom Carpenter, Freeburg Tribune.

A. OLD BUSINESS:

1. Approval of October 23, 2018 Minutes: Mr. Rick Stubblefield motioned to approve the October 23, 2018 minutes and Ms. Holly Zipfel seconded the motion. All voting yea, the motion carried.

B. NEW BUSINESS:

1. Review of FY2019 TIF Report: Village Administrator Tony Funderburg provided a summary sheet detailing the 2019 revenue of \$246,562 and the principal/interest payment of \$189,940 leaving a balance of \$56,622. The fund balance is \$523,088, and Tony confirmed the bonds became callable on November 1st. In addition to the 2019 payment, he would like pay the principal and interest for 2020, 2021 and 2022 as well. By doing so, we will pay off the bonds early leaving approximately \$45,000 left over. The TIF remains healthy, and will be an asset to the village in the future. After this is paid off, the revenues coming in will make a difference to the taxing districts.

Mark Janssen recommend to the Village Board of Trustees to pay down the TIF bonds and Holly Zipfel seconded the motion. All voting yea, the motion carried.

Frank asked if there any new plans for a TIF district, and if we have ever charged an administrative fee. Tony replied no to both questions. Frank also asked if the comptroller's office has assessed any penalties, and Tony believes the portal hasn't even opened up yet to file the TIF report. He has contacted the person in charge of the TIF reports and delivered it to her. Tony asked for everyone to support the businesses there as much as possible. Mr. Koppeis has worked hard to make this a successful project for everyone.

C. GENERAL CONCERNS: None.

D. PUBLIC PARTICIPATION: None.

E. ADJOURN: Mr. Mark Janssen motioned to adjourn the meeting at 10:11 a.m. and Ms. Holly Zipfel seconded the motion. All voting yea, the motion carried.

Julie Polson
Office Manager



VILLAGE OF FREEBURG, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
MARCH 31, 2020

233 East Center Drive, P.O. Box 416
Alton, Illinois 62002
(618) 465-7717 Fax (618) 465-7710

80 Edwardsville Professional Park
Edwardsville, Illinois 62025
(618) 656-2146 Fax (618) 656-2147



VILLAGE OF FREEBURG, ILLINOIS

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MARCH 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board
of Trustees of the Village of
Freeburg, Illinois:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Freeburg, Illinois as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the governmental funds financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the governmental fund financial statements in the circumstances. Management is also responsible for the preparation and fair presentation of the business-type and proprietary fund financial statements in accordance with accounting principles generally accepted in the United States of America. 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities (modified cash basis), the business-type activities (accrual basis), each major fund and the aggregate remaining fund information of the Village of Freeburg, Illinois, as of March 31, 2020, and the respective changes in financial position and, where applicable, cash flows (Governmental activities - modified cash basis, Business-type activities – accrual basis) 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, except for the Village's Proprietary Funds, which have been prepared on the accrual basis of accounting. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information/Other Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 12, the budgetary comparison information on pages 41 and 42, and the schedules of pension funding information on pages 43 and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Freeburg, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

C. J. Schlosser & Company LLC

Certified Public Accountants
Alton, Illinois

September 8, 2020

VILLAGE OF FREEBURG, ILLINOIS **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Village of Freeburg, Illinois' (Village) annual audit presents a management's discussion and analysis of the Village's financial activity during the fiscal year ended March 31, 2020. The Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the Village.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the Village's basic financial statements. There are three components to the basic financial statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information/other information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude any fiduciary fund activities.

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, highways and streets, sanitation and development. The business-type activities include water, sewer, electric light and power, and swimming pool.

The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. Changes in net position are reported on the modified cash basis of accounting for the governmental activities and the accrual basis of accounting for the business-type activities.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental and proprietary.

Governmental Funds. Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financial decisions. Both the governmental fund statement of assets, liabilities and fund balances arising from modified cash basis transactions and the governmental fund statement of revenues and expenditures arising from modified cash basis transactions provide a reconciliation to facilitate this comparison between the governmental funds and the government-wide governmental activities.

The Village maintains four individual governmental funds. Information is presented separately in the governmental funds statement of assets, liabilities and fund balances arising from modified cash basis transactions and in the governmental fund statement of revenues and expenditures arising from modified cash basis transactions for two major funds: General Fund and the TIF Fund. Data for the other nonmajor governmental funds are combined in the supplementary information and reported in total in a separate column.

The Village adopts an annual budget for all governmental funds. A budgetary comparison schedule for the General Fund and the TIF Fund has been provided to demonstrate legal compliance with the adopted budget.

Proprietary funds. Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its water, sewer, electric light and power, and swimming pool operations.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information/Other Information. The Village reports budgetary comparison and retirement funding progress related to IMRF as required supplementary information/other information following the notes to the financial statements.

Other supplementary information. The combining fund statements, referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of accounting. The Village presents its financial statements for the governmental funds on the modified cash basis of accounting. The modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the Village's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense related to capital assets in the government-wide financial statements for all activities.

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 unbilled or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for good or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements for the governmental funds. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Village has presented its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$10,479,710 at the close of the most recent fiscal year.

The largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Current and other assets	\$ 938,746	\$ 1,705,594	\$ 3,985,162	\$ 4,274,642	\$ 4,923,908	\$ 5,980,236
Capital assets	1,984,826	1,420,076	9,928,283	9,918,718	11,913,109	11,338,794
Total assets	2,923,572	3,125,670	13,913,445	14,193,360	16,837,017	17,319,030
Deferred Outflows	-	-	363,523	538,328	363,523	538,328
Long-term liabilities outstanding	683,324	1,231,750	4,244,274	5,090,116	4,927,598	6,321,866
Other liabilities	4,996	14,015	1,182,667	565,342	1,187,663	579,357
Total liabilities	688,320	1,245,765	5,426,941	5,655,458	6,115,261	6,901,223
Deferred Inflows	-	-	605,569	426,103	605,569	426,103
Net position:						
Net invested in capital assets	1,821,502	1,363,326	5,794,772	5,358,768	7,616,274	6,722,094
Restricted	277,980	933,138	-	-	277,980	933,138
Unrestricted	135,770	(416,559)	2,449,686	3,291,359	2,585,456	2,874,800
Total net position	\$ 2,235,252	\$ 1,879,905	\$ 8,244,458	\$ 8,650,127	\$ 10,479,710	\$ 10,530,032

Total net position decreased \$50,322 resulting in a balance of \$10,479,710 as of March 31, 2020. Current assets, which include cash, investments and accounts receivable, decreased \$1,056,328. Non-current assets increased \$574,315, due to current year asset additions being in excess of depreciation. Total liabilities decreased \$795,962 resulting in a balance of \$6,115,261 as of March 31, 2020. Outstanding debt, including long-term and short-term portions, decreased \$1,394,268 due to regular debt retirements and a reduction in the net pension liability.

The change in net position is further examined in the Analysis of Net Position section of the MD&A.

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	2020		2019	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	72.7%	\$ 7,616,274	63.8%	\$ 6,722,094
Restricted	2.7%	277,980	8.9%	933,138
Unrestricted	24.7%	2,585,456	27.3%	2,874,800
Total net position	100.0%	\$ 10,479,710	100.0%	\$ 10,530,032

Total net position balances decreased by \$50,322 in fiscal year 2020 to a total ending balance of \$10,479,710. Capital net position balances increased by \$894,180 in the current year due to capital additions and debt reduction exceeding depreciation. The unrestricted net position balances changed by the net income of the related operating activities.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The revenue and expenditure comparisons that comprise the current year increase are as follows:

GOVERNMENTAL ACTIVITIES

<u>Revenues/Receipts</u>	<u>2020</u>	<u>2019</u>
Property tax	\$ 811,913	\$ 775,680
Sales and use tax	597,957	533,657
State income tax	469,103	417,663
Replacement tax	6,835	5,061
Video gaming tax	63,366	47,490
Charges for services	339,915	352,080
Telecommunications tax	70,780	84,657
Motor fuel tax	151,740	111,098
Utility tax	252,649	258,381
Investment income	13,168	14,503
Operating grants/contributions	37,632	29,940
Gain on disposal of assets	-	20,572
Miscellaneous	57,686	19,125
Total revenues	<u>\$ 2,872,744</u>	<u>\$ 2,669,907</u>

Total revenues for the governmental activities increased \$202,837 for the year ended March 31, 2020. The increase is mainly due to having operating grants/contributions as well as an increase in property taxes.

<u>Expenditures by category</u>	<u>2020</u>		<u>2019</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	13.7%	\$ 344,695	13.7%	\$ 318,998
Public safety	52.5%	1,320,774	51.9%	1,204,016
Highways and streets	22.3%	561,801	22.2%	514,731
Sanitation	9.8%	246,365	10.6%	245,143
Interest on long-term debt	1.7%	43,762	1.6%	37,557
Total expenditures	<u>100.0%</u>	<u>\$ 2,517,397</u>	<u>100.0%</u>	<u>\$ 2,320,445</u>

The Village reported an increase in expenses for governmental activities of \$196,952. Public safety had significantly higher expenditures in the current year. Public safety reported the highest expenditure category with 53% of all governmental expenditures.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2020</u>	<u>2019</u>
General government	\$ 32,692	\$ 32,090
Public safety	52,963	70,252
Highways and streets	40,784	43,742
Sanitation	<u>10,523</u>	<u>10,523</u>
Total depreciation	<u>\$ 136,962</u>	<u>\$ 156,607</u>

Total capital outlay expenditures in the governmental fund financial statements for the current year totaled \$701,712.

BUSINESS-TYPE ACTIVITIES

<u>Revenues</u>	<u>2020</u>	<u>2019</u>
Water charges	\$ 873,433	\$ 881,256
Sewer charges	690,517	685,768
Electric charges	5,171,442	5,249,568
Swimming pool charges	86,487	87,359
Property taxes	51,018	52,053
Grant revenue	-	90,154
Gain (Loss) on disposal of assets	-	4,651
Investment income	<u>70,555</u>	<u>71,400</u>
Total revenues	<u>\$ 6,943,452</u>	<u>\$ 7,122,209</u>

Total revenues for the business-type activities decreased \$178,757 for the year ended March 31, 2020. The Village had general decreases in grant revenue in the current year.

<u>Operating Expenditures</u>	<u>2020</u>		<u>2019</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	19.2%	\$ 1,390,430	19.7%	\$ 1,428,063
Contractual services	11.0%	795,128	10.6%	772,936
Electricity and water purchase	51.7%	3,742,779	51.1%	3,715,331
Supplies and materials	3.6%	260,608	3.7%	269,022
Heat, light and power	0.5%	35,264	0.5%	38,219
Depreciation	14.0%	1,011,818	14.3%	1,041,473
Total expenditures	<u>100.0%</u>	<u>\$ 7,236,027</u>	<u>100.0%</u>	<u>\$ 7,265,044</u>

Expenses in the business-type activities decreased in total by \$29,017. As in the prior year, the largest categories of operating expense were for electricity and water purchases which increased \$27,448 in the current year. Personal services decreased due to the large increase in the prior year for the IMRF liability that was considerably lower in the current year.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUNDS FINANCIAL ANALYSIS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2020, the Village's governmental funds reported combined ending fund balances of \$837,216, a decrease of \$758,455 in comparison with the prior year. A large portion of this balance constitutes unreserved, undesignated fund balance, which is available for spending at the Village's discretion. However, \$181,446 (TIF Fund and Special Revenue Funds) has been restricted for future debt payments and other restricted expenditures.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$655,770. This balance decreased \$102,671 in the current year.

The TIF Fund decreased \$439,178 in the current year for a fund balance of \$83,910 due to making advance payments on the outstanding TIF Bonds. The Motor Fuel Tax Fund reported a decrease of \$217,066 for an ending balance of \$67,805. The Impact Fees Fund reported an increase of \$460 in the current year for a fund balance of \$29,731.

Proprietary fund. The Village's proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Waterworks, Sewer, Electric Light and Power, and Swimming Pool funds at the end of the year amounted to \$2,449,686, a decrease of \$841,673 in comparison with prior year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's government-wide financial statements.

BUDGETARY HIGHLIGHTS

A comparison of budget and actual expenditures for the General Fund is as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 2,688,012	\$ 2,699,947

The budget was passed on March 19, 2019 and was not amended.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>
Land	\$ 83,840	\$ 83,840	\$ 426,700	\$ 426,700	\$ 510,540	\$ 510,540
Buildings and Improvements	711,766	445,881	2,820,134	2,390,360	3,531,900	2,836,241
Swimming Pool	-	-	598,788	642,434	598,788	642,434
Infrastructure	932,518	630,589	-	-	932,518	630,589
Distribution and Collection Systems	-	-	5,183,252	5,687,132	5,183,252	5,687,132
Vehicles and Equipment	256,702	259,766	899,409	772,092	1,156,111	1,031,858
	<u>\$ 1,984,826</u>	<u>\$ 1,420,076</u>	<u>\$ 9,928,283</u>	<u>\$ 9,918,718</u>	<u>\$ 11,913,109</u>	<u>\$ 11,338,794</u>

The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2020 amounts to \$11,913,109, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total outlay for capital assets for the current year was \$1,723,095. The largest additions in the current year were for the Police Department building expansion, a boring machine, engineering for the new sewer plant, and several pieces of equipment. These additions were offset by current year depreciation expense of \$1,148,780, thereby resulting in a net increase in net capital assets for the current year. Additional information related to capital assets can be found in Note 4 of the financial statements.

Long-term Debt

At the end of 2020, the Village had total long-term debt obligations for governmental activities and business-type activities in the amount of \$683,324 and \$4,133,511, respectively, compared to \$1,231,750 and \$4,559,950 at the end of 2019.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>
Loans Payable	\$ -	\$ -	\$ 1,412,753	\$ 1,534,156	\$ 1,412,753	\$ 1,534,156
Notes Payable	157,448	44,149	183,334	98,715	340,782	142,864
Capital Leases	5,876	12,601	12,424	27,079	18,300	39,680
Bonds Payable	520,000	1,175,000	2,525,000	2,900,000	3,045,000	4,075,000
Total Debt	<u>\$ 683,324</u>	<u>\$ 1,231,750</u>	<u>\$ 4,133,511</u>	<u>\$ 4,559,950</u>	<u>\$ 4,816,835</u>	<u>\$ 5,791,700</u>

The governmental activities reported decreases in long-term debt of \$548,426. The business-type activities reported a decrease in long-term debt of \$426,439. Overall, the decrease in debt was \$974,865. Additional information related to long-term debt can be found in Note 8 of the financial statements.

VILLAGE OF FREEBURG, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Freeburg's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Clerk's Office, 14 Southgate Center, Freeburg, IL 62243.

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF NET POSITION
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)
MARCH 31, 2020

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 746,742	\$ 1,027,083	\$ 1,773,825
Investments	192,004	2,211,452	2,403,456
Receivables (Net of allowance for uncollectible):	-	662,765	662,765
Prepaid Expenses	-	83,862	83,862
Capital Assets:			
Land	83,840	426,700	510,540
Buildings and Improvements	1,146,374	8,250,941	9,397,315
Swimming Pool	-	1,108,016	1,108,016
Infrastructure	1,058,210	-	1,058,210
Distribution and Collection Systems	-	15,461,058	15,461,058
Vehicles and Equipment	1,056,785	2,936,580	3,993,365
Less: Accumulated Depreciation	(1,360,383)	(18,255,012)	(19,615,395)
Net Capital Assets	1,984,826	9,928,283	11,913,109
Total Assets	\$ 2,923,572	\$ 13,913,445	\$ 16,837,017
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	\$ -	\$ 363,523	\$ 363,523
<u>Liabilities</u>			
Accounts Payable	\$ 4,996	\$ 482,149	\$ 487,145
Accrued Salaries	-	46,710	46,710
Accrued Interest	-	23,900	23,900
Customer Deposits	-	156,723	156,723
Line of Credit	-	473,185	473,185
Noncurrent Liabilities:			
Due Within One Year	49,768	550,326	600,094
Due In More Than One Year	633,556	3,693,948	4,327,504
Total Liabilities	688,320	5,426,941	6,115,261
<u>Deferred Inflows of Resources</u>			
Future Pension Expense	\$ -	\$ 605,569	\$ 605,569
<u>Net Position</u>			
Net Investment in Capital Assets	1,821,502	5,794,772	7,616,274
Restricted	277,980	-	277,980
Unrestricted	135,770	2,449,686	2,585,456
Total Net Position	\$ 2,235,252	\$ 8,244,458	\$ 10,479,710

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF ACTIVITIES
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)
FOR THE YEAR ENDED MARCH 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 344,695	\$ 72,824	\$ -	\$ 23,500	\$ (248,371)		\$ (248,371)
Public Safety:							
Police	1,320,634	10,031	37,632	-	(1,272,971)		(1,272,971)
Civil Defense	140	-	-	-	(140)		(140)
Highways and Streets	561,801	-	-	-	(561,801)		(561,801)
Sanitation	246,365	257,060	-	-	10,695		10,695
Interest on Long-Term Debt	43,762	-	-	-	(43,762)		(43,762)
Total Governmental Activities	<u>2,517,397</u>	<u>339,915</u>	<u>37,632</u>	<u>23,500</u>	<u>(2,116,350)</u>		<u>(2,116,350)</u>
Business-type Activities:							
Electric Light and Power	5,435,125	5,171,442	-	-		\$ (263,683)	\$ (263,683)
Waterworks	1,107,047	873,433	-	-		(233,614)	(233,614)
Sewer	619,880	690,517	-	-		70,637	70,637
Swimming Pool	187,069	86,487	-	-		(100,582)	(100,582)
Total Business-type Activities	<u>7,349,121</u>	<u>6,821,879</u>	<u>-</u>	<u>-</u>		<u>(527,242)</u>	<u>(527,242)</u>
Total Government	\$ 9,866,518	\$ 7,161,794	\$ 37,632	\$ 23,500	(2,116,350)	(527,242)	(2,643,592)
General Revenues:							
Property Tax, Levied for General Purposes					811,913	51,018	862,931
Sales and Use Tax					597,957	-	597,957
Replacement Tax					6,835	-	6,835
State Income Tax					469,103	-	469,103
Telecommunications Tax					70,780	-	70,780
Motor Fuel Tax					151,740	-	151,740
Video Gaming Tax					63,366	-	63,366
Utility Tax					252,649	-	252,649
Unrestricted Investment Earnings					13,168	70,535	83,723
Miscellaneous					34,186	-	34,186
Total General Revenues					<u>2,471,697</u>	<u>121,573</u>	<u>2,593,270</u>
Change in Net Position					<u>355,347</u>	<u>(405,669)</u>	<u>(50,322)</u>
Net Position - Beginning					<u>1,879,905</u>	<u>8,650,127</u>	<u>10,530,032</u>
Net Position - Ending					<u>\$ 2,235,252</u>	<u>\$ 8,244,458</u>	<u>\$ 10,479,710</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCE ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
MARCH 31, 2020

	<u>General</u>	<u>TIF</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 495,454	\$ 80,136	\$ 74,618	\$ 650,208
Investments	169,989	-	22,015	192,004
Due from Other Funds	-	3,774	903	4,677
Total Assets	<u>\$ 665,443</u>	<u>\$ 83,910</u>	<u>\$ 97,536</u>	<u>\$ 846,889</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ 4,996	\$ -	\$ -	\$ 4,996
Due to Other Funds	4,677	-	-	4,677
Total Liabilities	<u>9,673</u>	<u>-</u>	<u>-</u>	<u>9,673</u>
 Fund Balance:				
Restricted	-	83,910	97,536	181,446
Unassigned	655,770	-	-	655,770
Total Fund Balance	<u>655,770</u>	<u>83,910</u>	<u>97,536</u>	<u>837,216</u>
 Total Liabilities and Fund Balance	 <u>\$ 665,443</u>	 <u>\$ 83,910</u>	 <u>\$ 97,536</u>	 <u>\$ 846,889</u>

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

VILLAGE OF FREEBURG, ILLINOIS

RECONCILIATION OF THE STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED
CASH BASIS TRANSACTIONS TO THE STATEMENT OF NET POSITION
MARCH 31, 2020

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 837,216
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	1,984,826
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(683,324)
Internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole.	<u>96,534</u>
Net position of governmental activities	<u>\$ 2,235,252</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2020

	General	TIF	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Tax	\$ 554,825	\$ 257,088	\$ -	\$ 811,913
Utility Tax	252,649	-	-	252,649
Intergovernmental:				
Replacement Tax	6,835	-	-	6,835
Sales Tax	451,046	-	-	451,046
State Income Tax	469,103	-	-	469,103
Local Use Tax	146,911	-	-	146,911
Telecommunications Tax	70,780	-	-	70,780
Motor Fuel Tax	-	-	151,740	151,740
Video Gaming Tax	63,366	-	-	63,366
Grants	23,500	-	-	23,500
Franchise Fees	21,988	-	-	21,988
Licenses and Permits	50,836	-	-	50,836
Fines and Penalties	10,031	-	-	10,031
Garbage Collection	257,060	-	-	257,060
Investment Earnings	6,528	631	5,383	12,542
Miscellaneous	71,818	-	-	71,818
Total Revenues	<u>2,457,276</u>	<u>257,719</u>	<u>157,123</u>	<u>2,872,118</u>
Expenditures:				
Current:				
General Government	312,003	-	-	312,003
Public Safety:				
Police	1,263,037	-	-	1,263,037
Civil Defense	4,774	-	-	4,774
Highways and Streets	408,999	-	112,018	521,017
Sanitation	235,842	-	-	235,842
Debt Service:				
Principal	33,426	655,000	-	688,426
Interest and Charges	1,865	41,897	-	43,762
Capital Outlay	440,001	-	261,711	701,712
Total Expenditures	<u>2,699,947</u>	<u>696,897</u>	<u>373,729</u>	<u>3,770,573</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(242,671)</u>	<u>(439,178)</u>	<u>(216,606)</u>	<u>(898,455)</u>
Other Financing Sources (Uses):				
Proceeds from Debt	140,000	-	-	140,000
Total Other Financing Sources (Uses)	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>140,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(102,671)</u>	<u>(439,178)</u>	<u>(216,606)</u>	<u>(758,455)</u>
Fund Balance, Beginning of Year	<u>758,441</u>	<u>523,088</u>	<u>314,142</u>	<u>1,595,671</u>
Fund Balance, End of Year	<u>\$ 655,770</u>	<u>\$ 83,910</u>	<u>\$ 97,536</u>	<u>\$ 837,216</u>

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

VILLAGE OF FREEBURG, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES ARISING FROM MODIFIED CASH BASIS
TRANSACTIONS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

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

Net change in fund balances - total governmental funds \$ (758,455)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$701,712) exceeded depreciation expense (\$136,962) in the current year. 564,750

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items. 548,426

Activity related to the internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole. 626

Change in net position of governmental activities \$ 355,347

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 MARCH 31, 2020

	Major Funds			Non-Major Fund	Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
<u>Assets</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 645,094	\$ 170,807	\$ 229,037	\$ -	\$ 1,044,938	\$ 96,534
Investments	1,737,637	334,414	139,401	-	2,211,452	-
Receivables:						
Customers	305,780	48,931	42,621	-	397,332	-
Unbilled Revenue	196,461	37,264	30,303	-	264,028	-
Other	1,405	-	-	-	1,405	-
Prepaid Insurance	63,326	10,313	10,223	-	83,862	-
Total Current Assets	2,949,703	601,729	451,585	-	4,003,017	96,534
Capital Assets:						
Land	211,375	50,094	158,981	6,250	426,700	-
Buildings and Improvements	6,295,299	-	1,686,071	269,571	8,250,941	-
Swimming Pool	-	-	-	1,108,016	1,108,016	-
Distribution and Collection Systems	8,186,702	4,091,627	3,182,729	-	15,461,058	-
Vehicles and Equipment	1,562,688	749,634	500,907	123,351	2,936,580	-
	16,256,064	4,891,355	5,528,688	1,507,188	28,183,295	-
Less - Accumulated Depreciation	11,509,610	3,968,249	2,083,770	693,383	18,255,012	-
Net Capital Assets	4,746,454	923,106	3,444,918	813,805	9,928,283	-
Total Assets	\$ 7,696,157	\$ 1,524,835	\$ 3,896,503	\$ 813,805	\$ 13,931,300	\$ 96,534
<u>Deferred Outflows of Resources</u>						
Future Pension Expense	\$ 201,343	\$ 90,150	\$ 72,030	\$ -	\$ 363,523	\$ -
<u>Liabilities</u>						
Current Liabilities:						
Cash Deficit	\$ -	\$ -	\$ -	\$ 17,855	\$ 17,855	\$ -
Accounts Payable	315,245	67,843	99,018	43	482,149	-
Accrued Salaries	25,703	11,673	9,334	-	46,710	-
Accrued Interest	18,900	-	-	5,000	23,900	-
Line of Credit	-	-	473,185	-	473,185	-
Current Portion of Long Term Debt	402,287	10,051	97,988	40,000	550,326	-
Customer Deposits	89,238	39,219	28,266	-	156,723	-
Total Current Liabilities	851,373	128,786	707,791	62,898	1,750,848	-
Noncurrent Liabilities:						
Net Pension Liability	61,348	27,468	21,947	-	110,763	-
Long Term Debt (Net of Current)	1,961,221	32,074	1,319,890	270,000	3,583,185	-
Total Noncurrent Liabilities	2,022,569	59,542	1,341,837	270,000	3,693,948	-
Total Liabilities	2,873,942	188,328	2,049,628	332,898	5,444,796	-
<u>Deferred Inflows of Resources</u>						
Future Pension Expense	\$ 335,404	\$ 150,175	\$ 119,990	\$ -	\$ 605,569	\$ -
<u>Net Position</u>						
Net Investment in Capital Assets	2,382,946	880,981	2,027,040	503,805	5,794,772	-
Committed	-	-	-	-	-	96,534
Unreserved	2,305,208	395,501	(228,125)	(22,898)	2,449,686	-
Total Net Position	4,688,154	1,276,482	1,798,915	480,907	8,244,458	96,534
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,897,500	\$ 1,614,985	\$ 3,968,533	\$ 813,805	\$ 14,294,823	\$ 96,534

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2020

	Major Funds			Non-Major Fund	Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
Operating Revenue:						
Charges for Services	\$ 5,097,808	\$ 836,765	\$ 683,982	\$ 66,292	\$ 6,684,847	\$ -
Connection Fees	8,425	6,140	5,250	-	19,815	-
Supplies Sold	54,925	20,308	1,285	20,195	96,713	-
Miscellaneous	10,284	10,220	-	-	20,504	-
Total Operating Revenue	5,171,442	873,433	690,517	86,487	6,821,879	-
Operating Expenses:						
Personal Services	707,440	336,463	285,172	61,355	1,390,430	-
Contractual Services and Other	541,377	128,410	119,218	6,123	795,128	-
Electricity and Water Purchased	3,345,101	397,678	-	-	3,742,779	-
Supplies and Materials	117,513	80,028	33,687	29,380	260,608	-
Heat, Light and Power	10,828	5,248	19,188	-	35,264	-
Depreciation	648,394	158,116	131,074	74,234	1,011,818	-
Total Operating Expenses	5,370,653	1,105,943	588,339	171,092	7,236,027	-
Operating Income (Loss)	(199,211)	(232,510)	102,178	(84,605)	(414,148)	-
Nonoperating Revenues (Expenses):						
Property Taxes	-	-	-	51,018	51,018	-
Interest Income	43,904	22,592	4,055	4	70,555	626
Interest Expense	(64,472)	(1,104)	(31,541)	(15,977)	(113,094)	-
Total Nonoperating Revenues (Expenses)	(20,568)	21,488	(27,486)	35,045	8,479	626
Change in Net Position	(219,779)	(211,022)	74,692	(49,560)	(405,669)	626
Net Position, Beginning of Year	4,907,933	1,487,504	1,724,223	530,467	8,650,127	95,908
Net Position, End of Year	\$ 4,688,154	\$ 1,276,482	\$ 1,798,915	\$ 480,907	\$ 8,244,458	\$ 96,534

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2020

	Major Funds			Non-Major Fund	Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
<u>Cash Flows from Operating Activities</u>						
Cash Received from Customers	\$ 5,176,013	\$ 872,452	\$ 691,442	\$ 86,487	\$ 6,826,394	\$ -
Cash Paid to Suppliers	(4,164,950)	(668,679)	(197,887)	(43,351)	(5,074,867)	-
Cash Payments to Employees for Services	(558,581)	(261,147)	(214,695)	(53,917)	(1,088,340)	-
Net Cash Provided (Used) By Operating Activities	<u>452,482</u>	<u>(57,374)</u>	<u>278,860</u>	<u>(10,781)</u>	<u>663,187</u>	<u>-</u>
<u>Cash Flows from Capital Financing Activities</u>						
Purchase of Fixed Assets	(235,640)	(82,647)	(695,064)	(8,032)	(1,021,383)	-
Proceeds from Debt	111,000	37,000	-	-	148,000	-
Proceeds from Line of Credit	-	-	473,185	-	473,185	-
Principal Paid on Debt	(377,307)	(25,218)	(136,914)	(35,000)	(574,439)	-
Interest Paid on Debt	(66,733)	(1,104)	(31,541)	(16,443)	(115,821)	-
Net Cash Provided (Used) By Capital Financing Activities	<u>(568,680)</u>	<u>(71,969)</u>	<u>(390,334)</u>	<u>(59,475)</u>	<u>(1,090,458)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>						
Purchase of Investment	(26,711)	(7,928)	(2,381)	-	(37,020)	-
Interest Income	<u>43,904</u>	<u>22,592</u>	<u>4,055</u>	<u>4</u>	<u>70,555</u>	<u>626</u>
Net Cash Provided By Investing Activities	<u>17,193</u>	<u>14,664</u>	<u>1,674</u>	<u>4</u>	<u>33,535</u>	<u>626</u>
<u>Cash Flows from Non-Capital Financing Activities</u>						
Property Tax	-	-	-	51,018	51,018	-
Customer Deposits	<u>785</u>	<u>1,228</u>	<u>360</u>	<u>-</u>	<u>2,373</u>	<u>-</u>
Net Cash Provided By Non-Capital Financing Activities	<u>785</u>	<u>1,228</u>	<u>360</u>	<u>51,018</u>	<u>53,391</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(98,220)	(113,451)	(109,440)	(19,234)	(340,345)	626
Cash and Cash Equivalents, Beginning of Year	<u>743,314</u>	<u>284,258</u>	<u>338,477</u>	<u>1,379</u>	<u>1,367,428</u>	<u>95,908</u>
Cash and Cash Equivalents, End of Year	<u>\$ 645,094</u>	<u>\$ 170,807</u>	<u>\$ 229,037</u>	<u>\$ (17,855)</u>	<u>\$ 1,027,083</u>	<u>\$ 96,534</u>

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

VILLAGE OF FREEBURG, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
 CASH PROVIDED BY OPERATING ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2020

	<u>Major Funds</u>			<u>Non-Major Fund</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Electric Light and Power</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Swimming Pool</u>		
Operating Income (Loss)	\$ (199,211)	\$ (232,510)	\$ 102,178	\$ (84,605)	\$ (414,148)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	648,394	158,116	131,074	74,234	1,011,818	-
Pension Liability and Deferrals	(38,886)	(14,843)	(11,403)	-	(65,132)	-
Decrease (Increase) in:						
Accounts Receivable	5,312	(126)	250	-	5,436	-
Unbilled Revenue	(741)	(855)	675	-	(921)	-
Prepaid Insurance	(18,306)	(6,077)	(5,977)	-	(30,360)	-
Escrow	-	-	12,000	-	12,000	-
Increase (Decrease) in:						
Accounts Payable	50,694	35,812	47,747	(410)	133,843	-
Accrued Salaries	5,226	3,109	2,316	-	10,651	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 452,482</u>	<u>\$ (57,374)</u>	<u>\$ 278,860</u>	<u>\$ (10,781)</u>	<u>\$ 663,187</u>	<u>\$ -</u>

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

VILLAGE OF FREEBURG, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Freeburg, Illinois have been prepared in conformity with the modified cash basis of accounting for the Governmental Fund Types and the accrual basis of accounting for the Proprietary Fund Types as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) Financial reporting entity

The Village's combined financial statements include the accounts of all Village operations. The criteria for including organizations as component units within the Village's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Village holds the corporate powers of the organization
- the Village appoints a voting majority of the organization's board
- the Village is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Village
- there is fiscal dependency by the organization on the Village

The Village has determined that no other outside agency meets the above criteria and therefore, no other agency has been included as a component unit in the Village's financial statements. In addition, the Village is not aware of any entity that would exercise such oversight, which would result in the Village being considered a component unit of the entity.

(b) Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. 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.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. Property taxes are recognized as revenues in the year for which they are received.

The government-wide financial statements are reported using the same basis of accounting as used by the individual funds in the fund financial statements.

The government reports the following major governmental funds:

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

The TIF Fund accounts for the receipts and related development expenses including the debt service payments of the TIF district.

The Village reports the following major proprietary funds:

The Water Fund and the Sewer Fund accounts for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities. The Village operates the water distribution system as well as the sewage treatment plant, sewage pumping stations and collection systems.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Electric Light and Power Fund accounts for all activities related to the billing, administration and distribution processes of the Village's electric and power operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. All deposits and investments are reported at fair value.

The Village is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. Investment income is recognized as earned.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Unbilled electric, water, and sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to March 31 and prorating the applicable number of days to the current fiscal year.

The Village records accounts receivable in the Statement of Net Position for amounts that are due to the Village but have not been received at year-end. Accounts receivable are largely comprised of billed and unbilled amounts for utilities in the business-type activities. These balances are considered fully collectible at year-end.

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. The government defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Type of Property and Equipment</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15 – 40 Years
Infrastructure	40 Years
Swimming Pool	20 Years
Distribution and Collection Systems	15 - 50 Years
Vehicles and Equipment	5 - 10 Years

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Compensated absences

Sick leave is accrued for all employees at the rate of 1 day per month. On January 1st of the year an employee celebrates their fifth year employment anniversary, and all years thereafter, employees shall be granted twelve sick days. Sick leave can be carried forward, but not to exceed 65 work days. All full-time employees of the Village who have been employed for at least one (1) full year shall become eligible for vacation as indicated by the following table:

<u>Service</u>	<u>Vacation Allowed</u>
Having Completed 1 Year	5 Working Days
2-8 Years Continuous	10 Working Days
9-17 Years Continuous	15 Working Days
18 or More Years Continuous	20 Working Days
	1 day for each year over
	18 years of service

An employee separated from the service of the Village shall be compensated for all unused vacation leave accumulated prior to his/her effective date of separation but not for accumulated sick leave. Any liability at March 31, 2020 is immaterial.

Long-term obligations

In the government-wide financial statements and enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Fund balances

In the fund financial statements, the Village classifies the governmental fund balances based upon the following criteria:

Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted – balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed – balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the Village Board, the highest level of decision-making authority.

Assigned – balances that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – the residual classification of the General Fund balance.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following details the description and amount of all constraints recorded by the Village in the fund financial statements:

<u>Governmental Funds</u>	
Restricted:	
Tax Increment Financing District	\$ 83,910
Motor Fuel Tax Fund	67,805
Impact Fees Fund	<u>29,731</u>
Total Restricted	<u>\$ 181,446</u>
Committed:	
Internal Service Fund	<u>\$ 96,534</u>

When expenditures are incurred for which the Village has both restricted and unrestricted funds available, the Village spends any restricted funds before using unrestricted sources. Likewise, the Village uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available.

(e) Budgetary Control

Budgets are adopted on a basis consistent with the modified cash basis of accounting. Annual appropriated budgets are adopted for all governmental funds. All annual appropriations lapse at fiscal year-end.

On March 19, 2019 the Village Board approved an ordinance adopting the appropriations which is the budgetary data reflected in these financial statements. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

(f) Risk Management

The Village is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the Village carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverages in the past three years.

(g) Estimates

The Village uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

At March 31, 2020, the carrying amount of the Village's deposits was \$4,105,666 and the bank balance was \$4,120,331. The deposits were comprised of checking, interest checking, money market funds and certificates of deposit.

At March 31, 2020, the Village had the following deposits and investments:

<u>Investment</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	Daily	\$ 71,000
Petty Cash		615
Deposits as reported above		<u>4,105,666</u>
Total deposits and investments		<u>\$ 4,177,281</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 1,773,825
Investments		<u>2,403,456</u>
		<u>\$ 4,177,281</u>

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 March 31, 2020, all cash deposit balances in excess of FDIC insurance were collateralized with investments by the financial institution.

Interest Rate Risk. The Village's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The Village only maintains investments in the Illinois Funds, which is an external investment pool.

The Illinois Funds are pooled investments that are operated by the State of Illinois as a not-for-profit common law trust and are not registered with the SEC. The funds are monitored regularly through the State by internal and external audits. The goals of the funds are to provide liquidity and to maintain balances that are equal to the par value of the invested shares with no loss to market fluctuations. The fair value of the Village's position in the pool is the same as the value of the pool shares.

Credit Risk. As of March 31, 2020, the credit rating of the Village's investment was as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--

Concentration of Credit Risk. As of March 31, 2020, the Village did not have a concentration of credit risk.

Foreign Currency Risk. As of March 31, 2020, the Village has no foreign currency risk.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: PROPERTY TAXES

The Village's property tax is levied each year on all taxable real property located in the Village on or before the second Tuesday in December. The Board passed the levy on November 4, 2019. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The County had not mailed tax bills as of March 31, 2020. Past mailing practices of the County have been subsequent to March 31 of each year. The Village begins to receive significant distributions of tax receipts in June and July after the bills are mailed by the County. The Village budgets and records property tax revenue in the year the property taxes are received.

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

	Maximum <u>Levy</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rates:</u>				
General	\$ 0.2500	\$ 0.2407	\$ 0.2271	\$ 0.2097
Bonds and Interest	None	0.0593	0.0577	0.0607
IMRF	None	0.1565	0.1930	0.1981
Police Protection	0.0750	0.0739	0.0682	0.0699
Audit	None	0.0109	0.0097	0.0100
Civil Defense (ESDA)	0.0500	<u>0.0099</u>	<u>0.0091</u>	<u>0.0100</u>
Total		<u>\$ 0.5512</u>	<u>\$ 0.5648</u>	<u>\$ 0.5584</u>
Assessed Valuations		<u>\$ 91,417,649</u>	<u>\$ 88,083,697</u>	<u>\$ 85,854,730</u>
<u>Tax Extensions:</u>				
General		\$ 220,042	\$ 200,038	\$ 180,037
Bonds and Interest		54,211	50,824	52,114
IMRF		143,069	170,002	170,078
Police Protection		67,558	60,073	60,012
Audit		9,965	8,544	8,586
Civil Defense (ESDA)		<u>9,050</u>	<u>8,016</u>	<u>8,586</u>
Total		<u>\$ 503,895</u>	<u>\$ 497,497</u>	<u>\$ 479,413</u>
Tax Collections		<u>\$ -</u>	<u>\$ 499,128</u>	<u>\$ 477,754</u>
Percent Collected		<u>0.00%</u>	<u>100.33%</u>	<u>99.65%</u>

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 83,840	\$ -	\$ -	\$ 83,840
Capital assets, being depreciated:				
Buildings and improvements	854,915	304,043	12,584	1,146,374
Infrastructure	728,658	329,552	-	1,058,210
Vehicles and equipment	989,348	68,117	680	1,056,785
Total capital assets being depreciated	<u>2,572,921</u>	<u>701,712</u>	<u>13,264</u>	<u>3,261,369</u>
Less accumulated depreciation for:				
Building and improvements	409,034	38,158	12,584	434,608
Infrastructure	98,069	27,623	-	125,692
Vehicles and equipment	729,582	71,181	680	800,083
Total accumulated depreciation	<u>1,236,685</u>	<u>136,962</u>	<u>13,264</u>	<u>1,360,383</u>
Total capital assets, being depreciated, net	<u>1,336,236</u>	<u>564,750</u>	<u>-</u>	<u>1,900,986</u>
Governmental activities capital assets, net	<u>\$ 1,420,076</u>	<u>\$ 564,750</u>	<u>\$ -</u>	<u>\$ 1,984,826</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 426,700	\$ -	\$ -	\$ 426,700
Capital assets, being depreciated:				
Buildings and improvements	7,553,451	697,490	-	8,250,941
Swimming pool	1,099,984	8,032	-	1,108,016
Distribution and collection system	15,445,388	15,670	-	15,461,058
Vehicles and equipment	2,679,398	300,191	43,009	2,936,580
Total capital assets, being depreciated	<u>26,778,221</u>	<u>1,021,383</u>	<u>43,009</u>	<u>27,756,595</u>
Less accumulated depreciation for:				
Buildings and improvements	5,163,091	267,716	-	5,430,807
Swimming pool	457,550	51,678	-	509,228
Distribution and collection system	9,758,256	519,550	-	10,277,806
Vehicles and equipment	1,907,306	172,874	43,009	2,037,171
Total accumulated depreciation	<u>17,286,203</u>	<u>1,011,818</u>	<u>43,009</u>	<u>18,255,012</u>
Total capital assets, being depreciated, net	<u>9,492,018</u>	<u>9,565</u>	<u>-</u>	<u>9,501,583</u>
Business-type activities capital assets, net	<u>\$ 9,918,718</u>	<u>\$ 9,565</u>	<u>\$ -</u>	<u>\$ 9,928,283</u>

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 32,692
Public safety	52,963
Highways and streets	40,784
Sanitation	<u>10,523</u>
Total depreciation expense - governmental activities	<u>\$ 136,962</u>
Business-type activities:	
Electric light and power	\$ 648,394
Water	158,116
Sewer	131,074
Swimming pool	<u>74,234</u>
Total depreciation expense - business-type activities	<u>\$ 1,011,818</u>

NOTE 5: RETIREMENT FUND COMMITMENTS

(a) Illinois Municipal Retirement Fund

Plan Description. The Village'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 Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, 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 annual required contribution rate for calendar year 2019 was 8.06 percent. 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.

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	23
Inactive, non-Retired Members	12
Active Members	<u>31</u>
Total	<u>66</u>

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%; and the resulting single discount rate is 7.25%.

Actuarial Valuation Date	12/31/19
Measurement Date of the Net Pension Liability	12/31/19
Fiscal Year End	03/31/20

Development of the Single Discount Rate as of December 31, 2019

Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	2.75%
Last year ending December 31 in the 2020 to 2119 projection period for which projected benefit payments are fully funded	2118
Resulting Single Discount Rate based on the above development	7.25%

Single Discount Rate calculated using December 31, 2018 Measurement Date 7.25%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20 Year Municipal GO AA Index" as of December 31, 2019.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 24 year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

Total pension liability	
Service Cost	\$ 175,047
Interest on the Total Pension Liability	532,041
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(51,203)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(332,557)</u>
Net change in total pension liability	\$ 323,328
Total pension liability - beginning	<u>7,417,254</u>
Total pension liability - ending	<u>\$ 7,740,582</u>
Plan fiduciary net position	
Contributions - employer	\$ 147,694
Contributions - employee	82,460
Net investment income	1,179,023
Benefit payments, including refunds of employee contributions	(332,557)
Other (Net Transfer)	<u>31,790</u>
Net change in plan fiduciary net position	\$ 1,108,410
Plan fiduciary net position - beginning	<u>6,419,317</u>
Plan fiduciary net position - ending	<u>\$ 7,527,727</u>
Net pension liability/(asset)	<u>\$ 212,855</u>
Plan fiduciary net position as a percentage of the total pension liability	97.25%
Covered valuation payroll	\$ 1,832,439
Net pension liability as a percentage of covered valuation payroll	11.62%

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Total Pension Liability	\$ 8,705,120	\$ 7,740,582	\$ 6,943,168
Plan Fiduciary Net Position	<u>7,527,727</u>	<u>7,527,727</u>	<u>7,527,727</u>
Net Pension Liability/(Asset)	<u>\$ 1,177,393</u>	<u>\$ 212,855</u>	<u>\$ (584,559)</u>

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Net Deferred Outflows of <u>Resources</u>
Difference between expected and actual experience	\$ 5,505	\$ 231,366	\$ (225,861)
Changes in assumptions	127,610	100,074	27,536
Subsequent contributions to plan	39,065	-	39,065
Net difference between projected and actual earnings on pension plan investments	<u>526,410</u>	<u>832,295</u>	<u>(305,885)</u>
Total	<u>\$ 698,590</u>	<u>\$ 1,163,735</u>	<u>\$ (465,145)</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2020	\$ (141,341)
2021	(185,545)
2022	8,821
2023	<u>(147,080)</u>
	<u>\$ (465,145)</u>

(b) Social Security

All employees, including those qualifying for coverage under the Illinois Municipal Retirement Fund, are covered under Social Security. The Village paid \$157,294, the required contribution for the current fiscal year.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: LEGAL DEBT MARGIN

The computation of legal debt margin at March 31, 2020 is as follows:

Bonded Debt Limit*	\$ 7,884,772
Bonded Indebtedness	<u>683,324</u>
Legal Debt Margin	<u>\$ 7,201,448</u>

* The bonded indebtedness of the Village is limited by Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes to 8.625% of the assessed valuation of taxable tangible property.

NOTE 7: LINE OF CREDIT

The Village has a \$1,000,000 line of credit with a local bank which expires December 12, 2022. Interest is at 2.09%. The highest balance at any time during the current fiscal year was \$473,185. The Village had an outstanding balance of \$473,185 at March 31, 2020.

NOTE 8: LONG-TERM DEBT

The Village has the following long-term debt as of March 31, 2020.

Notes Payable

\$225,618 loan with Citizens Community Bank to be repaid with annual payments of \$36,464 through July 2020, including interest at 3.182%. The loan was used to purchase a Bucket/Pole Truck for the Electric Light and Power Fund. The loan is secured by the truck. The balance outstanding as of March 31, 2020 is \$35,334.

\$67,000 loan with Midland States Bank to be repaid with annual payments of \$17,934 through October 2020, including interest at 2.75%. The loan was used to purchase a Leaf Vacuum for the General Fund. The loan is secured by the related equipment. The balance outstanding as of March 31, 2020 is \$17,448.

\$140,000 loan with Citizens Community Bank to be repaid in five annual payments of \$30,344, including interest at 2.74%. The loan was used to pay for upgrades to the Police Department building. The loan is unsecured. The balance outstanding as of March 31, 2020 is \$140,000.

\$148,000 loan with Citizens Community Bank to be repaid in seven annual payments of \$23,168, including interest at 2.34%. The loan was used to purchase a boring machine to be split between the Electric Light and Power and Water Funds. The loan is unsecured. The balance outstanding as of March 31, 2020 is \$148,000.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Upon default with the loans being held by the banks, the lender may declare the full unpaid balance and interest to be due immediately.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ended March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
	2021	\$ 43,892	\$ 4,386	\$ 55,039
2022	27,189	3,154	20,166	3,002
2023	27,945	2,399	20,637	2,531
2024	28,721	1,623	21,120	2,048
2025	29,701	827	21,615	1,553
2026-2027	-	-	44,757	1,578
	<u>\$ 157,448</u>	<u>\$ 12,389</u>	<u>\$ 183,334</u>	<u>\$ 15,305</u>

Bonds Payable

\$550,000 General Obligation Bonds, Series 2011 dated July 20, 2011, due in annual installments of \$40,000 to \$50,000 through December 1, 2026; interest at 4.25% to 5.25%. The amount of bonds outstanding as of March 31, 2020 is \$310,000. These bonds are being retired by the Swimming Pool Fund.

\$4,780,000 General Obligation Refunding Bonds, Series 2012 dated September 13, 2012, due in annual installments of \$350,000 to \$395,000 through December 1, 2025; interest at 2.20% to 2.85%. The amount of bonds outstanding as of March 31, 2020 is \$2,215,000. These bonds are being retired by the Electric Light and Power Fund. This issue refunded Series 2005 Bonds.

\$1,950,000 General Obligation Refunding Bonds, Series 2014 dated April 29, 2014, due in semi-annual installments of \$155,000 to \$185,000 through November 1, 2025; interest at 3.05% to 3.30%. The amount of bonds outstanding as of March 31, 2020 is \$520,000. These bonds are being retired by the TIF Fund. This issue refunded Series 2005 Tax Increment Revenue Bonds.

Annual debt service requirements to maturity for bonds are as follows:

Year Ended March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
	2021	\$ -	\$ 16,293	\$ 390,000
2022	-	16,293	395,000	62,499
2023	-	16,293	405,000	52,180
2024	155,000	16,293	415,000	41,154
2025	180,000	11,865	425,000	29,145
2026-2027	185,000	6,105	495,000	19,069
	<u>\$ 520,000</u>	<u>\$ 83,142</u>	<u>\$ 2,525,000</u>	<u>\$ 275,947</u>

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

EPA Loans

\$479,822 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$15,765, including interest at 2.535%. The loan was used to assist in the construction of sanitary sewer lines and an excess flow clarifier at the West Sewage Treatment Plant. The balance outstanding as of March 31, 2020 is \$15,469.

\$583,674 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$18,648, including interest at 2.925%. The loan was used to assist in the construction of sewer lines on North State Street. The balance outstanding as of March 31, 2020 is \$417,159.

\$1,085,569 loan with the Illinois Environmental Protection Agency to be repaid with semi-annual installments of \$33,757, including interest at 1.86%. The loan was used to assist in the construction of the North Trunk Extension/Deerfield Relief Sewer Project. The balance outstanding as of March 31, 2020 is \$980,125.

Annual debt service requirements to maturity for EPA Loans are as follows:

Year Ended March 31,	<u>EPA Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 92,863	\$ 27,613
2022	78,964	25,847
2023	80,566	24,247
2024	82,199	22,613
2025	83,865	20,945
2026-2030	445,556	78,497
2031-2035	416,793	32,669
2036-2037	131,947	3,082
	<u>\$ 1,412,753</u>	<u>\$ 235,513</u>

Capital Leases

\$27,600 capital lease with John Deere to be paid in three annual payments of \$10,065, including interest at 4.50%. The loan was used to purchase three vehicles to be used in the water, sewer, and street departments. The balance outstanding as of March 31, 2020 is \$9,604.

\$24,731 capital lease with De Lage to be paid in monthly payments of \$1,120, including interest at 8.137%. The loan was used to purchase a phone system to be used in the general, water, sewer, and electric departments. The balance outstanding as of March 31, 2020 is \$8,696.

VILLAGE OF FREEBURG, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Annual debt service requirements to maturity for capital leases are as follows:

Year Ended March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
	2021	\$ 5,876	\$ 245	\$ 12,424
	<u>\$ 5,876</u>	<u>\$ 245</u>	<u>\$ 12,424</u>	<u>\$ 469</u>

The following is a summary of changes in long-term debt for the year ended March 31, 2020.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type Activities:</u>					
Bonds Payable	\$ 2,900,000	\$ -	\$ 375,000	\$ 2,525,000	\$ 390,000
Notes from Direct Borrowings:					
Capital Leases	27,079	-	14,655	12,424	12,424
Notes Payable	98,715	148,000	63,381	183,334	55,039
EPA Loans	1,534,156	-	121,403	1,412,753	92,863
Net Pension Liability	530,166	-	419,403	110,763	-
	<u>\$ 5,090,116</u>	<u>\$ 148,000</u>	<u>\$ 993,842</u>	<u>\$ 4,244,274</u>	<u>\$ 550,326</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 1,175,000	\$ -	\$ 655,000	\$ 520,000	\$ -
Notes from Direct Borrowings:					
Capital Leases	12,601	-	6,725	5,876	5,876
Notes Payable	44,149	140,000	26,701	157,448	43,892
	<u>\$ 1,231,750</u>	<u>\$ 140,000</u>	<u>\$ 688,426</u>	<u>\$ 683,324</u>	<u>\$ 49,768</u>

NOTE 9: ACTUAL EXPENDITURES IN EXCESS OF BUDGET

The Village had actual expenditures in excess of the budgeted amounts for the General Fund and the TIF Fund for the year ended March 31, 2020.

NOTE 10: INTERFUND RECEIVABLES/PAYABLES

The General Fund has an interfund payable to the TIF Fund of \$3,774 and the Motor Fuel Tax Fund of \$903 as of March 31, 2020.

NOTE 11: SUBSEQUENT EVENTS

The Village has evaluated events occurring after the financial statement date through September 8, 2020 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

VILLAGE OF FREEBURG, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED MARCH 31, 2020

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Revenues:			
Property Tax	\$ 544,500	\$ 544,500	\$ 554,825
Replacement Tax	5,800	5,800	6,835
Sales Tax	410,000	410,000	451,046
State Income Tax	460,000	460,000	469,103
Local Use Tax	105,000	105,000	146,911
Telecommunications Tax	110,000	110,000	70,780
Video Gaming Tax	35,000	35,000	63,366
Franchise Tax	25,000	25,000	21,988
Utility Tax	245,000	245,000	252,649
Licenses and Permits	41,345	41,345	50,836
Fines and Penalties	19,000	19,000	10,031
Garbage Collection	254,500	254,500	257,060
Rental/Lease Income	1,300	1,300	17,898
Investment Earnings	5,600	5,600	6,528
Grants	25,109	25,109	23,500
Proceeds From Debt	140,000	140,000	140,000
Miscellaneous	262,010	262,010	53,920
Total Revenues	<u>2,689,164</u>	<u>2,689,164</u>	<u>2,597,276</u>
Expenditures:			
Current:			
General Government	343,456	343,456	312,003
Public Safety:			
Police	1,172,270	1,172,270	1,263,037
Civil Defense	5,050	5,050	4,774
Highways and Streets	508,826	508,826	408,999
Sanitation	232,700	232,700	235,842
Capital Outlay	360,310	360,310	440,001
Debt Service	26,200	26,200	35,291
Transfers	39,200	39,200	-
Total Expenditures	<u>2,688,012</u>	<u>2,688,012</u>	<u>2,699,947</u>
Net Change in Fund Balances	<u>\$ 1,152</u>	<u>\$ 1,152</u>	(102,671)
Change for modified cash basis reporting			
None			-
As reported on the Statement of Revenues and Expenditures			
Arising From Modified Cash Basis Transactions			<u>\$ (102,671)</u>

VILLAGE OF FREEBURG, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS
TIF FUND
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Revenues:			
Property Tax	\$ 230,000	\$ 230,000	\$ 257,088
Investment Earnings	<u>500</u>	<u>500</u>	<u>631</u>
Total Revenues	<u>230,500</u>	<u>230,500</u>	<u>257,719</u>
Expenditures:			
Debt Service			
Principal	155,000	155,000	655,000
Interest and Fees	<u>33,000</u>	<u>33,000</u>	<u>41,897</u>
Total Expenditures	<u>188,000</u>	<u>188,000</u>	<u>696,897</u>
Net Change in Fund Balances	<u>\$ 42,500</u>	<u>\$ 42,500</u>	(439,178)
Change for modified cash basis reporting			
None			<u>-</u>
As reported on the Statement of Revenues and Expenditures			
Arising From Modified Cash Basis Transactions			<u>\$ (439,178)</u>

VILLAGE OF FREEBURG, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
MARCH 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:					
Service Cost	\$ 175,047	\$ 159,826	\$ 179,569	\$ 177,858	\$ 166,984
Interest	532,041	516,984	525,190	501,542	466,844
Difference between expected and actual experience	(51,203)	(113,945)	(251,274)	(44,602)	96,660
Assumption changes	-	202,420	(221,760)	(16,734)	16,488
Benefit payments, including refunds	<u>(332,557)</u>	<u>(322,474)</u>	<u>(340,069)</u>	<u>(302,922)</u>	<u>(240,854)</u>
Net change in total pension liability	323,328	442,811	(108,344)	315,142	506,122
Total pension liability - beginning	<u>7,417,254</u>	<u>6,974,443</u>	<u>7,082,787</u>	<u>6,767,645</u>	<u>6,261,523</u>
Total pension liability - ending	<u>\$ 7,740,582</u>	<u>\$ 7,417,254</u>	<u>\$ 6,974,443</u>	<u>\$ 7,082,787</u>	<u>\$ 6,767,645</u>
Plan Fiduciary Net Position					
Contributions - employer	147,694	167,746	174,004	177,706	186,321
Contributions - employee	82,460	76,557	76,243	76,818	77,063
Net investment income	1,179,023	(354,450)	1,093,030	390,015	28,944
Benefit payments, including refunds	(332,557)	(322,474)	(340,069)	(302,922)	(240,854)
Other	<u>31,790</u>	<u>49,773</u>	<u>(349,403)</u>	<u>60,649</u>	<u>(83,002)</u>
Net change in plan fiduciary net position	1,108,410	(382,848)	653,805	402,266	(31,528)
Plan fiduciary net position - beginning	<u>6,419,317</u>	<u>6,802,165</u>	<u>6,148,360</u>	<u>5,746,094</u>	<u>5,777,622</u>
Plan fiduciary net position - ending	<u>\$ 7,527,727</u>	<u>\$ 6,419,317</u>	<u>\$ 6,802,165</u>	<u>\$ 6,148,360</u>	<u>\$ 5,746,094</u>
Net Pension Liability	<u>\$ 212,855</u>	<u>\$ 997,937</u>	<u>\$ 172,278</u>	<u>\$ 934,427</u>	<u>\$ 1,021,551</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.25%</u>	<u>86.55%</u>	<u>97.53%</u>	<u>86.81%</u>	<u>84.91%</u>
Covered-employee Payroll	<u>\$ 1,832,439</u>	<u>\$ 1,701,273</u>	<u>\$ 1,694,296</u>	<u>\$ 1,707,064</u>	<u>\$ 1,712,505</u>
Net position liability as a percentage of covered-employee payroll	<u>11.62%</u>	<u>58.66%</u>	<u>10.17%</u>	<u>54.74%</u>	<u>59.65%</u>

VILLAGE OF FREEBURG, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
MARCH 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 147,695	\$ 167,746	\$ 174,004	\$ 177,705	\$ 186,321
Contributions in relation to actuarial determined contribution	<u>147,694</u>	<u>167,746</u>	<u>174,004</u>	<u>177,706</u>	<u>186,321</u>
Contribution deficiency (excess)	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>
 Covered-employee Payroll	 <u>1,832,439</u>	 <u>1,701,273</u>	 <u>1,694,296</u>	 <u>1,707,064</u>	 <u>1,712,505</u>
 Contributions as a percentage of covered-employee payroll	 <u>8.06%</u>	 <u>9.86%</u>	 <u>10.27%</u>	 <u>10.41%</u>	 <u>10.88%</u>

Actuarial valuation date for above is December 31, 2019.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	24 years
Asset Valuation Method:	5-Year smoothed market; 20% corridor
 Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Wage Growth	3.25%
Price Inflation	2.50%

VILLAGE OF FREEBURG, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
MARCH 31, 2020

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 7,716	\$ 66,902	\$ 74,618
Investments	22,015	-	22,015
Due From Other Funds	-	903	903
Total Assets	<u>\$ 29,731</u>	<u>\$ 67,805</u>	<u>\$ 97,536</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
None	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted	<u>29,731</u>	<u>67,805</u>	<u>97,536</u>
Total Fund Balance	<u>29,731</u>	<u>67,805</u>	<u>97,536</u>
Total Liabilities and Fund Balance	<u>\$ 29,731</u>	<u>\$ 67,805</u>	<u>\$ 97,536</u>

VILLAGE OF FREEBURG, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>Total</u>
Revenues:			
Motor Fuel Tax	\$ -	\$ 151,740	\$ 151,740
Investment Income	<u>460</u>	<u>4,923</u>	<u>5,383</u>
Total Revenues	<u>460</u>	<u>156,663</u>	<u>157,123</u>
Expenditures:			
Current:			
Highways and Streets	-	112,018	112,018
Capital Outlay	<u>-</u>	<u>261,711</u>	<u>261,711</u>
Total Expenditures	<u>-</u>	<u>373,729</u>	<u>373,729</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>460</u>	<u>(217,066)</u>	<u>(216,606)</u>
Fund Balance, Beginning of Year	<u>29,271</u>	<u>284,871</u>	<u>314,142</u>
Fund Balance, End of Year	<u>\$ 29,731</u>	<u>\$ 67,805</u>	<u>\$ 97,536</u>



David M. Bartosiak
Cindy A. Teffeller
Kevin J. Tepen

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

To the Honorable Mayor and Board
of Trustees of the Village of
Freeburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Freeburg, Illinois as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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 the financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Village of Freeburg, Illinois' Tax Increment Financing District, as referred to in the first paragraph, as of March 31, 2020 and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

Other Matters

The management of the Village of Freeburg, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the Village of Freeburg, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the Village of Freeburg, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

C. J. Schwann & Company, LLC
Certified Public Accountants
Alton, Illinois

September 8, 2020