

Village of Valier, Illinois
 Annual Financial Report
 For the Fiscal Year Ended April 30, 2021

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Annual Financial Report
For the Fiscal Year Ended April 30, 2021**

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Marion
2602 W DeYoung St
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It's about time.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Village Trustees
Village of Valier
Valier, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Valier, Illinois (the Village), as of and for the year ended April 30, 2021, 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 controls 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 an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof of the Village for the year then ended April 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 28-29 and 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. The Village has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

ATLAS CPAs & Advisors PLLC

Marion, Illinois
October 18, 2021



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It's about time.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and Village Trustees
Village of Valier
Valier, IL

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Valier, Illinois (the Village) as of, and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 18, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATLAS CPAs & Advisors PLLC

Marion, Illinois
October 18, 2021



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Village of Valier, Illinois
Statement of Net Position
April 30, 2021

Assets	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 410,402	\$ 116,534	\$ 526,936
Investments	167,800	124,363	292,163
Receivables, net			
Accounts receivable	-	24,387	24,387
Property taxes receivable	44,142	-	44,142
Grant receivable	7,348	-	7,348
Intergovernmental receivable	27,566	-	27,566
Due from other funds	1,108	-	1,108
Prepaid expenses	7,475	7,475	14,950
Capital assets, non-depreciable	8,500	12,005	20,505
Capital assets, net of accumulated depreciation	524,356	1,282,815	1,807,171
Total Assets	1,198,697	1,567,579	2,766,276
Liabilities			
Accounts payable	33,198	8,561	41,759
Accrued payroll	1,299	3,844	5,143
Accrued interest payable	-	2,540	2,540
Due to other funds	-	1,108	1,108
Noncurrent liabilities:			
Due within one year	5,234	6,000	11,234
Due in more than one year	96,174	254,000	350,174
Total Liabilities	135,905	276,053	411,958
Deferred Inflows of Resources			
Unavailable revenue - property taxes	44,142	-	44,142
Net Position			
Invested in capital assets, net of related debt	431,448	-	431,448
Restricted for motor fuel tax	56,704	-	56,704
Unrestricted	530,498	1,291,526	1,822,024
Total Net Position	\$ 1,018,650	\$ 1,291,526	\$ 2,310,176

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Statement of Activities
For the Year Ended April 30, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	Total	
Governmental Activities:							
General government	\$ 52,840	\$ 5,110	\$ 12,049	\$ (35,681)	\$ -	\$ (35,681)	
Public safety	72,488	13,449	-	(59,039)	-	(59,039)	
Public health	7,410	13,208	-	5,798	-	5,798	
Streets and alleys	80,849	-	23,953	(27,503)	-	(27,503)	
Cultural and recreation	7,578	1,400	-	(6,178)	-	(6,178)	
Development	108,970	-	108,970	-	-	-	
Debt service	3,646	-	-	(3,646)	-	(3,646)	
Total Governmental Activities	333,781	33,167	144,972	(126,249)	-	(126,249)	
Business-Type Activities:							
Water department	320,519	276,614	-	-	(43,905)	(43,905)	
Total Primary Government	\$ 654,300	\$ 309,781	\$ 144,972	(126,249)	(43,905)	(170,154)	
General Revenues							
Taxes							
Property taxes, levied for general purposes				43,828	-	43,828	
Sales taxes				31,938	-	31,938	
Franchise fees and other taxes				31,256	-	31,256	
Intergovernmental				71,972	-	71,972	
Investment income				926	630	1,556	
Miscellaneous				821	-	821	
Total General Revenues				180,741	630	181,371	
Change in Net Position				54,492	(43,275)	11,217	
Net Position - Beginning of Year				964,158	1,334,801	2,298,959	
Net Position - End of Year				\$ 1,018,650	\$ 1,291,526	\$ 2,310,176	

The accompanying notes are an integral part of these financial statements.

**Village of Valier, Illinois
Balance Sheet
Governmental Funds
April 30, 2021**

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 363,250	\$ 47,152	\$ 410,402
Investments	167,800	-	167,800
Property taxes receivable	44,142	-	44,142
Grant receivable	-	7,348	7,348
Intergovernmental receivable	25,362	2,204	27,566
Due from other funds	1,108	-	1,108
Total Assets	<u>\$ 601,662</u>	<u>\$ 56,704</u>	<u>\$ 658,366</u>
Liabilities			
Accounts payable	\$ 33,198	\$ -	\$ 33,198
Accrued payroll	1,299	-	1,299
Total Liabilities	<u>34,497</u>	<u>-</u>	<u>34,497</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	44,142	-	44,142
Fund Balances			
Restricted	-	56,704	56,704
Committed	471,693	-	471,693
Unassigned	51,330	-	51,330
Total Fund Balances	<u>523,023</u>	<u>56,704</u>	<u>579,727</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 601,662</u>	<u>\$ 56,704</u>	<u>\$ 658,366</u>

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Reconciliation of the Fund Balances of Governmental Funds to the Governmental Activities in the
Statement of Net Position
April 30, 2021

Total Fund Balances of Governmental Funds	\$ 579,727
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Prepaid insurance is recorded in the Statement of Net Position when incurred; these costs are recorded in governmental funds as expense when paid.	7,475
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement.	532,856
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	<u>(101,408)</u>
Net Position of Governmental Activities	<u>\$ 1,018,650</u>

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2021

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 43,828	\$ -	\$ 43,828
Sales taxes	31,938	-	31,938
Franchise fees and other taxes	31,256	-	31,256
Licenses and permits	1,190	-	1,190
Intergovernmental revenue	71,972	23,953	95,925
Grant revenue	121,019	29,393	150,412
Service charges and fees	26,657	-	26,657
Interest income	919	7	926
Miscellaneous income	6,141	-	6,141
Total Revenues	<u>334,920</u>	<u>53,353</u>	<u>388,273</u>
Expenditures			
General government	50,800	-	50,800
Public safety	38,351	-	38,351
Public health	7,410	-	7,410
Streets and alleys	36,941	21,742	58,683
Culture and recreation	449	-	449
Development	108,970	-	108,970
Debt service:			
Principal	5,054	-	5,054
Interest	3,646	-	3,646
Capital outlay	3,646	-	3,646
Total Expenditures	<u>255,267</u>	<u>21,742</u>	<u>277,009</u>
Net Change in Fund Balances	79,653	31,611	111,264
Fund Balances - Beginning	<u>443,370</u>	<u>25,093</u>	<u>468,463</u>
Fund Balances - Ending	<u>\$ 523,023</u>	<u>\$ 56,704</u>	<u>\$ 579,727</u>

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	111,264
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the Statement of Activities.</p>		
Depreciation expense		(65,472)
Capital asset purchases capitalized		3,646
<p>The repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
		5,054
Change in Net Position of Governmental Activities	\$	54,492

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Statement of Net Position
Proprietary Funds
April 30, 2021

	Water Department
Assets	
Current Assets	
Cash and cash equivalents	\$ 116,534
Investments	124,363
Accounts receivable	24,387
Prepaid expenses	7,475
	272,759
Total Current Assets	
Non-Current Assets	
Capital assets, non-depreciable	12,005
Capital assets, net of accumulated depreciation	1,282,815
	1,294,820
Total Non-Current Assets	
	1,567,579
Total Assets	
Liabilities	
Current Liabilities	
Accounts payable	8,561
Accrued payroll	3,844
Accrued interest payable	2,540
Due to other funds	1,108
Bonds payable, short-term	6,000
	22,053
Total Current Liabilities	
Long-term Liabilities	
Bonds payable	254,000
	276,053
Total Liabilities	
Net Position	
Invested in capital assets, net of related debt	1,032,280
Unrestricted	259,246
	\$ 1,291,526

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended April 30, 2021

	Water Department
Revenues	
Charges for services	\$ 276,614
Total Operating Revenues	276,614
Operating Expenses	
Personal services	89,993
Contractual services	138,389
Utilities	9,467
Repairs and maintenance	6,050
Other supplies and expenses	22,062
Depreciation	49,358
Total Operating Expenses	315,319
Operating Income (Loss)	(38,705)
Non-Operating Revenues (Expenses)	
Interest and investment revenue	630
Interest expense	(5,200)
Total Non-Operating Revenue (Expenses)	(4,570)
Change in Net Position	(43,275)
Net Position - Beginning	1,334,801
Net Position - Ending	\$ 1,291,526

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2021

	<u>Water Department</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 279,360
Payments to employees for services	(85,638)
Payments to suppliers of goods and services	(182,285)
	<hr/>
Net Cash Provided (Used) By Operating Activities	11,437
	<hr/>
Cash Flows From Non-Capital Financing Activities	
Net operating transfers	1,108
	<hr/>
Net Cash Provided (Used) By Non-Capital Financing Activities	1,108
	<hr/>
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(5,035)
Principal paid on capital debt	(6,000)
Interest paid on capital debt	(5,260)
	<hr/>
Net Cash Provided (Used) By Capital and Related Financing Activities	(16,295)
	<hr/>
Cash Flows From Investing Activities	
Proceeds from the maturities of investments	(620)
Interest payments received	630
	<hr/>
Net Cash Provided (Used) By Investing Activities	10
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,740)
	<hr/>
Cash and Cash Equivalents at Beginning of Year	120,274
	<hr/>
Cash and Cash Equivalents at End of Year	<u>\$ 116,534</u>
	<hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (38,705)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities	
Depreciation	49,357
(Increase) decrease in accounts receivable	2,746
(Increase) decrease in prepaid expense	417
Increase (decrease) in accounts payable	(4,648)
Increase (decrease) in accrued payroll	2,270
	<hr/>
Total Adjustments	50,142
	<hr/>
Net Cash Provided (Used) By Operating Activities	<u>\$ 11,437</u>

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

Note 1 — Summary of significant accounting policies

The Village of Valier, Illinois (Village) Accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting entity

The Village was established in 1918 and operates under an elected President and Trustee form of government. Significant services include public safety, fire protection, recreation and parks, and general administrative services.

The Village's reporting entity includes the Village's governing board and all related organizations for which the Village exercises oversight responsibility.

The Village has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Village should be included within its financial reporting entity or as a component unit. The criteria include, but are not limited to, whether the Village exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public services, and special financing relationships.

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Village also has business-type activities and proprietary funds on which to apply the pronouncements. The significant accounting policies established in GAAP and used by the Village are described below.

B. Basic financial statements

The Village's basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Village as a whole, while the fund financial statements focus on major funds. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. 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 Village's government-wide activities include both governmental and business-type activities.

Government-wide statements

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Interfund receivables/payables resulting from short-term interfund loans are eliminated in the government-wide Statement of Net Position. The Village's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The Village first utilizes restricted resources to finance qualifying activities. This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the Village's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

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

Fund financial statements

Fund financial statements report detailed information about the Village.

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- (a) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type: and

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

(b) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The following fund types are used by the Village:

Governmental Fund Types - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources devoted to financing the general services that the Village performs for its citizens, except those required to be accounted for in another fund.

Special Revenue Fund - This fund is established to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes. The Village's special revenue fund is the Motor Fuel Tax Fund.

Proprietary Fund Types - This fund accounts for operations that are organized to be self-supporting through user charges.

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village's Enterprise fund is the Water Department.

Fiduciary Fund Types - These funds account for assets held by the Village as a trustee or agent for individuals, private organizations, and other units of governments. The Village has no fiduciary fund types.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major Governmental:	
General Fund	Accounts for financial resources devoted to financing the general services that the Village performs for its citizens.
Motor Fuel Tax Fund	Accounts for revenues and expenditures of improving roads and infrastructure.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

Major Proprietary:

Water

Accounts for activities related to providing water service to the citizens of the Village.

C. Basis of accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual - The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The accrual basis of accounting is also utilized by the proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

D. Annual Budget Ordinance

The Village Board annually passes an appropriations ordinance which includes the general fund and water department using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Each fund's appropriations are prepared on a detailed line item basis. Expenditures are appropriated by department and class as follows: salaries and benefits, services and charges, supplies and capital outlay. For each fund, total fund expenditures may not legally exceed the appropriated amounts. All unexpended budget appropriations lapse at the end of each fiscal year.

E. Cash and investments

Cash includes cash on hand and cash on deposit with financial institutions that can be withdrawn without prior notice or penalty.

Cash equivalents include short term, highly liquid investments with original maturities of 90 days or less. For purposes of statement of cash flows presentation, cash and cash equivalents totaled \$116,534 at April 30, 2021.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

F. Investments

Investments are stated at fair value. Cash deposits are reported at carrying value which reasonably estimates fair value.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Inventories

Inventory items are expensed in the Enterprise Fund. The effect of this treatment is considered immaterial in relation to the financial statements taken as a whole.

I. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated in the government-wide statement of net position.

J. Capital assets

The Village is required to spread the cost of its capital assets over the assets' useful lives. These capital assets include land, buildings, and related equipment. The depreciation expense amounts charged to each of the functions are in the statement of activities.

The Village's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Village maintains infrastructure asset records consistent with all other capital assets.

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical or estimated historical cost, including all ancillary charges necessary to place the asset in its intended location and condition for use. Donated assets are reported at fair market value at the time of acquisition plus all appropriate ancillary costs. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is calculated using the straight-line method. The estimated useful lives of assets are based on local government suggested basis, past experience, or other reliable sources. Useful lives typically will not exceed fifty (50) years. The following estimated useful lives are used for depreciation purposes:

Infrastructure	15-40 years
Buildings and improvements	15-50 years
Furniture and equipment	5-20 years

Property, plant and equipment acquired for proprietary funds is capitalized in the respective fund to which it applies.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

Property, plant and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary fund's balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation applied to the cost of each class of property, plant and equipment. Estimated useful lives for depreciable assets of the Water department is as follows:

Buildings and grounds	15-50 years
Improvements	15-50 years
Machinery and equipment	5-15 years

K. Compensated absences

Compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

L. 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 financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

M. Net position and fund balance classifications

Government-wide Statements

The government-wide net position is classified into the following four categories:

- a) Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital asset, net of related debt”, or non-spendable.”

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

- d) Nonspendable – Consists of assets that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually to be maintained intact.

Fund Statements

The governmental funds' fund balance is classified into the following categories:

- a) Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact.
- b) Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.
- c) Committed fund balances are self-imposed limitations that the Village's Board approved, which is the highest level of decision-making authority within the Village. Only the Board can remove or change the constraints placed on committed fund balances.
- d) Assigned fund balances are resources constrained by the Village's intent to be used for specific purposes, but that are neither restricted nor committed.
- e) Unassigned fund balances are the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

N. Operating revenues and expenses

Operating revenues and expenses for propriety funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing.

O. Employee Retirement Plan

The Village does not offer any retirement plans, including 401k and pension plans, to their employees.

P. Deferred outflows / inflows of resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Village reports deferred revenues from the following source:

	<u>General Fund</u>
Property taxes	\$ 44,142

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 — Property tax revenues

Property tax levies are legally enforceable as of January 1 in the year the levy was approved; even if for a future fiscal year. Accordingly, property tax revenues levied for a future fiscal period are deferred until the beginning of that fiscal year. Current fiscal year levies are reported as “unavailable” if not received within 60 days after the year end in the general fund.

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December. The levy was passed by the Board on September 23, 2019. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on September 11, 2020 and October 23, 2020. The Village receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from the 2019 payable 2020 and prior year levies.

The following are the taxes extended and collected, assessed valuations and tax rates levied per \$100 of assessed valuation for the calendar years 2018, 2019 and 2020:

	2018 Taxes Payable in 2019	2019 Taxes Payable in 2020	2020 Taxes Payable in 2021
Taxes Extended	\$ 41,295	\$ 42,080	\$ 43,819
Net Income from Taxes	43,399	43,828	
Assessed Valuation	\$ 3,600,868	\$ 3,586,501	\$ 3,587,296

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

Note 3 — Deposits and Investments

Permitted Deposits and Investments: Statutes authorize the Village to make deposits and investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be recovered. The Village does not have a deposit policy for custodial credit risk. As of April 30, 2021, \$330,012 of the Village's bank balance of \$830,012 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateralized with securities held by pledging financial institution		330,012
<u>Total</u>	<u>\$</u>	<u>330,012</u>

During the year ended April 30, 2021, the depository banks used by the Village had pledged \$67,428 in federal securities to secure the Village's deposits in excess of the amounts insured by the FDIC. The pledged securities are held by the pledging financial institutions' trust department or agent but not in the Village's name.

Note 4 — Capital Assets

Capital asset activity for the year ended April 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 8,500	\$ -	\$ -	\$ 8,500
Total capital assets not being depreciated	8,500	-	-	8,500
Capital assets being depreciated:				
Improvements	30,389	-	-	30,389
Equipment	728,199	3,646	(1,653)	730,192
Buildings	381,667	-	-	381,667
Streets	311,877	-	-	311,877
Total	1,452,132	3,646	(1,653)	1,454,125
Less accumulated depreciation for:				
Improvements	13,867	1,130	-	14,997
Equipment	426,438	42,495	(1,653)	467,280
Buildings	255,407	8,751	-	264,158
Streets	170,238	13,096	-	183,334
Total	865,950	65,472	(1,653)	929,769
Total capital assets being depreciated, net	586,182	(61,826)	-	524,356
Governmental activities capital assets, net	\$ 594,682	\$ (61,826)	\$ -	\$ 532,856

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

<u>Business-type activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 12,005	\$ -	\$ -	\$ 12,005
Total capital assets not being depreciated	<u>12,005</u>	<u>-</u>	<u>-</u>	<u>12,005</u>
Capital assets being depreciated:				
Buildings	730,519	-	-	730,519
Equipment	256,300	5,035	1,470	259,865
Line Extensions	1,055,282	-	-	1,055,282
Improvements	43,923	-	-	43,923
Total	<u>2,086,024</u>	<u>5,035</u>	<u>1,470</u>	<u>2,089,589</u>
Less accumulated depreciation for:				
Buildings	108,694	14,718	-	123,412
Equipment	156,208	11,881	1,470	166,619
Line Extensions	490,617	21,880	-	512,497
Improvements	3,367	879	-	4,246
Total	<u>758,886</u>	<u>49,358</u>	<u>1,470</u>	<u>806,774</u>
Total capital assets being depreciated, net	<u>1,327,138</u>	<u>(44,323)</u>	<u>-</u>	<u>1,282,815</u>
Business-type activities capital assets, net	<u>\$ 1,339,143</u>	<u>\$ (44,323)</u>	<u>\$ -</u>	<u>\$ 1,294,820</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 2,040
Public safety	37,783
Street and alleys	18,520
Cultural and recreation	7,129
Total governmental activities depreciation expense	<u>\$ 65,472</u>
Business-type activities:	
Water	<u>\$ 49,358</u>

Note 5 — Long-term liabilities

The following is a summary of the Water Department's bond liability transactions for the year ended April 30, 2021:

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within 1 Year</u>
Revenue Bonds, Series 2013	\$ <u>266,000</u>	\$ <u>-</u>	\$ <u>6,000</u>	\$ <u>260,000</u>	\$ <u>6,000</u>

Outstanding obligations as of April 30, 2021 consist of the following:

A. Revenue Bonds -

Water System Revenue Bonds, due in annual installments ranging from \$4,000 to \$12,000 through May 1, 2051; interest rate is 2.00% \$260,000

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

The annual requirements to amortize all debts outstanding as of April 30, 2021 are as follows:

<u>Fiscal Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,000	\$ 5,140	\$ 11,140
2023	6,000	5,020	11,020
2024	6,000	4,900	10,900
2025	6,000	4,780	10,780
2026	6,000	4,660	10,660
2027-2031	36,000	21,320	57,320
2032-2036	40,000	17,400	57,400
2037-2041	42,000	13,380	55,380
2042-2046	50,000	8,700	58,700
2047-2051	50,000	3,700	53,700
2052	12,000	120	12,120
Total	<u>\$ 260,000</u>	<u>\$ 89,120</u>	<u>\$ 349,120</u>

Other Contractual Liabilities:

The following is a summary of other transactions for governmental-type activities of the Village for the fiscal year ended April 30, 2021:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within 1 Year</u>
Fire Department – FREDCO Loan	\$ <u>106,462</u>	\$ <u>-</u>	\$ <u>5,054</u>	\$ <u>101,408</u>	\$ <u>5,234</u>

3.50% note payable to FREDCO in monthly installments of \$725 including interest through April 11, 2036. For the year ended April 30, 2021, total interest was \$3,646. The General Fund is responsible for paying this loan.

The annual requirements to amortize all debts outstanding as of April 30, 2021 are as follows:

<u>Fiscal Year Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,234	\$ 3,465	\$ 8,699
2023	5,419	3,280	8,699
2024	5,612	3,087	8,699
2025	5,812	2,887	8,699
2026	6,019	2,680	8,699
2027-2031	33,461	10,036	43,497
2032-2036	39,851	3,647	43,498
Total	<u>\$ 101,408</u>	<u>\$ 29,082</u>	<u>\$ 130,490</u>

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

Note 6 — Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

- A. Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) 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, for example, inventories and prepaid amounts.
- B. Restricted Fund Balance - The restricted fund balance classification refers to amounts that are subject to outside restrictions. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has one restricted fund balance:

Motor Fuel Tax Fund -Proceeds from motor fuel tax and the related expenditures have been included in the Motor Fuel Tax Fund. At April 30, 2021 revenue received exceeded the expenditures for this specific purpose in the Motor Fuel Tax Fund, resulting in a restricted balance of \$56,704.

- C. Committed Fund Balance - The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority (the Village Board). Those committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The Village commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. 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.

By board action the Village has committed funds above \$50,000 in the General Fund for specific purposes as stated by resolutions.

- D. Assigned Fund Balance - The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the Village Board itself or (b) the finance committee or by the Village President when the Board has delegated the authority to assign amounts to be used for specific purposes.
- E. Unassigned Fund Balance - The unassigned fund balance classification is the residual classification for amounts in the General Fund that have not been restricted, committed, or assigned to specific purposes within the General Fund.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

F. Expenditures of Fund Balance -Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Fund Balances	General Fund	Motor Fuel Fund	Total Governmental Funds
Restricted for -			
Motor fuel tax	\$ -	\$ 56,704	\$ 56,704
Committed for -			
Special purposes	471,693	-	471,693
Unassigned	51,330	-	51,330
Total Fund Balances	\$ 523,023	\$ 56,704	\$ 579,727

Note 7 — Expenditures in Excess of Appropriations

For the fiscal year ended April 30, 2021, the Village operated within the legal confines of their budget.

Note 8 — Contingent Liabilities

Risk Management: The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended April 30, 2021, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Litigation: The Village is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Village.

Grants: In the normal course of operations, the Village receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 9 — Number of Water Customers and Gallons Sold

As of April 30, 2021, there were approximately 547 individual customer accounts and 27,049,500 gallons of water sold on the Water Department books.

Village of Valier, Illinois
Notes to the Financial Statements
April 30, 2021

Note 10 — Legal Debt Margin

The Village is a home rule municipality. Under the Illinois Compiled Statutes, a home rule government may issue notes and bonds in excess of any statutory limitation and they shall not reduce the debt incurring power otherwise authorized for any such unit of government. Therefore, the Village has no legal debt limitation.

Note 11 — Subsequent Events

The management has evaluated subsequent events through October 18, 2021 the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

Required Supplemental Information

Village of Valier, Illinois
Budget and Actual (with Variances)
General Fund
April 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes			\$ 45,589	
Sales taxes			31,521	
Franchise fees and other taxes			31,256	
Licenses and permits			1,190	
Intergovernmental revenue			79,996	
Grant revenue			121,019	
Service charges and fees			26,637	
Interest income			919	
Miscellaneous income			6,141	
Total Revenues			<u>344,268</u>	
Expenditures				
General government	\$ 93,050	\$ 93,050	52,261	\$ 40,789
Public safety	141,800	141,800	39,339	102,461
Public health	7,000	7,000	4,110	2,890
Streets and alleys	75,000	75,000	36,480	38,520
Cultural and recreation	32,000	32,000	910	31,090
Development	-	-	79,072	(79,072)
Debt service	-	-	8,700	(8,700)
Capital outlay	60,000	60,000	3,646	56,354
Total Expenditures	<u>\$ 348,850</u>	<u>\$ 348,850</u>	<u>224,518</u>	<u>\$ 184,332</u>
Excess (deficiency) of revenues over expenditures			<u>\$ 119,750</u>	

The accompanying notes are an integral part of these financial statements.

Village of Valier, Illinois
Notes to Required Supplemental Information
April 30, 2021

The Village Board of Trustees annually passes an appropriations ordinance which includes the general fund and water department using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Each fund's appropriations are prepared on a detailed line item basis. Expenditures are appropriated by department and class as follows: salaries and benefits, services and charges, supplies and capital outlay. For each fund, total fund expenditures may not legally exceed the appropriated amounts. All unexpended budget appropriations lapse at the end of each fiscal year. The Motor Fuel Tax fund is not included in the appropriations ordinance.

The fund financial statements in this report are prepared on the modified accrual basis. The appropriations ordinance is prepared using the cash basis of accounting. The following schedule reconciles the difference between the legally enacted appropriations and general fund expenditures:

<u>Expenditures</u>	<u>Actual on GAAP Basis</u>	<u>Adjustment to Appropriated Basis</u>	<u>Actual on Appropriated Basis</u>	<u>Appropriations</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General government	\$ 50,800	\$ 1,461	\$ 52,261	\$ 93,050	\$ 40,789
Public safety	38,351	988	39,339	141,800	102,461
Public health	7,410	(3,300)	4,110	7,000	2,890
Street and alleys	36,941	(461)	36,480	75,000	38,520
Culture and recreation	449	461	910	32,000	31,090
Development	108,970	(29,898)	79,072	-	(79,072)
Debt service	8,700	-	8,700	-	(8,700)
Capital outlay	3,646	-	3,646	60,000	56,354
Total Expenditures	\$ 255,267	\$ (30,749)	\$ 224,518	\$ 408,850	\$ 184,332

The Village operated within the legal confines of the appropriations ordinance prepared on the cash basis of accounting.