

Village of Bellflower

Bellflower, Illinois

Annual Financial Report

For the Year Ended April 30, 2018

Feller & Kuester CPAs LLP
Certified Public Accountants
806 Parkland Court, Suite 1
Champaign, IL 61821
217-351-3192

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Balance Sheet – Modified Cash Basis – Governmental Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	6
Statement of Net Position – Modified Cash Basis – Proprietary Funds	7
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds	8
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	9
Notes to Basic Financial Statements	10-21
SUPPLEMENTARY INFORMATION:	
Schedule of Property Tax Levies, Rates, Extensions, and Collections	22

Feller & Kuester CPAs LLP

Tax – Audit - Bookkeeping
806 Parkland Court - Champaign, Illinois 61821
(217) 351-3192 (fax 351-4135) (email Stan@FellerKuester.com or Neal@FellerKuester.com)

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Bellflower
Bellflower, Illinois

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

Management's Responsibility for the Financial Statements

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedules listed as "Supplementary Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basis financial statements.

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

Basis of Accounting

We draw attention to Note 1 of the financial statements that 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 this matter.

Feller & Kuester CPAs LLP

Feller & Kuester CPAs LLP
Champaign, Illinois

November 5, 2018

VILLAGE OF BELLFLOWER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 180,691	\$ 36,217	\$ 216,908
Capital Assets, Net of Accumulated Depreciation:			
Land (Not Being Depreciated)	1,000	1,000	2,000
Other Capital Assets	15,202	858,915	874,117
Total Capital Assets	<u>16,202</u>	<u>859,915</u>	<u>876,117</u>
Total Assets	<u>196,893</u>	<u>896,132</u>	<u>1,093,025</u>
Liabilities			
<i>Current Liabilities</i>			
Accrued Payroll Taxes	38	-	38
Note Payable - IEPA Loan L17-5463	-	10,591	10,591
Total Current Liabilities	<u>38</u>	<u>10,591</u>	<u>10,629</u>
<i>Non Current Liabilities</i>			
Note Payable - IEPA Loan L17-5463	-	227,535	227,535
Total Liabilities	<u>38</u>	<u>238,126</u>	<u>238,164</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	16,202	621,789	637,991
Restricted for:			
Streets and Alleys	35,181	-	35,181
Community Foundation	4,398	-	4,398
Unrestricted	<u>141,074</u>	<u>36,217</u>	<u>177,291</u>
Total Net Position	<u>\$ 196,855</u>	<u>\$ 658,006</u>	<u>\$ 854,861</u>

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary Government:							
<i>Governmental Activities:</i>							
General Government	\$ 53,290	\$ -	\$ 16,660	\$ -	\$ (36,630)	\$ -	\$ (36,630)
Streets and Alleys	17,326	-	-	-	(17,326)	-	(17,326)
Public Safety	10,627	527	-	-	(10,100)	-	(10,100)
Culture and Recreation	18,388	4,092	10,768	-	(3,528)	-	(3,528)
Total Governmental Activities	<u>99,631</u>	<u>4,619</u>	<u>27,428</u>	<u>-</u>	<u>(67,584)</u>	<u>-</u>	<u>(67,584)</u>
<i>Business-Type Activity:</i>							
Water	69,396	73,591	-	202,346	-	206,541	206,541
Total Business-Type Activities	<u>69,396</u>	<u>73,591</u>	<u>-</u>	<u>202,346</u>	<u>-</u>	<u>206,541</u>	<u>206,541</u>
Total primary government	<u>\$ 169,027</u>	<u>\$ 78,210</u>	<u>\$ 27,428</u>	<u>\$ 202,346</u>	<u>(67,584)</u>	<u>206,541</u>	<u>138,957</u>
General Revenues:							
<i>Taxes:</i>							
Property Taxes					29,604	-	29,604
Telecommunications Tax					817	-	817
Franchise Taxes					184	-	184
State Income Taxes					37,815	-	37,815
State Replacement Taxes					741	-	741
State Sales Tax					14,657	-	14,657
State Motor Fuel Tax					9,080	-	9,080
Insurance Proceeds					69,193	-	69,193
Transfers					30,000	(30,000)	-
Interest Income					746	205	951
Total General Revenue					<u>192,837</u>	<u>(29,795)</u>	<u>163,042</u>
Change in Net Position					125,253	176,746	301,999
Net Position - Beginning					71,602	481,260	552,862
Net Position - Ending					<u>\$ 196,855</u>	<u>\$ 658,006</u>	<u>\$ 854,861</u>

See Accompanying Notes

VILLAGE OF BELLFLOWER
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2018

	General Fund	Motor Fuel Tax Fund	Library Fund	Community Center Fund	Community Foundation Fund	Total
Assets						
Cash and Cash Equivalents	\$ 133,542	\$ 35,181	\$ -	\$ 7,570	\$ 4,398	\$ 180,691
Total Assets	<u>\$ 133,542</u>	<u>\$ 35,181</u>	<u>\$ -</u>	<u>\$ 7,570</u>	<u>\$ 4,398</u>	<u>\$ 180,691</u>
Liabilities						
Accrued Payroll Taxes	\$ 38	\$ -	\$ -	\$ -	\$ -	\$ 38
Total Liabilities	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>
Fund Balances						
Restricted	-	35,181	-	-	-	35,181
Assigned	-	-	-	7,570	4,398	11,968
Unassigned	133,504	-	-	-	-	133,504
Total Fund Balances	<u>133,504</u>	<u>35,181</u>	<u>-</u>	<u>7,570</u>	<u>4,398</u>	<u>180,653</u>
Total Liabilities and Fund Balances	<u>\$ 133,542</u>	<u>\$ 35,181</u>	<u>\$ -</u>	<u>\$ 7,570</u>	<u>\$ 4,398</u>	<u>\$ 180,691</u>

Reconciliation to Statement of Net Position - Modified Cash Basis:

Total Fund Balances of Governmental Funds	\$ 180,653
Amounts Reported for Governmental Activities in the Statement of Net Assets - Modified Cash Basis are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>16,202</u>
Net Position of Governmental Activities	<u>\$ 196,855</u>

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	General Fund	Motor Fuel Tax Fund	Library Fund	Community Center Fund	Community Foundation Fund	Totals Governmental Funds
Revenue						
<i>Local Revenue</i>						
Property Taxes	\$ 29,604				\$ -	\$ 29,604
Telecommunications Tax	817	-	-	-	-	817
Franchise Taxes	184	-	-	-	-	184
<i>Intergovernmental</i>						
State Income Tax	37,815	-	-	-	-	37,815
State Replacement Tax	741	-	-	-	-	741
State Sales Tax	14,657	-	-	-	-	14,657
State Motor Fuel Tax	-	\$ 9,080	-	-	-	9,080
Grant Income	-	-	-	-	-	-
<i>Other</i>						
Rent Income		-		4,092	-	4,092
Fines	527	-	-	-	-	527
Insurance proceeds	69,193	-	-	-	-	69,193
Proceeds Equip Sales	-	-	-	-	-	-
Contributions	16,660	-	2,882	6,713	1,173	27,428
Interest Income	449	297	-	-	-	746
Total Revenues	<u>170,647</u>	<u>9,377</u>	<u>2,882</u>	<u>10,805</u>	<u>1,173</u>	<u>194,884</u>
Expenditures						
<i>Current</i>						
General Government	53,290	-	-	-	-	53,290
Streets and Alleys	9,149	7,206	-	-	-	16,355
Public Safety	10,627	-	-	-	-	10,627
Culture and Recreation	1,965	-	6,750	9,238	435	18,388
<i>Capital Outlay</i>						
	-	-	-	-	-	-
Total Expenditures	<u>75,031</u>	<u>7,206</u>	<u>6,750</u>	<u>9,238</u>	<u>435</u>	<u>98,660</u>
Excess (Deficiency) of Revenue Over Expenditures	95,616	2,171	(3,868)	1,567	738	96,224
Other Financing Sources						
Transfer in	30,000	-	3,868	0	0	33,868
Transfer out	(3,868)	-	-	-	-	(3,868)
Net Changes in Fund Balances	121,748	2,171	-	1,567	738	126,224
Fund Balances - Beginning	11,756	33,010	-	6,003	3,660	54,429
Fund Balances - Ending	<u>\$ 133,504</u>	<u>\$ 35,181</u>	<u>\$ -</u>	<u>\$ 7,570</u>	<u>\$ 4,398</u>	<u>\$ 180,653</u>

Reconciliation to the Statement of Activities - Modified Cash Basis:

Net Change in Fund Balances of Governmental Funds	\$ 126,224
Amounts Reported for Governmental Activities in the Statement of Activities - Modified Cash Basis are Different Because:	
Capital Outlay - Capitalized	-
Depreciation	(971)
Change in Net Position of Governmental Activities	<u>\$ 125,253</u>

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2018

	Enterprise Funds
	Water Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 36,217
Total Current Assets	36,217
 <i>Capital Assets, Net of Accumulated Depreciation</i>	
Land (Not Being Depreciation)	1,000
Other Capital Assets	858,915
Total Capital Assets, Net	859,915
Total Assets	896,132
 Liabilities	
<i>Current Liabilities</i>	
Note Payable - IEPA Loan L17-5463	10,591
 <i>Non Current Liabilities</i>	
Note Payable - IEPA Loan L17-5463	227,535
Total Liabilities	238,126
 Net Position	
Net Investment in Capital Assets	621,789
Unrestricted	36,217
Total Net Position	\$ 658,006

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	Enterprise Funds
	Water Fund
Operating Revenue	
User Fees	\$ 73,591
Total Operating Revenue	73,591
Operating Expenses	
Contractual Services	17,932
Personnel Services	14,965
Supplies and Materials	21,734
Depreciation	14,765
Total Operating Expenses	69,396
Operating Income (Loss)	4,195
Non-Operating Revenue (Expenses)	
Interest Income	205
Total Non-Operating Revenue (Expenses)	205
Income (Loss) Before Contributions and Transfers	4,400
Contribution - State Grant L175463	202,346
Transfer to General	(30,000)
Change in Net Position	176,746
Net Position - Beginning	481,260
Net Position - Ending	\$ 658,006

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	Enterprise Funds
	Water Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 73,591
Payments to Suppliers of Good or Services	(39,666)
Payments to Employees for Services	(14,965)
Net Cash Provided by (Used in) Operating Activities	18,960
Cash Flows from Non-Capital Financing Activities	
Transfer to General	(30,000)
Cash Flows from Capital and Related Financing Activities	
Capital Grant Received for Construction of Capital Assets	202,346
IEPA Loan L175463	238,126
Purchase of Capital Assets	(445,235)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(4,763)
Cash Flows from Investing Activities	
Receipt of Interest	205
Net Increase in Cash and Cash Equivalents	(15,598)
Cash and Cash Equivalents - Beginning	51,815
Cash and Cash Equivalents - Ending	\$ 36,217
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ 4,195
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:	
Depreciation expense	14,765
Net Cash Provided by (Used in) Operating Activities	\$ 18,960

See Accompanying Notes

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 - Summary of Significant Accounting Policies

As discussed further later in this Note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP include all relevant Governmental Accounting Standards Board (GASB) pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Financial Reporting Entity

The Village is duly organized and existing under the provisions of the laws of the State of Illinois. The Village is governed by an elected Board consisting of six trustees. The Village's financial reporting entity is composed of a single primary government. In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. Based on the operational and financial criteria of that statement, the Village does not have a component unit that should be reported as part of the reporting entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or proprietary fund are at least ten percent of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or proprietary fund are at least five percent of the corresponding total for all governmental and proprietary funds combined.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund – The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specific purposes or designated to finance particular functions or activities of the Village. The reporting entity included the following special revenue funds that are reported as major funds:

<u>Fund</u>	<u>Brief Description</u>
Motor Fuel Tax Fund	Accounts for motor fuel tax provided by the State of Illinois and expenditures paid for road repair and replacement.
Library Fund	Accounts for receipts and disbursements of the Library
Community Center Fund	Accounts for property taxes levied by the Bellflower Township and passed to the Village, rental income received for use of the community center, and expenditures paid for maintenance and upkeep of the community center.
Community Foundation Fund	Accounts for donations received and expenditures paid for maintenance and upkeep of the community center.

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Water Fund	Accounts for revenues received and expenses paid for operating the water system.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

Measurement Focus

In the government-wide Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, both governmental activities and business-type activities are presented using the “economic resources” measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as defined below:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. These funds’ equities are classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis and the fund financial statements, activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation and recording of long-term debt in the government-wide financial statements and proprietary funds financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the Village utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements and fund financial statements for proprietary funds would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

For the purpose of these statements, cash and cash equivalents include all cash and highly liquid investments acquired with an original maturity date of three months or less. Since the penalties of

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

converting certificate of deposits to cash is insignificant, all certificate of deposits have been included with cash and cash equivalents.

Capital Assets

The Village’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. The Village’s management uses a capitalization threshold of \$5000, although the Village’s Board of Trustees has not enacted a capitalization policy. Donated property and equipment is valued at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays in excess of \$5000 that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Village, in compliance with GASB 34 (as amended), as a Phase 3 implementer, has chosen not to capitalize infrastructure costs incurred prior to the implementation of GASB 34 at May 1, 2004 for governmental activities on the Statement of Net Position – Modified Cash Basis.

Governmental Activities	
Infrastructure	40 years
Building	15 years
Equipment	7-10 years
Business-Type Activities	
Office Equipment	5 years
Water System and Equipment	40 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as government-wide financial statements.

Long-Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type 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

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide financial statements.

Equity Classification

Government-Wide Statements

In the government-wide financial statements, equity is classified as net position and displayed in three components. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first and then unrestricted.

- 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 debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position - consists of net position with constraints placed on their use either by external groups, by laws of other higher authority governments, or by constitutional provisions. The Village at April 30, 2018 reported the total amount of \$39,579 as restricted in the following components:
 - \$35,181 restricted for unspent motor fuel tax. This amount can only be spent on street and alley improvements under state laws and procedures.
 - \$4,398 restricted for unspent community foundation donations.
- Unrestricted Net Position - consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

Fund Financial Statements

In the governmental fund financial statements, fund equity is classified as fund balance and displayed in five components in accordance with GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The five components of fund balance are:

- Nonspendable - consists of fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints require them to be maintained intact. At April 30, 2018, the Village did not report any amounts as nonspendable.
- Restricted - consists of fund balances with constraints placed on their use either by external groups, by laws of higher authority governments or by constitutional provisions, or enabling legislation. The Village at April 30, 2018 reported the total amount of \$39,579 as restricted in the following components:
 - \$35,181 restricted for unspent motor fuel tax. This amount can only be spent on street and alley improvements under state laws and procedures.
 - \$4,398 restricted for unspent community foundation donations.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

- Committed - consists of fund balance amounts that are constrained for specific purposes that are internally imposed by formal action of the highest level of decision making authority, the Village Trustees. These amounts are committed thru a resolution approved by the Village Trustees prior to year end (actual amounts are determined after year end). Any changes to the constraints imposed require amendment by the same type of Village Trustee resolution. At April 30, 2018, the Village did not report any amounts as committed.

- Assigned - consists of fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned by financial management or official action of the Village Trustees and also includes all amounts in governmental funds, other than the general fund, that are not restricted or committed. Assignments may take place after the end of the reporting period. At April 30, 2018, the Village reported \$7,570 funds as assigned.
 - \$7,570 assigned for unspent community center expenses.

- Unassigned - consists of residual positive fund balance within the general fund which has not been classified within the other above categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first unless there are legal documents or contracts that prohibit this (ex. grant agreements). Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

The Village does not maintain any rainy day funds (amounts set aside for use in emergency situations or when a budgetary imbalance arises). The Village also does not utilize encumbrance accounting. Appropriations not spent at year-end lapse and may be acted upon as a supplemental appropriation, if required.

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the Village's taxpayers are reported as program revenues. Program revenues include the following:

Charges for Services:

Governmental Activities

Amounts remitted to the Village by entities and individuals making use of legal privileges issued by the Village or by violators of Village ordinances.

Business-Type Activities

Fees paid by the public for gas, water, and sewer services.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

Operating Grants and Contributions: Grants and contributions used for material purchases and various Village programs.

Capital Grants and Contributions: Grants and contributions used for the acquisition of capital assets.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating and Non-Operating Revenues and Expenses of the Proprietary Funds

Operating revenues and expenses for the proprietary funds are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

1. Interfund Loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund Reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund Transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal Balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position – Modified Cash Basis, except for the net residual amounts due between governmental and business-type activities which are reported as Internal Balances.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

2. Internal Activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities – Modified Cash Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Modified Cash Basis.

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Unpaid Vacation and Sick Pay

There is no accumulated unpaid vacation or sick pay.

Subsequent Events

The Village has evaluated subsequent events through November 5, 2018, the date on which the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in the financial statements.

NOTE 2 – Legal Budget

Legal budgets are prepared in the form of appropriations for Village funds using the same accounting basis and practices as are used to account for and prepare financial reports. Unexpended appropriations lapse at the end of the fiscal year. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board of Village Trustees after a public notice and hearing.

Appropriations transfers between budget line items may be presented to the Board at their regular meetings. Each transfer must have Board approval. Such transfers are made before the fact and are reflected in the official minutes of the Board. There were no transfers made after fiscal year-end, as dictated by law.

The Village does not prepare a budget for revenues. The Village did not have any expenditure over legal appropriation limits for the year ended April 30, 2018.

NOTE 3 – Property Taxes

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The Board of Village Trustees passed the 2016 tax levy at their December 2016 meeting. The Board of Village Trustees passed the 2017 tax levy at their December 2017 meeting. Property taxes attach as an enforceable lien on property as of January 1st and are payable in two installments on June 1st and September 1st. The Village receives significant distributions of tax receipts approximately one month after these due dates. Property tax receipts in these financial statements are from the 2016 tax levy.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 4 – Cash and Cash Equivalents

The Village is authorized to invest excess funds in instruments outlined under Chapter 30, Section 235, of the Illinois Compiled Statutes. Such instruments include obligations of the U.S. Treasury, savings accounts, certificates of deposit, and money market mutual funds.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have an investment policy and thus does not have a written policy to address custodial credit risk. At April 30, 2018, none of the Village's bank deposits totaling \$160,676 was subject to custodial credit risk as all deposits were insured by federal deposit insurance.

Credit Risk and Interest Rate Risk – External Investment Pool

Credit risk is the risk that an issuer will not fulfill its obligations. Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment or cash equivalent. The Village does not have an investment policy and thus does not have a written policy to address credit risk or interest rate risk.

At April 30, 2018, the Village held \$93,961 in the Illinois Funds Money Market Fund, an external investment pool. The fair value of the Village's position in the fund is equal to the value of the Village's fund shares. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has a AAA rating from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year.

NOTE 5 – Interfund Receivables and Payables and Transfers

There were no interfund receivables or payables at the end of the year.

Transfers to / from Other Funds

The water fund transferred \$30,000 to the General fund during the fiscal year ending April 30, 2018.

NOTE 6 – Pension Plans

The Village does not maintain an employee pension plan.

NOTE 7 – Risk Management

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended April 30, 2018, there were no significant reductions in coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three years.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 8 – Capital Assets

The following is a summary of the changes in the property and equipment of the governmental activities for the year ended April 30, 2018:

	Balance at May 1, 2017	Additions	Deductions	Balance at April 30, 2018
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Other Capital Assets:				
Buildings	10,000	-	-	10,000
Machinery and Equipment	41,086	-	-	41,086
Total Depreciable Property at Historical Cost	<u>51,086</u>	<u>-</u>	<u>-</u>	<u>51,086</u>
Less Accumulated Depreciation for:				
Buildings	10,000	-	-	10,000
Machinery and Equipment	24,913	971	-	25,884
Total Accumulated Depreciation	<u>34,913</u>	<u>971</u>	<u>-</u>	<u>35,884</u>
Other Capital Assets, Net	<u>16,173</u>	<u>(971)</u>	<u>-</u>	<u>15,202</u>
Capital Assets, Net	<u>\$ 17,173</u>	<u>\$ (971)</u>	<u>\$ -</u>	<u>\$ 16,202</u>

Depreciation expense as charged to functions as follows in the Statement of Activities – Modified Cash Basis: Streets and Alleys \$ 971

The following is a summary of the changes in the property and equipment of the business-type activities (proprietary fund) for the year ended April 30, 2018:

	Balance at May 1, 2017	Additions	Deductions	Balance at April 30, 2018
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Other Capital Assets:				
Buildings	2,500	-	-	2,500
Water Distribution System	658,987	445,235	-	1,104,222
Total Depreciable Property at Historical Cost	<u>661,487</u>	<u>445,235</u>	<u>-</u>	<u>1,106,722</u>
Less Accumulated Depreciation for:				
Buildings	2,500	-	-	2,500
Water Distribution System	230,542	14,765	-	245,307
Total Accumulated Depreciation	<u>233,042</u>	<u>14,765</u>	<u>-</u>	<u>247,807</u>
Other Capital Assets, Net	<u>428,445</u>	<u>430,470</u>	<u>-</u>	<u>858,915</u>
Capital Assets, Net	<u>\$ 429,445</u>	<u>\$ 430,470</u>	<u>\$ -</u>	<u>\$ 859,915</u>

Depreciation expense as charged to functions as follows in the Statement of Activities – Modified Cash Basis: Water \$ 14,765

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 9 – Illinois Environmental Protection Agency loan L17-5463

During November of 2016, the Village passed Ordinance No. 16-04 authorizing \$463,000 in debt from the IEPA to be used for improving the village's water tower and to construct new water lines in parts of the village. The agreement was amended March 13, 2018 with the total proceeds being \$ 458,362.10 with \$220,236.00 of that amount forgiven. The final payment of \$17,890.18 was received May 2, 2018. The interest rate is 1.64% payable semi-annually over 19.5 years. The first payment will be due June 20, 2018.

DEBT SERVICE REQUIREMENTS TO MATURITY

	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
				238,126.00
FYE 19	14,309.14	3,718.19	10,590.95	227,535.05
FYE 20	14,309.14	3,688.21	10,620.93	216,914.12
FYE 21	14,309.14	3,513.31	10,795.83	206,118.29
FYE 22	14,309.14	3,335.53	10,973.61	195,144.68
FYE 23	14,309.14	3,154.83	11,154.31	183,990.37
2024-2028	71,545.70	12,957.68	58,588.02	125,402.34
2029-2033	71,545.70	7,972.25	63,573.45	61,828.89
2034-2038	64,391.13	2,562.24	61,828.89	0.00
	279,028.23	40,902.23	238,126.00	

The following is a summary of changes in bonds payable for the year ended April 30, 2018:

IEPA Note Payable at April 30, 2017	\$ -
Notes Issued	238,126
Principal Paid	-
IEPA Note Payable at April 30, 2018	<u>\$ 238,126</u>
Amounts Due Within One Year	<u>\$ 10,591</u>

There was no interest expense for the note payable in the year ended April 30, 2018.

NOTE 10 – Restricted Property Tax Activity

The Village had the following restricted property tax activity in the general fund during the year ended April 30, 2018:

	<u>Special Tax Levy</u>					
	<u>Road & Bridge</u>	<u>Police Protection</u>	<u>Insurance</u>	<u>Soc Sec</u>	<u>Audit</u>	<u>Unemployment Tax</u>
Restricted Balance at April 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes Received	2,506	1,965	11,003	1,474	3,144	49
Expenditures Incurred	<u>(2,506)</u>	<u>(1,965)</u>	<u>(11,003)</u>	<u>(1,474)</u>	<u>(3,144)</u>	<u>(49)</u>
Restricted Balance at April 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 11 – Net Position Deficit

No funds have a deficit Net Position.

NOTE 12 – Legal Debt Margin

The Village's legal debt margin is 8.625% of the most recent available equalized assessed valuation (EAV) of the Village per 65 ILCS 5/8-5-1.

2017 EAV	\$ 2,969,021
Debt Legal (%)	<u>8.625%</u>
Debt Margin	256,078
Current Debt	-
Remaining Debt Margin	<u><u>\$ 256,078</u></u>

VILLAGE OF BELLFLOWER
SCHEDULE OF PROPERTY TAX LEVIES, RATES, EXTENSIONS, AND COLLECTIONS
FOR THE YEARS ENDED APRIL 30

Fiscal Year of Receipt	2019	2018	2017	2016
<i>Levy Year</i>	2017	2016	2015	2014
Assessed Valuations	<u>\$ 2,969,021</u>	<u>\$ 3,020,524</u>	<u>\$ 2,931,807</u>	<u>\$ 2,996,842</u>
Tax Levies				
General	\$ 9,609	\$ 9,609	\$ 8,705	\$ 8,705
Police Protection	2,000	2,000	2,000	2,000
Audit	3,200	3,200	1,653	1,100
Unemployment Tax	50	50	50	50
Social Security	1,500	1,500	1,350	1,350
Tort Liability	12,495	11,200	10,000	5,801
Total Tax Levies	<u>\$ 28,854</u>	<u>\$ 27,559</u>	<u>\$ 23,758</u>	<u>\$ 19,006</u>
Tax Rates				
General	0.32364	0.31812	0.29692	0.29047
Police Protection	0.06736	0.06621	0.06822	0.06674
Audit	0.10778	0.10594	0.05638	0.03671
Unemployment Tax	0.00168	0.00166	0.00171	0.00167
Social Security	0.05052	0.04966	0.04605	0.04505
Tort Liability	0.42085	0.37080	0.34109	0.19357
Total Tax Rates	<u>0.97183</u>	<u>0.91239</u>	<u>0.81037</u>	<u>0.63421</u>
Tax Extensions				
General	\$ 9,609	\$ 9,609	\$ 8,705	\$ 8,705
Police Protection	2,000	2,000	2,000	2,000
Audit	3,200	3,200	1,653	1,100
Unemployment Tax	50	50	50	50
Social Security	1,500	1,500	1,350	1,350
Tort Liability	12,495	11,200	10,000	5,801
Total Tax Extensions	<u>\$ 28,854</u>	<u>\$ 27,559</u>	<u>\$ 23,758</u>	<u>\$ 19,006</u>
Tax Collections				
General		\$ 9,440	\$ 8,678	\$ 8,711
Police Protection		1,965	1,994	2,001
Audit		3,143	1,648	1,101
Unemployment Tax		49	50	50
Social Security		1,473	1,346	1,351
Tort Liability		11,003	9,969	5,805
Tax Extension Collected		<u>27,073</u>	<u>23,685</u>	<u>19,019</u>
Additions / Subtractions				
Township Road and Bridge		2,506	2,379	2,191
Total Additions / Subtractions		<u>2,506</u>	<u>2,379</u>	<u>2,191</u>
Total Tax Collections		<u>\$ 29,579</u>	<u>\$ 26,064</u>	<u>\$ 21,210</u>
Percentage of Extension Collected		<u>98.24%</u>	<u>99.69%</u>	<u>100.07%</u>