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COUNTY CLERK

Village of Bellflower

Bellflower, Illinois

Annual Financial Report

For the Year Ended April 30, 2020

Feller & Kuester CPAs LLP
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TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Statement of Assets, Liabilities, and Fund Balances – 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 Fund	7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis – Proprietary Fund	8
Statement of Cash Flows – Modified Cash Basis – Proprietary Fund	9
Notes to Basic Financial Statements	10-22
SUPPLEMENTARY INFORMATION:	
Schedule of Property Tax Levies, Rates, Extensions, and Collections	23

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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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to 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, 2020; the respective changes in modified cash basis financial position; and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting as described in Note 1.

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

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 supplementary information on page 22 is presented for purposes of additional analysis and is not a required part of the basic 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.

Feller & Kuester CPAs LLP

Feller & Kuester CPAs LLP
Champaign, Illinois

August 7, 2020

VILLAGE OF BELLFLOWER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 103,570	\$ 137,842	\$ 241,412
Capital Assets, Net of Accumulated Depreciation:			
Land (Not Being Depreciated)	1,000	1,000	2,000
Other Capital Assets, Net	123,238	819,601	942,839
 Total Assets	 <u>227,808</u>	 <u>958,443</u>	 <u>1,186,251</u>
Liabilities			
Payroll Taxes	28	-	28
IEPA Loan L17-5463, Current Portion	-	10,842	10,842
IEPA Loan L17-5463, Net of Current	-	206,993	206,993
 Total Liabilities	 <u>28</u>	 <u>217,835</u>	 <u>217,863</u>
Net Position			
Net Investment in Capital Assets	124,238	602,766	727,004
Restricted for:			
Property Insurance	61	-	61
Transportation and Highway	33,083	-	33,083
Unrestricted	70,398	137,842	208,240
 Total Net Position	 <u>\$ 227,780</u>	 <u>\$ 740,608</u>	 <u>\$ 968,388</u>

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
<i>Governmental Activities:</i>							
General Government	\$ 36,491	\$ -	\$ 1,184	\$ -	\$ (35,307)	\$ -	\$ (35,307)
Transportation and Highway	45,321	-	-	-	(45,321)	-	(45,321)
Public Safety	12,847	2,480	-	-	(10,367)	-	(10,367)
Culture and Recreation	39,894	4,065	25,063	-	(10,766)	-	(10,766)
Total Governmental Activities	<u>134,553</u>	<u>6,545</u>	<u>26,247</u>	<u>-</u>	<u>(101,761)</u>	<u>-</u>	<u>(101,761)</u>
<i>Business-Type Activity:</i>							
Water	59,185	77,784	-	-	-	18,599	18,599
Total Business-Type Activities	<u>59,185</u>	<u>77,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,599</u>	<u>18,599</u>
Total Primary Government	<u>\$ 193,738</u>	<u>\$ 84,329</u>	<u>\$ 26,247</u>	<u>\$ -</u>	<u>(101,761)</u>	<u>18,599</u>	<u>(83,162)</u>
General Revenues:							
<i>Taxes:</i>							
Property Taxes					32,872	-	32,872
Telecommunications Tax					739	-	739
State Income Taxes					38,693	-	38,693
State Replacement Taxes					1,006	-	1,006
State Cannabis Tax					58	-	58
State Sales Tax					20,754	-	20,754
State Motor Fuel Tax					12,905	-	12,905
Interest Income					3,038	349	3,387
Total General Revenue					<u>110,065</u>	<u>349</u>	<u>110,414</u>
Change in Net Position					8,304	18,948	27,252
Net Position - Beginning					219,476	721,660	941,136
Net Position - Ending					<u>\$ 227,780</u>	<u>\$ 740,608</u>	<u>\$ 968,388</u>

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2020

	General Fund	Motor Fuel Tax Fund	Library Fund	Community Center Fund	Community Foundation Fund	Community Events Fund	Total
Assets							
Cash and Cash Equivalents	\$ 55,316	\$ 33,083	\$ -	\$ 2,505	\$ -	\$ 12,666	\$ 103,570
Total Assets	<u>\$ 55,316</u>	<u>\$ 33,083</u>	<u>\$ -</u>	<u>\$ 2,505</u>	<u>\$ -</u>	<u>\$ 12,666</u>	<u>\$ 103,570</u>
Liabilities							
Payroll Taxes	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28
Total Liabilities	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>
Fund Balances							
Restricted for:							
Property Insurance	61	-	-	-	-	-	61
Transportation and Highway	-	33,083	-	-	-	-	33,083
Assigned	-	-	-	-	-	-	-
Community Center	-	-	-	2,505	-	-	2,505
Community Events	-	-	-	-	-	12,666	12,666
Unassigned	55,227	-	-	-	-	-	55,227
Total Fund Balances	<u>55,288</u>	<u>33,083</u>	<u>-</u>	<u>2,505</u>	<u>-</u>	<u>12,666</u>	<u>103,542</u>
Total Liabilities and Fund Balances	<u>\$ 55,316</u>	<u>\$ 33,083</u>	<u>\$ -</u>	<u>\$ 2,505</u>	<u>\$ -</u>	<u>\$ 12,666</u>	<u>\$ 103,570</u>

Reconciliation to Statement of Net Position - Modified Cash Basis:

Total Fund Balances of Governmental Funds	\$ 103,542
Amounts Reported for Governmental Activities in the Statement of Net Position - 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>124,238</u>
Net Position of Governmental Activities	<u>\$ 227,780</u>

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	General Fund	Motor Fuel Tax Fund	Library Fund	Community Center Fund	Community Foundation Fund	Community Events Fund	Totals Governmental Funds
Revenue							
<i>Local Revenue</i>							
Property Taxes	\$ 32,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,872 ✓
Telecommunications Tax	739	-	-	-	-	-	739 ✓
<i>Intergovernmental</i>							
State Income Tax	38,693	-	-	-	-	-	38,693 ✓
State Replacement Tax	1,006	-	-	-	-	-	1,006 ✓
State Cannabis Tax	58	-	-	-	-	-	58 ✓
State Sales Tax	20,754	-	-	-	-	-	20,754 ✓
State Motor Fuel Tax	-	12,905	-	-	-	-	12,905 ✓
<i>Other</i>							
Rent Income	-	-	-	4,065	-	-	4,065 ✓
Fines	2,480	-	-	-	-	-	2,480 ✓
Donations	1,184	-	1,060	9,438	-	14,565	26,247 ✓
Interest Income	2,556	482	-	-	-	-	3,038 ✓
Total Revenues	100,342	13,387	1,060	13,503	-	14,565	142,857
Expenditures							
<i>Current</i>							
General Government	36,491	-	-	-	-	-	36,491
Transportation and Highway	25,141	17,432	-	-	-	-	42,573
Public Safety	12,847	-	-	-	-	-	12,847
Culture and Recreation	4,331	-	5,484	22,048	-	6,851	38,714
<i>Capital Outlay</i>							
Total Expenditures	78,810	17,432	5,484	22,048	-	6,851	130,625
Excess (Deficiency) of Revenue Over Expenditures	21,532	(4,045)	(4,424)	(8,545)	-	7,714	12,232
Other Financing Sources							
Transfers In	1,173	-	4,424	-	-	4,952	10,549
Transfers (Out)	(9,376)	-	-	-	(1,173)	-	(10,549)
Total Other Financing Sources (Uses)	(8,203)	-	4,424	-	(1,173)	4,952	-
Net Changes in Fund Balances	13,329	(4,045)	-	(8,545)	(1,173)	12,666	12,232
Fund Balances - Beginning of Year	41,959	37,128	-	11,050	1,173	-	91,310
Fund Balances - Ending of Year	\$ 55,288	\$ 33,083	\$ -	\$ 2,505	\$ -	\$ 12,666	\$ 103,542
Reconciliation to the Statement of Activities - Modified Cash Basis:							
Net Change in Fund Balances of Governmental Funds							\$ 12,232
Amounts Reported for Governmental Activities in the Statement of Activities - Modified Cash Basis are Different Because:							
Governmental funds report all capital outlays as expenditures while governmental activities report depreciation to allocate those costs over the lives of the assets.							
Capital Outlay- Assets Capitalized							-
Depreciation Expense							(3,928)
Change in Net Position of Governmental Activities							\$ 8,304

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
APRIL 30, 2020

	Enterprise Fund
	Water Fund
Assets	
<i>Current Assets</i>	
Cash and Cash Equivalents	\$ 137,842
Total Current Assets	137,842
<i>Noncurrent Assets</i>	
Capital Assets, Net of Accumulated Depreciation	
Land (Not Being Depreciated)	1,000
Other Capital Assets, Net	819,601
Total Noncurrent Assets	820,601
Total Assets	958,443
Liabilities	
<i>Current Liabilities</i>	
IEPA Loan L17-5463, Current Portion	10,842
Total Current Liabilities	10,842
<i>Noncurrent Liabilities</i>	
IEPA Loan L17-5463, Net of Current	206,993
Total Noncurrent Liabilities	206,993
Total Liabilities	217,835
Net Position	
Net Investment in Capital Assets	602,766
Unrestricted	137,842
Total Net Position	\$ 740,608

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED APRIL 30, 2020

	Enterprise Fund
	Water Fund
Operating Revenue	
User Fees	\$ 77,784
Total Operating Revenue	77,784
Operating Expenses	
Contractual Services	8,628
Personnel Services	16,420
Supplies and Materials	10,776
Depreciation	19,657
Total Operating Expenses	55,481
Operating Income (Loss)	22,303
Non-Operating Revenue (Expenses)	
Interest Income	349
Interest Expense	(3,704)
Total Non-Operating Revenue (Expenses)	(3,355)
Change in Net Position	18,948
Net Position - Beginning of Year	721,660
Net Position - End of Year	\$ 740,608

See Accompanying Notes

VILLAGE OF BELLFLOWER
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED APRIL 30, 2020

	Enterprise Fund
	Water Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 77,784
Payments to Suppliers of Good or Services	(19,404)
Payments to Employees for Services	(16,420)
Net Cash Provided by (Used in) Operating Activities	41,960
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Capital Debt	(10,666)
Interest Paid on Capital Debt	(3,704)
Net Cash Provided by (Used In) Capital and Related Financing Activities	(14,370)
Cash Flows from Investing Activities	
Receipt of Interest	349
Net Increase in Cash and Cash Equivalents	27,939
Cash and Cash Equivalents - Beginning of Year	109,903
Cash and Cash Equivalents - End of Year	\$ 137,842
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ 22,303
Adjustments to Reconcile Operating Income to Net Cash Provided (Used in) Operating Activities:	
Depreciation Expense	19,657
Net Cash Provided by (Used in) Operating Activities	\$ 41,960

See Accompanying Notes

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

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, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Financial Reporting Entity

The Village of Bellflower (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. 61, *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, 2020

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 transportation and highway repair and replacement.
Library Fund	Accounts for revenues received and expenditures of the Library fund activities.
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 community center.
Community Events Fund	Accounts for donations received and expenditures paid for special events hosted by the Village.

Proprietary Fund

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 expenditures paid for operating the water system.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

The Library Fund and Community Foundation Fund does not meet the requirements of a major fund; however, management has elected to include it as a major fund of the reporting entity.

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.

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

**VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020**

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.

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 Financial Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position – Modified Cash Basis. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Detailed capital asset records of the Water Fund acquired before May 1, 1997, have not been maintained. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. The Village has elected to report only those infrastructure capital assets that were acquired or constructed since May 1, 2004.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of asset is as follows:

	<u>Useful Life</u>	<u>Capitalization</u>
	<u>(Years)</u>	<u>Threshold</u>
Buildings	20 – 40	\$ 50,000
Water System	20 – 40	\$ 50,000
Equipment and Vehicles	5 – 10	\$ 5,000

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

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 to be repaid from governmental resources is reported as liabilities in the government-wide statements. All long-term debt to be repaid from business-type resources is reported as liabilities in the government-wide statements and fund financial 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 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, which as the debt proceeds are reported as liabilities at the time of occurrence and payment of principal is reported as a reduction in debt outstanding and interest is reported as an expense.

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.
- 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:

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

- Non-spendable - 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.
- 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.
- 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.
- 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.
- 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 – Modified Cash Basis, 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:

Governmental Activities

Charges for Services:

Rent Income

Amounts remitted to the Village by entities and persons for use of the community center.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

Fines Fees paid by the public for violations of city ordinances.

Operating Grants and Contributions:

Donations Amounts remitted to the Village by entities and persons to help pay expenses related to the library, community center, and special events held by the Village.

Business -Type Activities

Charges for Services:

User Fees Fees paid by the public for water and sewer services.

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:

- Interfund Loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- 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.
- 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:

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

- Internal Balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities 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.
- 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 modified cash basis of accounting 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.

Subsequent Events

The Village has evaluated subsequent events through August 7, 2020, the date on which the financial statements were available to be issued. The Village noted 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 cash basis of accounting as outlined under Chapter 50, Section 330 of the Illinois Compiled Statutes. 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.

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 2018 tax levy at their December 2018 meeting. The Board of Village Trustees passed the 2019 tax levy at their December 2019 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 taxes are recorded as revenue when they are received. Property tax receipts in these financial statements are

**VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020**

from the 2018 tax levy.

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. The Village does not have a separate investment policy.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village’s deposits, including amounts in checking, savings, certificates of deposit, and money market accounts, may not be returned to it. At April 30, 2020, the Village had a bank balance of \$33,595 which reconciled to a book balance of \$25,414, which was subject to custodial credit risk. The table presented below is designed to disclose the level of custodial credit risk assumed by the Village based upon how its deposits were insured or secured with collateral at April 30, 2020. The categories of custodial credit risk are designed as follows:

Category 1 – Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Village or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the Village’s name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village’s name; or properly collateralized with no written and approved collateral agreement.

Type of Deposit	Total Bank Balance	Custody Credit Risk Category			Total Bank Balance
		1	2	3	
Insured Deposits	\$ 33,595	\$ 33,595	\$ -	\$ -	
Uninsured Deposits					
Collateralized	-	-	-	-	
Uncollateralized	-	-	-	-	
Total Deposits	<u>\$ 33,595</u>	<u>\$ 33,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,595</u>

Reconciliation to Government-Wide Statement of Net Position - Modified Cash Basis:

Cash and Cash Equivalents	\$ 25,414
Restricted Cash and Cash Equivalents	-
Investments	-
Outstanding Items	8,181
Cash on Hand	-
Total Bank Balance	<u>\$ 33,595</u>

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

Credit Risk and Interest Rate Risk – External Investment Pool

Credit risk is the risk that the 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. At April 30, 2020, the Village held \$215,998 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 – Capital Assets

Capital asset activity resulting from modified cash-basis transactions or events of the governmental activities for the fiscal year ended April 30, 2020 was as follows:

	Balance at <u>May 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>April 30, 2020</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Other Capital Assets:				
Buildings	104,406	-	-	104,406
Equipment and Vehicles	62,572	-	-	62,572
Total Depreciable Property	<u>166,978</u>	<u>-</u>	<u>-</u>	<u>166,978</u>
Less Accumulated Depreciation for:				
Buildings	11,180	1,180	-	12,360
Equipment and Vehicles	28,632	2,748	-	31,380
Total Accumulated Depreciation	<u>39,812</u>	<u>3,928</u>	<u>-</u>	<u>43,740</u>
Other Capital Assets, Net	<u>127,166</u>	<u>(3,928)</u>	<u>-</u>	<u>123,238</u>
Capital Assets, Net	<u>\$ 128,166</u>	<u>\$ (3,928)</u>	<u>\$ -</u>	<u>\$ 124,238</u>

Depreciation expense was charged to the Transportation and Highway function in the amount of \$ 2,748 and the Culture and Recreation function of \$ 1,180.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

Capital asset activity resulting from modified cash-basis transactions or events of the business – type activities for the fiscal year ended April 30, 2020 was as follows:

	Balance at May 1, 2019	Additions	Deductions	Balance at April 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Other Capital Assets:				
Buildings	2,500	-	-	2,500
Water System	1,104,222	-	-	1,104,222
Total Depreciable Property	<u>1,106,722</u>	<u>-</u>	<u>-</u>	<u>1,106,722</u>
Less Accumulated Depreciation for:				
Buildings	2,500	-	-	2,500
Water System	264,964	19,657	-	284,621
Total Accumulated Depreciation	<u>267,464</u>	<u>19,657</u>	<u>-</u>	<u>287,121</u>
Other Capital Assets, Net	<u>839,258</u>	<u>(19,657)</u>	<u>-</u>	<u>819,601</u>
Capital Assets, Net	<u>\$ 840,258</u>	<u>\$ (19,657)</u>	<u>\$ -</u>	<u>\$ 820,601</u>

Depreciation expense was charged to the Water function in the amount of \$ 19,657.

NOTE 6 – Interfund Receivables and Payables and Transfers

As of April 30, 2020, the Village did not have any Interfund Receivables or Payables.

The Village made the following transfers during the year:

From General Fund to the Library Fund to cover fund deficit.	\$ 4,424
From General Fund to the Community Events Fund to cover expenses	\$ 4,952
From Community Foundation Fund to General Fund to close Fund	\$ 1,173

NOTE 7 – Notes Payable

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.

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

DEBT SERVICE REQUIREMENTS TO MATURITY

	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
				217,834.71
FYE 21	14,369.88	3,528.22	10,841.66	206,993.05
FYE 22	14,369.88	3,349.69	11,020.19	195,972.86
FYE 23	14,369.88	3,168.22	11,201.66	184,771.19
FYE 24	14,369.88	2,983.76	11,386.12	173,385.07
FYE 25	14,369.88	2,796.26	11,573.62	161,811.45
2026-2030	71,849.40	11,058.95	60,790.45	101,021.00
2031-2035	71,849.40	5,886.12	65,963.28	35,057.71
2036-2038	35,924.70	866.99	35,057.71	0.00
	251,472.90	33,638.19	217,834.71	

The following is a summary of changes in notes payable for the year ended April 30, 2020:

IEPA Note Payable at April 30, 2019	\$ 228,501
Notes Issued	-
Principal Paid	(10,666)
IEPA Note Payable at April 30, 2020	<u>\$ 217,835</u>
Amounts Due Within One Year	<u>\$ 10,842</u>

Interest expense for the note payable in the year ended April 30, 2020 was \$3,704 and is included in the Water function on the Statement of Activities – Modified Cash Basis.

NOTE 8 – Risk Management

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended April 30, 2020, there were no significant reductions in coverage. Also, there have been no settlement amounts that have exceeded insurance coverage in the past three years.

NOTE 9 – Restricted Property Tax Activity

The Village had the following restricted property tax activity in the general fund during the year ended April 30, 2020:

	<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 -Beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes Received	2,708	1,994	12,961	1,585	3,988	55
Expenditures Incurred	(2,708)	(1,994)	(12,900)	(1,585)	(3,988)	(55)
Restricted Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 10 -- 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.

2019 EAV	\$ 3,299,242
Debt Legal (%)	<u>8.625%</u>
Debt Margin	284,560
Current Debt	-
Remaining Debt Margin	<u>\$ 284,560</u>

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

Fiscal Year of Receipt <i>Levy Year</i>	2021	2020	2019	2018	2017
	2019	2018	2017	2016	2015
Assessed Valuations	\$ 3,299,242	\$ 3,260,123	\$ 2,969,021	\$ 3,020,524	\$ 2,931,807
Tax Levies					
General	\$ 9,609	\$ 9,609	\$ 9,609	\$ 9,609	\$ 8,705
Police Protection	2,000	2,000	2,000	2,000	2,000
Audit	4,900	4,000	3,200	3,200	1,653
Unemployment Tax	55	55	50	50	50
Social Security	1,590	1,590	1,500	1,500	1,350
Tort Liability	13,500	13,000	12,495	11,200	10,000
Total Tax Levies	<u>\$ 31,654</u>	<u>\$ 30,254</u>	<u>\$ 28,854</u>	<u>\$ 27,559</u>	<u>\$ 23,758</u>
Tax Rates					
General	0.29125	0.29474	0.32364	0.31812	0.29692
Police Protection	0.06062	0.06135	0.06736	0.06621	0.06822
Audit	0.14852	0.12269	0.10778	0.10594	0.05638
Unemployment Tax	0.00167	0.00169	0.00168	0.00166	0.00171
Social Security	0.04819	0.04877	0.05052	0.04966	0.04605
Tort Liability	0.40918	0.39876	0.42085	0.37080	0.34109
Total Tax Rates	<u>0.95943</u>	<u>0.92800</u>	<u>0.97183</u>	<u>0.91239</u>	<u>0.81037</u>
Tax Extensions					
General	\$ 9,609	\$ 9,609	\$ 9,609	\$ 9,609	\$ 8,705
Police Protection	2,000	2,000	2,000	2,000	2,000
Audit	4,900	4,000	3,200	3,200	1,653
Unemployment Tax	55	55	50	50	50
Social Security	1,590	1,590	1,500	1,500	1,350
Tort Liability	13,500	13,000	12,495	11,200	10,000
Total Tax Extensions	<u>\$ 31,654</u>	<u>\$ 30,254</u>	<u>\$ 28,854</u>	<u>\$ 27,559</u>	<u>\$ 23,758</u>
Tax Collections					
General		\$ 9,581	\$ 9,657	\$ 9,440	\$ 8,678
Police Protection		1,994	2,010	1,965	1,994
Audit		3,988	3,216	3,143	1,648
Unemployment Tax		55	50	49	50
Social Security		1,585	1,508	1,473	1,346
Tort Liability		12,961	12,558	11,003	9,969
Tax Extension Collected		<u>30,164</u>	<u>28,999</u>	<u>27,073</u>	<u>23,685</u>
Additions / Subtractions					
Township Road and Bridge		2,708	2,471	2,506	2,379
Total Additions / Subtractions		<u>2,708</u>	<u>2,471</u>	<u>2,506</u>	<u>2,379</u>
Total Tax Collections		<u>\$ 32,872</u>	<u>\$ 31,470</u>	<u>\$ 29,579</u>	<u>\$ 26,064</u>
Percentage of Extension Collected		<u>99.70%</u>	<u>100.50%</u>	<u>98.24%</u>	<u>99.69%</u>

FILED
McLEAN COUNTY, ILLINOIS

OCT 22 2020

Kathy Michael
COUNTY CLERK