



VILLAGE OF BETHALTO, ILLINOIS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

APRIL 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Trustees
Village of Bethalto, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Village of Bethalto, Illinois as of and for the year ended April 30, 2019, 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

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

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

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

Basis for Qualified Opinion

For the financial statements and Required Supplementary Information related to the police pension fund, the Village uses an actuarial valuation performed in accordance with the Illinois Compiled Statutes. The funding methodology used for an actuarial valuation in accordance with Illinois Compiled Statutes is in variance from the methods required by GASB 67 and GASB 68. The amount by which this departure would affect the financial statements and Required Supplementary Information has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion” paragraph, 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 Bethalto, Illinois as of April 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof 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 budgetary comparison information (pages 37 to 41) and schedules of pension funding information (pages 43 to 46) 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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. Our opinion on the basic financial is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Bethalto, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Alton, Illinois

October 22, 2019

VILLAGE OF BETHALTO, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,030,209	\$ 1,098,782	\$ 2,128,991
Certificates of Deposit	50,226	152,204	202,430
Receivables (Net of Allowance for Uncollectibles)	3,037,369	496,755	3,534,124
Prepaid Expenses	83,347	-	83,347
Total Current Assets	<u>4,201,151</u>	<u>1,747,741</u>	<u>5,948,892</u>
Noncurrent Assets:			
Capital Assets (Net of Depreciation)	16,215,265	11,398,817	27,614,082
Total Noncurrent Assets	<u>16,215,265</u>	<u>11,398,817</u>	<u>27,614,082</u>
Total Assets	<u>20,416,416</u>	<u>13,146,558</u>	<u>33,562,974</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources:			
Deferred Amounts Related to Pensions - IMRF	1,702,627	1,204,203	2,906,830
Total Deferred Outflows of Resources	<u>1,702,627</u>	<u>1,204,203</u>	<u>2,906,830</u>
LIABILITIES			
Accounts Payable	150,628	275,469	426,097
Accrued Wages	70,227	24,302	94,529
Accrued Interest	10,762	23,900	34,662
Customer Deposits	-	210	210
Noncurrent Liabilities:			
Due Within One Year	1,032,330	536,999	1,569,329
Due in More Than One Year	2,012,570	4,498,524	6,511,094
Net Pension Liability - IMRF	2,166,314	1,532,150	3,698,464
Net Pension Liability - Police Pension	5,238,141	-	5,238,141
Total Liabilities	<u>10,680,972</u>	<u>6,891,554</u>	<u>17,572,526</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources:			
Deferred Real Estate Taxes	2,053,715	-	2,053,715
Deferred Amounts Related to Pensions - IMRF	915,731	647,661	1,563,392
Total Deferred Inflows of Resources	<u>2,969,446</u>	<u>647,661</u>	<u>3,617,107</u>
NET POSITION			
Net Investment in Capital Assets	13,718,947	6,590,895	20,309,842
Restricted	1,115,525	-	1,115,525
Unrestricted	<u>(6,365,847)</u>	<u>220,651</u>	<u>(6,145,196)</u>
Total Net Position	<u>\$ 8,468,625</u>	<u>\$ 6,811,546</u>	<u>\$ 15,280,171</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 2,863,401	\$ 1,504,717	\$ -	\$ -	\$ (1,358,684)	\$ -	\$ (1,358,684)
Public Safety	2,678,707	39,357	3,580	-	(2,635,770)	-	(2,635,770)
Development Services	7,129	-	-	-	(7,129)	-	(7,129)
Streets and Highways	1,165,117	3,400	-	353,096	(808,621)	-	(808,621)
Culture and Recreation	942,404	14,576	-	11,582	(916,246)	-	(916,246)
Interest on Long-Term Debt	68,721	-	-	-	(68,721)	-	(68,721)
Total Governmental Activities	<u>7,725,479</u>	<u>1,562,050</u>	<u>3,580</u>	<u>364,678</u>	<u>(5,795,171)</u>	<u>-</u>	<u>(5,795,171)</u>
Business-Type Activities:							
Water and Sewer	4,782,357	4,605,456	-	-	-	(176,901)	(176,901)
Total Business-Type Activities	<u>4,782,357</u>	<u>4,605,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,901)</u>	<u>(176,901)</u>
Total	<u>\$ 12,507,836</u>	<u>\$ 6,167,506</u>	<u>\$ 3,580</u>	<u>\$ 364,678</u>	<u>(5,795,171)</u>	<u>(176,901)</u>	<u>(5,972,072)</u>
General Revenues:							
Property Tax, Levied for General Purposes					2,014,445	-	2,014,445
Sales and Use Tax					1,775,850	-	1,775,850
Replacement Tax					59,582	-	59,582
State Income Tax					984,383	-	984,383
Motor Fuel Tax					241,687	-	241,687
Telecommunications Tax					156,403	-	156,403
Utility Tax					615,352	-	615,352
Other State and Local Taxes					55,387	-	55,387
Transfers					29,966	(29,966)	-
Investment Earnings					3,667	1,320	4,987
Miscellaneous					167,751	7,574	175,325
Total General Revenues and Transfers					<u>6,104,473</u>	<u>(21,072)</u>	<u>6,083,401</u>
Change in Net Position					309,302	(197,973)	111,329
Net Position - Beginning (As Originally Reported)					9,578,239	7,009,519	16,587,758
Restatement of Net Position (Note 15)					(1,418,916)	-	(1,418,916)
Net Position - Beginning (Restated)					<u>8,159,323</u>	<u>7,009,519</u>	<u>15,168,842</u>
Net Position - Ending					<u>\$ 8,468,625</u>	<u>\$ 6,811,546</u>	<u>\$ 15,280,171</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2019

	<u>General</u>	<u>Municipal</u>	<u>Motor</u>		<u>Total</u>	
	<u>Fund</u>	<u>Retirement/ Social Security</u>	<u>Fuel Tax</u>	<u>Garbage Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and Cash Equivalents	\$ 294,972	\$ 54,008	\$ 50,141	\$ 182,578	\$ 448,510	\$ 1,030,209
Certificates of Deposit	50,226	-	-	-	-	50,226
Receivables (Net of Allowances for Uncollectibles):						
Property Taxes	1,421,415	438,110	-	8,096	186,094	2,053,715
Intergovernmental	628,221	-	21,074	-	137,129	786,424
Other	148,549	-	-	48,681	-	197,230
Prepaid Expenses	-	-	-	-	83,347	83,347
Total Assets	2,543,383	492,118	71,215	239,355	855,080	4,201,151
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Accounts Payable	93,821	-	3,428	52,074	1,305	150,628
Accrued Wages	70,227	-	-	-	-	70,227
Total Liabilities	164,048	-	3,428	52,074	1,305	220,855
 Deferred Inflows of Resources:						
Deferred Income	163,005	-	-	-	49,045	212,050
Property Tax Revenue	1,421,415	438,110	-	8,096	186,094	2,053,715
Total Deferred Inflows of Resources	1,584,420	438,110	-	8,096	235,139	2,265,765
 Fund Balance:						
Nonspendable:						
Prepaid Expenses	-	-	-	-	83,347	83,347
Restricted for:						
Redevelopment	-	-	-	-	346,085	346,085
Health Reimbursement	195,909	-	-	-	-	195,909
Audit	-	-	-	-	20,925	20,925
Insurance	-	-	-	-	165,754	165,754
Civil Defense	-	-	-	-	2,525	2,525
Illinois Municipal Retirement	-	54,008	-	-	-	54,008
Streets and Highways	-	-	67,787	-	-	67,787
Garbage	-	-	-	179,185	-	179,185
Unassigned	599,006	-	-	-	-	599,006
Total Fund Balance	794,915	54,008	67,787	179,185	618,636	1,714,531
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,543,383	\$ 492,118	\$ 71,215	\$ 239,355	\$ 855,080	\$ 4,201,151

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
YEAR ENDED APRIL 30, 2019

Amounts reported for governmental fund balances are different because:

Fund Balances - total governmental funds	\$	1,714,531
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.		16,215,265
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.		(548,582)
Long-term debt (e.g., bonds, net of unamortized costs, notes payable, capital leases) is not reported as a liability on the balance sheet of the governmental funds.		(2,496,318)
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.		(5,238,141)
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.		(2,166,314)
Differences between expected and actual experiences, assumptions changes, net differences between projected and actual earnings for IMRF are recognized as deferred outflows and inflows of resources on the statement of net position.		786,896
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.		(10,762)
The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes.		212,050
Net position of governmental activities	\$	<u>8,468,625</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2019

	<u>General</u>	<u>Municipal</u>	<u>Motor</u>		<u>Total</u>	
	<u>Fund</u>	<u>Retirement/ Social Security</u>	<u>Fuel Tax</u>	<u>Garbage Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property Taxes	\$ 1,468,937	\$ 385,639	\$ -	\$ 5,040	\$ 154,829	\$ 2,014,445
Intergovernmental:						
Sales and Use Tax	1,309,354	-	-	-	384,963	1,694,317
Replacement Tax	59,582	-	-	-	-	59,582
State Income Tax	1,044,707	-	-	-	-	1,044,707
Motor Fuel Tax	-	-	241,687	-	-	241,687
Telecommunications Tax	160,125	-	-	-	-	160,125
Utility Tax	615,352	-	-	-	-	615,352
Grants	15,162	-	353,096	-	-	368,258
Other	55,225	-	-	-	-	55,225
Licenses and Permits	98,244	-	-	-	-	98,244
Charges for Services	604,631	31,680	-	650,727	114,250	1,401,288
Fines and Forfeitures	22,050	-	-	-	-	22,050
Investment Earnings	2,334	-	1,333	-	-	3,667
Miscellaneous	141,723	-	10,365	-	2,762	154,850
Total Revenues	<u>5,597,426</u>	<u>417,319</u>	<u>606,481</u>	<u>655,767</u>	<u>656,804</u>	<u>7,933,797</u>
Expenditures:						
Current:						
General Government	1,275,738	379,476	-	645,071	169,241	2,469,526
Public Safety	2,284,159	-	-	-	2,392	2,286,551
Development Services	-	-	-	-	7,129	7,129
Streets and Highways	740,246	-	169,090	-	-	909,336
Culture and Recreation	727,023	-	-	-	-	727,023
Debt Service:						
Principal	195,345	-	-	-	2,717,376	2,912,721
Interest	8,151	-	-	-	65,818	73,969
Capital Outlay	161,013	-	570,909	-	-	731,922
Total Expenditures	<u>5,391,675</u>	<u>379,476</u>	<u>739,999</u>	<u>645,071</u>	<u>2,961,956</u>	<u>10,118,177</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>205,751</u>	<u>37,843</u>	<u>(133,518)</u>	<u>10,696</u>	<u>(2,305,152)</u>	<u>(2,184,380)</u>
Other Financing Sources (Uses):						
Proceeds from Borrowings	-	-	-	-	2,456,983	2,456,983
Operating Transfers In	332,308	50,000	-	-	211,032	593,340
Operating Transfers (Out)	(261,032)	-	(100,000)	-	(202,341)	(563,373)
Total Other Financing Sources (Uses)	<u>71,276</u>	<u>50,000</u>	<u>(100,000)</u>	<u>-</u>	<u>2,465,674</u>	<u>2,486,950</u>
Net Change in Fund Balance	277,027	87,843	(233,518)	10,696	160,522	302,570
Fund Balance - Beginning (As Originally Reported)	57,750	(33,835)	301,305	168,489	458,114	951,823
Restatement of Fund Balance (Note 15)	460,138	-	-	-	-	460,138
Fund Balance- Beginning (Restated)	<u>517,888</u>	<u>(33,835)</u>	<u>301,305</u>	<u>168,489</u>	<u>458,114</u>	<u>1,411,961</u>
Fund Balance - Ending	<u>\$ 794,915</u>	<u>\$ 54,008</u>	<u>\$ 67,787</u>	<u>\$ 179,185</u>	<u>\$ 618,636</u>	<u>\$ 1,714,531</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2019

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

Net change in fund balances - total governmental funds	\$ 302,570
Governmental funds report capital outlay 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 of capital assets for which funds were expended this year.	744,821
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.	(640,266)
Governmental funds don't report capital asset dispositions. However, in the Statement of Activities, the dispositions reduce the fixed asset cost and related accumulated depreciation of those assets. This is the amount of the cost basis of fixed assets disposed of in the current year.	(16,200)
The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between the beginning and ending compensated absences balance that has been included in the statement of activities.	(88,444)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	455,738
Interest accrued but not paid is not recorded as an expense until paid. This is the change in accrued interest payable between years.	5,248
Net pension obligations (IMRF) are reported in the government-wide statement of activities and changes in net position, but do not require the use of current financial resources; therefore, net pension obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	(1,606,953)
The amount of deferred employer IMRF contributions are not recorded as an expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending deferred employer IMRF contributions that has been included in the statement of activities.	1,361,190
Net pension liabilities (Police Pension) are reported in the government-wide statement of activities and changes in net position, but do not require the use of current financial resources; therefore, net contribution deficiencies are not reported as expenditures in governmental funds. This is the change in the net pension liability between years.	(266,519)
The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes. This is the difference of deferred revenue for the sales and use tax from the beginning and end of the year.	58,117
Change in net position of governmental activities	<u>\$ 309,302</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
APRIL 30, 2019

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Total</u> <u>Enterprise</u> <u>Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 957,433	\$ 141,349	\$ 1,098,782
Certificates of Deposit	152,204	-	152,204
Accounts Receivable (Net of Allowance for Uncollectibles of \$10,584)	324,432	172,323	496,755
Total Current Assets	1,434,069	313,672	1,747,741
Noncurrent Assets:			
Capital Assets:			
Land	248,083	-	248,083
Building and Improvements	260,953	173,969	434,922
Equipment	1,292,795	641,564	1,934,359
Water and Sewer Systems	15,164,998	3,544,411	18,709,409
Vehicles	301,480	200,986	502,466
Total	17,268,309	4,560,930	21,829,239
Less Accumulated Depreciation	(8,959,627)	(1,470,795)	(10,430,422)
Net Capital Assets	8,308,682	3,090,135	11,398,817
Total Noncurrent Assets	8,308,682	3,090,135	11,398,817
Total Assets	9,742,751	3,403,807	13,146,558
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources:			
Deferred Amount Related to Pensions - IMRF	722,522	481,681	1,204,203
Total Deferred Outflows of Resources	722,522	481,681	1,204,203
LIABILITIES			
Current Liabilities:			
Accounts Payable	80,842	194,627	275,469
Accrued Wages	14,774	9,528	24,302
Customer Deposits	210	-	210
Accrued Interest	-	23,900	23,900
Bonds/Notes Payable - Current Portion	262,546	46,852	309,398
Total Current Liabilities	358,372	274,907	633,279
Noncurrent Liabilities:			
Accrued Leave	142,391	85,210	227,601
Bonds/Notes Payable - Non Current Portion	3,942,707	555,817	4,498,524
Net Pension Liability - IMRF	919,290	612,860	1,532,150
Total Noncurrent Liabilities	5,004,388	1,253,887	6,258,275
Total Liabilities	5,362,760	1,528,794	6,891,554
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources:			
Deferred Amounts Related to Pensions - IMRF	388,597	259,064	647,661
Total Deferred Inflows of Resources	388,597	259,064	647,661
NET POSITION			
Net Investment in Capital Assets	4,103,429	2,487,466	6,590,895
Unrestricted	610,487	(389,836)	220,651
Total Net Position	\$ 4,713,916	\$ 2,097,630	\$ 6,811,546

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2019

	Business Type Activities		<u>Total</u> <u>Enterprise</u> <u>Funds</u>
	<u>Enterprise Funds</u>		
	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	
Operating Revenues:			
Charges for Services	\$ 2,850,826	\$ 1,754,630	\$ 4,605,456
Total Revenues	<u>2,850,826</u>	<u>1,754,630</u>	<u>4,605,456</u>
Operating Expenses:			
Personal Services	534,580	503,545	1,038,125
Supplies	662,394	820,614	1,483,008
Contractual Services	613,235	666,459	1,279,694
Depreciation	549,578	170,536	720,114
Total Operating Expenses	<u>2,359,787</u>	<u>2,161,154</u>	<u>4,520,941</u>
Operating (Loss)	<u>491,039</u>	<u>(406,524)</u>	<u>84,515</u>
Non-Operating Revenues (Expenses):			
Transfer (To) Other Funds	(29,966)	-	(29,966)
Investment Earnings	1,320	-	1,320
Other Income	7,574	-	7,574
Loss on Disposition of Assets	(132,123)	(12,310)	(144,433)
Interest Expense and Fiscal Charges	<u>(104,816)</u>	<u>(12,167)</u>	<u>(116,983)</u>
Total Non-Operating Revenues (Expenses)	<u>(258,011)</u>	<u>(24,477)</u>	<u>(282,488)</u>
Change in Net Position	233,028	(431,001)	(197,973)
Net Position - Beginning	<u>4,480,888</u>	<u>2,528,631</u>	<u>7,009,519</u>
Net Position - Ending	<u>\$ 4,713,916</u>	<u>\$ 2,097,630</u>	<u>\$ 6,811,546</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED APRIL 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Enterprise</u>
			<u>Funds</u>
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 2,851,755	\$ 1,755,292	\$ 4,607,047
Cash Paid to Suppliers for Goods and Services	(1,307,921)	(1,508,601)	(2,816,522)
Cash Paid to Employees for Services	(571,489)	(528,150)	(1,099,639)
Net Cash Provided By Operating Activities	<u>972,345</u>	<u>(281,459)</u>	<u>690,886</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(58,439)	(156,313)	(214,752)
Principal Paid on Borrowings	(274,595)	(69,193)	(343,788)
Interest Paid on Borrowings	(104,816)	(8,079)	(112,895)
Net Cash (Used) by Capital and Related Financing Activities	<u>(437,850)</u>	<u>(233,585)</u>	<u>(671,435)</u>
Cash Flows From Investing Activities:			
Purchase of Investments	246	-	246
Miscellaneous Income	7,574	-	7,574
Transfers	(29,966)	-	(29,966)
Investment Earnings	1,320	-	1,320
Net Cash Provided By Investing Activities	<u>(20,826)</u>	<u>-</u>	<u>(20,826)</u>
Net Decrease In Cash and Equivalents	513,669	(515,044)	(1,375)
Cash and Equivalents - Beginning	<u>443,764</u>	<u>656,393</u>	<u>1,100,157</u>
Cash and Equivalents - Ending	<u>\$ 957,433</u>	<u>\$ 141,349</u>	<u>\$ 1,098,782</u>
Reconciliation of Operating Income to Net Cash Provided			
by Operating Activities			
Operating Income	\$ 491,039	\$ (406,524)	\$ 84,515
Adjustments to Reconcile Operating Income to Net			
Cash Provided By Operating Activities:			
Depreciation	549,578	170,536	720,114
Change in Assets and Liabilities:			
(Increase) in Accounts Receivable	(1,346)	(898)	(2,244)
Decrease in Due from Other Funds	20,320	13,546	33,866
Decrease in Prepaid Expenses	37,837	25,225	63,062
(Increase) in Deferred Outflow - Employer IMRF Contributions	(448,291)	(298,860)	(747,151)
(Decrease) in Accounts Payable	(70,129)	(46,753)	(116,882)
Increase in Accrued Wages	1,751	1,168	2,919
(Decrease) in Accrued Leave	(47,937)	(31,958)	(79,895)
(Decrease) in Customer Deposits	(65)	-	(65)
(Decrease) in Interfund Payables	(17,980)	(11,986)	(29,966)
Increase in Net Pension Liability	635,133	423,422	1,058,555
(Increase) in Deferred Inflows - Employer IMRF Contributions	(177,565)	(118,377)	(295,942)
Net Cash Provided By Operating Activities	<u>\$ 972,345</u>	<u>\$ (281,459)</u>	<u>\$ 690,886</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS - POLICE PENSION TRUST
APRIL 30, 2019

ASSETS

Cash and Cash Equivalents	\$ 94,596
Investments and Certificates of Deposit	7,220,706
Receivables:	
Employer Contribution - Property Tax	518,003
Employer Contribution - Gaming Taxes	1,012
Accrued Interest	32,420
Total Assets	7,866,737

LIABILITIES

Liabilities	-
Total Liabilities	-

NET POSITION

Net Position Held in Trust for Pension Benefits	7,866,737
Total Net Position	7,866,737
Total Liabilities and Net Position	\$ 7,866,737

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS - POLICE PENSION TRUST
APRIL 30, 2019

Additions:	
Contributions:	
Employee Contributions:	
Current Year Service	\$ 84,892
Prior Year Service	47,774
Employer Contributions:	
Property Taxes	515,114
Replacement Taxes	2,497
Total Contributions	<u>650,277</u>
Investment Income:	
Interest and Dividends	200,841
Net Realized/Unrealized Gain on Investments	<u>170,956</u>
	371,797
Less: Investment Expense	<u>(20,826)</u>
Net Investment Income	350,971
Total Additions	<u>1,001,248</u>
Deductions:	
Benefits Paid to Participants:	
Service and Disability	568,957
Refund of Contributions	31,032
Contractual Services	<u>14,146</u>
Total Deductions	<u>614,135</u>
Net Increase in Plan Net Position	387,113
Net Position Held in Trust for Pension Benefits, Beginning of Year	6,961,459
Restatement of Fund Balance (Note 15)	<u>518,165</u>
Fund Balance- Beginning (Restated)	<u>7,479,624</u>
Net Position Held in Trust for Pension Benefits, End of Year	<u>\$ 7,866,737</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Bethalto (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. 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 government's accounting policies are described below.

A. Financial Reporting Entity

The Village operates under a Mayor-Board of Trustees form of government and provides the following services as authorized by its charter: public safety, development services, public health and welfare, culture, recreation and water/sewer. The Village's basic financial statements include the accounts of all Village operations. The criteria for including organizations as component units within the Village's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Village holds the corporate powers of the organization
- The Village appoints a voting majority of the organization's board
- The Village is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Village
- There is fiscal dependency by the organization on the Village

Based on the aforementioned criteria, the Village has no component units or related organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 contributions 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Government-Wide and Fund Financial Statements

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. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, intergovernmental taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The major sources of revenue for the special revenue funds are: Municipal Retirement/Social Security is real estate taxes, Motor Fuel Tax Fund is motor fuel taxes, and Garbage Fund is user fees.

The government reports the following major governmental funds:

The General Fund is the government'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 Municipal Retirement/Social Security Fund accounts for the incremental taxes and other revenues as well as expenses related to costs related to the retirement and social security taxes.

The Motor Fuel Tax Fund accounts for the motor fuel taxes and other revenues as well as expenses related to costs related to the streets and roads.

The Garbage Fund accounts for the incremental taxes and other revenues as well as expenses related to costs related to garbage collection.

The government reports the following major proprietary funds:

The Water and Sewer Funds account for all activities related to the billing, administration, and distribution and collection processes of the water and sewer plant. The Village operates the water and sewer systems.

Additionally, the government reports the following fiduciary fund type:

The Pension Trust Fund accounts for the activities of the police pension fund, which accumulate resources for pension benefit payments to qualified public safety employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contribution, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise fund are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Position

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. Short-term cash surpluses are generally maintained in sweep accounts in the individual funds.

The Village is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan association or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United State of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. The Pension Trust Fund is also allowed to invest limited percentages of their monies in mutual funds and equity securities.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal advances to other funds."

The primary purpose of these interfund receivables and payables is to provide temporary loans for cash flow needs; all amounts are expected to be repaid within the next fiscal year.

All intergovernmental and property tax receivables are shown net of an allowance for uncollectible amounts. All accounts receivable related to the enterprise fund are shown at net of an allowance for uncollectible accounts based on management's estimate of collectability.

Unbilled sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The Village levied its property taxes in December 2018, based upon the expected assessed valuation as of the December 31, 2018. Property taxes are due in four installments in the following year, and are considered delinquent after the due dates. Property taxes for 2018 become an enforceable lien in January 2019. The County has not mailed tax bills as of April 30, 2019 and past mailing practices of the County have generally been subsequent to April 30 of each year. The Village receives significant distributions of tax receipts beginning in late June or early July of each year.

At fiscal year-end, the receivables represent 2018 taxes to be collected between June and December 2019. Taxes collected during the current year were from the 2017 tax levy.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories

Inventory has not been recorded in the General Fund, Special Revenue Funds or Enterprise Funds. This cost is recorded as an expenditure and charged to operations at the time the items are purchased.

Capital Assets

Capital assets, which include property, buildings, equipment and vehicles, are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when 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 of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10 - 75
Equipment	3 - 33
Water and Sewer System	5 - 50
Vehicles	4 - 20
Infrastructure	20 - 75

Compensated Absences

Under terms of the various Village ordinances and negotiated contracts, Village employees are granted vacation and sick based on continuous employment service. Employees accrue vacation time from one to five years upon the years of employment. Sick leave is accrued at the rate of 8 to 10 days per year (125 days maximum). Employees may carry unused leave beyond the calendar year in which is it earned. Unused leave is paid at time of retirement, termination or death. A liability for these amounts is recorded.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

The governmental fund financial statements recognize the proceeds from debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The Village first applies expenses to restricted positions when both restricted and unrestricted positions are available.

Fund Balances

Fund balances are divided into five classifications, as presented in the financial statements, based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of any interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislations, such as Village ordinances.

Enabling legislation authorized the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party, such as citizens, public interest groups, or the judiciary system to use resources created by enabling legislation only for the purposes specified by legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action, such as an ordinance or resolution, of the Village’s board. Those committed amounts cannot be used for any other purpose unless the Village’s board removes or changes the specified use by taking the same type of action, such as an ordinance or resolution; it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Village currently has no committed fund balances.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village board or a Village official delegated that authority by Village ordinance. The Village currently has no assigned fund balances.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

E. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

F. Advertising

Advertising costs of the Village are expensed as incurred.

NOTE 2. BUDGETARY AND LEGAL COMPLIANCE

Each year the Village Mayor submits to the Village Board a proposed operating budget in accordance with Illinois Compiled Statutes. The operating budgets include proposed expenditures and the means of financing them. The budgets are legally enacted by ordinance after public hearings are held to obtain taxpayer comments.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to July 31, the Village Mayor submits to the Village Board a proposed operating budget for the all funds for the Fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to August 1, the budget is legally enacted through passage of an ordinance.
- The Village Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Board.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Capital Projects Fund.
- Budgets for all funds are adopted on the cash basis.

The major differences between the budgetary and GAAP basis of accounting are:

- Revenues are recorded when received in cash (budgetary) as opposed to when they are measurable and available (GAAP).
- Expenditures are recorded when paid or when a liability has been incurred which has been budgeted to be paid with expendable financial resources (budgetary), as opposed to when the obligation is incurred (GAAP).

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 3. FAIR VALUE MEASUREMENTS

The Village reports its fair value measurements using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets in markets that are not active
 - Observable inputs other than quoted prices for the asset or liability
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means
- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Village measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary uses of fair value in the Village's financial statements are:

- Initial measurement of noncash assets
- Recurring measurement of investments
- Recurring measurement of pension investments

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

1. General Government and Business-Like Activities

At April 30, 2019, the carrying amount of the Village's deposits was \$2,331,421 and the bank balance was \$2,506,980. The deposits were comprised of checking, interest checking, savings, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Village's name. As of April 30, 2019, all of the deposits of the Village were covered by FDIC insurance or collateralized by the financial institution.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy required that all investments in excess of insurance limits be collateralized.

Interest Rate Risk

The Village's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2019, the Village did not have a credit risk.

Concentration of Credit Risk

As of April 30, 2019, the Village did not have a concentration of credit risk.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Foreign Currency Risk

As of April 30, 2019, the Village did not have foreign currency risk.

Fair Value

As of April 30, 2019, the Village's investments are all classified as Level 1.

2. Police Pension Fund

The Police Pension Fund is authorized to invest in: direct obligations of the United States of America; certain United States of America agency securities; interest bearing savings accounts or certificates of deposit issued by federally chartered banks or savings and loan associations, and investments in credit unions, to the extent insured by agencies or instrumentals of the federal government; interest bearing bonds of the State of Illinois or an political subdivision of the State of Illinois, pooled accounts managed by the Illinois Public Treasurer's Investment Pool or by banks in accordance with the State of Illinois; Municipal and Corporate Bonds, general and separate accounts of life insurance; money market mutual funds managed by registered investment companies limited to specific portfolios and; equity securities and mutual funds.

Police Pension Fund

At April 30, 2019, the carrying amount of the Police Pension Fund's deposits was \$94,596 and the bank balance was \$94,596. The deposits were comprised of interest checking account.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2019, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average</u> <u>Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
Corporate Bonds	9.42	\$ 1,595,149	\$ 1,575,187
US Treasury	8.13	1,810,281	1,775,001
US Government Agency	5.44	374,900	370,081
Federal Government Obligation #117	--	29,701	29,701
The Bank Institutional Money Market	--	248,000	248,000
Mutual Funds	--	2,768,307	3,222,736
Total Investments		<u>\$ 6,826,338</u>	<u>7,220,706</u>
Deposits as Reported Above			94,596
Total Deposits and Investments			<u>\$ 7,315,302</u>

As Reported in the Statement of Plan Net Position - Fiduciary Funds:

Cash and Cash Equivalents	\$ 94,596
Investments	7,220,706
	<u>\$ 7,315,302</u>

Interest Rate Risk

The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

As of April 30, 2019, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>
Corporate Bond	AAA to BBB-
US Government Agency	AAA to AA+

Concentration of Credit Risk

As of April 30, 2019, the Police Pension Fund's had no reportable concentrations of credit risk.

The Police Pension Fund's investment portfolio allocation was as follows:

<u>Investment</u>	<u>Percentage</u>
Corporate Bonds	21.53%
US Treasury	24.26%
US Government Agency	5.06%
Federal Government Obligation #117	0.41%
The Bank Institutional Money Market	3.39%
Mutual Funds	44.05%
Deposits	1.30%
	<u>100.00%</u>

Foreign Currency Risk

As of April 30, 2019, the Police Pension Fund did not have foreign currency risk.

Fair Value

As of April 30, 2019, the Police Pension Fund investments are all classified as Level 1.

NOTE 5. RECEIVABLES

Receivables as of April 30, 2019 for the Village, as reported in the statement of net position, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Receivables:			
Water/Sewer User Fees	\$ -	\$ 433,886	\$ 433,886
Garbage Fees	48,681	-	48,681
Real Estate Taxes	2,053,715	-	2,053,715
Intergovernmental	753,396	-	753,396
Other	181,577	73,453	255,030
Total Receivables	<u>3,037,369</u>	<u>507,339</u>	<u>\$ 3,544,708</u>
Allowance for Uncollectible Accounts	-	(10,584)	(10,584)
Net Total Receivables	<u>\$ 3,037,369</u>	<u>\$ 496,755</u>	<u>\$ 3,534,124</u>

Real estate taxes of \$2,053,715 were not available for collection and payment of current liabilities at April 30, 2019 and are reported as deferred inflows. The governmental financial statements reported an additional \$208,412 of intergovernmental revenue as deferred income at April 30, 2019.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

IMRF Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village's employer plan is managed by the Illinois Municipal Retirement (IMRF), the administrator of the multi-employer public pension fund. A summary of IMRF's pension benefit is provided in the "Benefit Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net pension, and required supplementary information. That report may be obtained on-line at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the regular (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the OCO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of services credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

Number of:	
Retirees and Beneficiaries currently receiving benefits	33
Inactive Plan Members entitled to but not yet receiving benefits	7
Active Plan Members	<u>33</u>
Total	<u><u>73</u></u>

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2018 was 14.82%. For the fiscal year ended April 30, 2019, the Employer contributed \$308,003 to the plan. The Employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Employer's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The Actuarial Cost Method used was Aggregate Entry Age Normal.
- The Asset Valuation Method used was 5-Year smoothed market; 20% corridor.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.5%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
- The IMRF-specific rate for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	1%	2.50%
Total	100%	

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

A. Total Pension Liability

1. Service Cost	\$ 213,579
2. Interest on the Total Pension Liability	1,169,062
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	339,706
5. Changes of assumptions	512,322
6. Benefit payments, including refunds of employee contributions	(934,441)
7. Net change in total pension liability	<u>1,300,228</u>
8. Total pension liability - beginning	<u>15,947,924</u>
9. Total pension liability - ending	<u><u>\$ 17,248,152</u></u>

B. Plan fiduciary net position

1. Contributions - employer	\$ 362,924
2. Contributions - employee	111,184
3. Net investment income	(870,479)
4. Benefit payments, including refunds of employee contributions	(934,441)
5. Other (Net Transfer)	(34,468)
6. Net change in plan fiduciary net position	<u>(1,365,280)</u>
7. Plan fiduciary net position - beginning	<u>14,914,968</u>
8. Plan fiduciary net position - ending	<u><u>\$ 13,549,688</u></u>

C. Net Position Liability/(Asset)

\$ 3,698,464

D. Plan fiduciary net position as a percentage of the total pension liability

78.56%

E. Covered Valuation Payroll

\$ 2,221,166

F. Net pension liability as a percentage of covered valuation payroll

166.51%

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 19,574,169	\$ 17,248,152	\$ 15,338,041
Plan Fiduciary Net Position	13,549,688	13,549,688	13,549,688
Net Pension Liability/(Asset)	<u>\$ 6,024,481</u>	<u>\$ 3,698,464</u>	<u>\$ 1,788,353</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the Employer recognized pension expense of \$308,003. At April 30, 2019, the Employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	\$ 585,285	\$ 332,521	\$ 252,764
Changes of Assumptions	434,241	353,865	80,376
Net difference between projected and actual earnings on pension plan investments	<u>1,796,558</u>	<u>877,006</u>	<u>919,552</u>
Total Deferred Amounts to be recognized in pension expense in future periods	2,816,084	1,563,392	1,252,692
Pension Contributions made subsequent to the Measurement Date	<u>90,746</u>	<u>-</u>	<u>90,746</u>
Total Deferred Amounts Related to Pensions	<u>\$ 2,906,830</u>	<u>\$ 1,563,392</u>	<u>\$ 1,343,438</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 483,249
2020	209,392
2021	135,768
2022	470,166
2023	44,863
Thereafter	-
Total	<u>\$ 1,343,438</u>

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

2. Police Pension

Plan Description and Contributions Information

The Police Pension Plan covers police sworn personnel, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40, Act 5, Article 3) and may be amended only by the Illinois legislature.

The Village accounts for the plan as a pension trust fund. The Village's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2019 was \$933,129.

At April 30, 2019, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	19
Current employees:	
Vested	7
Nonvested	<u>6</u>
Total	<u><u>32</u></u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Police officers hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The monthly pension shall be increased by one-twelfth of 2.5% of such salary for each additional month of service over 20 years up to 30 years to a maximum of 75% of such monthly salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

Police officers hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for year of service. A police officer who is retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by ½ of 1% for each month that the employee's age is under age 55. The annual salary based on the plan year for the police officer shall not exceed \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter.

The monthly pension of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the annual unadjusted percentage increase in the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute a sum sufficient to meet the annual actuarial requirements of the pension fund, as determined by an enrolled actuary. The annual actuarial requirements of the pension fund are equal to the normal cost of the pension fund of the salaries and wages to be paid to police officers for the year involved, whichever is greater, plus an annual amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of municipal fiscal year 2040, as annually updated and determined by an enrolled actuary.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Summary of Significant Accounting Policies and Plan Position Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Investment Policy

ILCS limits the Police Pension Fund's investments to those allowable by ILCS and require the Police Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Police Pension Fund's investment policy authorizes the Police Pension Fund to make deposits/invest direct obligations of the United States of America; certain United States of America agency securities; interest bearing savings accounts or certificates of deposit issued by federally chartered banks or savings and loan associations, and investments in credit unions, to the extent insured by agencies or instrumentals of the federal government; interest bearing bonds of the State of Illinois or an political subdivision of the State of Illinois, pooled accounts managed by the Illinois Public Treasurer's Investment Pool or by banks in accordance with the State of Illinois; Municipal and Corporate Bonds, general and separate accounts of life insurance; money market mutual funds managed by registered investment companies limited to specific portfolios and; equity securities and mutual funds. No changes to the investment policy were made during 2019.

The Police Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	30%	45%
Fixed Income	45%	70%
Cash	0%	10%

ILCS limits the Police Pension Funds' investments in equities to 45%.

The expected rate of return on the Police Pension Fund's investments is desired to earn a real return above the actuarial assumption of 6.75%

Concentration

The Police Pension Fund has no concentration of 5% or more.

Net Pension Liability

The Police Pension's net pension liability was measured as of April 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at April 30, 2019:

Valuation Date	May 1, 2018
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Normal cost, determined as a level percentage of payroll, plus an additional amount to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Amortization Period	22 years
Asset Valuation Method	Investment gains and losses are recognized over a 5-year period.
Actuarial Assumptions:	
Interest Rate	6.25%
Interest Rate, Prior Fiscal Year	6.25%
Healthy Mortality Rates	RP-2014 Healthy Annuitant with Blue Collar Adjustment
Disabled Mortality Rates	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment
Decrements Other Than Mortality	Experience tables
Rate of Service-Related Deaths	10.00%
Rate of Service-Related Disabilities	60.00%
Salary Increases	Service-Related Table with Rates Grading from 11.0% to 3.5% at 33 years of service
Payroll Growth	3.50%
Tier 2 cost-of-living	1.25%
Marital Assumptions	80% of Members are Assumed to be Married: Male Spouses are Assumed to be 3 Years Older than Female Spouses

Changes in the Net Pension Liability

Annual Required Contribution	\$ 442,742
Employee Contributions, Changes in Assumptions, Differences Between Expected and Actual Experience of the Total Pension Liability and Net Investment Income	<u>317,309</u>
Annual Pension Costs	760,051
Contributions Made	<u>493,532</u>
Increase in Net Pension Liability	266,519
Net Pension Liability, Beginning of Year	<u>4,971,622</u>
Net Pension Liability, End of Year	<u><u>5,238,141</u></u>

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Illinois Department of Insurance does not provide the plan's net pension liability, calculated using a Single Discount Rate, nor does it provide what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher.

NOTE 7. TRANSFERS

Transfers are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

NOTE 8. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at April 30, 2019:

<u>Funds Due To</u>	<u>Funds Due From</u>	<u>Balance</u> <u>4/30/2018</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>4/30/2019</u>
TIF Funds	General Fund	\$ 160,841	\$ (160,841)	\$ -
Water Fund	General Fund	33,866	(33,866)	-
Police Pension	General Fund	1,659	(1,659)	-
Water Fund	Garbage Fund	25,367	(25,367)	-
General Fund	Water Fund	3,899	(3,899)	-
		<u>\$ 225,632</u>	<u>\$ (225,632)</u>	<u>\$ -</u>

The primary purpose of these interfund receivables and payables is to provide temporary loans for cash flow needs, all amounts are expected to be repaid within one year.

NOTE 9. RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs: property, liability, and worker's compensation. During the year ended, 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 10. POST EMPLOYMENT BENEFITS

The Village provides certain healthcare insurance benefits for retired and disabled employees who meet the eligibility requirements as described in the personnel policy, the premiums are paid entirely by the retired and/or disabled employee. The Governmental Accounting Standards Board (GASB) pronouncement Number 75, requires systematic accrual-basis measurement and recognition of *other post retirement benefit* (OPEB) costs over a period that approximates employees' years of service and provide information about actuarial accrued liabilities associated with OPEB and whether to what extent progress is made in funding the plan.

The Village has not calculated or recorded the other post-employment benefit (OPEB) liability but believes it to be immaterial to the financial statements. The Village continues to expense the other post employment benefit expenses as they are incurred.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 11. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2019 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 774,986	\$ -	\$ -	\$ 774,986
Construction in Process	1,687,700	570,908	(1,682,252)	576,356
Total Capital Assets Not Being Depreciated	<u>2,462,686</u>	<u>570,908</u>	<u>(1,682,252)</u>	<u>1,351,342</u>
Capital Assets, being Depreciated				
Land Improvements	2,776,991	1,621,391	(14,431)	4,383,951
Buildings and Improvements	2,209,063	6,415	(7,928)	2,207,550
Equipment	2,722,389	87,773	(115,788)	2,694,374
Vehicles	2,029,679	79,725	(173,244)	1,936,160
Infrastructure	10,864,925	60,861	-	10,925,786
Total Capital Assets being Depreciated	<u>20,603,047</u>	<u>1,856,165</u>	<u>(311,391)</u>	<u>22,147,821</u>
Less Accumulated Depreciation for:				
Land Improvements	1,026,832	128,335	(14,431)	1,140,736
Buildings and Improvements	1,037,069	50,105	(7,928)	1,079,246
Equipment	2,016,603	148,156	(114,826)	2,049,933
Vehicles	1,476,497	76,672	(158,006)	1,395,163
Infrastructure	1,381,822	236,998	-	1,618,820
Total Accumulated Depreciation	<u>6,938,823</u>	<u>640,266</u>	<u>(295,191)</u>	<u>7,283,898</u>
Total Capital Assets being Depreciated, Net	<u>13,664,224</u>	<u>1,215,899</u>	<u>(16,200)</u>	<u>14,863,923</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,126,910</u>	<u>\$ 1,786,807</u>	<u>\$ (1,698,452)</u>	<u>\$ 16,215,265</u>
Business-Type Activities				
Capital Assets, not being Depreciated:				
Land	\$ 248,083	\$ -	\$ -	\$ 248,083
Construction in Process	101,284	-	(101,284)	-
Total Capital Assets Not Being Depreciated	<u>349,367</u>	<u>-</u>	<u>(101,284)</u>	<u>248,083</u>
Capital Assets:				
Buildings and Improvements	\$ 440,328	\$ -	\$ (5,406)	\$ 434,922
Equipment	3,552,495	16,166	(1,634,302)	1,934,359
Water and Sewer System	19,441,853	242,328	(974,771)	18,709,410
Vehicles	444,926	57,540	-	502,466
Total Capital Assets	<u>23,879,602</u>	<u>316,034</u>	<u>(2,614,479)</u>	<u>21,581,157</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	279,678	13,108	(5,079)	287,707
Equipment	2,068,858	155,075	(1,530,063)	693,870
Water and Sewer System	9,483,572	537,456	(934,904)	9,086,124
Vehicles	348,247	14,475	-	362,722
Total Accumulated Depreciation	<u>12,180,355</u>	<u>720,114</u>	<u>(2,470,046)</u>	<u>10,430,423</u>
Total Capital Assets being Depreciated, Net	<u>11,699,247</u>	<u>(404,080)</u>	<u>(144,433)</u>	<u>11,150,734</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,048,614</u>	<u>\$ (404,080)</u>	<u>\$ (245,717)</u>	<u>\$ 11,398,817</u>

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 11. CAPITAL ASSETS (Continued)

Depreciation expense was charge to the various functions/programs of the Village as follows:

Governmental Activities:	
General Government	\$ 16,292
Public Safety	162,848
Streets and Highways	252,332
Culture and Recreation	208,794
Total Depreciation Expense - Governmental Activities	<u>\$ 640,266</u>
Business-Type Activities:	
Water Fund	\$ 549,578
Sewer Fund	170,536
Total Depreciation Expense - Business-Type Activities	<u>\$ 720,114</u>

NOTE 12. ECONOMIC DEVELOPMENT

Tax Increment Financing – The Village established a Tax Increment Financing District (TIF) as authorized by the State of Illinois in 2000. The goal was to increase the Village’s total assessed valuation by inducing private development within the TIF boundaries. The expected land use includes residential and recreational propertied within the TIF boundaries as agreed through contract with the Village. The current TIF increment (increase in assessed valuation since inception) is \$1,722,690 generating approximately \$143,475 of real estate taxes. The real estate tax, including additional funding from the Village are used to reduce the outstanding indebtedness of the Village. The TIF expires in 2023.

Enterprise Zone – The Village established an enterprise zone in 1998 as authorized by the State of Illinois. The purpose was to improve areas within the Village. Commercial properties within the zone are eligible for a real estate tax abatement upon completion to agreed upon improvements. The Village had currently accepted property improvements with an assessed valuation of \$1,613,500.

NOTE 13. LONG-TERM DEBT

GOVERNMENTAL ACTIVITY DEBT

Notes Payable

The Village entered into an agreement on October 4, 2010, for the purchase of a fire truck. The agreement calls for 120 monthly payments of \$2,693.67. Interest is payable each year at the rate of 3.3%. The final payment is due October 2020. The balance of the lease at April 30, 2019 is \$46,736.

The Village financed on February 18, 2009, the purchase of 5 dump trucks for \$440,380 through First National Bank of Staunton. The agreement calls for monthly principal and interest payments of \$4,520 for 120 months with interest at a rate of 4.29%. The loan was paid in full as of April 30, 2019.

The Village financed on March 5, 2009, the purchase of street sweeper for \$161,650 through First National Bank of Staunton. The agreement calls for monthly principal and interest payments of \$1,660 for 120 months with interest at a rate of 4.29%. The loan was paid in full as of April 30, 2019.

The Village financed on May 9, 2012, the purchase of clean energy electrical equipment for \$80,000 through Madison County Community Development. The agreement calls for monthly principal payments of \$982 with an interest rate of 0%. The final payment if due September 2019. The balance of the loan at April 30, 2019 is \$5,339.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. LONG-TERM DEBT (Continued)

The Village financed on February 9, 2017, the purchase of 9 police vehicles and fire department equipment for \$453,149 through First National Bank of Staunton. The agreement calls for monthly principal and interest payments of \$7,848 for 60 months with interest at a rate of 1.5%. The final payment is due February 2022. The balance of the loan at April 30, 2019 is \$260,887.

Bonds

The Village issued General Obligation Project and Refunding Debt Certificates on March 4, 2013, to finance and refinance municipal facilities for an amount up to \$5,000,000 through First National Bank of Staunton. The agreement calls for quarterly payments for 10 years with an interest rate of 2.6%. The final payment is due March 2022. The Debt Certificates were refinanced in August 2018. The new agreement calls for quarterly payments for six years with an interest rate of 2.96%. The balance of the bonds at April 30, 2019 is \$2,183,356.

BUSINESS TYPE ACTIVITY DEBT

Note Payable

The Village entered into an agreement to purchase agreement on October 3, 2013, for the purchase of a copier. The agreement calls for 60 monthly payments of \$202. Interest is payable each year at a rate of 4.84%. The lease was paid in full at April 30, 2019.

The Village entered into a purchase agreement on October 3, 2013, for the purchase of a copier. The agreement calls for 60 monthly payments of \$141. Interest is payable each year at a rate of 4.84%. The lease was paid in full at April 30, 2019.

The Village entered into a purchase agreement on October 26, 2015, for the purchase of a loader backhoe. The agreement calls for 20 quarterly payments of \$3,662.20. Interest is payable each year at the rate of 3.65%. The final payment is due November 2020. The balance of the lease at April 30, 2019 is \$17,945.

The Village financed on December 7, 2010, the purchase of a sewer detention basin, a lift station, and sewer lines for a total of \$1,120,643 through the Illinois Environmental Protection Agency. On February 16, 2012, the loan was amended for a total of \$1,202,450, with principal forgiveness of \$280,161, making the total amount due \$847,305. The agreement calls for semi-annual payments for 20 years with an interest rate of 1.25%. The final payment is due May 2031. The balance of the loan at April 30, 2019 is \$602,669.

The Village financed on September 27, 2012, water infrastructure up to the amount of \$6,000,000 through the Illinois Environmental Protection Agency. On August 26, 2014, the loan was amended for a total of \$6,124,515, with principal forgiveness of \$1,000,000, making the total amount due \$5,124,515. The agreement calls for semi-annual payments for 20 years with an interest rate of 2.295%. The final payment is due August 2034. The balance of the loan at April 30, 2019 is \$4,165,594.

The Village entered into an installment agreement on November 15, 2011, for the purchase of land for \$212,473 with the landowners. The agreement calls for monthly principal and interest payments of \$2,500 for 60 months with interest at a rate of 3.5%. The final payment was due November 2016, with a balloon payment. An addendum to this agreement was done on February 1, 2016, to remove the balloon payment and continue monthly payments of \$2,500 until paid in full. The balance of the loan at April 30, 2019 is \$21,714.

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term liabilities for the year ended April 30, 2019:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Government Activities:					
Bond Payable:					
General Obligation Project and Refunding Debt	\$ 2,443,748	\$ -	\$ 2,443,748	\$ -	\$ -
General Obligation Project and Refunding Debt	-	2,456,983	273,627	2,183,356	356,275
Total Bond Payable	<u>2,443,748</u>	<u>2,456,983</u>	<u>2,717,375</u>	<u>2,183,356</u>	<u>356,275</u>
Notes Payable:					
First National Bank Staunton	77,008	-	30,272	46,736	31,251
First National Bank Staunton	45,278	-	45,278	-	-
First National Bank Staunton Madison County	18,520	-	18,520	-	-
Community Development	17,128	-	11,789	5,339	5,339
First National Bank Staunton	350,374	-	89,487	260,887	90,883
Total Long-Term Liabilities	<u>2,952,056</u>	<u>2,456,983</u>	<u>2,912,721</u>	<u>2,496,318</u>	<u>483,748</u>
Other Liabilities:					
Net Pension Liability-IMRF	1,606,953	559,361	-	2,166,314	-
Net Pension Liability-Police Pension	4,971,622	266,519	-	5,238,141	-
Compensated Absences	460,138	88,444	-	548,582	548,582
Total Other Liabilities	<u>7,038,713</u>	<u>914,324</u>	<u>-</u>	<u>7,953,037</u>	<u>548,582</u>
Governmental Activities Long-Term Liabilities	<u>\$ 9,990,769</u>	<u>\$ 3,371,307</u>	<u>\$ 2,912,721</u>	<u>\$ 10,449,355</u>	<u>\$ 1,032,330</u>

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Notes Payable:					
US Bank	\$ 1,195	\$ -	\$ 1,195	\$ -	\$ -
US Bank	834	-	834	-	-
Bank of the West	40,284	-	22,340	17,944	14,185
IL EPA	671,862	-	69,193	602,669	46,852
IL EPA	4,387,127	-	221,533	4,165,594	226,647
Westerholdt	50,407	-	28,693	21,714	21,714
Total Long-Term Liabilities	<u>5,151,709</u>	<u>-</u>	<u>343,788</u>	<u>4,807,921</u>	<u>309,398</u>
Other Liabilities:					
Net Pension Liabilities-IMRF	473,595	1,058,555	-	1,532,150	-
Compensated Absences	307,496	-	79,895	227,601	227,601
Total Other Liabilities	<u>781,091</u>	<u>1,058,555</u>	<u>79,895</u>	<u>1,759,751</u>	<u>227,601</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 5,932,800</u>	<u>\$ 1,058,555</u>	<u>\$ 423,683</u>	<u>\$ 6,567,672</u>	<u>\$ 536,999</u>

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 13. LONG-TERM DEBT (Continued)

The annual requirements to retire the notes payable as of April 30, 2019 are as follows:

<u>Fiscal</u> <u>Year Ended</u> <u>April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 483,748	\$ 64,975	\$ 309,398	\$ 102,469
2021	474,679	52,043	283,079	95,911
2022	455,671	39,532	285,266	89,929
2023	389,233	27,685	291,343	83,852
2024	400,883	16,035	297,555	77,639
2025-2029	292,104	4,171	1,585,857	290,114
2030-2034	-	-	1,597,776	115,475
2035-2039	-	-	157,647	1,809
	<u>\$ 2,496,318</u>	<u>\$ 204,441</u>	<u>\$ 4,807,921</u>	<u>\$ 857,198</u>

NOTE 14. STATEMENT OF LEGAL DEBT MARGIN

Assessed Valuation as of December 31, 2018	<u>\$ 152,758,257</u>
Debt Limit, 8.625% of Assessed Valuation	\$ 13,175,400
Less, Contractual Indebtedness	<u>312,962</u>
Legal Debt Margin	<u>\$ 12,862,438</u>

NOTE 15. RESTATEMENT OF NET POSITION

During the year ending April 30, 2019, the Village adjusted for the recording of accrued absences. The Village recorded a restatement of beginning net position of the governmental activities in the current year for the removal of the accrued absences. Accrued absences are not recorded as an expense in the fund financial statements, it is treated as an adjustment for the statement of activities. The beginning net position of governmental activities was restated as follows:

	<u>General</u> <u>Fund</u>
Beginning Net Position, as Originally Reported	\$ 57,750
Adjustment for Accrued Compensated Absences	<u>460,138</u>
Beginning Net Position, as Restated	<u>\$ 517,888</u>

During the year ending April 30, 2019, the Village adjusted for the recording of deferred inflows of property taxes. The Village recorded a restatement of beginning net position of the governmental activities in the current year for the addition of deferred real estate taxes. The beginning net position of governmental activities was restated as follows:

	<u>Governmental</u> <u>Activities</u>
Beginning Net Position, as Originally Reported	\$ 9,578,239
Adjustment for Deferred Inflow of Real Estate Tax	<u>(1,418,916)</u>
Beginning Net Position, as Restated	<u>\$ 8,159,323</u>

VILLAGE OF BETHALTO, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2019

NOTE 15. RESTATEMENT OF NET POSITION (Continued)

During the year ending April 30, 2019, the Village adjusted for the recording of deferred property taxes. The Village recorded a restatement of beginning net position of the pension trust fund in the current year for the removal of deferred real estate taxes. The beginning net position of governmental activities was restated as follows:

	<u>Police Pension</u> <u>Trust</u>
Beginning Net Position Held in Trust, as Originally Reported	\$ 6,961,459
Adjustment for Deferred Real Estate Tax	<u>518,165</u>
Beginning Net Position Held in Trust, as Restated	<u><u>\$ 7,479,624</u></u>

NOTE 16. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through October 22, 2019, the date on which the financial statements were available to be issued.

VILLAGE OF BETHALTO, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under)</u> <u>Budget</u>
Receipts:				
Property Tax	\$ 949,950	\$ 949,950	\$ 1,467,079	\$ 517,129
Utilities Tax	833,000	833,000	621,972	(211,028)
Charges for Services	636,770	636,770	644,031	7,261
Licenses and Permits	92,625	92,625	98,244	5,619
Intergovernmental	2,641,800	2,641,800	2,928,596	286,796
Fines and Forfeits	38,100	38,100	21,802	(16,298)
Investment Earnings	2,000	2,000	2,334	334
Miscellaneous	366,000	366,000	141,723	(224,277)
Total Receipts	<u>5,560,245</u>	<u>5,560,245</u>	<u>5,925,781</u>	<u>365,536</u>
Disbursements				
General Government	1,389,150	1,389,150	1,265,802	123,348
Public Safety	1,955,100	1,955,100	2,555,042	(599,942)
Streets and Highways	862,200	862,200	819,233	42,967
Culture and Recreation	491,300	491,300	887,113	(395,813)
Total Disbursements	<u>4,697,750</u>	<u>4,697,750</u>	<u>5,527,190</u>	<u>(829,440)</u>
Excess (Deficit) of Receipts over Disbursements	<u>862,495</u>	<u>862,495</u>	<u>398,591</u>	<u>(463,904)</u>
Other Financing Sources (Uses):				
Contingencies	250,000	250,000	-	(250,000)
Operating Transfers In (Out)	220,000	220,000	71,276	(148,724)
Total Other Financing Sources (Uses)	<u>470,000</u>	<u>470,000</u>	<u>71,276</u>	<u>(148,724)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ 1,332,495</u>	<u>\$ 1,332,495</u>	469,867	<u>\$ (612,628)</u>
Change in Intergovernmental Revenue			(265,304)	
Change in Accrued Wages			(17,024)	
Change in Accounts Payable			89,488	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 277,027</u>	

VILLAGE OF BETHALTO, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under)</u> <u>Budget</u>
Receipts:				
Property Tax	\$ 388,000	\$ 388,000	\$ 386,997	\$ (1,003)
Replacement Tax	7,000	7,000	-	(7,000)
Charges for Service	-	-	31,680	31,680
Total Receipts	<u>395,000</u>	<u>395,000</u>	<u>418,677</u>	<u>23,677</u>
Disbursements				
General Government	<u>476,400</u>	<u>476,400</u>	<u>418,784</u>	<u>57,616</u>
Total Disbursements	<u>476,400</u>	<u>476,400</u>	<u>418,784</u>	<u>57,616</u>
Excess (Deficit) of Receipts Over Disbursements	<u>(81,400)</u>	<u>(81,400)</u>	<u>(107)</u>	<u>81,293</u>
Other Financing Sources (Uses):				
Operating Transfers From (To) other Funds	<u>151,680</u>	<u>151,680</u>	<u>50,000</u>	<u>(101,680)</u>
Total Other Financing Sources (Uses)	<u>151,680</u>	<u>151,680</u>	<u>50,000</u>	<u>(101,680)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ 70,280</u>	<u>\$ 70,280</u>	49,893	<u>\$ (20,387)</u>
Change in Intergovernmental Revenue			(1,358)	
Change in Accounts Payable			<u>39,308</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 87,843</u>	

VILLAGE OF BETHALTO, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
 MOTOR FUEL TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under) Budget</u>
Receipts:				
Motor Fuel Tax	\$ 245,000	\$ 245,000	\$ 242,409	\$ (2,591)
Interest Income	3,000	3,000	1,333	(1,667)
Miscellaneous Income	-	-	10,365	10,365
Total Receipts	<u>248,000</u>	<u>248,000</u>	<u>254,107</u>	<u>6,107</u>
Disbursements				
Streets and Highways	<u>215,000</u>	<u>215,000</u>	<u>414,244</u>	<u>(199,244)</u>
Total Disbursements	<u>215,000</u>	<u>215,000</u>	<u>414,244</u>	<u>(199,244)</u>
Excess (Deficit) of Receipts Over Disbursements	<u>33,000</u>	<u>33,000</u>	<u>(160,137)</u>	<u>(193,137)</u>
Other Financing Sources (Uses):				
Operating Transfers From (To) other Funds	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>(260,137)</u>	<u>\$ (293,137)</u>
Change in Intergovernmental Revenue			(722)	
Change in Accounts Payable			<u>27,341</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (233,518)</u>	

VILLAGE OF BETHALTO, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
GARBAGE FUND
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under)</u> <u>Budget</u>
Receipts:				
Property Tax	\$ 5,000	\$ 5,000	\$ 5,040	\$ 40
Charges for Services	<u>623,331</u>	<u>623,331</u>	<u>627,413</u>	<u>4,082</u>
Total Receipts	<u>628,331</u>	<u>628,331</u>	<u>632,453</u>	<u>4,122</u>
Disbursements				
General Government	<u>655,549</u>	<u>655,549</u>	<u>642,716</u>	<u>12,833</u>
Total Disbursements	<u>655,549</u>	<u>655,549</u>	<u>642,716</u>	<u>12,833</u>
Excess (Deficit) of Receipts Over Disbursements	<u>(27,218)</u>	<u>(27,218)</u>	<u>(10,263)</u>	<u>16,955</u>
Other Financing Sources (Uses):				
Operating Transfers From (To) other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ (27,218)</u>	<u>\$ (27,218)</u>	(10,263)	<u>\$ 16,955</u>
Change in Intergovernmental Revenue			23,314	
Change in Accounts Payable			<u>(2,355)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 10,696</u>	

VILLAGE OF BETHALTO, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2019

BASIS OF ACCOUNTING

The budget is prepared on the cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

LINE ITEM EXPENDITURES IN EXCESS OF BUDGET

During the year ended April 30, 2019, the Village's expenditures exceeded budgetary guidelines in several departmental and line item categories as indicated on the required supplementary schedules at pages 37 to 40.

VILLAGE OF BETHALTO, ILLIOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES ON PENSION PLAN
APRIL 30, 2019

Police Pension Fund

Schedule of Funding Progress

Historical trend information about the Pension Trust Fund is presented herewith as supplementary information. This information is intended to help users assess the Pension Trust Fund funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons with other plans.

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability (AAL)</u> <u>--Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UALL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((b-a)/c)</u>
4/30/2018	\$ 7,298,900	\$ 12,537,041	\$ 5,238,141	58.2%	\$ 933,129	561.4%
4/30/2017	7,052,900	12,024,522	4,971,622	58.7%	894,746	555.6%
4/30/2016	6,902,952	11,596,352	4,693,400	59.5%	912,613	514.3%
4/30/2015	6,745,828	10,769,403	4,023,575	62.6%	915,612	439.4%
4/30/2014	6,435,556	10,479,943	4,044,387	61.4%	949,523	425.9%
4/30/2013	6,115,766	9,264,095	3,148,329	66.0%	771,127	408.3%
4/30/2012	5,782,990	8,623,226	2,840,236	67.1%	815,606	348.2%
4/30/2010	4,952,200	7,594,628	2,642,428	65.2%	843,595	313.2%

Analysis of the dollar amounts of plan net position, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net position as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

Schedule of Employer Contributions - Police Pension Fund
Most Recent Fiscal Year

<u>Fiscal Year</u> <u>Ending April 30,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual</u> <u>Contribution as</u> <u>a Percentage of</u> <u>Covered</u> <u>Valuation</u> <u>Payroll</u>
2014	\$ 366,626	\$ 425,902	\$ (59,276)	\$ 949,523	31%
2015	355,601	464,867	(109,266)	915,612	30%
2016	389,099	457,825	(68,726)	912,613	30%
2017	412,640	493,396	(80,756)	894,746	29%
2018	442,741	493,532	(50,791)	933,129	29%

VILLAGE OF BETHALTO, ILLIOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES ON PENSION PLAN
APRIL 30, 2019

Notes to Schedule:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate – Police Pension**

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of May 1 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2018 Contribution Rates – Police Pension:

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Normal cost, determined as a level percentage of payroll, plus an additional amount to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Remaining Amortization Period:	22 years
Asset Valuation Method:	Investment gains and losses are recognized over a 5-year period.
Payroll Growth:	3.50%
Interest Rate:	6.25%
Salary Increases:	Service-Related Table with Rates Grading from 11.0% to 3.5% at 33 years of service
Tier 2 costs-of-living:	1.25%
Healthy Mortality Rates:	RP-2014 Healthy Annuitant with Blue Collar Adjustment
Disabled Mortality Rates:	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment
Decremets Other Than Mortality:	Experience tables
Rate of Service-Related Deaths:	10.00%
Rate of Service-Related Disabilities:	60.00%
Marital Assumptions:	80% of Members are Assumed to be Married: Male Spouses are Assumed to be 3 Years Older than Female Spouses

*Based on Valuation Assumptions used in the May 1, 2018 actuarial valuation.

VILLAGE OF BETHALTO, ILLIOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES ON PENSION PLAN
APRIL 30, 2019

IMRF

Schedule of Changes in Net Pension Liability and Related Ratios - IMRF
Most Recent Calendar Year

Calendar Year Ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service Cost	\$ 213,579	\$ 233,546	\$ 249,337	\$ 243,985
Interest on the Total Pension Liability	1,169,062	1,206,446	1,126,484	1,072,572
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	339,706	(524,937)	551,970	145,799
Assumption Changes	512,322	(496,031)	(83,235)	58,916
Benefit Payments and Refunds	<u>(934,441)</u>	<u>(880,552)</u>	<u>(821,518)</u>	<u>(665,830)</u>
Net Change in Total Pension Liability	1,300,228	(461,528)	1,023,038	855,442
Total Pension Liability - Beginning	<u>15,947,924</u>	<u>16,409,452</u>	<u>15,386,414</u>	<u>14,530,972</u>
Total Pension Liability - Ending (A)	<u><u>\$17,248,152</u></u>	<u><u>\$15,947,924</u></u>	<u><u>\$16,409,452</u></u>	<u><u>\$15,386,414</u></u>
Plan Fiduciary Net Position				
Employer Contributions	\$ 362,924	\$ 288,310	\$ 298,869	\$ 312,859
Employee Contributions	111,184	112,074	111,432	113,461
Pension Plan Net Investment Income	(870,479)	2,434,234	852,239	63,974
Benefit Payments and Refunds	(934,441)	(880,552)	(821,518)	(665,830)
Other	<u>(34,468)</u>	<u>(493,235)</u>	<u>195,255</u>	<u>78,905</u>
Net Change in Plan Fiduciary Net Position	(1,365,280)	1,460,831	636,277	(96,631)
Plan Fiduciary Net Position - Beginning	<u>14,914,968</u>	<u>13,454,137</u>	<u>12,817,860</u>	<u>12,914,491</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$13,549,688</u></u>	<u><u>\$14,914,968</u></u>	<u><u>\$13,454,137</u></u>	<u><u>\$12,817,860</u></u>
Net Pension Liability - Ending (A) - (B)	<u><u>\$ 3,698,464</u></u>	<u><u>\$ 1,032,956</u></u>	<u><u>\$ 2,955,315</u></u>	<u><u>\$ 2,568,554</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u><u>78.56%</u></u>	<u><u>93.52%</u></u>	<u><u>81.99%</u></u>	<u><u>83.31%</u></u>
Covered Valuation Payroll	<u><u>\$ 2,221,166</u></u>	<u><u>\$ 2,202,521</u></u>	<u><u>\$ 2,247,133</u></u>	<u><u>\$ 2,290,336</u></u>
Net Pension Liability as a Percentage of Covered Valuation Payroll	<u><u>166.51%</u></u>	<u><u>46.90%</u></u>	<u><u>131.51%</u></u>	<u><u>112.15%</u></u>

Notes to Schedule:

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF BETHALTO, ILLIOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES ON PENSION PLAN
APRIL 30, 2019

Schedule of Employer Contributions - IMRF
Most Recent Calendar Year

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	\$ 312,860	\$ 312,859	\$ 1	\$ 2,290,336	13.66%
2016	298,869	298,869	-	2,247,133	13.30%
2017	288,310	288,310	-	2,202,521	13.09%
2018	329,177	362,924	(33,747)	2,221,166	16.34%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate - IMRF*

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 4 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2018 Contribution Rates - IMRF:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 25-year closed period
	Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
	SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 20 years for most employers (two employers were financed over 29 years).
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75% - approximate: No explicit price inflation assumption issued in this valuation.
Salary Increases:	3.75% to 14.50% including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updates for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.

VILLAGE OF BETHALTO, ILLIOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES ON PENSION PLAN
APRIL 30, 2019

Methods and Assumptions Used to Determine 2018 Contribution Rates - IMRF(continued)

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projections scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes

There were no benefits changes during the year.

*Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.

VILLAGE OF BETHALTO, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
APRIL 30, 2019

	Special Revenue Funds					Total
	<u>Civil</u> <u>Defense</u>	<u>Audit</u>	<u>Liability</u> <u>Insurance</u>	<u>TIF</u>	<u>Business</u> <u>District</u>	<u>Non-Major</u> <u>Governmental</u> <u>Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and Cash Equivalents	\$ 2,824	\$ 20,925	\$ 165,754	\$ 3,628	\$ 255,379	\$ 448,510
Certificates of Deposit	-	-	-	-	-	-
Receivables:						
Property Taxes	2,444	15,123	25,052	143,475	-	186,094
Intergovernmental	-	-	-	-	137,129	137,129
Prepaid Expenses	-	-	83,347	-	-	83,347
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,268</u>	<u>\$ 36,048</u>	<u>\$ 274,153</u>	<u>\$ 147,103</u>	<u>\$ 392,508</u>	<u>\$ 855,080</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	299	-	-	1,006	-	1,305
Total Liabilities	<u>299</u>	<u>-</u>	<u>-</u>	<u>1,006</u>	<u>-</u>	<u>1,305</u>
Deferred Inflows of Resources:						
Property Tax Revenue	2,444	15,123	25,052	143,475	-	186,094
Deferred Income	-	-	-	-	49,045	49,045
Total Deferred Inflows of Resources	<u>2,444</u>	<u>15,123</u>	<u>25,052</u>	<u>143,475</u>	<u>49,045</u>	<u>235,139</u>
Fund Balances:						
Nonspendable:						
Prepaid Expenses	-	-	83,347	-	-	83,347
Restricted for:						
Redevelopment	-	-	-	2,622	343,463	346,085
Audit	-	20,925	-	-	-	20,925
Insurance	-	-	165,754	-	-	165,754
Civil Defense	2,525	-	-	-	-	2,525
Total Fund Balances	<u>2,525</u>	<u>20,925</u>	<u>249,101</u>	<u>2,622</u>	<u>343,463</u>	<u>618,636</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,268</u>	<u>\$ 36,048</u>	<u>\$ 274,153</u>	<u>\$ 147,103</u>	<u>\$ 392,508</u>	<u>\$ 855,080</u>

VILLAGE OF BETHALTO, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2019

	<u>Special Revenue Funds</u>					<u>Total</u>
	<u>Civil</u>		<u>Liability</u>		<u>Business</u>	<u>Nonmajor</u>
	<u>Defense</u>	<u>Audit</u>	<u>Insurance</u>	<u>TIF</u>	<u>District</u>	<u>Governmental</u>
						<u>Funds</u>
Revenues:						
Intergovernmental:						
Property Tax	\$ 2,447	\$ 20,016	\$ 4,319	\$ 128,047	\$ -	\$ 154,829
Sales Tax	-	-	-	-	384,963	384,963
Charges for Services	-	12,250	102,000	-	-	114,250
Miscellaneous	-	-	2,762	-	-	2,762
Total Revenues	<u>2,447</u>	<u>32,266</u>	<u>109,081</u>	<u>128,047</u>	<u>384,963</u>	<u>656,804</u>
Expenditures:						
General Government	-	27,954	141,287	-	-	169,241
Public Safety	2,392	-	-	-	-	2,392
Development Services	-	-	-	7,129	-	7,129
Debt Service	-	-	-	2,783,194	-	2,783,194
Total Expenditures	<u>2,392</u>	<u>27,954</u>	<u>141,287</u>	<u>2,790,323</u>	<u>-</u>	<u>2,961,956</u>
Revenues Over (Under) Expenditures	<u>55</u>	<u>4,312</u>	<u>(32,206)</u>	<u>(2,662,276)</u>	<u>384,963</u>	<u>(2,305,152)</u>
Other Financing Sources:						
Operating Transfers From Other Funds	-	-	-	211,032	-	211,032
Operating Transfers (To) Other Funds	-	-	-	(160,841)	(41,500)	(202,341)
Proceeds from Borrowing	-	-	-	2,456,983	-	2,456,983
Total other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,507,174</u>	<u>(41,500)</u>	<u>2,456,983</u>
Net Change in Fund Balance	55	4,312	(32,206)	(155,102)	343,463	160,522
Fund Balance - Beginning	<u>2,470</u>	<u>16,613</u>	<u>281,307</u>	<u>157,724</u>	<u>-</u>	<u>458,114</u>
Fund Balance - Ending	<u>\$ 2,525</u>	<u>\$ 20,925</u>	<u>\$ 249,101</u>	<u>\$ 2,622</u>	<u>\$ 343,463</u>	<u>\$ 618,636</u>

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

To the Mayor and Board of Trustees
Village of Bethalto, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Village of Bethalto, Illinois as of and for the year ended April 30, 2019, 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

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

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

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

Other Matters

The management of the Village of Bethalto, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the Village of Bethalto, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the Village of Bethalto, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

C. J. Schuman & Company LLC

Certified Public Accountants

October 22, 2019