



**VILLAGE OF FREEBURG, ILLINOIS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED  
MARCH 31, 2019

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# VILLAGE OF FREEBURG, ILLINOIS

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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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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, 2019, 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 page 41, and the schedules of pension funding information on pages 42-43 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. Schlesselman & Co. LLC*

Certified Public Accountants  
Alton, Illinois

August 21, 2019

## **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, 2019. 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 the major fund: General 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 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.

VILLAGE OF FREEBURG, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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.

**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 \$10,530,032 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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Current and other assets	\$ 1,705,594	\$ 1,776,390	\$ 4,274,642	\$ 4,280,537	\$ 5,980,236	\$ 6,056,927
Capital assets	<u>1,420,076</u>	<u>1,171,151</u>	<u>9,918,718</u>	<u>10,635,187</u>	<u>11,338,794</u>	<u>11,806,338</u>
Total assets	<u>3,125,670</u>	<u>2,947,541</u>	<u>14,193,360</u>	<u>14,915,724</u>	<u>17,319,030</u>	<u>17,863,265</u>
Deferred Outflows	-	-	112,225	-	112,225	-
Long-term liabilities outstanding	1,231,750	1,411,019	5,090,116	5,153,238	6,321,866	6,564,257
Other liabilities	<u>14,015</u>	<u>6,079</u>	<u>565,342</u>	<u>506,521</u>	<u>579,357</u>	<u>512,600</u>
Total liabilities	<u>1,245,765</u>	<u>1,417,098</u>	<u>5,655,458</u>	<u>5,659,759</u>	<u>6,901,223</u>	<u>7,076,857</u>
Deferred Inflows	-	-	-	349,124	-	349,124
Net position:						
Net invested in capital assets	1,363,326	1,138,166	5,358,768	5,571,945	6,722,094	6,710,111
Restricted	933,138	876,528	-	-	933,138	876,528
Unrestricted	<u>(416,559)</u>	<u>(484,251)</u>	<u>3,291,359</u>	<u>3,334,896</u>	<u>2,874,800</u>	<u>2,850,645</u>
Total net position	<u>\$ 1,879,905</u>	<u>\$ 1,530,443</u>	<u>\$ 8,650,127</u>	<u>\$ 8,906,841</u>	<u>\$ 10,530,032</u>	<u>\$ 10,437,284</u>

Total net position increased \$92,748 resulting in a balance of \$10,530,032 as of March 31, 2019. Current assets, which include cash, investments and accounts receivable, decreased \$76,691. Non-current assets decreased \$467,544, due to current year depreciation being in excess of asset additions. Total liabilities decreased \$175,634 resulting in a balance of \$6,901,223 as of March 31, 2019. Outstanding debt, including long-term and short-term portions, decreased \$242,391 due to regular debt retirements.

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>	2019		2018	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	63.8%	\$ 6,722,094	64.3%	\$ 6,710,111
Restricted	8.9%	933,138	8.4%	876,528
Unrestricted	<u>27.3%</u>	<u>2,874,800</u>	<u>27.3%</u>	<u>2,850,645</u>
Total net position	<u>100.0%</u>	<u>\$ 10,530,032</u>	<u>100.0%</u>	<u>\$ 10,437,284</u>

Total net position balances increased by \$92,748 in fiscal year 2019 to a total ending balance of \$10,530,032. Capital net position balances increased by \$11,983 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>2019</u>	<u>2018</u>
Property tax	\$ 775,680	\$ 741,280
Sales and use tax	533,657	525,926
State income tax	417,663	424,228
Replacement tax	5,061	5,463
Video gaming tax	47,490	40,298
Charges for services	352,080	335,704
Telecommunications tax	84,657	92,640
Motor fuel tax	111,098	110,259
Utility tax	258,381	254,645
Investment income	14,503	12,158
Operating grants/contributions	29,940	19,952
Gain on disposal of assets	20,572	45,986
Miscellaneous	<u>19,125</u>	<u>18,350</u>
Total revenues	<u>\$2,669,907</u>	<u>\$2,626,889</u>

Total revenues for the governmental activities increased \$43,018 for the year ended March 31, 2019. The increase is mainly due to having operating grants/contributions as well as an increase in property taxes.

<u>Expenditures by category</u>	<u>2019</u>		<u>2018</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	13.7%	\$ 318,998	11.2%	\$ 249,057
Public safety	51.9%	1,204,016	52.6%	1,173,866
Highways and streets	22.2%	514,731	23.3%	520,374
Development	0.0%	-	0.5%	11,361
Sanitation	10.6%	245,143	10.6%	236,890
Interest on long-term debt	1.6%	<u>37,557</u>	1.7%	<u>38,693</u>
Total expenditures	<u>100.0%</u>	<u>\$2,320,445</u>	<u>100.0%</u>	<u>\$2,230,241</u>

The Village reported an increase in expenses for governmental activities of \$90,204. The general government had significantly higher expenditures in the current year. Public safety reported the highest expenditure category with 52% 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>2019</u>	<u>2018</u>
General government	\$ 32,090	\$ 31,169
Public safety	70,252	52,376
Highways and streets	43,742	35,574
Sanitation	<u>10,523</u>	<u>10,080</u>
Total depreciation	<u>\$ 156,607</u>	<u>\$ 129,199</u>

Total capital outlay expenditures in the governmental fund financial statements for the current year totaled \$405,532.

**BUSINESS-TYPE ACTIVITIES**

<u>Revenues</u>	<u>2019</u>	<u>2018</u>
Water charges	\$ 881,256	\$ 918,130
Sewer charges	685,768	704,472
Electric charges	5,249,568	5,166,996
Swimming pool charges	87,359	83,755
Property taxes	52,053	55,704
Grant revenue	90,154	-
Gain (Loss) on disposal of assets	4,651	-
Investment income	<u>71,400</u>	<u>66,448</u>
Total revenues	<u>\$ 7,122,209</u>	<u>\$ 6,995,505</u>

Total revenues for the business-type activities increased \$126,704 for the year ended March 31, 2019. The Village had general increases in electric charges for services and grant revenue in the current year.

<u>Operating Expenditures</u>	<u>2019</u>		<u>2018</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	19.7%	\$ 1,428,063	20.9%	\$ 1,510,498
Contractual services	10.6%	772,936	9.5%	686,402
Electricity and water purchase	51.1%	3,715,331	50.7%	3,661,002
Supplies and materials	3.7%	269,022	3.5%	256,104
Heat, light and power	0.5%	38,219	0.5%	35,006
Depreciation	14.3%	1,041,473	14.9%	1,073,269
Total expenditures	<u>100.0%</u>	<u>\$ 7,265,044</u>	<u>100.0%</u>	<u>\$ 7,222,281</u>

Expenses in the business-type activities increased in total by \$42,763. As in the prior year, the largest categories of operating expense were for electricity and water purchases which increased \$54,329 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 2019, the Village's governmental funds reported combined ending fund balances of \$1,595,671, a decrease of \$79,195 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, \$837,230 (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 \$758,441. This balance decreased \$135,342 in the current year.

The TIF Fund increased \$56,622 in the current year for a fund balance of \$523,088. The Motor Fuel Tax Fund reported a decrease of \$1,038 for an ending balance of \$284,871. The Impact Fees Fund reported an increase of \$563 in the current year for a fund balance of \$29,271.

**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 \$3,291,359, a decrease of \$43,537 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	\$ 2,692,895	\$ 2,446,864

The budget was passed on March 5, 2018.

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>2019</u>	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2018</u>
Land	\$ 83,840	\$ 83,840	\$ 426,700	\$ 426,700	\$ 510,540	\$ 510,540
Buildings and Improvements	445,881	277,528	2,390,360	2,458,133	2,836,241	2,735,661
Swimming Pool	-	-	642,434	693,310	642,434	693,310
Infrastructure	630,589	519,244	-	-	630,589	519,244
Distribution and Collection Systems	-	-	5,687,132	6,172,903	5,687,132	6,172,903
Vehicles and Equipment	259,766	290,539	772,092	884,141	1,031,858	1,174,680
	<u>\$ 1,420,076</u>	<u>\$ 1,171,151</u>	<u>\$ 9,918,718</u>	<u>\$ 10,635,187</u>	<u>\$ 11,338,794</u>	<u>\$ 11,806,338</u>

The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2019 amounts to \$11,338,794, 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 \$748,075. The largest additions in the current year were for the Belleville Street reconstruction, electrical line additions, two vehicles, and a playground at the pool. These additions were offset by current year depreciation expense of \$1,198,080, thereby resulting in a net decrease 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 2019, the Village had total long-term debt obligations for governmental activities and business-type activities in the amount of \$1,231,750 and \$4,559,950, respectively, compared to \$1,411,019 and \$5,063,242 at the end of 2018.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2018</u>	<u>March 31,</u> <u>2019</u>	<u>March 31,</u> <u>2018</u>
Loans Payable	\$ -	\$ -	\$ 1,534,156	\$ 1,621,169	\$ 1,534,156	\$ 1,621,169
Notes Payable	44,149	70,119	98,715	160,373	142,864	230,492
Capital Leases	12,601	10,900	27,079	16,700	39,680	27,600
Bonds Payable	1,175,000	1,330,000	2,900,000	3,265,000	4,075,000	4,595,000
Total Debt	<u>\$ 1,231,750</u>	<u>\$ 1,411,019</u>	<u>\$ 4,559,950</u>	<u>\$ 5,063,242</u>	<u>\$ 5,791,700</u>	<u>\$ 6,474,261</u>

The governmental activities reported decreases in long-term debt of \$179,269. The business-type activities reported a decrease in long-term debt of \$503,292. Overall, the decrease in debt was \$682,561. Additional information related to long-term debt can be found in Note 6 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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,515,885	\$ 1,367,428	\$ 2,883,313
Investments	189,709	2,174,432	2,364,141
Receivables (Net of allowance for uncollectible):	-	667,280	667,280
Escrow	-	12,000	12,000
Prepaid Expenses	-	53,502	53,502
Capital Assets:			
Land	83,840	426,700	510,540
Buildings and Improvements	854,915	7,553,451	8,408,366
Swimming Pool	-	1,099,984	1,099,984
Infrastructure	728,658	-	728,658
Distribution and Collection Systems	-	15,445,388	15,445,388
Vehicles and Equipment	989,348	2,679,398	3,668,746
Less: Accumulated Depreciation	<u>(1,236,685)</u>	<u>(17,286,203)</u>	<u>(18,522,888)</u>
Net Capital Assets	<u>1,420,076</u>	<u>9,918,718</u>	<u>11,338,794</u>
Total Assets	<u>\$ 3,125,670</u>	<u>\$ 14,193,360</u>	<u>\$ 17,319,030</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	<u>\$ -</u>	<u>\$ 112,225</u>	<u>\$ 112,225</u>
<u>Liabilities</u>			
Accounts Payable	\$ 14,015	\$ 348,306	\$ 362,321
Accrued Salaries	-	36,059	36,059
Accrued Interest	-	26,627	26,627
Customer Deposits	-	154,350	154,350
Noncurrent Liabilities:			
Due Within One Year	188,428	559,002	747,430
Due In More Than One Year	<u>1,043,322</u>	<u>4,531,114</u>	<u>5,574,436</u>
Total Liabilities	<u>1,245,765</u>	<u>5,655,458</u>	<u>6,901,223</u>
<u>Net Position</u>			
Net Investment in Capital Assets	1,363,326	5,358,768	6,722,094
Restricted	933,138	-	933,138
Unrestricted	<u>(416,559)</u>	<u>3,291,359</u>	<u>2,874,800</u>
Total Net Position	<u>\$ 1,879,905</u>	<u>\$ 8,650,127</u>	<u>\$ 10,530,032</u>

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, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Governmental Activities:</b>						
General Government	\$ 318,998	\$ 88,046	\$ -	\$ -	\$ (230,952)	\$ (230,952)
Public Safety:						
Police	1,191,540	9,000	29,940	-	(1,152,600)	(1,152,600)
Civil Defense	12,476	-	-	-	(12,476)	(12,476)
Highways and Streets	514,731	-	-	-	(514,731)	(514,731)
Sanitation	245,143	255,034	-	-	9,891	9,891
Interest on Long-Term Debt	37,557	-	-	-	(37,557)	(37,557)
<b>Total Governmental Activities</b>	<b>2,320,445</b>	<b>352,080</b>	<b>29,940</b>	<b>-</b>	<b>(1,938,425)</b>	<b>(1,938,425)</b>
<b>Business-type Activities:</b>						
Electric Light and Power	5,448,544	5,249,568	-	-	\$ (198,976)	\$ (198,976)
Waterworks	1,112,183	881,256	-	-	(230,927)	(230,927)
Sewer	628,293	685,768	-	-	57,475	57,475
Swimming Pool	189,903	87,359	-	90,154	(12,390)	(12,390)
<b>Total Business-type Activities</b>	<b>7,378,923</b>	<b>6,903,951</b>	<b>-</b>	<b>90,154</b>	<b>(384,818)</b>	<b>(384,818)</b>
<b>Total Government</b>	<b>\$ 9,699,368</b>	<b>\$ 7,256,031</b>	<b>\$ 29,940</b>	<b>\$ 90,154</b>	<b>(1,938,425)</b>	<b>(384,818)</b>

<b>General Revenues:</b>			
Property Tax, Levied for General Purposes	775,680	52,053	827,733
Sales and Use Tax	533,657	-	533,657
Replacement Tax	5,061	-	5,061
State Income Tax	417,663	-	417,663
Telecommunications Tax	84,657	-	84,657
Motor Fuel Tax	111,098	-	111,098
Video Gaming Tax	47,490	-	47,490
Utility Tax	258,381	-	258,381
Unrestricted Investment Earnings	14,503	71,400	85,903
Gain (Loss) on Disposal of Assets	20,572	4,651	25,223
Miscellaneous	19,125	-	19,125
<b>Total General Revenues</b>	<b>2,287,887</b>	<b>128,104</b>	<b>2,415,991</b>
<b>Change in Net Position</b>	<b>349,462</b>	<b>(256,714)</b>	<b>92,748</b>
<b>Net Position - Beginning</b>	<b>1,530,443</b>	<b>8,906,841</b>	<b>10,437,284</b>
<b>Net Position - Ending</b>	<b>\$ 1,879,905</b>	<b>\$ 8,650,127</b>	<b>\$ 10,530,032</b>

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, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 729,752	\$ 690,225	\$ 1,419,977
Investments	41,476	148,233	189,709
Due from Other Funds	1,228	-	1,228
Total Assets	<u>\$ 772,456</u>	<u>\$ 838,458</u>	<u>\$ 1,610,914</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts Payable	\$ 14,015	\$ -	\$ 14,015
Due to Other Funds	-	1,228	1,228
Total Liabilities	<u>14,015</u>	<u>1,228</u>	<u>15,243</u>
Fund Balance:			
Restricted	-	837,230	837,230
Unassigned	758,441	-	758,441
Total Fund Balance	<u>758,441</u>	<u>837,230</u>	<u>1,595,671</u>
Total Liabilities and Fund Balance	<u>\$ 772,456</u>	<u>\$ 838,458</u>	<u>\$ 1,610,914</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, 2019

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 1,595,671
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	1,420,076
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(1,231,750)
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>95,908</u>
Net position of governmental activities	<u>\$ 1,879,905</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, 2019

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Tax	\$ 529,896	\$ 245,784	\$ 775,680
Utility Tax	258,381	-	258,381
<b>Intergovernmental:</b>			
Replacement Tax	5,061	-	5,061
Sales Tax	405,756	-	405,756
State Income Tax	417,663	-	417,663
Local Use Tax	127,901	-	127,901
Telecommunications Tax	84,657	-	84,657
Motor Fuel Tax	-	111,098	111,098
Video Gaming Tax	47,490	-	47,490
Franchise Fees	26,656	-	26,656
Licenses and Permits	61,390	-	61,390
Fines and Penalties	9,000	-	9,000
Garbage Collection	255,034	-	255,034
Investment Earnings	6,817	7,223	14,040
Miscellaneous	49,065	-	49,065
Total Revenues	<u>2,284,767</u>	<u>364,105</u>	<u>2,648,872</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	286,908	-	286,908
<b>Public Safety:</b>			
Police	1,129,029	-	1,129,029
Civil Defense	4,735	-	4,735
Highways and Streets	352,971	118,018	470,989
Development	-	-	-
Sanitation	234,620	-	234,620
<b>Debt Service:</b>			
Principal	30,452	155,000	185,452
Interest and Charges	2,617	34,940	37,557
Capital Outlay	405,532	-	405,532
Total Expenditures	<u>2,446,864</u>	<u>307,958</u>	<u>2,754,822</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(162,097)</u>	<u>56,147</u>	<u>(105,950)</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Disposal of Assets	20,572	-	20,572
Proceeds from Loan	6,183	-	6,183
Total Other Financing Sources (Uses)	<u>26,755</u>	<u>-</u>	<u>26,755</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(135,342)</u>	<u>56,147</u>	<u>(79,195)</u>
Fund Balance, Beginning of Year	<u>893,783</u>	<u>781,083</u>	<u>1,674,866</u>
Fund Balance, End of Year	<u>\$ 758,441</u>	<u>\$ 837,230</u>	<u>\$ 1,595,671</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, 2019

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

Net change in fund balances - total governmental funds \$ (79,195)

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 (\$405,532) exceeded depreciation expense (\$156,607) in the current year. 248,925

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. 179,269

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. 463

Change in net position of governmental activities \$ 349,462

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, 2019

	Major Funds					Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool	Total	
<u>Assets</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 743,314	\$ 284,258	\$ 338,477	\$ 1,379	\$ 1,367,428	\$ 95,908
Investments	1,710,926	326,486	137,020	-	2,174,432	-
Receivables:						
Customers	311,091	48,805	42,871	-	402,767	-
Unbilled Revenue	195,720	36,409	30,978	-	263,107	-
Other	1,406	-	-	-	1,406	-
Escrow	-	-	12,000	-	12,000	-
Prepaid Insurance	45,020	4,236	4,246	-	53,502	-
Total Current Assets	<u>3,007,477</u>	<u>700,194</u>	<u>565,592</u>	<u>1,379</u>	<u>4,274,642</u>	<u>95,908</u>
Capital Assets:						
Land	211,375	50,094	158,981	6,250	426,700	-
Buildings and Improvements	6,253,494	-	1,030,386	269,571	7,553,451	-
Swimming Pool	-	-	-	1,099,984	1,099,984	-
Distribution and Collection Systems	8,171,032	4,091,627	3,182,729	-	15,445,388	-
Vehicles and Equipment	1,427,532	666,987	461,528	123,351	2,679,398	-
	16,063,433	4,808,708	4,833,624	1,499,156	27,204,921	-
Less - Accumulated Depreciation	10,904,225	3,810,133	1,952,696	619,149	17,286,203	-
Net Capital Assets	<u>5,159,208</u>	<u>998,575</u>	<u>2,880,928</u>	<u>880,007</u>	<u>9,918,718</u>	<u>-</u>
Total Assets	<u>\$ 8,166,685</u>	<u>\$ 1,698,769</u>	<u>\$ 3,446,520</u>	<u>\$ 881,386</u>	<u>\$ 14,193,360</u>	<u>\$ 95,908</u>
<u>Deferred Outflows of Resources</u>						
Future Pension Expense	<u>\$ 62,913</u>	<u>\$ 27,479</u>	<u>\$ 21,833</u>	<u>\$ -</u>	<u>\$ 112,225</u>	<u>\$ -</u>
<u>Liabilities</u>						
Current Liabilities:						
Accounts Payable	\$ 264,551	\$ 32,031	\$ 51,271	\$ 453	\$ 348,306	\$ -
Accrued Salaries	20,477	8,564	7,018	-	36,059	-
Accrued Interest	21,161	-	-	5,466	26,627	-
Current Portion of Long Term Debt	377,245	25,218	121,539	35,000	559,002	-
Customer Deposits	88,453	37,991	27,906	-	154,350	-
Total Current Liabilities	<u>771,887</u>	<u>103,804</u>	<u>207,734</u>	<u>40,919</u>	<u>1,124,344</u>	<u>-</u>
Noncurrent Liabilities:						
Net Pension Liability	297,208	129,815	103,143	-	530,166	-
Long Term Debt (Net of Current)	2,252,570	5,125	1,433,253	310,000	4,000,948	-
Total Noncurrent Liabilities	<u>2,549,778</u>	<u>134,940</u>	<u>1,536,396</u>	<u>310,000</u>	<u>4,531,114</u>	<u>-</u>
Total Liabilities	<u>3,321,665</u>	<u>238,744</u>	<u>1,744,130</u>	<u>350,919</u>	<u>5,655,458</u>	<u>-</u>
<u>Net Position</u>						
Net Investment in Capital Assets	2,529,393	968,232	1,326,136	535,007	5,358,768	-
Committed	-	-	-	-	-	95,908
Unreserved	2,378,540	519,272	398,087	(4,540)	3,291,359	-
Total Net Position	<u>4,907,933</u>	<u>1,487,504</u>	<u>1,724,223</u>	<u>530,467</u>	<u>8,650,127</u>	<u>95,908</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 8,229,598</u>	<u>\$ 1,726,248</u>	<u>\$ 3,468,353</u>	<u>\$ 881,386</u>	<u>\$ 14,305,585</u>	<u>\$ 95,908</u>

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, 2019

	Major Funds				Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
Operating Revenue:						
Charges for Services	\$ 5,197,855	\$ 835,508	\$ 679,018	\$ 68,244	\$ 6,780,625	\$ -
Connection Fees	9,980	6,740	6,750	-	23,470	-
Supplies Sold	9,172	23,714	-	19,115	52,001	-
Miscellaneous	32,561	15,294	-	-	47,855	-
Total Operating Revenue	<u>5,249,568</u>	<u>881,256</u>	<u>685,768</u>	<u>87,359</u>	<u>6,903,951</u>	<u>-</u>
Operating Expenses:						
Personal Services	743,938	333,382	287,400	63,343	1,428,063	-
Contractual Services and Other	528,669	96,199	143,481	4,587	772,936	-
Electricity and Water Purchased	3,324,147	391,184	-	-	3,715,331	-
Supplies and Materials	122,266	77,064	39,044	30,648	269,022	-
Heat, Light and Power	11,362	5,873	20,984	-	38,219	-
Depreciation	646,913	206,773	113,781	74,006	1,041,473	-
Total Operating Expenses	<u>5,377,295</u>	<u>1,110,475</u>	<u>604,690</u>	<u>172,584</u>	<u>7,265,044</u>	<u>-</u>
Operating Income (Loss)	<u>(127,727)</u>	<u>(229,219)</u>	<u>81,078</u>	<u>(85,225)</u>	<u>(361,093)</u>	<u>-</u>
Nonoperating Revenues (Expenses):						
Property Taxes	-	-	-	52,053	52,053	-
Grants Revenue	-	-	-	90,154	90,154	-
Gain (Loss) on Disposal of Assets	6,955	-	(2,304)	-	4,651	-
Interest Income	44,453	21,484	5,457	6	71,400	463
Interest Expense	(71,249)	(1,708)	(23,603)	(17,319)	(113,879)	-
Total Nonoperating Revenues (Expenses)	<u>(19,841)</u>	<u>19,776</u>	<u>(20,450)</u>	<u>124,894</u>	<u>104,379</u>	<u>463</u>
Change in Net Position	(147,568)	(209,443)	60,628	39,669	(256,714)	463
Net Position, Beginning of Year	<u>5,055,501</u>	<u>1,696,947</u>	<u>1,663,595</u>	<u>490,798</u>	<u>8,906,841</u>	<u>95,445</u>
Net Position, End of Year	<u>\$ 4,907,933</u>	<u>\$ 1,487,504</u>	<u>\$ 1,724,223</u>	<u>\$ 530,467</u>	<u>\$ 8,650,127</u>	<u>\$ 95,908</u>

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, 2019

	Major Funds				Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
<b><u>Cash Flows from Operating Activities</u></b>						
Cash Received from Customers	\$ 5,212,937	\$ 877,274	\$ 683,171	\$ 87,359	\$ 6,860,741	\$ -
Cash Paid to Suppliers	(4,192,450)	(666,645)	(242,720)	(42,620)	(5,144,435)	-
Cash Payments to Employees for Services	(537,864)	(244,728)	(203,442)	(55,980)	(1,042,014)	-
Net Cash Provided (Used) By Operating Activities	<u>482,623</u>	<u>(34,099)</u>	<u>237,009</u>	<u>(11,241)</u>	<u>674,292</u>	<u>-</u>
<b><u>Cash Flows from Capital Financing Activities</u></b>						
Purchase of Fixed Assets	(146,121)	(37,439)	(66,234)	(77,514)	(327,308)	-
Proceeds from Assets Sales	6,955	-	-	-	6,955	-
Proceeds from Debt	6,183	6,183	6,183	-	18,549	-
Grant Proceeds	-	-	-	90,154	90,154	-
Principal Paid on Debt	(364,185)	(29,547)	(93,109)	(35,000)	(521,841)	-
Interest Paid on Debt	(73,059)	(1,708)	(23,603)	(17,755)	(116,125)	-
Net Cash Provided (Used) By Capital Financing Activities	<u>(570,227)</u>	<u>(62,511)</u>	<u>(176,763)</u>	<u>(40,115)</u>	<u>(849,616)</u>	<u>-</u>
<b><u>Cash Flows from Investing Activities</u></b>						
Purchase of Investment	(12,214)	(6,283)	(1,356)	-	(19,853)	-
Interest Income	44,453	21,484	5,457	6	71,400	463
Net Cash Provided By Investing Activities	<u>32,239</u>	<u>15,201</u>	<u>4,101</u>	<u>6</u>	<u>51,547</u>	<u>463</u>
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>						
Property Tax	-	-	-	52,053	52,053	-
Customer Deposits	(995)	(784)	240	-	(1,539)	-
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(995)</u>	<u>(784)</u>	<u>240</u>	<u>52,053</u>	<u>50,514</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(56,360)	(82,193)	64,587	703	(73,263)	463
Cash and Cash Equivalents, Beginning of Year	<u>799,674</u>	<u>366,451</u>	<u>273,890</u>	<u>676</u>	<u>1,440,691</u>	<u>95,445</u>
Cash and Cash Equivalents, End 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>

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, 2019

	Major Funds				Total	Governmental Activities - Internal Service Fund
	Electric Light and Power	Waterworks	Sewer	Swimming Pool		
Operating Income (Loss)	\$ (127,727)	\$ (229,219)	\$ 81,078	\$ (85,225)	\$ (361,093)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	646,913	206,773	113,781	74,006	1,041,473	-
Decrease (Increase) in:						
Accounts Receivable	(59,740)	(5,038)	(3,768)	-	(68,546)	-
Other Receivables	8,528	-	-	-	8,528	-
Unbilled Revenue	14,581	1,056	1,171	-	16,808	-
Prepaid Insurance	(3,405)	(638)	(262)	-	(4,305)	-
Future Pension Expense	(257,788)	(114,910)	(88,651)	-	(461,349)	-
Increase (Decrease) in:						
Accounts Payable	13,577	373	47,022	(22)	60,950	-
Net Pension Liability	246,974	107,277	85,919	-	440,170	-
Accrued Salaries	710	227	719	-	1,656	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 482,623</u>	<u>\$ (34,099)</u>	<u>\$ 237,009</u>	<u>\$ (11,241)</u>	<u>\$ 674,292</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, 2019

**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 fund:

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 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.

The Swimming Pool Fund accounts for all activities related to administration and collection processes of the Village's swimming pool 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 1<sup>st</sup> 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, 2019 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	\$ 523,088
Motor Fuel Tax Fund	284,871
Impact Fees Fund	<u>29,271</u>
Total Restricted	<u>\$ 837,230</u>
Committed:	
Internal Service Fund	<u>\$ 95,908</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 5, 2018 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, 2019, the carrying amount of the Village's deposits was \$5,046,523 and the bank balance was \$5,162,386. The deposits were comprised of checking, interest checking, money market funds and certificates of deposit.

At March 31, 2019, 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	\$ 200,316
Petty Cash		615
Deposits as reported above		<u>5,046,523</u>
Total deposits and investments		<u>\$ 5,247,454</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 2,883,313
Investments		<u>2,364,141</u>
		<u>\$ 5,247,454</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, 2019, 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, 2019, the credit rating of the Village's investment was as follows:

<u>Investment</u>	<u>Standard &amp; 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, 2019, the Village did not have a concentration of credit risk.

Foreign Currency Risk. As of March 31, 2019, 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 December 3, 2018. 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, 2019. 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:

	<u>Maximum Levy</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rates:</u>				
General	\$ 0.2500	\$ 0.2271	\$ 0.2097	\$ 0.2009
Bonds and Interest	None	0.0577	0.0607	0.0657
IMRF	None	0.1930	0.1981	0.1963
Police Protection	0.0750	0.0682	0.0699	0.0704
Audit	None	0.0097	0.0100	0.0100
Civil Defense (ESDA)	0.0500	<u>0.0091</u>	<u>0.0100</u>	<u>0.0042</u>
Total		<u>\$ 0.5648</u>	<u>\$ 0.5584</u>	<u>\$ 0.5475</u>
Assessed Valuations		<u>\$ 88,083,697</u>	<u>\$ 85,854,730</u>	<u>\$ 84,623,062</u>
<u>Tax Extensions:</u>				
General		\$ 200,038	\$ 180,037	\$ 170,008
Bonds and Interest		50,824	52,114	55,597
IMRF		170,002	170,078	166,115
Police Protection		60,073	60,012	59,575
Audit		8,544	8,586	8,462
Civil Defense (ESDA)		<u>8,016</u>	<u>8,586</u>	<u>3,554</u>
Total		<u>\$ 497,497</u>	<u>\$ 479,413</u>	<u>\$ 463,311</u>
Tax Collections		<u>\$ -</u>	<u>\$ 477,754</u>	<u>\$ 463,961</u>
Percent Collected		<u>0.00%</u>	<u>99.65%</u>	<u>100.14%</u>

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

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2019 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	657,805	197,110	-	854,915
Infrastructure	599,022	129,636	-	728,658
Vehicles and equipment	924,758	78,786	14,196	989,348
Total capital assets being depreciated	<u>2,181,585</u>	<u>405,532</u>	<u>14,196</u>	<u>2,572,921</u>
Less accumulated depreciation for:				
Building and improvements	380,277	28,757	-	409,034
Infrastructure	79,778	18,291	-	98,069
Vehicles and equipment	634,219	109,559	14,196	729,582
Total accumulated depreciation	<u>1,094,274</u>	<u>156,607</u>	<u>14,196</u>	<u>1,236,685</u>
Total capital assets, being depreciated, net	<u>1,087,311</u>	<u>248,925</u>	<u>-</u>	<u>1,336,236</u>
Governmental activities capital assets, net	<u>\$ 1,171,151</u>	<u>\$ 248,925</u>	<u>\$ -</u>	<u>\$ 1,420,076</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 426,700	\$ -	\$ -	\$ 426,700
Capital assets, being depreciated:				
Buildings and improvements	7,410,177	143,274	-	7,553,451
Swimming pool	1,099,984	-	-	1,099,984
Distribution and collection system	15,334,713	115,541	4,866	15,445,388
Vehicles and equipment	2,655,786	83,728	60,116	2,679,398
Total capital assets, being depreciated	<u>26,500,660</u>	<u>342,543</u>	<u>64,982</u>	<u>26,778,221</u>
Less accumulated depreciation for:				
Buildings and improvements	4,952,044	211,047	-	5,163,091
Swimming pool	406,674	50,876	-	457,550
Distribution and collection system	9,161,810	601,312	4,866	9,758,256
Vehicles and equipment	1,771,645	178,238	42,577	1,907,306
Total accumulated depreciation	<u>16,292,173</u>	<u>1,041,473</u>	<u>47,443</u>	<u>17,286,203</u>
Total capital assets, being depreciated, net	<u>10,208,487</u>	<u>(698,930)</u>	<u>17,539</u>	<u>9,492,018</u>
Business-type activities capital assets, net	<u>\$ 10,635,187</u>	<u>\$ (698,930)</u>	<u>\$ 17,539</u>	<u>\$ 9,918,718</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	\$ 32,090
Public safety	70,252
Highways and streets	43,742
Sanitation	<u>10,523</u>
Total depreciation expense - governmental activities	<u>\$ 156,607</u>
Business-type activities:	
Electric light and power	\$ 646,913
Water	206,773
Sewer	113,781
Swimming pool	<u>74,006</u>
Total depreciation expense - business-type activities	<u>\$ 1,041,473</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](http://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 2018 was 9.86 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	22
Inactive, non-Retired Members	13
Active Members	<u>29</u>
Total	<u>64</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 3.71%; and the resulting single discount rate is 7.25%.

Actuarial Valuation Date	12/31/18
Measurement Date of the Net Pension Liability	12/31/18
Fiscal Year End	03/31/19
Development of the Single Discount Rate as of December 31, 2018	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	3.71%
Last year ending December 31 in the 2019 to 2118 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, 2017 Measurement Date	7.50%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20 Year Municipal GO AA Index" as of December 31, 2018.

**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: 25 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	3.50%
Price Inflation	2.75%
Salary Increases	3.75% to 14.50% 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 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). 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-2014 (base year 2012). 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.

<b>Total pension liability</b>	
Service Cost	\$ 159,826
Interest on the Total Pension Liability	516,984
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(113,945)
Changes of assumptions	202,420
Benefit payments, including refunds of employee contributions	<u>(322,474)</u>
Net change in total pension liability	\$ 442,811
Total pension liability - beginning	<u>6,974,443</u>
Total pension liability - ending	<u>\$ 7,417,254</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 167,746
Contributions - employee	76,557
Net investment income	(354,450)
Benefit payments, including refunds of employee contributions	<u>(322,474)</u>
Other (Net Transfer)	<u>49,773</u>
Net change in plan fiduciary net position	\$ (382,848)
Plan fiduciary net position - beginning	<u>6,802,165</u>
Plan fiduciary net position - ending	<u>\$ 6,419,317</u>
 <b>Net pension liability/(asset)</b>	 <u>\$ 997,937</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 86.55%
 <b>Covered valuation payroll</b>	 \$ 1,701,273
 <b>Net pension liability as a percentage of covered valuation payroll</b>	 58.66%

**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	\$ 8,329,015	\$ 7,417,254	\$ 6,659,977
Plan Fiduciary Net Position	<u>6,419,317</u>	<u>6,419,317</u>	<u>6,419,317</u>
Net Pension Liability/(Asset)	<u>\$ 1,909,698</u>	<u>\$ 997,937</u>	<u>\$ 240,660</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>
Difference between expected and actual experience	\$ (244,164)
Changes in assumptions	23,455
Subsequent contributions to plan	33,156
Net difference between projected and actual earnings on pension plan investments	<u>398,797</u>
Total	<u>\$ 211,244</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2019	\$ 101,719
2020	(26,756)
2021	(31,895)
2022	162,471
2023	<u>5,705</u>
	<u>\$ 211,244</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 \$147,769, the required contribution for the current fiscal year.

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

**NOTE 6: LONG-TERM DEBT**

The Village has the following long-term debt as of March 31, 2019.

**Bonds Payable**

\$550,000 General Obligation Bonds, Series 2011 dated July 20, 2011, due in annual installments of \$35,000 to \$50,000 through December 1, 2026; interest at 3.75% to 5.25%. The amount of bonds outstanding as of March 31, 2019 is \$345,000. 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 \$330,000 to \$395,000 through December 1, 2025; interest at 1.65% to 2.85%. The amount of bonds outstanding as of March 31, 2019 is \$2,555,000. 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 1.55% to 3.30%. The amount of bonds outstanding as of March 31, 2019 is \$1,175,000. 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:

<u>Year Ended</u> <u>March 31,</u>	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 155,000	\$ 32,220	\$ 375,000	\$ 80,099
2021	160,000	29,352	390,000	71,900
2022	160,000	25,833	395,000	62,499
2023	165,000	21,752	405,000	52,180
2024	170,000	17,050	415,000	41,155
2025-2027	365,000	17,970	920,000	48,214
	<u>\$ 1,175,000</u>	<u>\$ 144,177</u>	<u>\$ 2,900,000</u>	<u>\$ 356,047</u>

**IEPA 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, 2019 is \$61,015.

\$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, 2019 is \$444,411.

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

\$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, 2019 is \$1,028,730.

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

Year Ended March 31,	EPA Loans	
	Principal	Interest
2020	\$ 106,028	\$ 30,312
2021	108,239	28,005
2022	78,964	25,847
2023	80,566	24,247
2024	82,199	22,613
2025-2029	436,692	87,360
2030-2034	445,358	41,400
2035-2037	196,110	6,433
	<u>\$ 1,534,156</u>	<u>\$ 266,217</u>

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 balance outstanding as of March 31, 2019 is \$69,596.

\$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 balance outstanding as of March 31, 2019 is \$34,420.

\$76,741 loan with Citizens Community Bank to be repaid in two annual payments of \$39,955, including interest at 2.74%. 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, 2019 is \$38,848.

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

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

Year Ended <u>March 31,</u>	Governmental <u>Activities</u>		Business-type <u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 26,703	\$ 1,230	\$ 63,319	\$ 3,075
2021	<u>17,446</u>	<u>488</u>	<u>35,396</u>	<u>1,162</u>
	<u>\$ 44,149</u>	<u>\$ 1,718</u>	<u>\$ 98,715</u>	<u>\$ 4,237</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, 2019 is \$18,804.

\$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, 2019 is \$20,876.

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

Year Ended <u>March 31,</u>	Governmental <u>Activities</u>		Business-type <u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 6,725	\$ 661	\$ 14,655	\$ 1,464
2021	<u>5,876</u>	<u>245</u>	<u>12,424</u>	<u>469</u>
	<u>\$ 12,601</u>	<u>\$ 906</u>	<u>\$ 27,079</u>	<u>\$ 1,933</u>

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

The following is a summary of changes in long-term debt for the year ended March 31, 2019.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type Activities:</u>					
Bonds Payable	\$ 3,265,000	\$ -	\$ 365,000	\$ 2,900,000	\$ 375,000
Capital Leases	16,700	18,548	8,169	27,079	14,655
Notes Payable	160,373	-	61,658	98,715	63,319
EPA Loans	1,621,169	-	87,013	1,534,156	106,028
Net Pension Liability	88,996	441,170	-	530,166	-
	<u>\$ 5,152,238</u>	<u>\$ 459,718</u>	<u>\$ 521,840</u>	<u>\$ 5,090,116</u>	<u>\$ 559,002</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 1,330,000	\$ -	\$ 155,000	\$ 1,175,000	\$ 155,000
Capital Leases	10,900	6,183	4,482	12,601	6,725
Notes Payable	70,119	-	25,970	44,149	26,703
	<u>\$ 1,411,019</u>	<u>\$ 6,183</u>	<u>\$ 185,452</u>	<u>\$ 1,231,750</u>	<u>\$ 188,428</u>

**NOTE 7: LEGAL DEBT MARGIN**

The computation of legal debt margin at March 31, 2019 is as follows:

Bonded Debt Limit*	\$ 7,597,219
Bonded Indebtedness	<u>1,231,750</u>
Legal Debt Margin	<u>\$ 6,365,469</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 8: SUBSEQUENT EVENTS**

The Village has evaluated events occurring after the financial statement date through August 21, 2019 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, 2019

	Budgeted Amounts		Actual
	Original	Final	(Budget Basis)
Revenues:			
Property Tax	\$ 527,050	\$ 527,050	\$ 529,896
Replacement Tax	5,500	5,500	5,061
Sales Tax	380,000	380,000	405,756
State Income Tax	460,000	460,000	417,663
Local Use Tax	80,000	80,000	127,901
Telecommunications Tax	115,000	115,000	84,657
Video Gaming Tax	28,000	28,000	47,490
Franchise Tax	24,000	24,000	26,656
Utility Tax	245,000	245,000	258,381
Licenses and Permits	36,995	36,995	61,390
Fines and Penalties	20,200	20,200	9,000
Garbage Collection	247,050	247,050	255,034
Rental/Lease Income	2,300	2,300	12,980
Investment Earnings	4,200	4,200	6,817
Grants	20,100	20,100	-
Proceeds From Debt	-	-	6,183
Miscellaneous	465,410	465,410	56,657
Total Revenues	2,660,805	2,660,805	2,311,522
Expenditures:			
Current:			
General Government	328,417	328,417	286,908
Public Safety:			
Police	1,133,947	1,133,947	1,129,029
Civil Defense	5,500	5,500	4,735
Highways and Streets	487,131	487,131	352,971
Sanitation	226,500	226,500	234,620
Capital Outlay	511,400	511,400	405,532
Total Expenditures	2,692,895	2,692,895	2,446,864
Net Change in Fund Balances	\$ (32,090)	\$ (32,090)	(135,342)
Change for modified cash basis reporting			
None			-
As reported on the Statement of Revenues and Expenditures			
Arising From Modified Cash Basis Transactions			\$ (135,342)

**VILLAGE OF FREEBURG, ILLINOIS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
MARCH 31, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:				
Service Cost	\$ 159,826	\$ 179,569	\$ 177,858	\$ 166,984
Interest	516,984	525,190	501,542	466,844
Difference between expected and actual experience	(113,945)	(251,274)	(44,602)	96,660
Assumption changes	202,420	(221,760)	(16,734)	16,488
Benefit payments, including refunds	<u>(322,474)</u>	<u>(340,069)</u>	<u>(302,922)</u>	<u>(240,854)</u>
Net change in total pension liability	442,811	(108,344)	315,142	506,122
Total pension liability - beginning	<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>\$ 7,417,254</u>	<u>\$ 6,974,443</u>	<u>\$ 7,082,787</u>	<u>\$ 6,767,645</u>
Plan Fiduciary Net Position				
Contributions - employer	167,746	174,004	177,706	186,321
Contributions - employee	76,557	76,243	76,818	77,063
Net investment income	(354,450)	1,093,030	390,015	28,944
Benefit payments, including refunds	(322,474)	(340,069)	(302,922)	(240,854)
Other	<u>49,773</u>	<u>(349,403)</u>	<u>60,649</u>	<u>(83,002)</u>
Net change in plan fiduciary net position	(382,848)	653,805	402,266	(31,528)
Plan fiduciary net position - beginning	<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>\$ 6,419,317</u>	<u>\$ 6,802,165</u>	<u>\$ 6,148,360</u>	<u>\$ 5,746,094</u>
Net Pension Liability	<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>86.55%</u>	<u>97.53%</u>	<u>86.81%</u>	<u>84.91%</u>
Covered-employee Payroll	<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>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, 2019

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 167,746	\$ 174,004	\$ 177,705	\$ 186,321
Contributions in relation to actuarial determined contribution	<u>167,746</u>	<u>174,004</u>	<u>177,706</u>	<u>186,321</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>
 Covered-employee Payroll	 <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>9.86%</u>	 <u>10.27%</u>	 <u>10.41%</u>	 <u>10.88%</u>

Actuarial valuation date for above is December 31, 2018.

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:	25 years
Asset Valuation Method:	5-Year smoothed market; 20% corridor
 Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Wage Growth	3.50%
Price Inflation	2.75%

VILLAGE OF FREEBURG, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
MARCH 31, 2019

	<u>Impact Fees</u>	<u>Motor Fuel Tax</u>	<u>TIF</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 7,716	\$ 159,421	\$ 523,088	\$ 690,225
Investments	21,555	126,678	-	148,233
Total Assets	<u>\$ 29,271</u>	<u>\$ 286,099</u>	<u>\$ 523,088</u>	<u>\$ 838,458</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Due To Other Funds	\$ -	\$ 1,228	\$ -	\$ 1,228
Total Liabilities	<u>-</u>	<u>1,228</u>	<u>-</u>	<u>1,228</u>
Fund Balance:				
Restricted	29,271	284,871	523,088	837,230
Total Fund Balance	<u>29,271</u>	<u>284,871</u>	<u>523,088</u>	<u>837,230</u>
Total Liabilities and Fund Balance	<u>\$ 29,271</u>	<u>\$ 286,099</u>	<u>\$ 523,088</u>	<u>\$ 838,458</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, 2019

	Impact Fees	Motor Fuel Tax	TIF	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:				
Property Tax	\$ -	\$ -	\$ 245,784	\$ 245,784
Motor Fuel Tax	-	111,098	-	111,098
Investment Income	563	5,882	778	7,223
Total Revenues	<u>563</u>	<u>116,980</u>	<u>246,562</u>	<u>364,105</u>
Expenditures:				
Current:				
Highways and Streets	-	118,018	-	118,018
Debt Service:				
Principal	-	-	155,000	155,000
Interest and Fees	-	-	34,940	34,940
Total Expenditures	<u>-</u>	<u>118,018</u>	<u>189,940</u>	<u>307,958</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>563</u>	<u>(1,038)</u>	<u>56,622</u>	<u>56,147</u>
Fund Balance, Beginning of Year	<u>28,708</u>	<u>285,909</u>	<u>466,466</u>	<u>781,083</u>
Fund Balance, End of Year	<u>\$ 29,271</u>	<u>\$ 284,871</u>	<u>\$ 523,088</u>	<u>\$ 837,230</u>



**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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the 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, 2019 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. Schlosser & Company LLC*

Certified Public Accountants  
Alton, Illinois

August 21, 2019