

VILLAGE OF TEUTOPOLIS EFFINGHAM COUNTY, ILLINOIS

ANNUAL REPORT

APRIL 30, 2018



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Independent Auditor's Report

Board of Trustees
Village of Teutopolis
Teutopolis, Illinois

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Teutopolis, Illinois, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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 risk 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 preparations 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 on the Village's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Teutopolis, Illinois, as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Tax Increment Financing, Motor Fuel Tax and Audit Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

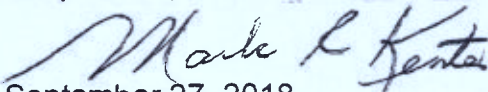
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 - 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to the inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Teutopolis' basic financial statements. The Supplementary Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and is derived from and relate directly to the underlying accounting and other record 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 other 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 my opinion, such information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


September 27, 2018

**VILLAGE OF TEUTOPOLIS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

As management of the Village of Teutopolis, Illinois ("Village") we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended April 30, 2018. We encourage readers to consider the information presented here in conjunction with the Village's financial statements.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$9,608,597 (net position). Of this amount, \$3,280,775 (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.
- The Village's total net position increased by \$575,738. This reflects the excess of revenues over current expenses, offset by the systematic and planned consumption of Village capital assets that is quantified as depreciation expense. Total depreciation expense for the year was \$265,241.
- The governmental activities revenue increased by \$130,713 (or 12.8%). The expenses decreased by \$12,954 (1.6%). The revenue increase is mainly due to an increase in construction grants (\$41,988), gains on sale of land parcels (\$51,515) and increases in real estate taxes (\$36,181) received by the Village.
- The business-type activities charges for service revenue increased by \$39,646 (7.2%) and capital grants by \$45,000. The expenses increased by \$21,951 (4.3%). The revenue increase is due to increases in water and sewer fees. The expense increase is attributable to increased water system personnel costs and depreciation for the year.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,146,508, an increase of \$301,274 in comparison with the prior year. This is mainly due to the decrease in capital expenditures during fiscal year 2018. Approximately 37% of this total amount, \$791,280 is available for spending at the government's discretion (undesignated fund balance).
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$791,280, or 91.10% of total general fund expenditures.
- The Village's total debt decreased by \$84,865 (4.79%) during the current fiscal year, due to regularly scheduled loan payments. \$1,750,000 of general obligation bonds to construct a water line from Newton were issued in April 2014. Scheduled principal repayments of \$69,600 will be made on the bonds and \$17,982 on the water tower loan will be made in the next fiscal year.
- Illinois statutes restrict municipal general obligation debt to less than 8.625% of equalized assessed valuation of property or \$3,801,454. The Village has no debt which is subject to this limitation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Teutopolis' basic financial statements. The Village's basic financial statement comprises three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and statistical information in addition to the basic financial statement themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

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The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Village's financial position is improving or deteriorating.

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public health and safety, highways and streets, and economic development. The business-type activities of the Village consist of the municipal water system and sanitary sewer system.

The government-wide financial statements include only the financial activities of the Village. There are no component units such as affiliated school or library districts. The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental funds in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government activities.

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues,

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expenditures, and changes in fund balances for the General Fund and the Motor Fuel Tax Fund and Audit Fund and Tax Increment Financing Fund #1 and #2, all of which are considered to be major funds.

The Village adopts an annual appropriation budget for all of its funds. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 16-18 of this report.

Proprietary funds. The Village maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its municipal water operations and sanitary sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund and sewer fund, which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-36 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Teutopolis, assets exceeded liabilities by \$9,608,597 at the close of the most recent fiscal year.

A portion of the Village's net position (64.1 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Teutopolis uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Village's net position (1.7 percent or \$164,758) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$3,280,775) may be used to meet the Village's ongoing obligations to citizens and creditors.

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At the end of the current fiscal year, the Village is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Table 1
Statement of Net Position
April 30, 2018
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$2,532.6	\$2,203.3	\$1,077.8	\$1,160.0	\$3,610.4	\$4,270.7
Capital assets	2,734.5	2,675.3	5,114.9	4,874.9	7,849.4	6,330.5
Total assets	<u>5,267.1</u>	<u>4,878.6</u>	<u>6,192.7</u>	<u>6,034.9</u>	<u>11,459.8</u>	<u>10,601.2</u>
Long-term liabilities	0.0	0.0	1,598.8	1,686.4	1,598.8	1,771.2
Other liabilities	61.8	49.6	190.5	144.7	252.3	165.5
Total liabilities	<u>61.8</u>	<u>49.6</u>	<u>1,789.3</u>	<u>1,831.1</u>	<u>1,851.1</u>	<u>1,936.7</u>
Invested in capital assets, net of related debt	2,734.5	2,675.3	3,428.6	3,103.7	6,163.1	4,481.1
Restricted for capital projects						
Restricted for economic development	111.1	109.9			111.1	108.9
Reserved for community development		17.0				8.0
Reserved for recycling program	15.5	13.6			15.5	14.1
Restricted for special levies	38.2	43.5			38.2	48.4
Unrestricted (deficit)	2,306.0	1,969.7	974.8	1,100.1	3,280.8	4,004.0
Total net position	<u>\$5,205.3</u>	<u>\$4,829.0</u>	<u>\$4,403.4</u>	<u>\$4,203.8</u>	<u>\$9,608.7</u>	<u>\$8,664.5</u>

The Village's net position increased by \$575,738 during the current fiscal year. This increase reflects the excess of revenues over current expenses, offset by the systematic and planned consumption of Village capital assets that is quantified as depreciation expense (\$265,241 for the year). If depreciation is factored out, net position have increased by \$840,979, which represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenditures. The \$840,979 would be reduced to \$186,337 if the \$654,642 spent on capital expenditures is considered. Debt payments of \$84,865 would further reduce the amount to \$101,472.

Governmental activities. Governmental activities increased the Village's net position by \$376,259, and business-type activities increased it \$199,479. Key elements of these entity wide changes are as follows:

- Charges for services increased by \$45,654.
- Capital grants and contributions increased by \$41,988.
- Real estate taxes increased \$36,181 (12.8%), sales taxes increased \$480 (0.13%), and state income revenue decreased \$5,041 (3.5%). All of these taxes remains a major component of the Village's revenue mix. The real estate tax change is attributable to a \$2,669,737 increase in the assessed value of property, while the tax rate was basically flat.

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- Investment earnings decreased by \$5,895. All investable balances were in money market funds.

Table 2
Statement of Activities
(in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$25.2	\$19.2	\$589.9	\$550.3	\$615.1	\$569.5
General revenues:						
Sales taxes	364.8	364.3			364.8	364.3
Property taxes	318.9	282.7	82.7	79.0	401.6	361.7
Other taxes	313.1	323.6			313.1	323.6
Investment earnings	18.8	22.1	9.7	12.3	28.5	34.4
Other	67.5	7.6	1.8	1.8	69.3	9.4
Total revenues	<u>1,108.3</u>	<u>1,019.5</u>	<u>684.1</u>	<u>643.4</u>	<u>1,792.4</u>	<u>1,662.9</u>
Expenses:						
General government	322.9	289.1			322.9	289.1
Public health and safety	144.1	117.8			144.1	117.8
Highways and streets	307.0	380.0			307.0	380.0
Development						
Water			401.3	377.4	401.3	377.4
Sewer			128.3	130.3	128.3	130.3
Total expenses	<u>774.0</u>	<u>786.9</u>	<u>529.6</u>	<u>507.7</u>	<u>1,303.6</u>	<u>1,294.6</u>
Increase in net position before transfers	334.3	232.6	154.5	135.7	488.8	368.3
Capital grants and contributions	42.0		45.0		87.0	
Transfers						
Increase (decrease) in net position	<u>376.3</u>	<u>232.6</u>	<u>199.5</u>	<u>135.7</u>	<u>575.8</u>	<u>368.3</u>
Beginning net position - May 1	<u>4,829.0</u>	<u>4,596.4</u>	<u>4,203.8</u>	<u>4,068.1</u>	<u>9,032.8</u>	<u>8,664.5</u>
Ending net position - April 30	<u>\$5,205.3</u>	<u>\$4,829.0</u>	<u>\$4,403.3</u>	<u>\$4,203.8</u>	<u>\$9,608.6</u>	<u>\$9,032.8</u>

Business-type activities. Business-type activities increased the Village's net position by \$199,479, compared with \$135,709 the prior year. Key elements of this increase are as follows:

- Charges for business-type activities increased by \$39,646 (7.2%) and expenses increased \$21,951 (4.3%) mainly due to more maintenance costs.
- Water rates for usage above the minimum bill were increased effective for May and June 2017 usage billed in July 2017 and for each year thereafter. The bimonthly minimum for 3,000 gallons is \$31.50, while the rate for the next 51,000 gallons was increased from \$7.10 per thousand gallons to \$7.40 per thousand gallons, and gallons in excess of 54,000 gallons per billing period increased from \$7.40 to \$7.70 per thousand gallons. The

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rates increase \$1.00 each May 1 for the base, and \$.30 per thousand gallons for the two additional volume brackets. Sewer rates for usage above the minimum bill were increased effective July 2017. The bimonthly minimum for 3,000 gallons is \$22.50, while the rate for the next 51,000 gallons is \$3.35 per thousand gallons, and gallons in excess of 54,000 gallons per billing period is \$3.60 per thousand gallons.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,146,508, an increase of \$301,274 in comparison with the prior year.

Approximately 37% of the fund balance total (\$791,280) constitutes undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either non-spendable (\$19,391), restricted (\$374,212), or committed (\$961,625) to indicate that it is not available for new spending.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned and total fund balance of the general fund were \$791,280 and \$1,937,054, respectfully. As a measure of the general fund's liquidity, these amounts may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 91.1 percent of total general fund expenditures.

Proprietary funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Water Fund and Sewer Fund as major proprietary funds. These funds account for all of the operations of the municipal water system and sewer system.

Water is both produced from Village wells and purchased from the City of Effingham and City of Newton. Effingham rates are \$4.06 per thousand gallons for the first 112,500 gallons, \$3.54 for the next 450,000 gallons and then decreasing to \$2.62 per thousand gallons for amounts over 562,500 gallons per month. This is a decrease from the previous year and are scheduled to decrease another 5% the next year.

Newton rates are \$2.71 per thousand gallons if usage is 100,000 to 1,500,000 gallons, \$2.57 per 1,000 gallons if usage is 1,500,000 to 3,000,000 gallons, \$2.40 per 1,000 gallons if usage is 3,000,000 to 4,500,000 gallons, or \$2.30 per 1,000 gallons if usage is over 4,500,000 per month.

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The rate will be adjusted annually by 2.25% per 1,000 gallons at the beginning of the calendar year.

Since Teutopolis is contiguous to Effingham, delivery of supply is accomplished at an interconnection. Construction on a waterline between the City of Newton and the Village of Teutopolis was completed in December 2014. Purchases of water from the City of Effingham increased 2.6 million gallons during the year ended April 30, 2018, compared to a year earlier, with 333.9 thousand gallons less purchased from the City of Newton and water produced from Village wells decreased approximately 1.3 million gallons. 7.34 million gallons were lost during the year with the repair of water mains and meters. Village wells are not expected to increase significantly in production in the future.

Water was sold to all in-village municipal customers at a rate of \$31.50 bimonthly for a minimum usage of 3,000 gallons, \$7.40 per thousand gallons for the next 51,000 gallons and \$7.70 per thousand gallons for amounts over 54,000 gallons. Customers outside the village limits are charged higher rates. The spread between purchase and sale rates is intended to finance the operations of the water system, including labor costs, supplies, debt service and infrastructure maintenance.

The Village intends to run the Water Fund at a profit in order to fund system improvements and pay existing debt. The surplus during the current fiscal year was \$72,200. Unrestricted net position of the Water Fund at the end of the year amounted to \$469,623, down from \$526,315 at April 30, 2017.

The Sewer Fund accounts for the wastewater disposal system for the Village through a system of lines, lift stations and a treatment plant with lagoons. Customers residing in the village were billed at a rate of \$22.50 bimonthly for a minimum bill of 3,000 gallons (based on water usage), \$3.35 per thousand gallons of water used for amounts above 3,000 gallons to 54,000 gallons, and \$3.60 per thousand gallons above 54,000 gallons, effective July 1, 2017. Customers outside the village limits are charged higher rates. The charge is used to finance operations of the system, including labor costs, supplies, debt services and infrastructure maintenance.

The Village intends to run the Sewer Fund at a profit in order to fund system improvements and pay existing debt. The surplus during the current fiscal year was \$127,279. Unrestricted net position of the Sewer Fund at the end of the year amounted to \$505,132, down from \$573,815 at April 30, 2017.

General Fund Budgetary Highlights

The General Fund is reported as a major fund, and accounts for the routine operations of the Village. Revenues in the General Fund were \$982,747, which was \$123,863 (11.19%) under budget. Expenses were \$868,590, which was \$2,060,310 (70.34%) under budget, of which the general government line item was \$18,952 under budget (5.8%), public safety was \$20,929 (13.3%) under budget, streets and alleys was \$2,026,571 (91.9%) under budget, and the capital expenditure line item was \$6,142 (2.5%) over budget. The net budget variance was then a

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favorable \$2,122,935 due to projects budgeted in streets and alleys that were not performed in the current fiscal year.

Property Tax Information

In Illinois, property taxes attach as an enforceable lien on January 1 of the tax year, but are not billed and collected until the next calendar year. Tax bills for the Village of Teutopolis are prepared by Effingham County and were issued in July 2018, and these taxes will be due in two installments on August 24 and October 19, 2018 and are payable to the Effingham County Collector, who remits the collections to the Village.

Property taxes provide an important source of revenue for financing Village services. The total 2016 tax levy amounted to \$355,697 an increase of \$178,397 (106.2%) over the 2015 levy, which included a deduction of the extra \$167,433 for bonds and interest that was levied in error in 2014. Collections of \$354,252 were remitted to the Village during fiscal year 2018.

Since the Village is not a home rule community, the Village has a tax rate limit. Accordingly, the actual tax rate is dependent upon the dollar amount of taxes levied and the equalized assessed valuation (EAV) of property within the Village. For Teutopolis, the EAV within the Village for 2016 totaled \$41,283,986, 3.0% higher than the prior year. Properties are reassessed at three-year intervals by township within the county. The 2017 EAV was \$43,620,773, a 5.7% increase.

Capital Asset and Debt Administration

Capital assets. The Village's investment in capital assets for its governmental and business type activities as of April 30, 2018, amounted to \$7,849,410 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, machinery and equipment. The Village's investment in capital assets for the current fiscal year increased 3.96 percent from the prior year due to the increased capital expenditures in the year above depreciation for the year.

Table 3
Capital Assets at Year End

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017	2018	2017	2018	2017
Land	\$627,111	\$709,722	\$3,200	\$3,200	\$630,311	\$712,922
Land easements			34,342	35,279	34,342	35,279
Construction in progress	459,704	257,492	331,564		791,268	257,492
Buildings and improvements	345,509	354,188	19,724	21,201	365,233	375,389
Infrastructure	1,168,255	1,203,218			1,168,255	1,203,218
Machinery and equipment	133,919	150,666	4,726,082	4,815,243	4,860,001	4,965,909
	<u>\$2,734,498</u>	<u>\$2,675,286</u>	<u>\$5,114,912</u>	<u>\$4,874,923</u>	<u>\$7,849,410</u>	<u>\$7,550,209</u>

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Major capital assets events during the current fiscal year included the following:

- Sold parcels in the residential development in the southeast part of the Village for \$51,515 net profit.
- Acquired a/c unit , 2 water pumps, and replaced 2 radios on the tower at water treatment plant for \$12,180 and started construction on the Farmweld infrastructure with costs totaling \$20,083 and infrastructure costs on the the residential development in the southeast part of the Village totaling \$125,049. Pumps at the sewer plant were \$11,617 and infrastructure costs on the the residential development in the southeast part of the Village totaling \$151,242, sewer extensions of \$49,309, and started construction on the Farmweld infrastructure with costs totaling \$34,190.
- In the General Fund, \$7,000 was expended for a new roof on the Village hall, \$16,433 on the construction of new sidewalks in the Village, \$48,127 construction costs on the Route 40 turn lane, \$141,337 on installation of gas and electric service in the residential development in the southeast part of the Village, \$500 on an edger, \$8,407 on a mower, \$1,116 on a salt spreader, \$400 on a chainsaw, and \$1,601 on a portable generator.

Additional information on the Village's capital assets can be found in Note 5 on page 32 of this report.

Long-term debt. At the end of the current fiscal year, the Village had total debt outstanding of \$1,686,346 in the form of an Illinois EPA loan of \$94,682 and \$1,591,664 of general obligation Water bonds.

The Illinois EPA loan was for the construction of a water tower which was completed in the fiscal year 2004. The loan is being repaid from revenues of the water system in semiannual installments of \$10,150 on April 22 and October 22 each year with interest at 2.57%. The loan balance at April 30, 2018 was \$94,682.

General obligation Waterworks bonds were issued in April 2014 for the construction of a water line from Newton to Teutopolis. The bonds were issued in the amount of \$1,750,000 and will be repaid from revenues of the water system (and tax levies, if needed) in semiannual payments on June 1 and December 1 each year with interest at 3.75%. The loan balance at April 30, 2018 was \$1,591,664. The interest is due June 1 and December 1, 2018 in the amount of \$29,844 and bonds of \$69,600 are due December 1, 2018.

Additional information on the Village's debt can be found in Note 6 on page 33 of this report.

Economic Factors and Next Year's Budgets and Rates

- The annual average unemployment rate for the local county currently remains lower than the state or national average. The local county unemployment for July 2017 was 3.4% while the state and national average were 4.3% and 4.1%.
- Inflationary trends in the region compare favorably to national indices.
- Sales taxes have been a reliable indicator of retail sales economy. Sales tax (including video gaming revenues) increased \$2,763 from fiscal 2017 to fiscal 2018, and are expected to at least remain at the fiscal year 2017 levels into the next year.

**VILLAGE OF TEUTOPOLIS, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

- Income taxes increased \$15,104 during fiscal 2018 from 2017 levels. The state remains about two months late in paying general revenue funds to local governments and other vendors as well. State income tax rates for both individuals and businesses increased effective July 1, 2017.

- The Village created a Tax Increment Financing district for the West Main Street Redevelopment Project Area during fiscal year 2015. The increase in future real estate taxes from this redevelopment area will be used to fund past and future development and construction costs for this area. The Village also approved Central Redevelopment Project Area in August 2017.

All of these factors were considered in preparing the Village's budget for the 2019 fiscal year.

Water and sewer rates are reviewed periodically in order to maintain a margin above the operating costs of the systems. Engineering and construction on several other projects (Water/Harvester) within the Village will continue.

The local economy remains stable while experiencing the same economic trends of the state and national economies. Recent economic conditions in other parts of the country and area have had similar impacts on business or industries in the community early in new fiscal year.

Requests for information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Village Clerk, Village of Teutopolis, 106 W Main, Teutopolis, Illinois 62467.

VILLAGE OF TEUTOPOLIS, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2018

ASSETS	Governmental Activities	Business-type Activities	Total
Cash	\$2,031,175	\$891,738	\$2,922,913
Receivables, net of allowances for uncollectibles			
Taxes	324,270	78,730	403,000
Customers	20,000	102,802	122,802
Due from other governments	137,779		137,779
Prepaid expenses	19,391	4,436	23,827
Fixed assets (net of accumulated depreciation)	2,734,498	5,114,912	7,849,410
Total assets	5,267,113	6,192,618	11,459,731
LIABILITIES			
Liabilities			
Accounts payable	\$35,748	\$71,231	\$106,979
Accrued expenses	12,719	4,206	16,925
Accrued interest		24,924	24,924
Deferred revenue	0		0
Compensated absences	13,370	2,590	15,960
Illinois EPA loan and bonds payable			
Due within one year		87,582	87,582
Due in more than one year		1,598,764	1,598,764
Total liabilities	61,837	1,789,297	1,851,134
NET POSITION			
Invested in capital assets, net of related debt	2,734,498	3,428,566	6,163,064
Restricted for economic development	111,044		111,044
Restricted for recycling program	15,471		15,471
Restricted for special levies	38,243		38,243
Unrestricted	2,306,020	974,755	3,280,775
Total net position	\$5,205,276	\$4,403,321	\$9,608,597

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental activities							
General government	\$322,927	\$6,630	\$0	\$0	(\$316,297)	\$0	(\$316,297)
Public health and safety	144,101	18,596			(125,505)		(125,505)
Highways and streets	306,982			41,988	(264,994)		(264,994)
Total governmental activities	<u>774,010</u>	<u>25,226</u>	<u>0</u>	<u>41,988</u>	<u>(706,796)</u>	<u>0</u>	<u>(706,796)</u>
Business-type activities							
Water	401,303	427,154		1,500		27,351	27,351
Sewer	128,311	162,752		43,500		77,941	77,941
Total business-type activities	<u>529,614</u>	<u>589,906</u>	<u>0</u>	<u>45,000</u>	<u>0</u>	<u>105,292</u>	<u>105,292</u>
Total Village	<u>\$1,303,624</u>	<u>\$615,132</u>	<u>\$0</u>	<u>\$86,988</u>	<u>(706,796)</u>	<u>105,292</u>	<u>(601,504)</u>
General revenues							
Property taxes					318,901	82,736	401,637
Sales tax					364,828		364,828
State income tax					139,220		139,220
Motor fuel tax					39,066		39,066
Personal property replacement taxes					11,650		11,650
Franchise, gaming and telecommunications taxes					123,139		123,139
Unrestricted investment earnings					18,841	9,651	28,492
Other income					15,895	1,800	17,695
Gains from sale of land					51,515		51,515
Transfers					0	0	0
Total general revenues					<u>1,083,055</u>	<u>94,187</u>	<u>1,177,242</u>
Change in net position					<u>376,259</u>	<u>199,479</u>	<u>575,738</u>
Net position - beginning					<u>4,829,017</u>	<u>4,203,842</u>	<u>9,032,859</u>
Net position - ending					<u>\$5,205,276</u>	<u>\$4,403,321</u>	<u>\$9,608,597</u>

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2018

	General Fund	Tax Increment Financing Fund #1	Tax Increment Financing Fund #2	Motor Fuel Tax Fund	Audit Fund	Total
ASSETS						
Current assets						
Cash in bank	\$1,825,224	\$7,952	\$0	\$175,814	\$22,185	\$2,031,175
Receivables, net of allowances for uncollectibles						
Taxes	285,120	10,350	19,000		9,800	324,270
Due from other governments	134,276			3,503		137,779
Other receivables	20,000					20,000
Prepaid expenditures	19,391					19,391
Total assets	\$2,284,011	\$18,302	\$19,000	\$179,317	\$31,985	\$2,532,615
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$35,748	\$0	\$0	\$0	\$0	\$35,748
Accrued wages	12,719					12,719
Deferred revenue						0
Compensated absences	13,370					13,370
Total liabilities	61,837	0	0	0	0	61,837
Deferred inflows of resources						
Deferred inflows of property taxes	285,120	10,350	19,000		9,800	324,270
Deferred inflows of income taxes						0
Total deferred inflows of resources	285,120	10,350	19,000	0	9,800	324,270
Fund balances						
Nonspendable:						
Prepaid expenses	19,391					19,391
Restricted for:						
Economic development	111,044	7,952	0			118,996
Recycling program	15,471					15,471
Worker's compensation insurance	38,243					38,243
Audit services					22,185	22,185
Highways and roads				179,317		179,317
Committed to:						
Building construction	961,625					961,625
Unassigned	791,280					791,280
Total fund balances	1,937,054	7,952	0	179,317	22,185	2,146,508
Total liabilities and fund balances	\$2,284,011	\$18,302	\$19,000	\$179,317	\$31,985	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.						2,734,498
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in governmental funds						324,270
Net position of governmental activities						\$5,205,276

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED APRIL 30, 2018

	General Fund	Tax Increment Financing Fund #1	Tax Increment Financing Fund #2	Motor Fuel Tax Fund	Audit Fund	Total
Revenues						
Property taxes	\$265,395	\$7,810	\$0	\$0	\$9,416	\$282,621
Sales taxes	364,828					364,828
State income tax	159,727					159,727
Motor fuel taxes				39,066		39,066
Replacement taxes	11,650					11,650
Sales of materials and service	6,630					6,630
Licenses, fines and permits	18,596					18,596
Franchise, gaming & telecommunications taxes	123,139					123,139
Interest	16,887	43		1,672	239	18,841
Other	15,895					15,895
Total revenues	982,747	7,853	0	40,738	9,655	1,040,993
Expenditures						
Current						
General government	308,348				8,450	316,798
Public safety	135,371					135,371
Streets and alleys	176,729			49,167		225,896
Capital expenditures	248,142					248,142
Total expenditures	868,590	0	0	49,167	8,450	926,207
Excess (deficiency) of revenues over (under) expenditures	114,157	7,853	0	(8,429)	1,205	114,786
Other financing sources (uses)						
Street engineering grants and contributions	41,988					41,988
Proceeds from sale of land	144,500					144,500
Transfers from (to) other funds						0
Total financing sources (uses)	186,488	0	0	0	0	186,488
Excess (deficiency) of revenues over (under) expenditures and uses	300,645	7,853	0	(8,429)	1,205	301,274
Fund balance (deficit) - May 1, 2017	1,636,409	99	0	187,746	20,980	1,845,234
Fund balance (deficit) - April 30, 2018	\$1,937,054	\$7,952	\$0	\$179,317	\$22,185	\$2,146,508

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2018

Net change in fund balances - total governmental funds \$301,274

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$248,142 exceeded depreciation of (\$95,945) in the current period. 152,197

In the statement of activities, only the gain on the sale of land is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land sold. (92,985)

Revenues in the Statement of Activities that are not available in governmental funds are not reported as revenue in governmental funds 15,773

Change in net position of governmental activities \$376,259

VILLAGE OF TEUTOPOLIS, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FISCAL YEAR ENDED APRIL 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET OVER (UNDER)
Revenues				
Property taxes	\$242,500	\$242,500	\$265,395	\$22,895
Sales taxes	370,000	370,000	364,828	(5,172)
State income tax	150,000	150,000	159,727	9,727
Replacement taxes	13,000	13,000	11,650	(1,350)
Sales of materials and service	3,000	3,000	6,630	3,630
Licenses, fines and permits	94,610	94,610	18,596	(76,014)
Franchise, gaming and telecommunications taxes	47,500	47,500	123,139	75,639
Interest	18,000	18,000	16,887	(1,113)
Other	168,000	168,000	15,895	(152,105)
Total revenue	<u>1,106,610</u>	<u>1,106,610</u>	<u>982,747</u>	<u>(123,863)</u>
Expenditures				
Current				
General government	327,300	327,300	308,348	(18,952)
Public safety	156,300	156,300	135,371	(20,929)
Streets and alleys	2,203,300	2,203,300	176,729	(2,026,571)
Capital expenditures	242,000	242,000	248,142	6,142
Total expenditures	<u>2,928,900</u>	<u>2,928,900</u>	<u>868,590</u>	<u>(2,060,310)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,822,290)</u>	<u>(1,822,290)</u>	<u>114,157</u>	<u>1,936,447</u>
Other financing sources (uses)				
Street engineering grant and contributions	0	0	41,988	41,988
Proceeds from sale of land	0	0	144,500	144,500
Transfers to other funds	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>186,488</u>	<u>186,488</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(\$1,822,290)</u>	<u>(\$1,822,290)</u>	<u>300,645</u>	<u>\$2,122,935</u>
Fund balance (deficit) - May 1			<u>1,636,409</u>	
Fund balance (deficit) - April 30			<u>\$1,937,054</u>	

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 TAX INCREMENT FINANCING FUND
 FISCAL YEAR ENDED APRIL 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET OVER (UNDER)
Revenues				
Property tax	\$7,800	\$7,800	\$7,810	\$10
Interest	0	0	43	43
Total revenue	<u>7,800</u>	<u>7,800</u>	<u>7,853</u>	<u>53</u>
Expenditures				
Current				
General government	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,800</u>	<u>7,800</u>	<u>7,853</u>	<u>53</u>
Other financing sources (uses)				
Transfers to other funds	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$7,800</u>	<u>\$7,800</u>	<u>7,853</u>	<u>\$53</u>
Fund balance (deficit) - May 1			<u>99</u>	
Fund balance (deficit) - April 30			<u>\$7,952</u>	

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 MOTOR FUEL TAX FUND
 FISCAL YEAR ENDED APRIL 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET OVER (UNDER)
Revenues				
Motor fuel tax	\$40,000	\$40,000	\$39,066	(\$934)
Interest	2,000	2,000	1,672	(328)
Total revenue	<u>42,000</u>	<u>42,000</u>	<u>40,738</u>	<u>(1,262)</u>
Expenditures				
Current				
General government	50,000	50,000	49,167	(833)
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>49,167</u>	<u>(833)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,429)</u>	<u>(429)</u>
Other financing sources (uses)				
Transfers to other funds			0	0
Total other financing sources (uses)			<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(\$8,000)</u>	<u>(\$8,000)</u>	<u>(8,429)</u>	<u>(\$429)</u>
Fund balance (deficit) - May 1			<u>187,746</u>	
Fund balance (deficit) - April 30			<u>\$179,317</u>	

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 AUDIT FUND
 FISCAL YEAR ENDED APRIL 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET OVER (UNDER)
Revenues				
Property taxes	\$9,000	\$9,000	\$9,416	\$416
Interest	200	200	239	39
Total revenue	<u>9,200</u>	<u>9,200</u>	<u>9,655</u>	<u>455</u>
Expenditures				
Current				
General government	9,000	9,000	8,450	(550)
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>8,450</u>	<u>(550)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200</u>	<u>200</u>	<u>1,205</u>	<u>1,005</u>
Other financing sources (uses)				
Transfers to other funds			0	0
Total other financing sources (uses)			<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$200</u>	<u>\$200</u>	<u>1,205</u>	<u>\$1,005</u>
Fund balance (deficit) - May 1			<u>20,980</u>	
Fund balance (deficit) - April 30			<u>\$22,185</u>	

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2018

	WATER FUND	SEWER FUND	TOTAL
ASSETS			
Current assets			
Cash	\$419,106	\$472,632	\$891,738
Receivables, net of allowances for collectibles			
Taxes	35,730	43,000	78,730
Customers	73,748	29,054	102,802
Prepaid expenses	4,019	417	4,436
Total current assets	<u>532,603</u>	<u>545,103</u>	<u>1,077,706</u>
Noncurrent assets			
Land	200	3,000	3,200
Easements	41,950	0	41,950
System and improvements	4,909,127	2,644,900	7,554,027
Accumulated depreciation	(1,230,103)	(1,254,162)	(2,484,265)
Total noncurrent assets	<u>3,721,174</u>	<u>1,393,738</u>	<u>5,114,912</u>
Total assets	<u>4,253,777</u>	<u>1,938,841</u>	<u>6,192,618</u>
LIABILITIES			
Current liabilities			
Illinois EPA loan and bonds payable - current	\$87,582	\$0	\$87,582
Accounts payable	34,658	36,573	71,231
Accrued expenses	2,103	2,103	4,206
Accrued interest	24,924	0	24,924
Compensated absences	1,295	1,295	2,590
Total current liabilities	<u>150,562</u>	<u>39,971</u>	<u>190,533</u>
Noncurrent liabilities			
Illinois EPA loan and bonds payable - noncurrent	1,598,764	0	1,598,764
Total liabilities	<u>1,749,326</u>	<u>39,971</u>	<u>1,789,297</u>
NET POSITION			
Invested in capital assets, net of related debt	2,034,828	1,393,738	3,428,566
Unrestricted	469,623	505,132	974,755
Total net position	<u>\$2,504,451</u>	<u>\$1,898,870</u>	<u>\$4,403,321</u>

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2018

	WATER FUND	SEWER FUND	TOTAL
Operating revenues			
Charges for services	\$427,154	\$162,752	\$589,906
Total operating revenues	<u>427,154</u>	<u>162,752</u>	<u>589,906</u>
Operating expenses			
Water purchases	80,553		80,553
Administrative costs	4,577		4,577
Personnel services	83,003	29,059	112,062
Contractual services	26,495	34,340	60,835
Supplies and repairs	23,888	14,516	38,404
Depreciation	118,900	50,396	169,296
Total operating expenses	<u>337,416</u>	<u>128,311</u>	<u>465,727</u>
Operating income (loss)	<u>89,738</u>	<u>34,441</u>	<u>124,179</u>
Nonoperating revenue (expenses)			
Interest income	4,451	5,200	9,651
Property taxes	38,598	44,138	82,736
Rental income	1,800		1,800
Interest expense	(63,887)	0	(63,887)
Total nonoperating revenue (expenses)	<u>(19,038)</u>	<u>49,338</u>	<u>30,300</u>
Net income (loss) before contributions and transfers	70,700	83,779	154,479
Capital contributions and grants	<u>1,500</u>	<u>43,500</u>	<u>45,000</u>
Change in net position	72,200	127,279	199,479
Total net position, beginning	<u>2,432,251</u>	<u>1,771,591</u>	<u>4,203,842</u>
Total net position, ending	<u>\$2,504,451</u>	<u>\$1,898,870</u>	<u>\$4,403,321</u>

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2018

	WATER FUND	SEWER FUND	TOTAL
Cash flows from operating activities:			
Cash received from customers	\$418,961	\$159,926	\$578,887
Cash paid to suppliers	(114,703)	(28,153)	(142,856)
Cash payments to employees for service	(82,927)	(27,893)	(110,820)
Net cash provided (used) by operating activities	<u>221,331</u>	<u>103,880</u>	<u>325,211</u>
Cash flows from noncapital financing activities:			
Rental income	1,800	0	1,800
Property taxes	37,128	42,418	79,546
Net cash provided by noncapital financing activities	<u>38,928</u>	<u>42,418</u>	<u>81,346</u>
Cash flows from capital and related financing activities:			
Capital grant	1,500	43,500	45,000
Principal payments	(84,865)	0	(84,865)
Interest paid	(64,948)	0	(64,948)
Capital expenditures	(171,555)	(234,945)	(406,500)
Net cash provided (used) by capital and related financing activities	<u>(319,868)</u>	<u>(191,445)</u>	<u>(511,313)</u>
Cash flows from investing activities:			
Interest received	4,451	5,200	9,651
Net cash provided (used) by investing activities	<u>4,451</u>	<u>5,200</u>	<u>9,651</u>
Net increase (decrease) in cash	(55,158)	(39,947)	(95,105)
Cash at beginning of year	<u>474,264</u>	<u>512,579</u>	<u>986,843</u>
Cash at end of year	<u>\$419,106</u>	<u>\$472,632</u>	<u>\$891,738</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$89,738	\$34,441	\$124,179
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	118,900	50,396	169,296
Change in assets and liabilities			
Decrease (increase) in accounts receivable	(8,193)	(2,826)	(11,019)
Decrease (increase) in prepaid expense	1,409	0	1,409
Increase (decrease) in accounts payable	18,311	20,703	39,014
Increase (decrease) in accrued expenses	1,090	1,090	2,180
Increase (decrease) in compensated absences	76	76	152
Net cash provided (used) by operations	<u>\$221,331</u>	<u>\$103,880</u>	<u>\$325,211</u>
SUPPLEMENTAL DISCLOSURES			
Noncash investing and financing transaction:			
Capital expenditures in accounts payable	<u>\$4,980</u>	<u>\$13,608</u>	<u>\$18,588</u>

See accompanying Notes to Financial Statements.

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Teutopolis, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are:

A. Reporting Entity

The Village of Teutopolis, Illinois, operates under an elected president/trustees form of government and provides the following services: general administrative services, police, street lighting, streets and alleys, public improvements, and planning and zoning. The Village also owns and operates water and sewer utilities.

The financial statements of the Village consist only of the funds of the Village as a primary group. The Village has no financial accountability for any other governmental entity since the Village board does not exercise significant influence on any other unit of government. Significant influence is based primarily on operational or financial relationships with the Village.

B. Fund Accounting

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental and proprietary.

Governmental funds are used to account for all or most of a Village's general activities and includes the collection and disbursement of earmarked moneys (special revenue funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports all of the following governmental funds as major funds:

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

The Motor Fuel Tax Fund is used to account for financial sources received from the State of Illinois for construction and maintenance of streets within the Village. Monthly allotments are received of the Village's share of the prior month's statewide tax collected on motor fuel sales. Funds to be spent by the Village are approved by the Illinois Department of Transportation annually.

The Audit Fund is used to account for the financial resources, mainly real estate taxes levied for the purpose of providing for the required annual audit.

The Village Board established a Tax Increment Financing (TIF) #1 district for the West Main Street Redevelopment Project Area during the 2015 fiscal year. Redevelopment activities associated with the district were financed by the General Fund for street improvements, Water Fund for the water line extension and Sewer Fund for the sanitary sewer extension and lift station. These funds may be reimbursed for some or all of these expenditures when the TIF #1 fund begins receiving the incremental taxes.

The Village Board established a Tax Increment Financing (TIF) #2 district for the Central Tax Increment Financing Redevelopment Project Area during the 2018 fiscal year. Redevelopment activities associated with the district are being financed by the General Fund for street improvements, Water Fund for the water line extensions and Sewer Fund for the sanitary sewer extensions. These funds, as well as businesses also participating in the redevelopment, may be reimbursed for some or all of these expenditures when the TIF #2 fund begins receiving the incremental taxes.

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide and Fund Financial Statements (Continued)

The Village reports the following major proprietary funds:

The Water Fund and Sewer Fund account for the activities of the water and sewerage operations. The Village operates the sewerage treatment plant, sewerage pumping stations and collection systems and the water treatment and distribution system.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing water and sewer services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available as they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred.

Property taxes, sales taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports deferred revenue on its governmental financial statements. Deferred revenues arise when resources are received by the Village before it has a legal claim to them, as when license moneys are received prior to the period covered by the license. In subsequent periods, when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Under GASB 65, the Village reports deferred inflows of resources for amounts recognized as receivable but where the revenue is applicable to a future reporting period. The Village reports real estate and other taxes separate from other liabilities where the receivable is measurable and reportable but the revenue applies to a future accounting period.

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary fund types consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Village only invests in bank certificates of deposits.

F. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

G. Capital Assets

As a Phase 3 government under GASB 34, the Village elected not to report major general infrastructure assets retroactively.

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$2,500 for equipment, \$10,000 for buildings and \$50,000 for improvements and infrastructure assets and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Infrastructure	10-40
Water and Sewer System	5-40
Machinery and Equipment	3-7

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds and in the government-wide financial statements is recorded as an expense and liability of those funds as the benefits accrue to employees.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that is estimated to be taken as "terminal leave" prior to retirement.

J. Fund Balance Reporting

The Village's highest level of authority is action taken by the board of trustees. For both committed and assigned fund balances, an approved motion at a board meeting is necessary to establish, modify, or rescind a fund balance commitment or to assign funds for specific purposes.

The Village considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village also considers committed, then assigned, and then unassigned amounts to have been spent when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

2. APPROPRIATIONS AND BUDGETARY ACCOUNTING

The Village Board adopted a formal budget and also approved as an ordinance, the required appropriations on July 19, 2017. Appropriations lapse at the end of each fiscal year. The Board may authorize supplemental appropriations during the year, but did not do so during the fiscal year ended April 30, 2018.

3. BANK DEPOSITS, CUSTODIAL CREDIT RISK AND CONCENTRATION OF CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village has a deposit policy for custodial credit risk or for concentration of custodial credit risk. As of April 30, 2018, the Village's bank balances of \$2,911,990 were exposed to custodial credit risk as shown in the following table. The funds and securities were held by Teutopolis State Bank.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED APRIL 30, 2018

3. BANK DEPOSITS, CUSTODIAL CREDIT RISK AND CONCENTRATION OF CUSTODIAL CREDIT RISK (CONTINUED)

The Village maintains N.O.W. accounts. These deposits are insured by the FDIC up to \$250,000. At April 30, 2018, the Village maintained deposits as follows:

	Carrying Amounts	Bank Balance
Category 1 - Deposits covered by federal depository insurance or by collateral held by the Village, or its agent, in the Village's name.	\$ 250,000	\$ 250,000
Category 2 - Deposits covered by collateral held by the pledging financial institution's trust department, or by its agents, in the District's name.	2,672,888	2,661,990
Category 3 - Uninsured	-	-
Petty cash	25	-
	<u>\$2,922,913</u>	<u>\$2,911,990</u>

The Village adopted the state required Investment Policy during the year ended April 30, 2001. The policy specifies that the Village will invest its funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village. Investments will be made in accordance with state statutes. The Investment Policy is to be reviewed annually by the Village treasurer and any changes presented to the Board for approval. Currently, the Village has no investments.

4. RECEIVABLES

The County Assessor is responsible for assessment of all taxable real property. Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on October 18, 2017 and will be due and payable on August 24 and October 19, 2018. Most of the taxes will be received from the County between September and November 2018.

The 2017 property tax levy is recorded as a receivable, net of estimated uncollectibles. For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue.

The 2017 taxes are intended to finance the 2019 fiscal year and are not considered available for current operations and are, therefore, shown as deferred inflows on the governmental funds balance sheet. The 2018 tax levy has not been recorded as a receivable at April 30, 2018 as the tax has attached as a lien on property as of January 1, 2018, however, the tax will not be levied until some time before December 2018 and, accordingly, is not measurable at April 30, 2018.

During 2018, the Village sold several parcels of land in the residential development in the southeast part of the Village. Two of these parcels were sold to developers and the Village will not receive the funds of the sale until the developers in turn sell the parcels to the end users. The Village is owed \$20,000 at April 30, 2018, related to these sales.

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

5. CAPITAL ASSETS

Depreciation expense was charged to the function/programs primary government as follows:

Governmental Activities	
General Government	\$ 6,129
Public health and safety	8,730
Highways and streets	<u>81,086</u>
Total Depreciation Expense - Governmental Activities	<u>\$95,945</u>

The following table provides a summary of the changes in capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$709,722	\$10,374	(\$92,985)	\$627,111
Construction in Progress	<u>257,492</u>	<u>202,212</u>		<u>459,704</u>
Total Capital assets not being depreciated	<u>967,214</u>	<u>212,586</u>	<u>(92,985)</u>	<u>1,086,815</u>
Capital assets being depreciated				
Land easements	1,800			1,800
Buildings	727,565	7,100		734,665
Infrastructure	1,365,436	16,432		1,381,868
Vehicles, Furniture and Equipment	<u>552,535</u>	<u>12,024</u>		<u>564,559</u>
Total Capital assets being depreciated	<u>2,647,336</u>	<u>35,556</u>	<u>0</u>	<u>2,682,892</u>
Less Accumulated Depreciation for				
Land easements	1,800			1,800
Buildings	373,377	15,779		389,156
Infrastructure	162,218	51,395		213,613
Vehicles, Furniture and Equipment	<u>401,869</u>	<u>28,771</u>		<u>430,640</u>
Total Accumulated Depreciation	<u>939,264</u>	<u>95,945</u>	<u>0</u>	<u>1,035,209</u>
Total Capital Assets Being Depreciated, Net	<u>1,708,072</u>	<u>(60,389)</u>	<u>0</u>	<u>1,647,683</u>
Governmental Activities Capital Assets, Net	<u>\$2,675,286</u>	<u>\$152,197</u>	<u>(\$92,985)</u>	<u>\$2,734,498</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$3,200	\$0	\$0	\$3,200
Construction in Progress	<u>0</u>	<u>331,564</u>		<u>331,564</u>
Total Capital assets not being depreciated	<u>3,200</u>	<u>331,564</u>	<u>0</u>	<u>334,764</u>
Capital assets being depreciated				
Land easements	41,950			41,950
Buildings	69,110			69,110
System, Vehicles, Furniture and Equipment	<u>7,075,632</u>	<u>77,721</u>		<u>7,153,353</u>
Total Capital assets being depreciated	<u>7,186,692</u>	<u>77,721</u>	<u>0</u>	<u>7,264,413</u>
Less Accumulated Depreciation for				
Land easements	6,671	937		7,608
Buildings	47,909	1,477		49,386
System, Vehicles, Furniture and Equipment	<u>2,260,389</u>	<u>166,882</u>		<u>2,427,271</u>
Total Accumulated Depreciation	<u>22,314,969</u>	<u>169,296</u>	<u>0</u>	<u>2,484,265</u>
Total Capital Assets Being Depreciated, Net	<u>4,871,723</u>	<u>(91,575)</u>	<u>0</u>	<u>4,780,148</u>
Business-Type Activities Capital Assets, Net	<u>\$4,874,923</u>	<u>\$239,989</u>	<u>\$0</u>	<u>\$5,114,912</u>

VILLAGE OF TEUTOPOLIS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED APRIL 30, 2018

6. LONG-TERM DEBT

Illinois Environmental Protection Agency

On September 4, 2002, the Village entered into a loan agreement with IEPA for the purpose of constructing a water tower. The construction was completed during the year ended April 30, 2004. The loan amount was \$309,822 at 2.57% interest. The loan is being repaid \$10,150 semiannually starting on April 22, 2004, with final payment on April 22, 2023. The loan balance at April 30, 2018 and 2017, was \$94,682 and \$112,211, respectively, with \$17,529 of principal paid during the year.

Bonds

On April 2, 2014, the Village issued \$1,750,000 of general obligation bonds for the Water Fund. The bonds were issued as alternate revenue source bonds under Section 350/15 of Chapter 30 of the Illinois Compiled Statutes. The bonds were issued to construct a twenty-one mile water line connecting Teutopolis with Newton.

The 2014 bonds are payable annually from pledged revenues of the Water Fund, and from tax levies if the pledged revenues will not be sufficient to provide for the debt service payments.

Interest rate is stated at 3.75%. Interest and principal is due each June 1 and December 1 with final payment due December 1, 2034. The balance outstanding at April 30, 2018 and 2017 was \$1,591,664 and \$1,659,000, respectively, with \$67,336 of bonds retired during the year.

The annual requirements to amortize all debt outstanding as of April 30, 2018, including interest payments of \$594,380 are as follows:

Years Ending April 30	Annual Requirements to Amortize Long-term Debt			
	Water Bonds	Water Loan	Interest	Total
2019	69,600	17,982	62,007	149,589
2020	72,000	18,447	58,932	149,379
2021	74,500	18,924	55,755	149,179
2022	77,000	19,414	52,472	148,886
2023	79,700	19,915	49,082	148,697
2024-2028	446,900		196,376	643,276
2029-2033	533,000		106,181	639,181
2034-2035	238,964		13,575	252,539
	<u>\$1,591,664</u>	<u>\$ 94,682</u>	<u>\$594,380</u>	<u>\$2,280,726</u>

The Village has complied with the general provisions of the Series 2014 General Obligation Waterworks Bonds (Alternate Revenue Source) bond issues at April 30, 2018.

VILLAGE OF TEUTOPOLIS, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED APRIL 30, 2018

7. RISK OF LOSS

The Village participated in the Illinois Municipal League Risk Management Association beginning in calendar year 2015. The contract with the Association provides a set schedule of insurance for the annual contribution from the Village. The Village retains risk for the amount of the deductibles under the policy contract. The cost of the contract for the calendar year 2018 was \$26,452.

8. SEGMENT INFORMATION

The Village maintains two enterprise funds which provide water and sewer service. Segment information for the year ended April 30, 2018, is as follows:

	Water Fund	Sewer Fund
Total current assets	\$532,603	\$545,103
Total non-current assets	\$3,721,174	\$1,393,738
Total current liabilities	\$150,562	\$39,971
Total long-term liabilities	\$1,598,764	\$0
Total net position		
Invested in capital assets, net of related debt	\$2,034,828	\$1,393,738
Unrestricted	\$469,623	\$505,132
Operating revenues	\$427,154	\$162,752
Operating expenses excluding depreciation	\$218,516	\$77,915
Depreciation expense	\$118,900	\$50,396
Operating income (loss)	\$89,738	\$34,441
Nonoperating income (loss)		
Interest income	\$4,451	\$5,200
Property taxes	\$38,598	\$44,138
Rental income	\$1,800	\$0
Interest expense	\$(63,887)	\$0
Capital contributions and grants	\$1,500	\$43,500
Transfers from (to) other funds	\$0	\$0
Change in net position	\$72,200	\$127,279
Beginning net position	\$2,432,251	\$1,771,591
Ending net position	\$2,504,451	\$1,898,870
Net cash provided (used) by operating activities	\$221,331	\$103,880
Net cash provided (used) by noncapital financing activities	\$38,928	\$42,418
Net cash provided (used) by capital and related financing activities	\$(319,868)	\$(191,445)

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

8. SEGMENT INFORMATION (CONTINUED)

Net cash provided (used) by investing activities	\$4,451	\$5,200
Net increase (decrease) in cash	\$(55,158)	\$(39,947)
Beginning cash and cash equivalent balances	\$474,264	\$512,579
Ending cash and cash equivalent balances	\$419,106	\$472,632

9. LITIGATION AND CONTINGENCIES

The potential loss on all claims and lawsuits pending against the Village will not be significant to the Village's financial statements.

10. CONCENTRATION OF CREDIT RISK

The Village is the supplier of utility services to area residents. The Village grants credit to utility customers, substantially all of whom are local residents.

11. COMPENSATED ABSENCES

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds and in the government-wide financial statements is recorded as an expense and liability of those funds as the benefits accrue to employees.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

12. PENSION PLAN

The Village has previously adopted a Simplified Employees Pension (SEP) agreement for the calendar year starting January 1, 1999. The plan provides an Individual Retirement Account (IRA) benefit to each employee who has attained age twenty-one, been employed one year and earned a minimum of \$500 in compensation. There are no post-retirement benefit plans.

For the year ended December 31, 2017, the Village contributed 5% of the eligible employees' compensation to IRA accounts in the amount of \$17,676. Total compensation for calendar year 2017 was \$453,855 and covered compensation was \$429,145. Covered payroll is 95% of total payroll. The Village may chose to fund or not fund the plan for succeeding calendar years.

VILLAGE OF TEUTOPOLIS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018

13. LEGAL DEBT MARGIN

The Village is subject to debt limits since it is a municipality of less than 500,000 residents. 65 ILCS 5/8-5-1 limits the Village to debt of 8.625% of its assessed valuation at the time the debt is issued. The Village's legal debt limit based on the 2017 assessed valuation is then \$3,801,454. This full amount is available since the Village's current outstanding debt was incurred to finance water and wastewater facilities and is not subject to the limit.

14. TAX ABATEMENTS

The Village abates the property taxes for businesses located in its Tax Increment Financing Districts (TIF). This resulted in a reduction of property tax revenues to the Village for 2017 (received in 2018) of \$3,392.

15. SUBSEQUENT EVENTS

Subsequent events were evaluated through September 27, 2018 which is the date the financial statements were available to be issued.

VILLAGE OF TEUTOPOLIS, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Tax levy year	2017	2016	2015
Village of Teutopolis			
Total Assessed Valuation	<u>\$44,074,827</u>	<u>\$41,405,090</u>	<u>\$40,079,789</u>
Rate Setting Assessed Valuation	<u>\$43,620,773</u>	<u>\$41,283,986</u>	<u>\$40,078,435</u>
Tax rates			
General corporate	0.33446	0.33990	0.33990
Bond and interest	0.00000	0.00000	(0.41775)
Police protection	0.07336	0.07500	0.07500
Social security	0.04585	0.04361	0.04492
Workmen's compensation	0.04127	0.03900	0.03828
Audit	0.02247	0.02290	0.02246
Sewerage	0.09858	0.10000	0.10000
Water fund	0.04929	0.05000	0.05000
Water supply	0.03263	0.03300	0.03300
Liability insurance	0.04918	0.04833	0.04741
Total rate	<u>0.74709</u>	<u>0.75174</u>	<u>0.33322</u>
Taxes extended			
General corporate	\$145,895	\$140,325	\$136,227
Bond and interest	0	0	(167,428)
Police protection	32,000	30,963	30,059
Social security	20,000	18,004	18,003
Workmen's compensation	18,002	16,101	15,342
Audit	9,802	9,454	9,002
Sanitary sewer fund	43,001	41,284	40,078
Water fund	21,501	20,642	20,039
Water supply	14,233	13,624	13,226
Liability insurance	21,453	19,953	19,001
Village share of road and bridge	47,858	45,347	43,751
Total extensions	<u>\$373,745</u>	<u>\$355,697</u>	<u>\$177,300</u>
Collections (including back taxes)		<u>\$354,252</u>	<u>\$175,424</u>
Percentage of extensions collected		<u>99.59%</u>	<u>98.94%</u>
Teutopolis TIF #1			
Total Assessed Valuation	<u>\$165,390</u>	<u>\$124,630</u>	<u>\$4,580</u>
TIF Base Assessed Valuation	<u>\$3,526</u>	<u>\$3,526</u>	<u>\$3,526</u>
TIF Increment	<u>\$161,864</u>	<u>\$121,104</u>	<u>\$1,054</u>
Tax rate	<u>6.39550</u>	<u>6.44712</u>	<u>6.14945</u>
Taxes extended	<u>\$10,352</u>	<u>\$7,808</u>	<u>\$65</u>
Collections (including back taxes)		<u>\$7,808</u>	<u>\$65</u>
Percentage of extensions collected		<u>100.00%</u>	<u>100.29%</u>
Teutopolis TIF #2			
Total Assessed Valuation	<u>\$14,717,749</u>	<u>\$0</u>	<u>\$0</u>
TIF Base Assessed Valuation	<u>\$14,385,569</u>	<u>\$0</u>	<u>\$0</u>
TIF Increment	<u>\$332,180</u>	<u>\$0</u>	<u>\$0</u>
Taxes extended	<u>\$19,008</u>	<u>\$0</u>	<u>\$0</u>
Collections (including back taxes)		<u>\$0</u>	<u>\$0</u>
Percentage of extensions collected		<u>100.00%</u>	<u>100.00%</u>

See accompanying Notes to Financial Statements.



Administering peer reviews for the following:

Illinois CPA Society | Iowa Society of CPAs | Kentucky Society of CPAs
South Carolina Association of CPAs | West Virginia Society of CPAs | Wisconsin Institute of CPAs

August 14, 2018

Mark Kenter
Mark Robert Kenter
305 E Jefferson Ave
Effingham, IL 62401-3452

Dear Mark Kenter:

It is my pleasure to notify you that on August 14, 2018, the Illinois Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is August 31, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Committee
Peer Review Committee
peerreview@icpas.org 800.993.0407, then dial 6
Peer Review Alliance

CC: Richard Phillips

Firm Number: 900000448009

Review Number: 556858