

CITY OF RED BUD, ILLINOIS
AUDITED FINANCIAL STATEMENTS
For the Year Ended April 30, 2021

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**Fick, Eggemeyer
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Red Bud, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities and each major fund of the City of Red Bud, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities and each major fund of the City of Red Bud, Illinois, as of April 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Red Bud, Illinois' basic financial statements. The budgetary comparison schedules and related notes, schedule of assessed valuation and consolidated year-end financial report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and consolidated year-end financial report 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 schedule of expenditures of federal awards and consolidated year-end financial report are fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules and related notes and schedule of assessed valuation have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021, on our consideration of the City of Red Bud, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Red Bud, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Red Bud, Illinois' internal control over financial reporting and compliance.

Fick, Eggemeyer & Williamson CPA

Fick, Eggemeyer & Williamson, CPAs
Columbia, Illinois
October 19, 2021

Basic Financial Statements

CITY OF RED BUD, ILLINOIS
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
APRIL 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,714,416	\$ 5,237,451	\$ 10,951,867
Current loans receivable	102,567	-	102,567
Total current assets	5,816,983	5,237,451	11,054,434
Noncurrent assets			
Noncurrent loans receivable	424,899	-	424,899
Capital assets, net of depreciation	5,237,983	8,818,575	14,056,558
Total noncurrent assets	5,662,882	8,818,575	14,481,457
TOTAL ASSETS	\$ 11,479,865	\$ 14,056,026	\$ 25,535,891
LIABILITIES			
Current liabilities			
Current portion of long term debt	\$ -	\$ 91,894	\$ 91,894
Total current liabilities	-	91,894	91,894
Noncurrent liabilities			
Consumer deposits	-	110,545	110,545
Notes payable	-	202,857	202,857
Total noncurrent liabilities	-	313,402	313,402
TOTAL LIABILITIES	\$ -	\$ 405,296	\$ 405,296
NET POSITION			
Net investment in capital assets	\$ 5,237,983	\$ 8,523,824	\$ 13,761,807
Restricted:			
Park	1,055,128	-	1,055,128
Library	70,617	-	70,617
Motor fuel tax	1,111,951	-	1,111,951
Unrestricted	4,004,186	5,126,906	9,131,092
TOTAL NET POSITION	\$ 11,479,865	\$ 13,650,730	\$ 25,130,595

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2021

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 305,238	\$ 78,708	\$ -	\$ -	\$ (226,530)	\$ -	\$ (226,530)
Public safety	848,139	4,889	-	-	(843,250)	-	(843,250)
Highway and streets	549,264	5,047	-	-	(544,217)	-	(544,217)
Culture and recreation	356,980	3,834	64,459	-	(288,687)	-	(288,687)
Interest and fiscal charges	3,377	-	-	-	(3,377)	-	(3,377)
Total governmental activities	2,062,998	92,478	64,459	-	(1,906,061)	-	(1,906,061)
Business-type:							
Electric	6,041,745	6,035,137	-	1,127,621	-	1,121,013	1,121,013
Gas	1,294,987	1,372,655	-	-	-	77,668	77,668
Water	608,513	568,393	-	-	-	(40,120)	(40,120)
Sewer	480,942	402,028	-	-	-	(78,914)	(78,914)
Total business-type activities	8,426,187	8,378,213	-	1,127,621	-	1,079,647	1,079,647
Total	\$ 10,489,185	\$ 8,470,691	\$ 64,459	\$ 1,127,621	(1,906,061)	1,079,647	(826,414)
General revenues:							
Taxes:							
Property taxes					531,913	152,374	684,287
Sales taxes					1,138,722	-	1,138,722
Replacement taxes					15,273	-	15,273
Motor fuel taxes					254,355	-	254,355
Income taxes					416,455	-	416,455
Other taxes					8,167	-	8,167
Gaming taxes					43,587	-	43,587
Interest income					35,575	17,228	52,803
Rents					43,174	-	43,174
Franchise fees					25,162	-	25,162
Miscellaneous					229,957	-	229,957
Total general revenues					2,742,340	169,602	2,911,942
Changes in net position					836,279	1,249,249	2,085,528
Net position - beginning					10,643,586	12,401,481	23,045,067
Net position - ending					\$ 11,479,865	\$ 13,650,730	\$ 25,130,595

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2021

	General	Park Fund	Library Fund	Motor Fuel Tax Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,491,702	\$ 1,055,128	\$ 55,635	\$ 1,111,951	\$ 5,714,416
Internal balances	-	-	14,982	-	14,982
Current loans receivable	102,567	-	-	-	102,567
Total assets	<u>\$ 3,594,269</u>	<u>\$ 1,055,128</u>	<u>\$ 70,617</u>	<u>\$ 1,111,951</u>	<u>\$ 5,831,965</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Internal balances	\$ 14,982	\$ -	\$ -	\$ -	\$ 14,982
Total liabilities	<u>14,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,982</u>
FUND BALANCES					
Restricted	-	1,055,128	70,617	1,111,951	2,237,696
Committed	102,567	-	-	-	102,567
Unassigned	3,476,720	-	-	-	3,476,720
Total fund balances	<u>3,579,287</u>	<u>1,055,128</u>	<u>70,617</u>	<u>1,111,951</u>	<u>5,816,983</u>
Total liabilities and fund balances	<u>\$ 3,594,269</u>	<u>\$ 1,055,128</u>	<u>\$ 70,617</u>	<u>\$ 1,111,951</u>	<u>\$ 5,831,965</u>

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

CITY OF RED BUD
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2021

Total fund balance - governmental funds	\$ 5,816,983
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,237,983
Noncurrent receivables are not financial resources that can be utilized within a one year period and therefore are not reported in the governmental funds balance sheet	<u>424,899</u>
Net position of governmental activities	<u><u>\$ 11,479,865</u></u>

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	General	Park Fund	Library Fund	Motor Fuel Tax Fund	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 375,846	\$ 59,363	\$ 96,704	\$ -	531,913
Sales and use	1,138,722	-	-	-	1,138,722
Intergovernmental:					
Replacement tax	11,303	-	3,970	-	15,273
Motor fuel tax	-	-	-	254,355	254,355
Income tax	416,455	-	-	-	416,455
Other taxes	8,167	-	-	-	8,167
Gaming tax	-	43,587	-	-	43,587
Grants - other	55,827	-	8,632	-	64,459
Licenses and permits	27,459	-	-	-	27,459
Fines and forfeitures	3,299	-	-	-	3,299
Charges for services	58,144	-	3,576	-	61,720
Interest income	27,128	3,915	104	4,428	35,575
Rents	41,819	1,355	-	-	43,174
Franchise fees	-	25,162	-	-	25,162
Miscellaneous	217,952	8,592	3,413	-	229,957
Total revenues	2,382,121	141,974	116,399	258,783	2,899,277
Expenditures:					
Current operations:					
General government	265,447	-	-	-	265,447
Public safety	793,846	-	-	-	793,846
Highways and streets	455,903	-	-	55,024	510,927
Culture and recreation	86,773	105,076	116,819	-	308,668
Capital outlay	181,251	-	-	-	181,251
Debt service:					
Principal	227,864	-	-	-	227,864
Interest expense	3,377	-	-	-	3,377
Total expenditures	2,014,461	105,076	116,819	55,024	2,291,380
Excess (deficiency) of revenue over expenditures	367,660	36,898	(420)	203,759	607,897
Other financing sources (uses):					
Classification of long term loans receivable	99,642	-	-	-	99,642
Transfers between funds	(57,177)	47,000	10,177	-	-
Net other sources and uses of financial resources	42,465	47,000	10,177	-	99,642
Excess (deficiency) of revenue over expenditures and other sources and (uses)	410,125	83,898	9,757	203,759	707,539
Fund balances - beginning	3,169,162	971,230	60,860	908,192	5,109,444
Fund balances - ending	\$ 3,579,287	\$ 1,055,128	\$ 70,617	\$ 1,111,951	\$ 5,816,983

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

CITY OF RED BUD, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2021

Net change in fund balances - total governmental funds	\$	707,539
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Amounts reported for governmental activities in the Statement of Activities are different because:

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.

Capital outlay	181,251	
Depreciation expense	<u>(180,733)</u>	518

Classification of long term loans receivable recorded as financing use. However, the loans receivable remain on the Statement of Net Position.		(99,642)
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The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. These amounts are the net effect of these differences in the treatment of long-term debt and related items:

Repayments:

Notes payable	<u>227,864</u>	<u>227,864</u>
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Change in net position of governmental activities	\$	<u><u>836,279</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF RED BUD, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2021

	ASSETS					LIABILITIES	
	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total	
Current assets							
Cash and cash equivalents	\$ 3,024,768	\$ 870,177	\$ 847,145	\$ 374,941	\$ 120,420	\$ 5,237,451	
Total current assets	<u>3,024,768</u>	<u>870,177</u>	<u>847,145</u>	<u>374,941</u>	<u>120,420</u>	<u>5,237,451</u>	
Noncurrent assets							
Capital assets, net of depreciation	3,941,057	1,472,104	2,118,684	1,286,730	-	8,818,575	
Total noncurrent assets	<u>3,941,057</u>	<u>1,472,104</u>	<u>2,118,684</u>	<u>1,286,730</u>	<u>-</u>	<u>8,818,575</u>	
Total assets	<u>\$ 6,965,825</u>	<u>\$ 2,342,281</u>	<u>\$ 2,965,829</u>	<u>\$ 1,661,671</u>	<u>\$ 120,420</u>	<u>\$ 14,056,026</u>	
Current liabilities							
Current portion of long term debt	\$ -	\$ -	\$ 14,517	\$ 77,377	\$ -	\$ 91,894	
Total current liabilities	<u>-</u>	<u>-</u>	<u>14,517</u>	<u>77,377</u>	<u>-</u>	<u>91,894</u>	
Noncurrent liabilities							
Consumer deposits	-	-	-	-	110,545	110,545	
Notes payable	-	-	123,396	79,461	-	202,857	
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>123,396</u>	<u>79,461</u>	<u>110,545</u>	<u>313,402</u>	
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,913</u>	<u>\$ 156,838</u>	<u>\$ 110,545</u>	<u>\$ 405,296</u>	
Net position							
Net investment in capital assets	\$ 3,941,057	\$ 1,472,104	\$ 1,980,771	\$ 1,129,892	\$ -	\$ 8,523,824	
Unrestricted	<u>3,024,768</u>	<u>870,177</u>	<u>847,145</u>	<u>374,941</u>	<u>9,875</u>	<u>5,126,906</u>	
Total net position	<u>\$ 6,965,825</u>	<u>\$ 2,342,281</u>	<u>\$ 2,827,916</u>	<u>\$ 1,504,833</u>	<u>\$ 9,875</u>	<u>\$ 13,650,730</u>	

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total
OPERATING REVENUES:						
Charges for services	\$ 6,018,787	\$ 1,371,126	\$ 561,604	\$ 401,518	\$ -	\$ 8,353,035
Miscellaneous	16,350	1,529	6,789	510	-	25,178
Total operating revenues	6,035,137	1,372,655	568,393	402,028	-	8,378,213
OPERATING EXPENSES:						
Personal services	763,314	391,462	228,193	144,685	-	1,527,654
Operating expenses	4,858,384	776,169	198,806	131,606	-	5,964,965
Repairs and maintenance	183,527	63,964	61,712	36,177	-	345,380
Insurance	54,470	8,828	16,107	19,595	-	99,000
Depreciation	172,394	54,564	98,757	143,169	-	468,884
Other	9,656	-	4,938	-	-	14,594
Total operating expenses	6,041,745	1,294,987	608,513	475,232	-	8,420,477
Operating income	(6,608)	77,668	(40,120)	(73,204)	-	(42,264)
NON-OPERATING REVENUES (EXPENSES):						
Property taxes	77,298	37,871	22,790	14,415	-	152,374
Grant - federal	1,127,621	-	-	-	-	1,127,621
Interest income	10,085	2,426	3,218	1,099	400	17,228
Interest and fiscal charges	-	-	-	(5,710)	-	(5,710)
Total non-operating revenues (expenses)	1,215,004	40,297	26,008	9,804	400	1,291,513
Change in net position	1,208,396	117,965	(14,112)	(63,400)	400	1,249,249
Net position - beginning	5,757,429	2,224,316	2,842,028	1,568,233	9,475	12,401,481
Net position - ending	\$ 6,965,825	\$ 2,342,281	\$ 2,827,916	\$ 1,504,833	\$ 9,875	\$ 13,650,730

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total
Payments to suppliers	\$ 6,035,137	\$ 1,372,655	\$ 568,393	\$ 402,028	\$ 1,196	\$ 8,379,409
Payments to employees	(5,106,037)	(848,961)	(281,563)	(187,378)	-	(6,423,939)
	(763,314)	(391,462)	(228,193)	(144,685)	-	(1,527,654)
TOTAL OPERATING ACTIVITIES	165,786	132,232	58,637	69,965	1,196	427,816

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	(1,127,621)	-	-	-	-	(1,127,621)
Grant income	1,127,621	-	-	-	-	1,127,621
Payment of principal	-	-	(14,517)	(75,349)	-	(89,866)
Payment of interest	-	-	-	(5,710)	-	(5,710)
TOTAL FINANCING ACTIVITIES	-	-	(14,517)	(81,059)	-	(95,576)

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income	10,085	2,426	3,218	1,099	400	17,228
TOTAL INVESTING ACTIVITIES	10,085	2,426	3,218	1,099	400	17,228

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Property taxes	77,298	37,871	22,790	14,415	-	152,374
TOTAL NON-CAPITAL FINANCING ACTIVITIES	77,298	37,871	22,790	14,415	-	152,374

Net increase (decrease) in cash

Cash and cash equivalents, beginning

Cash and cash equivalents, ending

	253,169	172,529	70,128	4,420	1,596	501,842
	2,771,599	697,648	777,017	370,521	118,824	4,735,609
\$	3,024,768	\$ 870,177	\$ 847,145	\$ 374,941	\$ 120,420	\$ 5,237,451

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ (6,608)	\$ 77,668	\$ (40,120)	\$ (73,204)	\$ -	\$ (42,264)
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation	172,394	54,564	98,757	143,169	-	468,884
Increase (decrease) in consumer deposits	-	-	-	-	1,196	1,196
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 165,786	\$ 132,232	\$ 58,637	\$ 69,965	\$ 1,196	\$ 427,816

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Red Bud (the City) conform to the modified cash basis of accounting as described below. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

Reporting Entity

The City Council, comprised of nine elected individuals, is the primary governing authority for the City. As required under the modified cash basis of accounting, these financial statements present the results of the City's cash transactions.

The City has developed criteria to determine whether outside agencies with activities that benefit the City should be included within its financial reporting entity. The criteria for including other organizations within the City's financial statements, as set forth in GASB No. 14, is based on financial accountability.

The City is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City because the City approved their budget, the issuance of debt or the levying of taxes. The City has no component units.

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category-*governmental* and *proprietary* are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City has elected to report all funds as major funds and maintains the following governmental funds:

General Fund

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

Park Fund

This is the City's fund, for financial statement purposes, that operates and maintains the City's network of public parks.

Library Fund

This is the City's fund, for financial statement purposes, that operates and maintains the City's library.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for motor fuel taxes received from the State of Illinois and restricted to expenditures for specified purposes.

The City reports the following proprietary funds:

Electric Fund

Accounts for the activities of the public trust in providing electricity services to the public.

Gas Fund

Accounts for the activities of the public trust in providing natural gas services to the public.

Water Fund

Accounts for the activities of the public trust in providing water services to the public.

Sewer Fund

Accounts for the activities of the public trust in providing sewer services to the public.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Security Deposit Fund

Accounts for interest earned on and expenditures of accumulated interest earned on previous years' security deposits placed by utility service users.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the modified cash basis of accounting. The modifications to the cash basis include certificate of deposit, capital assets, loans receivable, notes payable, and consumer deposits. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. Revenue from property taxes, grants and donations are recognized when received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting, which is described in the previous paragraph.

Capital asset acquisitions are reported as expenditures in the governmental funds and as assets in the government-wide financial statements. Payments on long-term debt and capital leases are reported as other financial uses in the governmental funds and the remaining balances as liabilities in the government-wide financial statements.

All governmental and business-type activities of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Cash, Cash Equivalents and Certificates of Deposit

The City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Certificates of deposit held at banks with an original maturity in excess of three months are reported at cost.

Internal and Interfund Balances

In the process of aggregating the financial information for the government-wide Statement of Net Position, amounts, if any, reported as interfund balances in the fund financial statements are eliminated.

Internal and Interfund Balances

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The City accounts for infrastructure within the guidelines promulgated by GASB 34. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset's life, are not capitalized. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$10,000 for equipment and vehicles and \$50,000 for buildings, improvements and infrastructure are used in the governmental and proprietary funds to report capital assets.

The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings and improvements	25-75
Equipment and vehicles	5-25
Utility systems	25-50
Land improvements	10-20

Long Term Debt

All long-term debt arising from cash transactions to be repaid from governmental and business-like resources is reported as liabilities in the government-wide statements.

Long term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a Governmental Fund. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the following types of fund balances are presented in the Governmental Funds Balance Sheet:

Restricted - the portion of a Governmental Fund's balance that are subject to external enforceable legal restrictions. The following fund balances are restricted by City ordinance, taxing authority or grant agreements: Motor Fuel Tax, Park and Library.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Committed - the portion of a Governmental Fund's balance with self-imposed constraints or limitations that have been placed by the City Council, the City's highest level of decision-making authority. The committed fund balance is made up of Council approved funds set aside in the General Fund.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following account comprises the unassigned fund balance: General.

The City uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal contracts that prohibit doing this.

Net Position

Net Position represent the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

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

Use of Estimates

The preparation of basic financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the city requires management to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Property Taxes

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The City received significant distributions of tax receipts approximately one month after these due dates. Property tax collections reflected in the City's financial statements for the year ended April 30, 2021 represent taxes received for the 2019 and prior tax levies.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The City purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City is a member of the Illinois Public Risk Fund, a group self-insured pool providing for the defense and payment when due of all compensation and other benefits under the Illinois Workmen's Compensation and Occupational Diseases Laws and providing means to manage risk of loss from events involving tort, theft of, damage to, or destruction of assets, errors or omissions, and acts of God by offering general liability, property damage, and public official liability insurance coverage on behalf of fire prevention districts, public entities and agencies, and other units of government within the State of Illinois. The Public Risk Fund has the responsibilities and duties of premium collection from members, claims administration and payment, loss control, acquisition of excess liability insurance coverage and reinsurance, and general fund administration. The City has the responsibilities and duties of timely payment of calculated premiums, remaining financially sound, employing generally acceptable financial practices, demonstrating good safety practices and programs, implementing recommendations of loss control or safety inspections, and maintaining general membership eligibility requirements.

NOTE 2 - CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

The City has adopted a formal written investment and cash management policy. The City is restricted to investments outlined in the Public Funds Investment Act of the State of Illinois.

Deposits

At year-end, the carrying amount of the City's deposits, totaled \$10,951,867 and bank balances totaled \$10,758,000.

Custodial Risk

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. Of the bank balances, \$500,000 was insured by the Federal Deposit Insurance Corporation (FDIC) with the remaining covered by pledged collateral, which was held in the City's name.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2021 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Land	\$ 1,164,469	\$ 46,176	\$ -	\$ 1,210,645
Construction in progress	127,875	-	127,875	-
Total capital assets not being depreciated	1,292,344	46,176	127,875	1,210,645
<i>Capital assets being depreciated:</i>				
Buildings and improvements	4,406,855	-	-	4,406,855
Machinery and equipment	1,279,354	262,950	79,133	1,463,171
Infrastructure	1,086,264	-	-	1,086,264
Total capital assets being depreciated	6,772,473	262,950	79,133	6,956,290
Less accumulated depreciation for:				
Buildings and improvements	1,628,061	78,152	-	1,706,213
Machinery and equipment	990,516	81,047	79,133	992,430
Infrastructure	208,775	21,534	-	230,309
Total accumulated depreciation	2,827,352	180,733	79,133	2,928,952
Total net capital assets being depreciated	3,945,121	82,217	-	4,027,338
Governmental activity capital assets, net	<u>\$ 5,237,465</u>	<u>\$ 128,393</u>	<u>\$ 127,875</u>	<u>\$ 5,237,983</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental activities:	
General government	\$ 39,791
Public safety	54,293
Highway and streets	38,337
Culture and recreation	48,312
Total Governmental Activities	<u>\$ 180,733</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 3 - CAPITAL ASSETS (cont)

Business-type activities consist of the Electric, Gas, Water and Sewer Funds:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities				
Land	\$ 325,042	\$ -	\$ -	\$ 325,042
Total capital assets not being depreciated	325,042	-	-	325,042
<i>Capital assets being depreciated:</i>				
Machinery and equipment	2,012,932	-	-	2,012,932
Utility property and imprvmts	17,327,032	1,127,621	-	18,454,653
Total capital assets being depreciated	19,339,964	1,127,621	-	20,467,585
Less accumulated depreciation for:				
Machinery and equipment	1,348,883	80,792	-	1,429,675
Utility property and imprvmts	10,156,285	388,092	-	10,544,377
Total accumulated depreciation	11,505,168	468,884	-	11,974,052
Total net capital assets being depreciated	7,834,796	658,737	-	8,493,533
Governmental activity capital assets, net	\$ 8,159,838	\$ 658,737	\$ -	\$ 8,818,575

Depreciation expense was charged to funds as follows:

Business-type activities	
Electric	\$ 172,394
Gas	54,564
Water	98,757
Sewer	143,169
Total Business-type activities	<u>\$ 468,884</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 4 - CHANGES IN LONG TERM DEBT

The following is a summary of changes in long term debt for the year ended April 30, 2021:

	5/1/2020			4/30/2021	Amount Due Within One Year
	Balance	Additions	Retirements	Balance	
Governmental activities:					
Industrial park note	\$ 168,840	\$ -	\$ 168,840	\$ -	\$ -
Industrial park note	59,024	-	59,024	-	-
Totals	<u>\$ 227,864</u>	<u>\$ -</u>	<u>\$ 227,864</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities:					
IEPA Loan	\$ 232,187	\$ -	\$ 75,349	\$ 156,838	\$ 77,377
IEPA Loan	152,430	-	14,517	137,913	14,517
Totals	<u>\$ 384,617</u>	<u>\$ -</u>	<u>\$ 89,866</u>	<u>\$ 294,751</u>	<u>\$ 91,894</u>

NOTE 5 - LONG TERM DEBT

Note Payable - Industrial Park

On December 1, 2017, the City executed an installment loan agreement in the amount of \$675,360 to purchase two parcels of land, totaling 48.24 acres, for future industrial park development. The loan was due on December 28, 2020 and as of April 30, 2021 the balance is \$0.

Note Payable - Industrial Park

On December 1, 2017, the City executed an installment loan agreement in the amount of \$69,440 to purchase a parcel of land, totaling 4.96 acres, for future industrial park development. The loan was due on December 28, 2020, and as of April 30, 2021, the balance is \$0.

Note Payable - Illinois Environmental Protection Agency

On May 2, 2002, the City executed a loan agreement with the Illinois Environmental Protection Agency whereby the City obtained a loan in the amount of \$1,225,390 with the proceeds used for the wastewater treatment facility upgrade construction project. The loan is due on February 2, 2023 with semi-annual installments beginning February 1, 2004 and interest computed at an annual rate of 2.675%. As of April 30, 2021, the outstanding balance was \$156,838. The principal and interest payments required for the fiscal years ended April 30 are as follows:

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 5 - LONG TERM DEBT(cont)

Year Ending			Total
<u>April, 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2022	\$ 77,377	\$ 3,681	\$ 81,058
2023	79,461	1,598	81,059
	<u>\$ 156,838</u>	<u>\$ 5,279</u>	<u>\$ 162,117</u>

Note Payable - Illinois Environmental Protection Agency

On November 3, 2009, the City executed a loan agreement with the Illinois Environmental Protection Agency whereby the City obtained a loan in the amount of \$375,000 with the proceeds used for a water facility upgrade project. As of April 30, 2021 the City had drawn \$375,000 on the loan, and only \$281,250 is required to be paid back. The loan has a 0.0% annual interest rate. As of April 30, 2021, the outstanding balance was \$137,913. The principal and interest payments required for the fiscal years ended April 30 are as follows:

Year Ending			Total
<u>April, 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2022	\$ 14,517	\$ -	\$ 14,517
2023	14,517	-	14,517
2024	14,517	-	14,517
2025	14,517	-	14,517
2026	14,517	-	14,517
2027-2031	65,328	-	65,328
	<u>\$ 137,913</u>	<u>\$ -</u>	<u>\$ 137,913</u>

NOTE 6 - POSTEMPLOYMENT HEALTH CARE BENEFITS

The City provides postemployment healthcare benefits to all full-time employees hired prior to August 1, 1997 that retire with the City. The City contributes 3% of the premium for each year of completed service for individual coverage. Currently, 7 retirees meet those eligibility requirements. Expenditures for postemployment health care benefits are recognized on a pay-as-you-go basis. For fiscal years 2019, 2020 and 2021, the City recorded actual expenditures of \$35,660, \$25,198 and \$16,799 respectively.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2021, the date which the financial statements were available for issue and noted no reportable events.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 8 - RELATED PARTY TRANSACTION

The City remits a quarterly subsidy in the amount of \$6,550 for an annual total of \$26,200 to the Red Bud Fire Department No. 1, an organization which operates on City premises and whose service area includes the City boundaries.

NOTE 9 - PENSION PLAN

Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for regular employees provides retirement, disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Your employer 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. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the City plan members are required to contribute 4.50% 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 2020 was 10.38%. 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. For plan years 2018, 2019 and 2020, the City contributed \$167,859, \$136,561 and \$174,516, respectively, as required.

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended April 30, 2021 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Library	\$ 10,177	\$ -
Park	47,000	
General	-	57,177
	<u>\$ 57,177</u>	<u>\$ 57,177</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (cont)

The General fund transferred funds to the Library and Park funds to assist with the payment of current expenditures.

The composition of interfund balances as of April 30, 2021 is as follows:

Receivable Fund	Payable Fund	April 30, 2021
Library	General	\$ 14,982
		<u>\$ 14,982</u>

The interfund balance relate to costs incurred for operating activities. The balance is expected to be repaid within one year.

NOTE 11 - COMPENSATED ABSENCES

Effective September 26, 2007 all full time employees earn sick leave at the rate of four hours per pay period. On the first pay date in October of each year, the City will pay out to each employee at the rate of pay then in effect for that employee, the balance of any unused sick leave for the first forty hours of sick leave earned but not used through the last full pay period of leave. The remaining unused sick leave will accumulate indefinitely as unused sick leave and will be applied to the Illinois Municipal Retirement Fund pension as time of service, according to Illinois State Statute. The total balance of accumulated sick leave to be paid out in future periods as of April 30, 2021 was \$316,568.

NOTE 12 - LEGAL DEBT MARGIN

The legal debt margin for the City is calculated as follows:

Assessed valuation - 2020 payable in 2021	<u>\$ 87,704,141</u>
Legal debt limit - 8.625% of assessed valuation	7,564,482
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$ 7,564,482</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2021

NOTE 13 - LOANS RECEIVABLE

On December 11, 2015 the City loaned \$150,000 to First Stage Fabrication, Inc from the General fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of \$1,347 for a period of 10 years beginning on January 28, 2016. The balance at April 30, 2021 was \$72,802.

On September 28, 2015 the City loaned \$75,000 to Opera House Bistro from the General fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of \$941 for a period of 7 years beginning on October 28, 2015. The balance at April 30, 2021 was \$19,494.

On December 28, 2017 the City loaned \$450,000 to Mike and Kim Moll from the General fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of \$4,238 for a period of 10 years beginning on July 28, 2018. The balance at April 30, 2021 was \$322,430.

On September 28, 2017 the City loaned \$45,000 to Kaskaskia Regional Port District from the General fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of \$779 for a period of 5 years beginning on October 28, 2017. The balance at April 30, 2021 was \$13,094.

On June 17, 2019 the City loaned \$100,000 to First Stage Fabrication, Inc from the General fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of \$1,255 for a period of 7 years beginning on July 28, 2019. The balance at April 30, 2021 was \$74,815.

On March 25, 2020 the City loaned \$30,000 to DE Vinos from the General fund. The loan bears interest at an annual rate of 3% and is payable in monthly installments of \$539 for a period of 5 years beginning on June 20, 2020. The balance at April 30, 2021 was \$24,831.

Supplementary Information

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/(Negative)
REVENUES:				
Taxes:				
Property	\$ 371,610	\$ 371,610	\$ 375,846	\$ 4,236
Sales	675,000	675,000	1,138,722	463,722
Intergovernmental:				
Replacement tax	6,000	6,000	11,303	5,303
Income tax	300,000	300,000	416,455	116,455
Other taxes	4,500	4,500	8,167	3,667
Grants - other	50,000	50,000	55,827	5,827
Licenses and permits	14,500	14,500	27,459	12,959
Fines and forfeitures	7,450	7,450	3,299	(4,151)
Charges for services	44,210	44,210	58,144	13,934
Interest income	26,161	26,161	27,128	967
Rents	41,010	41,010	41,819	809
Miscellaneous	72,450	72,450	217,952	145,502
Total revenues	<u>1,612,891</u>	<u>1,612,891</u>	<u>2,382,121</u>	<u>769,230</u>
EXPENDITURES:				
Current operations:				
General government	410,990	410,990	265,447	145,543
Public safety	878,200	878,200	793,846	84,354
Highways and streets	631,825	631,825	455,903	175,922
Culture and recreation	385,540	385,540	86,773	298,767
Capital outlay	253,125	253,125	181,251	71,874
Debt service:				
Principal requirement	-	-	227,864	(227,864)
Interest expense	15,000	15,000	3,377	11,623
Total expenditures	<u>2,574,680</u>	<u>2,574,680</u>	<u>2,014,461</u>	<u>560,219</u>
Excess (deficiency) of revenues over expenditures	(961,789)	(961,789)	367,660	1,329,449
Other financing sources (uses)				
Classification of long term loans receivables	-	-	99,642	99,642
Transfers between funds	(71,780)	(71,780)	(57,177)	14,603
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	<u>\$ (1,033,569)</u>	<u>\$ (1,033,569)</u>	410,125	<u>\$ 1,443,694</u>
Fund balance - beginning			<u>3,169,162</u>	
Fund balance - ending			<u>\$ 3,579,287</u>	

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
PARK FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/(Negative)
REVENUES:				
Taxes:				
Property	\$ 54,682	\$ 54,682	\$ 59,363	\$ 4,681
Intergovernmental:				
Gaming tax	50,455	50,455	43,587	(6,868)
Interest income	7,083	7,083	3,915	(3,168)
Rents	775	775	1,355	580
Franchise fees	-	-	25,162	25,162
Miscellaneous	26,322	26,322	8,592	(17,730)
Total revenues	<u>139,317</u>	<u>139,317</u>	<u>141,974</u>	<u>2,657</u>
EXPENDITURES:				
Culture and recreation	266,407	266,407	105,076	161,331
Capital outlay	440,000	440,000	-	440,000
Total expenditures	<u>706,407</u>	<u>706,407</u>	<u>105,076</u>	<u>601,331</u>
Excess (deficiency) of revenues over expenditures	(567,090)	(567,090)	36,898	603,988
Other financing sources (uses)				
Transfers between funds	<u>80,000</u>	<u>80,000</u>	<u>47,000</u>	<u>(33,000)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (487,090)</u>	<u>\$ (487,090)</u>	83,898	<u>\$ 570,988</u>
Fund balance - beginning			<u>971,230</u>	
Fund balance - ending			<u>\$ 1,055,128</u>	

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
LIBRARY FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/(Negative)
REVENUES:				
Taxes:				
Property	\$ 103,600	\$ 103,600	\$ 96,704	\$ (6,896)
Intergovernmental:				
Replacement tax	4,000	4,000	3,970	(30)
Grants - other	8,505	8,505	8,632	127
Charges for services	5,250	5,250	3,576	(1,674)
Interest income	75	75	104	29
Miscellaneous	200	200	3,413	3,213
Total revenues	<u>121,630</u>	<u>121,630</u>	<u>116,399</u>	<u>(5,231)</u>
EXPENDITURES:				
Culture and recreation	136,995	136,995	116,819	20,176
Capital outlay	4,200	4,200	-	4,200
Total expenditures	<u>141,195</u>	<u>141,195</u>	<u>116,819</u>	<u>24,376</u>
Excess (deficiency) of revenues over expenditures	(19,565)	(19,565)	(420)	19,145
Other financing sources (uses)				
Transfers between funds	<u>15,000</u>	<u>15,000</u>	<u>10,177</u>	<u>(4,823)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (4,565)</u>	<u>\$ (4,565)</u>	9,757	<u>\$ 14,322</u>
Fund balance - beginning			<u>60,860</u>	
Fund balance - ending			<u>\$ 70,617</u>	

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/(Negative)
REVENUES:				
Taxes:				
Motor Fuel	\$ -	\$ -	\$ 254,355	\$ 254,355
Interest income	-	-	4,428	4,428
Total revenues	-	-	258,783	258,783
EXPENDITURES:				
Highway and street	-	-	55,024	(55,024)
Total expenditures	-	-	55,024	(55,024)
Excess (deficiency) of revenues over expenditures and other uses	\$ -	\$ -	203,759	\$ 203,759
Fund balance - beginning			908,192	
Fund balance - ending			\$ 1,111,951	

CITY OF RED BUD, ILLINOIS
NOTES TO BUDGETARY COMPARISON INFORMATION
APRIL 30, 2021

Note 1 - BUDGETS AND BUDGETARY ACCOUNTING

The Board follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Formal budgetary integration is employed as a management control device during the year for all governmental funds. The budgets are adopted on a modified cash basis of accounting.
2. The City Council approves the tax rate by ordinance. Once this rate has been established, the Board approves the total budget appropriation and amendments.
3. Unused appropriations lapse at the end of the year.

Note 2 - EXPENDITURES IN EXCESS OF BUDGET

<u>Fund</u>	<u>Actual Expenses</u>	<u>Budget</u>
Motor Fuel Tax	\$ 55,024	\$ -

CITY OF RED BUD, ILLINOIS
SCHEDULE OF ASSESSED VALUATION - TAX RATES
TAXES EXTENDED AND COLLECTED FOR 2018, 2019, AND 2020

	Tax Year		
	2018	2019	2020
ASSESSED VALUATION:	<u>\$ 84,418,187</u>	<u>\$ 86,167,284</u>	<u>\$ 87,704,141</u>
TAX RATES PER \$100 OF ASSESSED VALUATION:			
General	0.19200	0.19523	0.20009
I.M.R.F	0.15149	0.15407	0.15790
Library	0.10680	0.10862	0.11132
Audit	0.01185	0.01206	0.01235
FICA	0.16361	0.16637	0.17051
Park/Park Maintenance	0.06653	0.06766	0.06935
Emergency Service and Disaster	0.00312	0.00318	0.00326
School Crossing Guard	0.00867	0.00882	0.00903
	<u>0.70407</u>	<u>0.71601</u>	<u>0.73381</u>
TAXES EXTENDED:			
General	\$ 162,083	\$ 168,224	\$ 175,487
I.M.R.F	127,885	132,758	138,485
Library	90,159	93,595	97,632
Audit	10,004	10,392	10,831
FICA	138,117	143,357	149,544
Park/Park Maintenance	56,163	58,301	60,823
Emergency Service and Disaster	2,634	2,740	2,859
School Crossing Guard	7,319	7,600	7,920
	<u>\$ 594,363</u>	<u>\$ 616,966</u>	<u>\$ 643,582</u>
TAXES COLLECTED:	\$ 663,058	\$ 684,287	
Less: Road and Bridge Taxes	(88,061)	(99,179)	
ADJUSTED TAXES COLLECTED:	<u>\$ 574,997</u>	<u>\$ 585,108</u>	
% COLLECTED ON THOSE EXTENDED:	<u>96.74%</u>	<u>94.84%</u>	

CITY OF RED BUD, ILLINOIS
CONSOLIDATED YEAR-END FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED APRIL 30, 2021

	Local Coronavirus Urgent Remediation Emergency & Economic Support Payments Grants Program			Community Development Block Grant Revolving Loan Fund Closeout Program			Motor Fuel Tax Program			All Other	Total
	State	Federal		State	Federal		State	Federal			
Personal services (salaries and wages)	\$ -	\$ 132,163	\$ -	-	\$ -	-	\$ -	-	-	\$ -	\$ 132,163
Fringe benefits	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-
Equipment	-	19,654	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	19,654
Contractual services	-	-	-	-	-	-	55,024	-	-	-	55,024
Consultant (professional services)	-	-	-	-	-	-	-	-	-	-	-
Construction	-	-	-	-	1,127,621	-	-	-	-	-	1,127,621
Occupancy-rent and utilities	-	-	-	-	-	-	-	-	-	-	-
Research and development	-	-	-	-	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-	-	-	-	-
Training and education	-	-	-	-	-	-	-	-	-	-	-
Direct administrative costs	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous costs	-	-	-	-	-	-	-	-	-	9,154,723	9,154,723
Total direct expenses	-	151,817	-	-	1,127,621	-	55,024	-	-	9,154,723	10,489,185
Indirect costs	-	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ -	\$ 151,817	\$ -	-	\$ 1,127,621	\$ -	\$ 55,024	\$ -	\$ -	\$ 9,154,723	\$ 10,489,185

CITY OF RED BUD, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2021

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL PROGRAM EXPENDITURES
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Illinois Department of Commerce and Economic Development			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (m)	14.228	N/A	\$ 1,127,621
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,127,621</u>
DEPARTMENT OF THE TREASURY			
Passed-through Illinois Department of Commerce and Economic Development			
Coronavirus Relief Fund - COVID19	21.019	N/A	151,817
TOTAL DEPARTMENT OF THE TREASURY			<u>151,817</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,279,438</u>

(m) - Program audited as major program

CITY OF RED BUD, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR APRIL 30, 2021

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Red Bud, Illinois and has been prepared using the modified cash basis of accounting. The information in this schedule is also presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

None of the federal expenditures presented in the schedule were provided to sub-recipients.

NOTE 3 - DESCRIPTION OF MAJOR FEDERAL PROGRAM

The objectives of the Community Development Block Grant are to develop viable communities by providing decent housing, a suitable living environment, and expanded opportunities, principally for persons of low-and moderate-income.

NOTE 4 - NON-CASH ASSISTANCE

No non-cash assistance was received related to any federal programs.

NOTE 5 - INSURANCE

The federal programs presented in the previous schedule did not have separate program specific insurance policies.

NOTE 6 - LOANS/LOAN GUARANTEES/INTEREST SUBSIDIES

The federal programs presented in the previous schedule did not have any loans, loan guarantees, or interest subsidies associated with them.

NOTE 7 - DE MINIMIS COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate allocation.



**Fick, Eggemeyer
& Williamson**

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Red Bud, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the City of Red Bud, Illinois (the City), as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City basic financial statements, and have issued our report thereon dated October 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fick, Eggemeyer & Williamson, CPAs
Columbia, Illinois
October 19, 2021



**Fick, Eggemeyer
& Williamson**

Certified Public Accountants, PC

CPA
MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Red Bud, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Red Bud, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Red Bud, Illinois' major federal programs for the year ended April 30, 2021. The City of Red Bud, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Red Bud, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Red Bud, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Red Bud, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Red Bud, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2021.

Report on Internal Control Over Compliance

Management of the City of Red Bud, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Red Bud, Illinois internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Red Bud, Illinois' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fick, Eggemeyer & Williamson CPAs

Fick, Eggemeyer and Williamson, CPAs
Columbia, Illinois
October 19, 2021

CITY OF RED BUD, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses Yes X No

Noncompliance material to
financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes X No

Reportable conditions identified that are
not considered to be material weaknesses Yes X No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the Uniform Guidance Yes X No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

14.228

Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

CITY OF RED BUD, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2021

Section II - Financial Statement Findings

There are no reportable conditions to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

CITY OF RED BUD, ILLINOIS
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED APRIL 30, 2021

There were no prior year audit findings.