

CITY OF RED BUD, ILLINOIS
AUDITED FINANCIAL STATEMENTS
For the Year Ended April 30, 2018

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***Fick, Eggemeyer
& Williamson***

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

City Council
City of Red Bud, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Red Bud, Illinois as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the City of Red Bud, Illinois, as of April 30, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to 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's basic financial statements. The budgetary comparison schedules and related notes, combining fund financial statements and schedule of assessed valuation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and related notes and combining 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 budgetary comparison schedules and related notes and combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of assessed valuation has 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 it.

Fick, Eggemeyer & Williamson CPA's

Fick, Eggemeyer & Williamson, CPA's
Columbia, IL
September 25, 2018

Basic Financial Statements

CITY OF RED BUD, ILLINOIS
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
APRIL 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,803,638	\$ 4,340,819	\$ 9,144,457
Current loans receivable	241,318	-	241,318
Total current assets	5,044,956	4,340,819	9,385,775
Noncurrent assets			
Noncurrent loans receivable	1,571,524	-	1,571,524
Capital assets, net of depreciation	5,363,200	8,934,638	14,297,838
Total noncurrent assets	6,934,724	8,934,638	15,869,362
TOTAL ASSETS	\$ 11,979,680	\$ 13,275,457	\$ 25,255,137
LIABILITIES			
Current liabilities			
Current portion of long term debt	\$ 172,312	\$ 85,965	\$ 258,277
Total current liabilities	172,312	85,965	258,277
Noncurrent liabilities			
Consumer deposits	-	110,933	110,933
Notes payable	400,176	472,506	872,682
Total noncurrent liabilities	400,176	583,439	983,615
TOTAL LIABILITIES	\$ 572,488	\$ 669,404	\$ 1,241,892
NET POSITION			
Net investment in capital assets	\$ 4,790,712	\$ 8,376,167	\$ 13,166,879
Restricted:			
Park	939,847	-	939,847
CDAP	1,598,548	-	1,598,548
Library	58,478	-	58,478
Motor Fuel Tax	795,004	-	795,004
Unrestricted	3,224,603	4,229,886	7,454,489
TOTAL NET POSITION	\$ 11,407,192	\$ 12,606,053	\$ 24,013,245

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, 2018

	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	
					Governmental Activities	Business-type Activities
FUNCTIONS/PROGRAMS						
Primary government:						
Governmental activities:						
General government	\$ 315,229	\$ 80,920	\$ 40,000	\$ -	\$ (194,309)	\$ -
Public safety	765,173	31,079	-	-	(734,094)	-
Highway and streets	543,392	8,095	3,519	160,000	(371,778)	-
Culture and recreation	321,578	6,440	26,458	-	(288,680)	-
Interest and fiscal charges	1,319	-	-	-	(1,319)	-
Total governmental activities	1,946,691	126,534	69,977	160,000	(1,590,180)	-
Business-type:						
Electric	5,779,089	6,074,058	-	-	-	294,969
Gas	1,296,196	1,131,157	-	-	-	(165,039)
Water	580,750	560,171	-	-	-	(20,579)
Sewer	516,675	368,153	-	-	-	(148,522)
Security deposit	-	290	-	-	-	290
Total business-type activities	8,172,710	8,133,829	-	-	(38,881)	290
Total	\$ 10,119,401	\$ 8,260,363	\$ 69,977	\$ 160,000	\$ (1,590,180)	\$ (38,881)
General revenues:						
Taxes:						
Property taxes					491,683	139,662
Sales taxes					906,709	-
Replacement taxes					12,769	-
Motor fuel taxes					94,052	-
Income taxes					360,311	-
Other taxes					102,891	-
Interest income					46,301	14,180
Rents					37,681	-
Franchise fees					22,773	-
Miscellaneous					124,527	-
Gain/(loss) on sale of capital assets					58,454	-
Total general revenues					2,258,151	153,842
Changes in net position					667,971	114,961
Net position - beginning					\$ 10,739,221	\$ 12,491,092
Net position - ending					\$ 11,407,192	\$ 12,606,053
						\$ 24,013,245

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, 2018

	General	Park Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,542,890	\$ 939,847	\$ 1,320,901	\$ 4,803,638
Internal balances	-	-	3,470	3,470
Current loans receivable	83,672	-	157,646	241,318
Total assets	<u>\$ 2,626,562</u>	<u>\$ 939,847</u>	<u>\$ 1,482,017</u>	<u>\$ 5,048,426</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Internal balances	\$ 3,470	\$ -	\$ -	\$ 3,470
Total liabilities	<u>3,470</u>	<u>-</u>	<u>-</u>	<u>3,470</u>
FUND BALANCES				
Restricted	-	939,847	1,482,017	2,421,864
Committed	2,173,770	-	-	2,173,770
Unassigned	449,322	-	-	449,322
Total fund balances	<u>2,623,092</u>	<u>939,847</u>	<u>1,482,017</u>	<u>5,044,956</u>
Total liabilities and fund balances	<u>\$ 2,626,562</u>	<u>\$ 939,847</u>	<u>\$ 1,482,017</u>	<u>\$ 5,048,426</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, 2018

Total fund balance - governmental funds	\$ 5,044,956
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. The cost of assets is \$7,867,041 and the accumulated depreciation is \$2,503,841.	5,363,200
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	1,571,524
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. All liabilities both current and long-term are reported in the Statement of Net Position.	<u>(572,488)</u>
Net position of governmental activities	<u>\$ 11,407,192</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, 2018

Revenues:	General	Park Fund	Other Governmental Funds	Total Governmental Funds
Taxes:				
Property	\$ 348,926	\$ 51,624	\$ 91,133	\$ 491,683
Sales	906,709	-	-	906,709
Intergovernmental:				
Replacement tax	9,299	-	3,470	12,769
Motor fuel tax	-	-	94,052	94,052
Income tax	360,311	-	-	360,311
Other taxes	102,891	-	-	102,891
Grants - state	160,000	-	-	160,000
Grants - other	66,458	-	3,519	69,977
Licenses and permits	56,296	-	-	56,296
Fines and forfeitures	7,356	-	-	7,356
Charges for services	56,442	-	6,440	62,882
Interest income	17,457	4,022	24,822	46,301
Rents	36,326	1,355	-	37,681
Franchise fees	-	22,773	-	22,773
Miscellaneous	97,370	24,832	2,325	124,527
Total revenues	2,225,841	104,606	225,761	2,556,208
Expenditures:				
Current operations:				
General government	270,665	-	-	270,665
Public safety	717,420	-	-	717,420
Highways and streets	417,520	-	81,651	499,171
Culture and recreation	57,886	107,981	110,395	276,262
Capital outlay	1,373,691	15,078	-	1,388,769
Debt service:				
Principle requirement	172,312	-	-	172,312
Interest expense	1,319	-	-	1,319
Total expenditures	3,010,813	123,059	192,046	3,325,918
Excess (deficiency) of revenue over expenditures	(784,972)	(18,453)	33,715	(769,710)
Other financing sources (uses):				
Classification of long term loans receivable	(436,295)	-	155,484	(280,811)
Proceeds from sale of assets	101,795	-	-	101,795
Proceeds from loan payable	744,800	-	-	744,800
Transfers between funds	(10,722)	-	10,722	-
Net other sources and uses of financial resources	399,578	-	166,206	565,784
Excess (deficiency) of revenue over expenditures and other sources and (uses)	(385,394)	(18,453)	199,921	(203,926)
Fund balances - beginning	3,008,486	958,300	1,282,096	5,248,882
Fund balances - ending	\$ 2,623,092	\$ 939,847	\$ 1,482,017	\$ 5,044,956

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, 2018

Net change in fund balances - total governmental funds \$ (203,926)

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	1,388,769	
Depreciation expense	<u>(181,854)</u>	1,206,915

Disposal of capital assets

Disposals	<u>(43,341)</u>	(43,341)
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Classification of long term loans receivable recorded as financing use. However, the loans receivable remain on the Statement of Net Position. 280,811

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:

Borrowing:		
Notes payable	(744,800)	
Repayments:		
Notes payable	<u>172,312</u>	<u>(572,488)</u>

Change in net position of governmental activities \$ 667,971

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 FUND
APRIL 30, 2018

ASSETS	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total
Current assets						
Cash and cash equivalents	\$ 2,549,560	\$ 503,300	\$ 695,908	\$ 473,637	\$ 118,414	\$ 4,340,819
Total current assets	<u>2,549,560</u>	<u>503,300</u>	<u>695,908</u>	<u>473,637</u>	<u>118,414</u>	<u>4,340,819</u>
Noncurrent assets						
Capital assets, net of depreciation	3,247,907	1,609,671	2,394,009	1,683,051	-	8,934,638
Total noncurrent assets	<u>3,247,907</u>	<u>1,609,671</u>	<u>2,394,009</u>	<u>1,683,051</u>	<u>-</u>	<u>8,934,638</u>
Total assets	<u>\$ 5,797,467</u>	<u>\$ 2,112,971</u>	<u>\$ 3,089,917</u>	<u>\$ 2,156,688</u>	<u>\$ 118,414</u>	<u>\$ 13,275,457</u>
LIABILITIES						
Current liabilities						
Current portion of long term debt	\$ -	\$ -	\$ 14,517	\$ 71,448	\$ -	\$ 85,965
Total current liabilities	<u>-</u>	<u>-</u>	<u>14,517</u>	<u>71,448</u>	<u>-</u>	<u>85,965</u>
Noncurrent liabilities						
Consumer deposits	-	-	-	-	110,933	110,933
Notes payable	-	-	166,947	305,559	-	472,506
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>166,947</u>	<u>305,559</u>	<u>110,933</u>	<u>583,439</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,464</u>	<u>\$ 377,007</u>	<u>\$ 110,933</u>	<u>\$ 669,404</u>
Net position						
Net investment in capital assets	\$ 3,247,907	\$ 1,609,671	\$ 2,212,545	\$ 1,306,044	\$ -	\$ 8,376,167
Unrestricted	<u>2,549,560</u>	<u>503,300</u>	<u>695,908</u>	<u>473,637</u>	<u>7,481</u>	<u>4,229,886</u>
Total net position	<u>\$ 5,797,467</u>	<u>\$ 2,112,971</u>	<u>\$ 2,908,453</u>	<u>\$ 1,779,681</u>	<u>\$ 7,481</u>	<u>\$ 12,606,053</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 FUND
FOR THE YEAR ENDED APRIL 30, 2018

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total
OPERATING REVENUES:						
Charges for services	\$ 6,050,675	\$ 1,129,263	\$ 558,596	\$ 366,585	\$ -	\$ 8,105,119
Miscellaneous	23,383	1,894	1,575	1,568	290	28,710
Total operating revenues	6,074,058	1,131,157	560,171	368,153	290	8,133,829
OPERATING EXPENSES:						
Personal services	714,264	296,899	210,436	156,824	-	1,378,423
Operating expenses	4,687,223	869,212	203,047	150,604	-	5,910,086
Repairs and maintenance	167,282	73,777	55,922	38,236	-	335,217
Insurance	47,072	2,418	13,410	15,596	-	78,496
Depreciation	153,629	53,890	97,935	143,931	-	449,385
Other	9,619	-	-	-	-	9,619
Total operating expenses	5,779,089	1,296,196	580,750	505,191	-	8,161,226
Operating income	294,969	(165,039)	(20,579)	(137,038)	290	(27,397)
NON-OPERATING REVENUES (EXPENSES):						
Property taxes	72,844	31,500	20,249	15,069	-	139,662
Interest income	9,383	1,123	1,923	1,412	339	14,180
Interest and fiscal charges	-	-	-	(11,484)	-	(11,484)
Total non-operating revenues (expenses)	82,227	32,623	22,172	4,997	339	142,358
Change in net position	377,196	(132,416)	1,593	(132,041)	629	114,961
Net position - beginning	5,420,271	2,245,387	2,906,860	1,911,722	6,852	12,491,092
Net position - ending	\$ 5,797,467	\$ 2,112,971	\$ 2,908,453	\$ 1,779,681	\$ 7,481	\$ 12,606,053

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 FUND
FOR THE YEAR ENDED APRIL 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 6,074,058	\$ 1,131,157	\$ 560,171	\$ 368,153	\$ 7,815	\$ 8,141,354
Payments to suppliers	(4,911,196)	(945,407)	(272,379)	(204,436)	-	(6,333,418)
Payments to employees	(706,383)	(295,592)	(200,793)	(156,394)	-	(1,359,162)
TOTAL OPERATING ACTIVITIES	456,479	(109,842)	86,999	7,323	7,815	448,774

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	(4,496)	(4,496)	(4,496)	(4,496)	-	(17,984)
Payment of principal	-	-	(14,517)	(69,574)	-	(84,091)
Payment of interest	-	-	-	(11,484)	-	(11,484)
TOTAL FINANCING ACTIVITIES	(4,496)	(4,496)	(19,013)	(85,554)	-	(113,559)

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income	9,383	1,123	1,923	1,412	339	14,180
TOTAL INVESTING ACTIVITIES	9,383	1,123	1,923	1,412	339	14,180

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Property taxes	72,844	31,500	20,249	15,069	-	139,662
TOTAL NON-CAPITAL FINANCING ACTIVITIES	72,844	31,500	20,249	15,069	-	139,662
Net increase (decrease) in cash	534,210	(81,715)	90,158	(61,750)	8,154	489,057
Cash and cash equivalents, beginning	2,015,350	585,015	605,750	535,387	110,260	3,851,762
Cash and cash equivalents, ending	\$ 2,549,560	\$ 503,300	\$ 695,908	\$ 473,637	\$ 118,414	\$ 4,340,819

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 294,969	\$ (165,039)	\$ (20,579)	\$ (137,038)	\$ 290	\$ (27,397)
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation	153,629	53,890	97,935	143,931	-	449,385
(Increase) decrease in internal balances	7,881	1,307	9,643	430	290	19,551
Increase (decrease) in consumer deposits	-	-	-	-	7,235	7,235
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 456,479	\$ (109,842)	\$ 86,999	\$ 7,323	\$ 7,815	\$ 448,774

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

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, 2018

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 reports the following major 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.

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.

Security Deposit Fund

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

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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 internal balances, 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. Proceeds from long-term debt and capital leases are reported as other financial sources in the governmental funds and 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 and Cash Equivalents

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.

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.

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 \$5,000 for governmental and proprietary funds is used to report capital assets.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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 net assets that are subject to external enforceable legal restrictions. The following account's fund balances are restricted by City ordinance or grant agreements: CDAP Grant, Motor Fuel Tax, Park and Library.

Committed - the portion of a Governmental Fund's net assets 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 accounts comprise 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.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

Net Position

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

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

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.

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.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

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, 2018 represent taxes received for the 2016 and prior tax levies.

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 \$9,144,457 and bank balances totaled \$9,050,364.

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, \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC), \$8,800,364 was covered by pledged collateral, which was held in the City's name.

Note 3 - 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, 2018 was \$254,755.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 4 - CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Land	\$ 463,010	\$ 744,800	\$ 43,341	\$ 1,164,469
Total capital assets not being depreciated	<u>463,010</u>	<u>744,800</u>	<u>43,341</u>	<u>1,164,469</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	4,381,824	15,078	-	4,396,902
Machinery and equipment	1,155,556	86,540	22,690	1,219,406
Infrastructure	<u>543,913</u>	<u>542,351</u>	<u>-</u>	<u>1,086,264</u>
Total capital assets being depreciated	<u>6,081,293</u>	<u>643,969</u>	<u>22,690</u>	<u>6,702,572</u>
Less accumulated depreciation for:				
Buildings and improvements	1,391,496	78,770	-	1,470,266
Machinery and equipment	809,009	81,550	22,690	867,869
Infrastructure	<u>144,172</u>	<u>21,534</u>	<u>-</u>	<u>165,706</u>
Total accumulated depreciation	<u>2,344,677</u>	<u>181,854</u>	<u>22,690</u>	<u>2,503,841</u>
Total net capital assets being depreciated	<u>3,736,616</u>	<u>462,115</u>	<u>-</u>	<u>4,198,731</u>
Governmental activity capital assets, net	<u>\$ 4,199,626</u>	<u>\$ 1,206,915</u>	<u>\$ 43,341</u>	<u>\$ 5,363,200</u>

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

Governmental activities:	
General government	\$ 44,565
Public safety	47,753
Highway and streets	44,220
Culture and recreation	45,316
Total Governmental Activities	<u>\$ 181,854</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 4 - 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	<u>325,042</u>	<u>-</u>	<u>-</u>	<u>325,042</u>
<i>Capital assets being depreciated:</i>				
Machinery and equipment	1,897,828	17,984	-	1,915,812
Utility property and imprvmts	<u>17,319,681</u>	<u>-</u>	<u>-</u>	<u>17,319,681</u>
Total capital assets being depreciated	<u>19,217,509</u>	<u>17,984</u>	<u>-</u>	<u>19,235,493</u>
Less accumulated depreciation for:				
Machinery and equipment	1,102,358	87,331	-	1,189,689
Utility property and imprvmts	<u>9,074,154</u>	<u>362,054</u>	<u>-</u>	<u>9,436,208</u>
Total accumulated depreciation	<u>10,176,512</u>	<u>449,385</u>	<u>-</u>	<u>10,625,897</u>
Total net capital assets being depreciated	<u>9,040,997</u>	<u>(431,401)</u>	<u>-</u>	<u>8,609,596</u>
Governmental activity capital assets, net	<u>\$ 9,366,039</u>	<u>\$(431,401)</u>	<u>\$ -</u>	<u>\$ 8,934,638</u>

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

Business-type activities	
Electric	\$ 153,629
Gas	53,890
Water	97,935
Sewer	143,931
Total Business-type activities	<u>\$ 449,385</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 5 - LEGAL DEBT MARGIN

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

Assessed valuation - 2016 payable in 2017	<u>\$68,125,545</u>
Legal debt limit - 8.625% of assessed valuation	5,875,828
Amount of debt applicable to debt limit	<u>-</u>
Legal debt margin	<u>\$5,875,828</u>

Note 6 - 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 is due on December 28, 2020 in annual installments, beginning December 28, 2017, with interest computed at an annual rate of 2.0%. As of April 30, 2018, the outstanding balance was \$506,520. 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>
2019	\$ 168,840	\$ 10,130	\$ 178,970
2020	168,840	6,754	175,594
2021	168,840	3,377	172,217
	<u>\$ 506,520</u>	<u>\$ 20,261</u>	<u>\$ 526,781</u>

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 is due on December 28, 2020 in annual installments, beginning December 28, 2017, with interest computed at an annual rate of 2.0%. As of April 30, 2018, the outstanding balance was \$65,968. 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>
2019	\$ 3,472	\$ 1,250	\$ 4,722
2020	3,472	1,180	4,652
2021	59,024	-	59,024
	<u>\$ 65,968</u>	<u>\$ 2,430</u>	<u>\$ 68,398</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 6 - LONG TERM DEBT(cont)

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 in semi-annual installments, beginning February 1, 2004, with interest computed at an annual rate of 2.675%. As of April 30, 2018, the outstanding balance was \$377,007. 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>
2019	\$ 71,448	\$ 9,611	\$ 81,059
2020	73,373	7,686	81,059
2021	75,348	5,710	81,058
2022	77,377	3,681	81,058
2023	79,461	1,598	81,059
	<u>\$ 377,007</u>	<u>\$ 28,286</u>	<u>\$ 405,293</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, 2018 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, 2018, the outstanding balance was \$181,464. 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>
2019	\$ 14,517	\$ -	\$ 14,517
2020	14,517	-	14,517
2021	14,517	-	14,517
2022	14,517	-	14,517
2023	14,517	-	14,517
2024-2028	72,585	-	72,585
2029-2031	36,294	-	36,294
	<u>\$ 181,464</u>	<u>\$ -</u>	<u>\$ 181,464</u>

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 7 - 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, 9 retirees meet those eligibility requirements. Expenditures for postemployment health care benefits are recognized on a pay-as-you-go basis. For fiscal years 2016, 2017 and 2018, the City recorded actual expenditures of \$35,011, \$36,260 and \$43,208, respectively.

Note 8 - CHANGES IN LONG TERM DEBT

The following is a summary of changes in long term debt for the year ended April 30, 2018:

	5/1/2017			4/30/2018	Amount Due Within
	Balance	Additions	Retirements	Balance	One Year
Governmental activities:					
Notes payable	\$ -	\$ 675,360	\$ 168,840	\$ 506,520	\$ 168,840
Notes payable	-	69,440	3,472	65,968	3,472
Totals	<u>\$ -</u>	<u>\$ 744,800</u>	<u>\$ 172,312</u>	<u>\$ 572,488</u>	<u>\$ 172,312</u>
 Business-type activities:					
IEPA Loan	\$ 446,581	\$ -	\$ 69,574	\$ 377,007	\$ 71,448
IEPA Loan	195,981	-	14,517	181,464	14,517
Totals	<u>\$ 642,562</u>	<u>\$ -</u>	<u>\$ 84,091</u>	<u>\$ 558,471</u>	<u>\$ 85,965</u>

Note 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2018, the date which the financial statements were available for issue and noted no reportable events.

Note 10 - 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.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 11 - 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 2017 was 11.72%. 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 year 2015, 2016 and 2017, the City contributed \$207,896, \$184,567 and \$176,334, respectively, as required.

Note 12 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended April 30, 2018 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Library fund	\$ 10,722	\$ -
General fund	-	10,722
	<u>\$ 10,722</u>	<u>\$ 10,722</u>

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

The composition of interfund balances as of April 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>April 30, 2018</u>
Library	General	\$ 3,470
		<u>\$ 3,470</u>

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

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 13 - LOANS RECEIVABLE

On January 13, 2006 the City loaned \$56,800 to Red Bud Plumbing, Heating, Cooling & Electrical Contractors, Inc. from the General fund. The loan beared interest at an annual rate of 3.0% and matured January 18, 2018 with monthly installments of \$470. The balance at April 30, 2018 was paid in full.

On May 29, 2007 the City loaned \$300,000 to R&D Machine, \$150,000 from the General fund and \$150,000 from the CDAP Revolving Loan fund. The loan beared interest at an annual rate of 3.0% and was payable in monthly installments of \$2,897 for a period of 10 years beginning June 1, 2007. The General fund loan balance at April 30, 2018 was paid in full and the CDAP Revolving Loan fund balance was paid in full.

On September 1, 2010 the City loaned \$150,000 to Roger Hess and Matt and Melissa Stines from the CDAP Revolving Loan fund. The loan bears interest at an annual rate of 3.0% and is payable in monthly installments of \$1,036 with a final payment of \$58,685 due October 1, 2019. The balance at April 30, 2018 was \$72,473.

On December 19, 2011 the City loaned \$75,000 to First Stage Fabrication, Inc. From the CDAP Revolving Loan Fund. The loan bears interest at an annual rate of 3.0% and is payable in monthly installments of \$991 for a period of 7 years beginning on January 19, 2012. The balance at April 30, 2018 was \$7,833.

On February 27, 2012 the City loaned \$250,000 to R&D Machine Shop from the CDAP Revolving Loan fund. The loan bears interest at an annual rate of 3.0% and is payable in quarterly installments of \$7,273 for a period of 10 years beginning on June 1, 2012. The balance at April 30, 2018 was \$109,165.

On July 22, 2011 the City loaned \$150,000 to Southern Illinois Crankshaft from the CDAP Revolving Loan fund. The loan bears interest at an annual rate of 3.0% and is payable in monthly installments of \$1,452 for a period of 10 years beginning on August 22, 2011. The balance at April 30, 2018 was \$55,144.

On September 28, 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, 2018 was \$116,981.

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 10 years beginning on October 28, 2015. The balance at April 30, 2018 was \$49,993.

CITY OF RED BUD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

Note 13 - LOANS RECEIVABLE (cont)

On January 3, 2017 the City loaned \$1,000,000 to JR Rentals from the CDAP Revolving Loan Fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of \$8,979 for a period of 10 years beginning on February 3, 2017. The balance at April 30, 2018 was \$883,045.

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, 2018 was \$450,000.

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, 2018 was \$39,923.

On October 20, 2017 the City loaned \$40,000 to V8 Speed and Restoration Shop from the General fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of \$859 for a period of 4 years beginning on November 20, 2017. The balance at April 30, 2018 was \$28,285.

Supplementary Information

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/(Negative)
REVENUES:				
Taxes:				
Property	\$ 367,675	\$ 367,675	\$ 348,926	\$ (18,749)
Sales	600,000	600,000	906,709	306,709
Intergovernmental:				
Replacement tax	8,000	8,000	9,299	1,299
Income tax	300,000	300,000	360,311	60,311
Other taxes	46,000	46,000	102,891	56,891
Grants - state	160,000	160,000	160,000	-
Grants - other	50,000	50,000	66,458	16,458
Licenses and permits	36,590	36,590	56,296	19,706
Fines and forfeitures	1,384	1,384	7,356	5,972
Charges for services	52,200	52,200	56,442	4,242
Interest	12,398	12,398	17,457	5,059
Rents	36,010	36,010	36,326	316
Miscellaneous	45,750	45,750	97,370	51,620
Total revenues	<u>1,716,007</u>	<u>1,716,007</u>	<u>2,225,841</u>	<u>509,834</u>
EXPENDITURES:				
Current operations:				
General government	380,205	380,205	270,665	109,540
Public safety	795,400	795,400	717,420	77,980
Highways and streets	883,275	883,275	417,520	465,755
Culture and recreation	184,400	184,400	57,886	126,514
Capital outlay	848,600	848,600	1,373,691	(525,091)
Debt service:				
Principle requirement	-	-	172,312	(172,312)
Interest costs	1,400	1,400	1,319	81
Total expenditures	<u>3,093,280</u>	<u>3,093,280</u>	<u>3,010,813</u>	<u>82,467</u>
Excess (deficiency) of revenues over expenditures	(1,377,273)	(1,377,273)	(784,972)	592,301
Other financing sources (uses)				
Classification of long term loans receivables	-	-	(436,295)	(436,295)
Proceeds from sale of assets	400,000	400,000	101,795	(298,205)
Proceeds from notes payable	-	-	744,800	744,800
Transfers between funds	<u>(515,000)</u>	<u>(515,000)</u>	<u>(10,722)</u>	<u>504,278</u>
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	<u>\$ (1,492,273)</u>	<u>\$ (1,492,273)</u>	(385,394)	<u>\$ 1,106,879</u>
Fund balance - beginning			<u>3,008,486</u>	
Fund balance - ending			<u>\$ 2,623,092</u>	

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
PARK FUND
FOR THE YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/(Negative)
REVENUES:				
Taxes:				
Property	\$ 59,500	\$ 59,500	\$ 51,624	\$ (7,876)
Interest	4,100	4,100	4,022	(78)
Rents	2,260	2,260	1,355	(905)
Franchise fees	19,000	19,000	22,773	3,773
Miscellaneous	8,000	8,000	24,832	16,832
Total revenues	<u>92,860</u>	<u>92,860</u>	<u>104,606</u>	<u>11,746</u>
EXPENDITURES:				
Culture and recreation	650,100	650,100	107,981	542,119
Capital outlay	77,100	77,100	15,078	62,022
Total expenditures	<u>727,200</u>	<u>727,200</u>	<u>123,059</u>	<u>604,141</u>
Excess (deficiency) of revenues over expenditures	(634,340)	(634,340)	(18,453)	615,887
Other financing sources (uses)				
Transfers between funds	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (554,340)</u>	<u>\$ (554,340)</u>	(18,453)	<u>\$ 535,887</u>
Fund balance - beginning			<u>958,300</u>	
Fund balance - ending			<u>\$ 939,847</u>	

CITY OF RED BUD, ILLINOIS
NOTES TO BUDGETARY COMPARISON INFORMATION
APRIL 30, 2018

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.

CITY OF RED BUD, ILLINOIS
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2018

	CDAP Grant Fund	Library Fund	Motor Fuel Tax Fund	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 470,889	\$ 55,008	\$ 795,004	\$ 1,320,901
Internal balances	-	3,470	-	3,470
Current loans receivable	157,646	-	-	157,646
Total assets	<u>\$ 628,535</u>	<u>\$ 58,478</u>	<u>\$ 795,004</u>	<u>\$ 1,482,017</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	628,535	58,478	795,004	1,482,017
Total fund balances	<u>628,535</u>	<u>58,478</u>	<u>795,004</u>	<u>1,482,017</u>
Total liabilities and fund balances	<u>\$ 628,535</u>	<u>\$ 58,478</u>	<u>\$ 795,004</u>	<u>\$ 1,482,017</u>

CITY OF RED BUD, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2018

	CDAP Grant Fund	Library Fund	Motor Fuel Tax Fund	Total Non-Major Governmental Funds
<u>Revenues:</u>				
Taxes:				
Property	\$ -	\$ 91,133	\$ -	\$ 91,133
Intergovernmental:				
Replacement tax	-	3,470	-	3,470
Motor fuel tax	-	-	94,052	94,052
Grants - other	-	-	3,519	3,519
Charges for services	-	6,440	-	6,440
Interest income	24,679	143	-	24,822
Miscellaneous	-	2,325	-	2,325
Total revenues	24,679	103,511	97,571	225,761
<u>Expenditures:</u>				
Highways and streets	-	-	81,651	81,651
Culture and recreation	-	110,395	-	110,395
Total expenditures	-	110,395	81,651	192,046
Excess (deficiency) of revenue over expenditures	24,679	(6,884)	15,920	33,715
Other financing sources (uses):				
Transfers between funds	-	10,722	-	10,722
Classification of long term loans receivable	155,484	-	-	155,484
Net other sources and uses of financial resources	155,484	10,722	-	166,206
Net change in fund balances	180,163	3,838	15,920	199,921
Fund balances - beginning	448,372	54,640	779,084	1,282,096
Fund balances - ending	\$ 628,535	\$ 58,478	\$ 795,004	\$ 1,482,017

Other Supplemental Information

CITY OF RED BUD, ILLINOIS
SCHEDULE OF ASSESSED VALUATION - TAX RATES
TAXES EXTENDED AND COLLECTED FOR 2015, 2016, AND 2017

	Tax Year		
	2015	2016	2017
ASSESSED VALUATION:	<u>\$ 66,327,390</u>	<u>\$ 68,125,545</u>	<u>\$ 71,250,575</u>
TAX RATES PER \$100 OF ASSESSED VALUATION:			
General	0.22995	0.22717	0.22162
I.M.R.F	0.18180	0.17946	0.17488
Library	0.12817	0.12652	0.12330
Audit	0.01434	0.01416	0.01380
FICA	0.19674	0.19400	0.18877
Park/Park Maintenance	0.07500	0.07211	0.07412
Emergency Service and Disaster	0.00209	0.00371	0.00361
School Crossing Guard	0.01211	0.01027	0.01001
	<u>0.84020</u>	<u>0.82740</u>	<u>0.81011</u>
TAXES EXTENDED:			
General	\$ 152,520	\$ 154,761	\$ 157,906
I.M.R.F	120,583	122,258	124,603
Library	85,012	86,192	87,852
Audit	9,511	9,647	9,833
FICA	130,493	132,164	134,500
Park/Park Maintenance	49,746	49,125	52,811
Emergency Service and Disaster	1,386	2,527	2,572
School Crossing Guard	8,032	6,996	7,132
	<u>\$ 557,283</u>	<u>\$ 563,671</u>	<u>\$ 577,208</u>
TAXES COLLECTED:	\$ 629,020	\$ 631,345	
Less: Road and Bridge Taxes	(84,354)	(84,611)	
ADJUSTED TAXES COLLECTED:	<u>\$ 544,666</u>	<u>\$ 546,734</u>	
% COLLECTED ON THOSE EXTENDED:	<u>97.74%</u>	<u>97.00%</u>	



Fick, Eggemeyer & Williamson

Certified Public Accountants, PC



MEMBERS OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

September 25, 2018

City of Red Bud
City Council
200 East Market Street
Red Bud, IL 62278

Ladies and Gentlemen:

As part of our annual audit of the City of Red Bud we report material weaknesses, significant deficiencies and control deficiencies to the board. Any material weaknesses or significant deficiencies noted have been included in the notes to the financial statements. A control deficiency is a smaller problem that doesn't rise to the level of being included in the financial statements.

Control Deficiency #1

Currently, there is a lack of control over cash receipts relating to water sales.

Recommendation

Assuming cash continues to be accepted, we recommend access to the building, or the cash receiving area of that building, be restricted to a select number of individuals. We also recommend the cash be collected and deposited on a frequent and consistent schedule, with a reconciliation performed following each collection.

If you have any questions on internal control or any other issue, feel free to call me anytime at 618-281-4999.

Sincerely,

Curtis Stoll, CPA