

VILLAGE OF SENECA, ILLINOIS
ANNUAL FINANCIAL REPORT
MARCH 31, 2021

VILLAGE OF SENECA, ILLINOIS

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INDEPENDENT AUDITORS' REPORT



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Independent Auditors' Report

To the Honorable Mayor and
Village Council
Village of Seneca, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Seneca, Illinois, as of and for the year ended March 31, 2021, and the related notes to the basic financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 auditors' 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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Seneca, Illinois, as of March 31, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Village of Seneca, Illinois' basic financial statements. The Other Information, including the Notes to Other Information, and the Supplemental Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The notes to other information, IMRF Pension Data Schedules, the assessed valuations, tax rates, tax extensions and tax collections, and the statements of changes in fiduciary net position have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Comparative Information

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village of Seneca, Illinois, for the year ended March 31, 2020, which are presented in summary for comparative purposes with the accompanying financial statements. In our report dated October 30, 2020, we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021, on our consideration of the Village of Seneca, Illinois' 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 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 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 Village of Seneca, Illinois' internal control over financial reporting and compliance.

Mack & Associates, P.C.
Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
July 20, 2021

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statement
Statement of Net Position - Modified Cash Basis
March 31, 2021

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2021	2020
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 873,075	1,088,510	1,961,585	1,822,474
Investments	2,589,358	213,889	2,803,247	2,397,266
Investments - restricted	-	463,434	463,434	525,245
Total current assets	<u>3,462,433</u>	<u>1,765,833</u>	<u>5,228,266</u>	<u>4,744,985</u>
Non-current assets:				
Capital assets:				
Land	654,689	-	654,689	654,689
Equipment	478,258	528,936	1,007,194	918,578
Buildings and improvements	3,346,023	-	3,346,023	3,346,023
Vehicles	465,456	211,706	677,162	600,828
Infrastructure	1,258,467	8,750,242	10,008,709	9,785,731
Accumulated depreciation	<u>(2,942,942)</u>	<u>(6,627,480)</u>	<u>(9,570,422)</u>	<u>(9,097,477)</u>
Total non-current assets	<u>3,259,951</u>	<u>2,863,404</u>	<u>6,123,355</u>	<u>6,208,372</u>
Total assets	<u>6,722,384</u>	<u>4,629,237</u>	<u>11,351,621</u>	<u>10,953,357</u>
<u>Liabilities</u>				
Current liabilities:				
Customer deposits	-	8,294	8,294	9,694
Due within one year:				
Notes payable	14,249	28,498	42,747	-
Bonds payable	29,000	-	29,000	28,000
IEPA loan payable	-	57,109	57,109	55,446
Total current liabilities	<u>43,249</u>	<u>93,901</u>	<u>137,150</u>	<u>93,140</u>
Long-term liabilities:				
Due in more than one year:				
Notes payable	45,583	91,167	136,750	-
Bonds payable	165,000	-	165,000	194,000
IEPA loan payable	-	377,457	377,457	435,260
Total long-term liabilities	<u>210,583</u>	<u>468,624</u>	<u>679,207</u>	<u>629,260</u>
Total liabilities	<u>253,832</u>	<u>562,525</u>	<u>816,357</u>	<u>722,400</u>
<u>Net Position</u>				
Net investment in capital assets	3,006,119	2,309,173	5,315,292	5,495,666
Unrestricted	2,131,792	1,294,105	3,425,897	3,080,808
Restricted	<u>1,330,641</u>	<u>463,434</u>	<u>1,794,075</u>	<u>1,654,483</u>
Total net position	<u>\$ 6,468,552</u>	<u>4,066,712</u>	<u>10,535,264</u>	<u>10,230,957</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Government-wide Financial Statement
Statement of Activities - Modified Cash Basis
For the Year Ended March 31, 2021**

Program Activities	Expenditures	Program Revenues			Net (Expenditures) Revenue and Changes in Net Position		Total	
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2021	2020
Governmental activities:								
General government	\$ 1,183,095	31,743	-	-	(1,151,352)	-	(1,151,352)	(1,178,346)
Public safety	830,778	-	134,009	-	(696,769)	-	(696,769)	(664,058)
Highways and streets	344,173	38,828	-	-	(305,345)	-	(305,345)	(290,748)
Culture and recreation	35,100	-	-	-	(35,100)	-	(35,100)	(25,312)
Harbor construction	5,461	-	-	-	(5,461)	-	(5,461)	(5,746)
Unallocated interest - expense	11,948	-	-	-	(11,948)	-	(11,948)	(11,365)
Total governmental activities	2,410,555	70,571	134,009	-	(2,205,975)	-	(2,205,975)	(2,175,575)
Business-type activities:								
Water	433,991	455,712	-	-	-	21,721	21,721	92,195
Sewer	479,509	439,047	-	-	-	(40,462)	(40,462)	45,141
Total business-type activities	913,500	894,759	-	-	-	(18,741)	(18,741)	137,336
Total primary government	\$ 3,324,055	965,330	134,009	-	(2,205,975)	(18,741)	(2,224,716)	(2,038,239)
General revenues:								
Taxes:								
Property taxes					\$ 1,316,309	58,641	1,374,950	1,306,980
Utility tax					254,655	-	254,655	269,554
Sales tax					250,302	-	250,302	258,435
Income tax					267,014	-	267,014	255,454
Replacement tax					11,557	-	11,557	12,933
Local use tax					105,873	-	105,873	80,001
Cannabis tax					1,891	-	1,891	308
Video gaming tax					29,640	-	29,640	49,477
Motor fuel tax					110,996	-	110,996	82,630
Reimbursements					47,954	-	47,954	93,957
Interest on investments					30,524	8,748	39,272	75,168
Miscellaneous					18,419	16,500	34,919	34,865
Total general revenues					2,445,134	83,889	2,529,023	2,519,762
Special items:								
Transfer (to) from					20,550	(20,550)	-	-
Change in net position					259,709	44,598	304,307	481,523
Net position at beginning of year					6,208,843	4,022,114	10,230,957	9,749,434
Net position at end of year					\$ 6,468,552	4,066,712	10,535,264	10,230,957

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Assets, Liabilities, and Fund Balances
Modified Cash Basis - Governmental Funds
March 31, 2021**

	Major Funds			Non-major Governmental Funds	Total Governmental Funds	
	General Fund	TIF Fund	Working Cash Fund		2021	2020
<u>Assets</u>						
Cash	\$ 568,854	167,370	2,423	134,428	873,075	914,390
Investments	461,314	603,665	551,519	972,860	2,589,358	2,197,905
Due from other funds	131,573	-	-	-	131,573	131,573
Total assets	<u>\$ 1,161,741</u>	<u>771,035</u>	<u>553,942</u>	<u>1,107,288</u>	<u>3,594,006</u>	<u>3,243,868</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Due to other funds	\$ -	131,573	-	-	131,573	131,573
Total liabilities	<u>-</u>	<u>131,573</u>	<u>-</u>	<u>-</u>	<u>131,573</u>	<u>131,573</u>
Fund balances:						
Unassigned	586,686	(692,111)	-	-	(105,425)	(555,660)
Assigned	123,864	-	553,942	149,767	827,573	796,966
Committed	78,071	1,331,573	-	-	1,409,644	1,755,922
Restricted	373,120	-	-	957,521	1,330,641	1,115,067
Total fund balances	<u>1,161,741</u>	<u>639,462</u>	<u>553,942</u>	<u>1,107,288</u>	<u>3,462,433</u>	<u>3,112,295</u>
Total liabilities and fund balances	<u>\$ 1,161,741</u>	<u>771,035</u>	<u>553,942</u>	<u>1,107,288</u>	<u>3,594,006</u>	<u>3,243,868</u>

Reconciliation to Statement of Net Position:

Total fund balance - governmental funds		\$ 3,462,433	3,112,295
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities of \$6,202,893 (net of accumulated depreciation of \$2,942,942) are not financial resources and, therefore, are not reported in the funds.		3,259,951	3,318,548
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(253,832)	(222,000)
Net position of governmental activities		<u>\$ 6,468,552</u>	<u>6,208,843</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2021**

	Major Funds				Total	
	General	TIF	Working	Non-major	Governmental Funds	
	Fund	Fund	Cash	Governmental	2021	2020
			Fund	Funds		
<u>Revenues received:</u>						
Property taxes	\$ 369,556	582,064	21,464	343,225	1,316,309	1,250,674
Utility tax	254,655	-	-	-	254,655	269,554
Sales tax	250,302	-	-	-	250,302	258,435
Income tax	267,014	-	-	-	267,014	255,454
Replacement tax	11,557	-	-	-	11,557	12,933
Local use tax	105,873	-	-	-	105,873	80,001
Video gaming tax	29,640	-	-	-	29,640	49,477
Cannabis tax	1,891	-	-	-	1,891	308
Interest income	7,299	4,938	6,430	11,857	30,524	58,554
Motor Fuel Tax	-	-	-	110,996	110,996	82,630
Reimbursements	47,954	-	-	-	47,954	93,957
Fines, Fees, and Forfeitures	31,743	-	-	-	31,743	37,439
Grants & donations	81,923	-	-	52,086	134,009	138,052
Licenses and permits	38,828	-	-	-	38,828	38,063
Miscellaneous	18,419	-	-	-	18,419	34,865
Total revenues received	1,516,654	587,002	27,894	518,164	2,649,714	2,660,396
<u>Expenditures disbursed:</u>						
Current:						
General government	298,236	405,869	-	288,924	993,029	964,120
Public safety	830,778	-	-	-	830,778	802,110
Highways and streets	269,173	-	-	75,000	344,173	328,811
Culture and recreation	35,100	-	-	-	35,100	25,312
Harbor construction	5,461	-	-	-	5,461	5,746
Capital outlay	125,421	-	-	6,049	131,470	89,974
Debt service:						
Principal	13,834	-	-	28,000	41,834	27,000
Interest	2,388	-	-	9,560	11,948	11,365
Total expenditures disbursed	1,580,391	405,869	-	407,533	2,393,793	2,254,438
Excess (deficiency) of revenues received over (under) expenditures disbursed	(63,737)	181,133	27,894	110,631	255,921	405,958

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2021**

	Major Funds				Total	
	General	TIF	Working	Non-major	Governmental Funds	
	Fund	Fund	Cash	Governmental	2021	2020
			Fund	Funds		
<u>Other financing sources (uses):</u>						
Debt proceeds	\$ 73,667	-	-	-	73,667	-
Transfers out	(27,850)	(168,702)	-	-	(196,552)	(92,600)
Transfers in	20,500	168,702	-	27,900	217,102	98,600
Total other financing sources (uses)	66,317	-	-	27,900	94,217	6,000
Net change in fund balance	2,580	181,133	27,894	138,531	350,138	411,958
Fund balances - beginning	1,159,161	458,329	526,048	968,757	3,112,295	2,700,337
Fund balances - ending	<u>\$ 1,161,741</u>	<u>639,462</u>	<u>553,942</u>	<u>1,107,288</u>	<u>3,462,433</u>	<u>3,112,295</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 350,138 411,958

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

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Note proceeds	(73,667)	-
Bonds and Notes Payable	41,834	27,000

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The change in fund balance must be increased by capital purchases and decreased by depreciation expense.

Purchase of capital assets	180,364	56,950
Depreciation	(238,960)	(218,640)

Change in net position of governmental activities (Statement B) \$ 259,709 277,267

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Fund Net Position - Modified Cash Basis -
Proprietary Funds
March 31, 2021**

	Waterworks Fund	Sewer Fund	March 31,	
			2021	2020
<u>Assets</u>				
Current assets:				
Cash	\$ 786,369	302,141	1,088,510	908,084
Investments	31,271	182,618	213,889	199,361
Investments - restricted	137,797	325,637	463,434	525,245
Total current assets	<u>955,437</u>	<u>810,396</u>	<u>1,765,833</u>	<u>1,632,690</u>
Non-current assets:				
Equipment	219,032	309,904	528,936	528,936
Infrastructure	3,679,373	5,070,869	8,750,242	8,619,011
Vehicles	145,353	66,353	211,706	135,372
Accumulated depreciation	(2,543,588)	(4,083,892)	(6,627,480)	(6,393,495)
Total non-current assets	<u>1,500,170</u>	<u>1,363,234</u>	<u>2,863,404</u>	<u>2,889,824</u>
Total assets	<u>2,455,607</u>	<u>2,173,630</u>	<u>4,629,237</u>	<u>4,522,514</u>
<u>Liabilities</u>				
Current liabilities:				
Customer deposits	8,294	-	8,294	9,694
Notes Payable	14,249	14,249	28,498	-
Current portion of long-term debt	57,109	-	57,109	55,446
Total current liabilities	<u>79,652</u>	<u>14,249</u>	<u>93,901</u>	<u>65,140</u>
Long-term liabilities:				
Notes payable - long term portion	45,584	45,583	91,167	-
EPA loan payable - long term portion	377,457	-	377,457	435,260
Total noncurrent liabilities	<u>423,041</u>	<u>45,583</u>	<u>468,624</u>	<u>435,260</u>
Total liabilities	<u>502,693</u>	<u>59,832</u>	<u>562,525</u>	<u>500,400</u>
<u>Net Position</u>				
Net investment in capital assets	1,005,771	1,303,402	2,309,173	2,399,118
Restricted	137,797	325,637	463,434	539,416
Unrestricted	809,346	484,759	1,294,105	1,083,580
Total net position	<u>\$ 1,952,914</u>	<u>2,113,798</u>	<u>4,066,712</u>	<u>4,022,114</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Revenues Received, Expenditures Disbursed, and
Changes in Fund Net Position - Proprietary Funds
For the Year Ended March 31, 2021**

	Waterworks Fund	Sewer Fund	Year Ended March 31,	
			2021	2020
Operating revenues:				
Sewer charges	\$ -	439,047	439,047	474,204
Water charges	452,038	-	452,038	441,446
Other	3,674	-	3,674	48,492
Total operating revenues:	455,712	439,047	894,759	964,142
Operating expenses:				
Water and sewer operations	215,386	300,664	516,050	464,533
Supplies	44,480	14,793	59,273	57,981
Depreciation	159,818	161,664	321,482	290,271
Total operating expenses	419,684	477,121	896,805	812,785
Operating income (loss)	36,028	(38,074)	(2,046)	151,357
Non-operating revenues (expenses):				
Property taxes	7,126	51,515	58,641	56,306
Agent fees	-	-	-	(500)
Interest income	2,402	6,346	8,748	16,614
Interest expense	(14,307)	(2,388)	(16,695)	(13,521)
Total non-operating revenues (expenses)	(4,779)	55,473	50,694	58,899
Income (loss) before contributions and transfers	31,249	17,399	48,648	210,256
Other financing sources(uses):				
Gain on sale/disposal	-	16,500	16,500	-
Transfers in	65,800	-	65,800	49,180
Transfers out	(19,675)	(66,675)	(86,350)	(55,180)
Total other financing sources(uses)	46,125	(50,175)	(4,050)	(6,000)
Change in net position	77,374	(32,776)	44,598	204,256
Total net position - beginning	1,875,540	2,146,574	4,022,114	3,817,858
Total net position - ending	\$ 1,952,914	2,113,798	4,066,712	4,022,114

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Cash Flows - Modified Cash Basis -
Proprietary Funds
For the Year Ended March 31, 2021**

	Waterworks Fund	Sewer Fund	Year Ended March 31,	
			2021	2020
Cash flows from operating activities:				
Receipts from customers	\$ 455,712	439,047	894,759	964,142
Payments for goods and services	(192,437)	(233,736)	(426,173)	(366,564)
Payments to employees	(67,429)	(81,721)	(149,150)	(155,950)
Net cash provided by operating activities	<u>195,846</u>	<u>123,590</u>	<u>319,436</u>	<u>441,628</u>
Cash flows from noncapital financing activities:				
Property taxes	7,126	51,515	58,641	56,306
Transfers (to) from other funds	46,125	(66,675)	(20,550)	(6,000)
Net cash used in noncapital financing activities	<u>53,251</u>	<u>(15,160)</u>	<u>38,091</u>	<u>50,306</u>
Cash flows from capital financing activities:				
Capital purchases	-	(145,064)	(145,064)	(273,732)
Principal paid on capital debt	(71,373)	-	(71,373)	(69,761)
Interest and fees paid on capital debt	(14,307)	(2,388)	(16,695)	(14,021)
Net cash provided by capital financing activities	<u>(85,680)</u>	<u>(147,452)</u>	<u>(233,132)</u>	<u>(357,514)</u>
Cash flows from investing activities:				
Interest	2,402	6,346	8,748	16,614
Net cash provided by investing activities	<u>2,402</u>	<u>6,346</u>	<u>8,748</u>	<u>16,614</u>
Net increase in cash and cash equivalents	165,819	(32,676)	133,143	151,034
Cash and cash equivalents - beginning of the year	<u>789,618</u>	<u>843,072</u>	<u>1,632,690</u>	<u>1,481,656</u>
Cash and cash equivalents - end of the year	<u>\$ 955,437</u>	<u>810,396</u>	<u>1,765,833</u>	<u>1,632,690</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 36,028	(38,074)	(2,046)	151,357
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	<u>159,818</u>	<u>161,664</u>	<u>321,482</u>	<u>290,271</u>
Net cash provided by operating activities	<u>\$ 195,846</u>	<u>123,590</u>	<u>319,436</u>	<u>441,628</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Fiduciary Net Position
 March 31, 2021

		Total	
		2021	2020
	<u>Assets</u>		
Cash		\$ 11,336	12,275
	<u>Liabilities</u>		
Due to Others		\$ 11,336	12,275

The Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Seneca, Illinois have been prepared on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Illinois, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Village's accounting policies are described below.

A. Reporting Entity

The Village Council is the basic level of government which has oversight responsibility and control over all activities related to the operation of the Village of Seneca, Illinois the primary government unit. The Council receives funding from local, state and federal government sources and must comply with the requirements of these funding sources entities. However, the Council is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. There are no component units to be included with the primary government.

Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Village. 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. For the most part, the effect of the interfund activity has been removed from these statements.

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

Earnings on investments not included among program revenues are reported instead as general revenues.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. *Reporting Entity - (Continued)*

Separate financial statements are provided for governmental funds and the proprietary funds. 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 modified cash basis of accounting. Revenues are recorded when cash is received and expenses are recorded when cash is paid.

B. *Fund Accounting*

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, or expenses, as appropriate. Village 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 Village has the following funds:

Governmental Fund Types - Governmental Funds are those through which general governmental functions of the Village are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the Village’s major governmental funds:

General Fund - The General Fund is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the Village, including operation of the Village’s general service departments, street and highway maintenance, and public safety are accounted for in this fund.

TIF Fund - The TIF Fund is described in detail in Note 14 to these financial statements.

Working Cash – This fund is designated for cash flow purposes only.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. *Fund Accounting - (Continued)*

The other governmental funds of the Village are considered non-major and are as follows:

Special Revenue Funds - Special Revenue Funds are used to account for proceeds of specific revenue sources (other than assessments, fiduciary, or major capital projects) that are legally restricted to expenditures for specified purposes. The Village's non-major Special Revenue Funds are the Audit Fund, IMRF Fund, Social Security Fund, Liability Insurance Fund, Garbage Fund, Public Benefit Fund, Public Comfort Fund, 911 Fund, Police Building Restoration Fund, and Motor Fuel Tax Fund.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The 2012B, 2012C and 2016 G.O. Bond Funds are the Village's Debt Service funds. The fund balances are reserved to signify the amounts that are restricted exclusively for debt service expenses.

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed and recovered primarily through user charges. The Waterworks Fund and the Sewer Fund are the major enterprise funds of the Village. Operating revenues include user charges and reimbursements, and operating expenses include the costs associated with providing goods and services to the public. Non-operating revenues and expenses include interest and fiscal agent fees.

C. *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses 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.

All governmental funds are accounted for using the cash basis of accounting. Revenues are recognized when cash is received. Expenditures are recognized when checks are written. The proprietary fund financial statements are reported using the modified cash basis of accounting. Revenues are recorded when cash is received and expenses are recorded when cash is paid, except for disbursements for capital assets and long-term debt, which are recorded as assets and liabilities, respectively within the funds. Cash basis and modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

D. *Comparative Data*

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Village's financial position and operations. Certain amounts for 2020 may have been reclassified to conform to the 2021 presentation.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, and Net Positions

Cash and Investments

Cash and cash equivalents, for reporting purposes, include bank accounts, petty cash and all short-term investments with a remaining maturity of three months or less when purchased, such as certificates of deposit. All amounts are stated at cost which approximates market. Investments include United States government obligations, municipal bonds, and certificates of deposit reported at fair market value.

Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agency, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

Capital Assets and Long-term Liabilities

The reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Depreciation is provided in amounts sufficient to relate costs of the depreciable assets to operations over their estimated service lives on the straight-line basis. A capitalization threshold of \$5,000 for equipment, \$10,000 for improvements, and \$50,000 for infrastructure is used to report capital assets. The service lives by type of asset are as follows:

Road Improvements	10 years
Other Improvements	20 years
Infrastructure	40 years
Buildings	40 years
Equipment/Vehicles	5-7 years

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Assets, Liabilities, and Net Positions – (Continued)

Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. At March 31, 2021, net investment in capital assets consists of the following:

	Governmental Activities	Business-Type Activities
Capital assets, at cost	\$ 6,202,893	9,490,883
Less: Accumulated depreciation	(2,942,942)	(6,627,480)
Less: Notes and bonds payable	(253,832)	(119,664)
Less: IEPA loan payable	-	(434,566)
Net investment in capital assets	<u>\$ 3,006,119</u>	<u>2,309,173</u>

- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definitions of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

F. Property Taxes

On the cash basis of accounting, property taxes are recognized as revenues when they are received. Property taxes are levied and attach as an enforceable lien on property on January 1 and are payable in two installments due on June 1 and September 1 subsequent to the year of levy.

The 2019 property tax levy, in the amount of \$764,477, increased by the bond & interest levy and reduced by statutory limitations to \$760,272, was received by the Village in the current fiscal year. The 2020 tax levy of \$788,689, increased by the bond & interest levy and reduced by statutory limitations to \$765,988 was adopted on December 15, 2020 and will be received by the Village in the subsequent fiscal year.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 2: CASH AND INVESTMENTS

Cash

Separate bank accounts are not maintained for all Village funds. All funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Board. Such overdrafts constitute unauthorized interfund loans, since they were not authorized by the Village Council.

The Village's deposits and certificates of deposits are required to be covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the Village's deposits at each financial institution. Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution. At March 31, 2021, the carrying amount of the Village's deposits was \$1,961,585 and the bank balance was \$1,887,051. At March 31, 2021, \$21,310 of the Village's uninsured deposits (\$870,448) were not collateralized.

For financial statement purposes, the Village reports Illinois Funds balances as cash equivalents.

Investments

State statutes, Village bond ordinances and Village resolutions set the Village's investments. The Village is authorized to invest in U.S. Government obligations and its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality, obligations of any state or political subdivision of any state rated within the four highest general classifications established by a nationally recognized rating service, money market mutual funds registered under the Investment Company Act of 1940 that invest in allowable securities and fully collateralized repurchase agreements.

As of March 31, 2021, the Village's investments were as follows:

	<u>Carrying Amount</u>
Money Market	\$ 645,757
U.S. Government Obligations	450,316
Taxable Municipal Bonds	1,007,712
Certificates of Deposit	<u>1,162,896</u>
Total	<u>\$ 3,266,681</u>

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 2: CASH AND INVESTMENTS – (Continued)

Investments – (Continued)

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village has no specific policy on the interest rate risk at year-end.

Information about the sensitivity of the fair values of the Village investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity.

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13-24 Months	25+ Months	
Money Market	\$ 645,757	-	-	645,757
U.S. Government Obligations	182,318	-	267,998	450,316
Taxable Municipal Bonds	524,769	482,943	-	1,007,712
Certificates of deposit	937,632	100,000	125,264	1,162,896
	<u>\$ 2,290,476</u>	<u>582,943</u>	<u>393,262</u>	<u>3,266,681</u>

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk:

The Village places no limit on the amount the Village may invest in any one issuer.

Custodial Credit Risk:

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. At March 31, 2021, the Village had no custodial credit risk.

Foreign Currency Risk:

The Village has no foreign currency risk for investments at year end.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 2: CASH AND INVESTMENTS – (Continued)

Investments – (Continued)

Other Investments:

The Village has \$766,603 in the “Illinois Money Market Fund,” formerly known as IPTIP (reported as cash equivalent in the accompanying financial statements). It is a money market fund that was created in 1975 by the Illinois General Assembly. Its primary purpose is to provide the custodians of public funds with an alternative investment vehicle which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds. The monies invested by the individual participants are pooled together and invest in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The time deposits are collateralized 110% over FDIC or FSLIC \$100,000 insurance with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations, and the collateral is checked daily to determine sufficiency.

The individual participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral; therefore no collateral is identified with each individual participant’s account.

Fair Value Measurements

For disclosure purposes, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Village’s assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

VILLAGE OF SENECA, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended March 31, 2021**

NOTE 2: CASH AND INVESTMENTS – (Continued)

Fair Value Measurements – (Continued)

Investments measured at fair value (for disclosure purposes only) on a recurring basis are disclosed below:

	Balance at March 31, 2021	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Village Investments:				
Cash & Money Market	\$ 645,757	645,757	-	-
Certificate of Deposit	1,162,896	-	1,162,896	-
Municipal Bonds	1,007,712	1,007,712	-	-
US Government Obligations	450,316	450,316	-	-
Total Village Investments	<u>\$ 3,266,681</u>	<u>2,103,785</u>	<u>1,162,896</u>	<u>-</u>

Cash, money market funds, municipal bonds and US Treasury Obligations classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of certificates of deposit at March 31, 2021 was determined primarily based on level 2 inputs. The Village estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

NOTE 3: PERSONAL PROPERTY REPLACEMENT TAX

The Village receives Personal Property Replacement Tax, which represents an additional State of Illinois income tax on corporations (certain utilities), trusts, partnerships, and Subchapter S corporations and a new tax on the invested capital of public utilities providing gas, communications, electrical and waste services.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 654,689	-	-	654,689
Total capital assets not being depreciated	654,689	-	-	654,689
Capital assets being depreciated:				
Vehicles	465,456	-	-	465,456
Equipment	389,642	88,616	-	478,258
Buildings & Improvements	3,346,023	-	-	3,346,023
Infrastructure	1,166,720	91,747	-	1,258,467
Total capital assets being depreciated	5,367,841	180,363	-	5,548,204
Total capital assets	6,022,530	180,363	-	6,202,893
Total accumulated depreciation	(2,703,982)	(238,960)	-	(2,942,942)
Total governmental activities, net	\$ 3,318,548	(58,597)	-	3,259,951
Business-Type Activities:				
Capital assets being depreciated:				
Vehicles	\$ 135,372	163,834	(87,500)	211,706
Equipment	528,936	-	-	528,936
Infrastructure	8,619,011	131,231	-	8,750,242
Total capital assets being depreciated	9,283,319	295,065	(87,500)	9,490,884
Total capital assets	9,283,319	295,065	(87,500)	9,490,884
Total accumulated depreciation	(6,393,495)	(321,482)	87,500	(6,627,480)
Total business-type activities, net	\$ 2,889,824	(26,417)	-	2,863,404
Total governmental & business-type	\$ 6,208,372	(85,014)	-	6,123,355

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 4: CAPITAL ASSETS – (Continued)

Depreciation expense was charged to the following functions:

Governmental activities	
General government	\$ 18,915
Public health and safety	41,411
Streets and alleys	173,195
Culture and recreation	5,439
Total depreciation expense-governmental activities	<u>238,960</u>
Business-type activities	
Water	159,818
Sewer	161,664
Total depreciation expense-business type activities	<u>321,482</u>
Total depreciation expense	<u>\$ 560,442</u>

Capital asset purchases included the following:

Governmental:	
Share of VAC Truck	\$ 79,117
X-Series Mower	\$ 9,449
Street Project	\$ 91,747
Business-Type:	
Sewer Improvements	\$ 131,231
Share of VAC Truck	\$163,834

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 5: CHANGE IN LONG-TERM OBLIGATIONS

The following is a summary of general long-term debt transactions of the Village for the year ended March 31, 2021:

Type of Debt	Beginning Balance	Additions	Retirements	Ending Balance	Due in One Year
Governmental Activities:					
G.O. Bonds 2016	\$ 222,000	-	28,000	194,000	29,000
First Midwest Truck Loan	-	73,667	13,835	59,832	14,249
Total Governmental Activities	\$ 222,000	73,667	41,835	253,832	43,249
Business-type Activities:					
IEPA Loan Payable	\$ 490,706	-	56,139	434,567	57,109
First Midweset Truck Loan	-	147,333	27,669	119,664	28,498
Total Business-type Activities	\$ 490,706	147,333	83,808	554,231	85,607

First Midwest Bank Note Payable:

On April 1, 2020, the Village obtained a loan from First Midwest Bank, the proceeds of which are being used to fund the purchase of a new truck. The total amount borrowed was \$221,000, and the payment schedule calls for annual payments of \$48,665, principal and interest, with payments due on March 26 of each fiscal year. The final payment is due March 26, 2025. Interest on each payment is calculated at the rate of 3.25% of the outstanding loan balance. The Village allocates this note between the General Fund, Water Fund, and Sewer Fund evenly.

During the current fiscal year, principal of \$41,503 and interest of \$7,282 was paid. The current balance of the loan is \$179,497. Future payment requirements are as follows:

Due During Year Ended March 31,	Principal	Interest	Total
2022	\$ 42,747	5,919	48,666
2023	44,155	4,510	48,665
2024	45,602	3,063	48,665
2025	46,993	1,553	48,546
	\$ 179,497	15,045	194,542

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 5: CHANGE IN LONG-TERM OBLIGATIONS – (Continued)

Illinois Environmental Protection Agency Loan Payable:

On August 15, 2007, the Village obtained a loan from the Illinois Environmental Protection Agency (IEPA), the proceeds of which are being used to fund a large water and sewer improvement project. The project was awarded to Vanguard Contractors, Inc. in the amount of \$943,000. In accordance with the terms of the loan, the Village was authorized to draw funds from the IEPA in an amount not to exceed \$1,042,000. The total amount borrowed was \$1,042,000, and the payment schedule calls for semi-annual payments of \$34,029, principal and interest, with payments due on April 3 and October 4 of each fiscal year. The final payment is due April 4, 2028. Interest on each payment is calculated at the rate of 2.5% of the outstanding loan balance.

During the current fiscal year, principal of \$56,139 and interest of \$14,307 was paid. The current balance of the loan is \$434,567. Future payment requirements are as follows:

Due During Year Ended March 31,	Principal	Interest		Total
		July 1	January 1	
2022	\$ 57,109	5,646	5,302	68,057
2023	54,879	6,772	6,406	68,057
2024	57,586	5,418	5,052	68,057
2025	60,500	4,014	3,648	68,162
Later years	204,493	13,745	12,257	230,495
	<u>\$ 434,567</u>	<u>35,596</u>	<u>32,666</u>	<u>502,828</u>

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 5: CHANGE IN LONG-TERM OBLIGATIONS – (Continued)

Series 2016 General Obligation Bonds:

On December 15, 2016, the Village Council passed Ordinance 16-10, authorizing the issuance of \$300,000 of general obligation bonds, Series 2016, for the purpose of financing land acquisition and construction of public works facilities.

The bonds are payable annually beginning January 1, 2018. Interest is charged at 4.00% per annum, payable semi-annually beginning July 1, 2017.

Future payment requirements are as follows:

Due During Year Ended March 31,	Principal	Interest	Total
2022	\$ 29,000	7,940	36,940
2023	30,000	5,580	35,580
2024	32,000	4,300	36,300
2025	33,000	2,980	35,980
2026-2027	70,000	1,620	71,620
	<u>\$ 194,000</u>	<u>22,420</u>	<u>216,420</u>

NOTE 6: INDIVIDUAL FUND DISCLOSURES

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources primarily to provide services. The governmental and proprietary type funds financial statements generally reflect such transactions as transfers.

During the year ended March 31, 2018, the Village recorded an inter-fund receivable / payable between the TIF Fund and the General Fund in the amount of \$331,573 for projects completed within the TIF district in prior years that were paid out of the General Fund. The balance will be repaid over time as TIF money is collected. The balance due between funds at March 31, 2021 was \$131,573.

Transfers among funds represent both routine and non-routine items. Generally, transfers occur to meet the operating purposes of another fund. Transfers were made from the General Fund to the Debt Service Funds for payment of principal and interest. In addition to the amount above, another transfers were made between the Water & Sewer Funds to reimburse expenditures. Transfers made among various departments within a single fund are eliminated in the accompanying financial statements.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 6: INDIVIDUAL FUND DISCLOSURES – (Continued)

Fund	Transfer to Other Funds	Transfer From Other Funds
Governmental Funds:		
General Fund	\$ 27,850	20,500
Series 2016 G.O. Bond Fund	-	27,900
Total Governmental Funds	<u>\$ 27,850</u>	<u>48,400</u>
Business-type Funds:		
Water Fund	\$ 19,675	65,800
Sewer Fund	66,675	-
Total Business-type Funds:	<u>\$ 86,350</u>	<u>65,800</u>
Total Transfers	<u>\$ 114,200</u>	<u>114,200</u>

NOTE 7: PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Village is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the Village participates in the Illinois Municipal League Risk Management Association. The Village is liable for up to a \$500 annual deductible for all years it participates in the plan. The Village's policy is to record any related expenditures in the year in which the Village is notified and pays the assessment. The Village is not aware of any additional assessments owed as of March 31, 2021.

During the year ended March 31, 2021, there were no significant reductions in insurance coverage from the prior year. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 8: CONTINGENCIES - LITIGATION

The Village is not a defendant in any current litigation. With regards to other pending matters, the eventual outcome and the related liability, if any, is not determinable at this time.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 9: 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 plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits 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 position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided – IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (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 ECO plan was closed to new participants after that date). All of the Village’s employees participate in the Regular Plan.

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 services, 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 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.

VILLAGE OF SENECA, ILLINOIS

**Notes to Basic Financial Statements
For the Year Ended March 31, 2021**

NOTE 9: ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) - (Continued)

Employees Covered by Benefit Terms – As of December 31, 2020, the following Village employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	21
Inactive Plan Members entitled to but not yet receiving benefits	18
Active Plan Members	<u>16</u>
Total	<u>55</u>

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 and actual Village contributions for calendar year 2020 and the fiscal year ended March 31, 2021 are summarized below. The Village 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.

Plan member required contribution rate	4.50%
Village required contribution rate for 2020	11.32%
Village required contribution rate for 2021	9.85%
Village actual contributions for 2020	\$ 93,304
Village actual contributions for fiscal year 2021	\$ 97,848

NOTE 10: LEGAL DEBT MARGIN

The following schedule illustrates the legal debt margin of the Village as of March 31, 2021:

Assessed valuation - 2020		<u>\$ 43,367,927</u>
Statutory debt limitation (8.625% of assessed valuation)		\$ 3,740,484
Debt outstanding at March 31, 2021:		
General obligation bonds	\$ 194,000	
First Midwest Loan	179,497	
IEPA loan payable	<u>434,567</u>	
	808,064	
Less: IEPA loan not included for purposes of debt limitation statute	<u>(434,567)</u>	<u>373,497</u>
Legal debt margin		<u>\$ 3,366,987</u>

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 11: SOCIAL SECURITY

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered as “non-participating employees.” These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under social security. The Village paid \$60,739, the total required contribution for the year ended March 31, 2021.

NOTE 12: RESTRICTED FUND BALANCE

Amounts classified as restricted fund balance represent portions of fund balance which are specifically restricted by legal or administrative policy are not available for general operation expenditures.

Restricted tax levies:

Cash receipts and the related disbursements of the following restricted tax levies are accounted for in the General Fund. A portion of the General Fund’s equity represents cumulative receipts over cumulative disbursements which is restricted for future expenditures for the following purposes:

Parks and recreation	\$ 68,527
Storm sewer projects	159,016
Fire protection	132,917
Harbor Construction	12,660
Total General Fund Restriction	<u>\$ 373,120</u>

Additionally, cash receipts and related disbursements of several other restricted tax levies are accounted for in separate special revenue funds. The excess of cumulative receipts over cumulative disbursements of these restricted levies are as follows:

Audit	\$ 16,989
IMRF	156,879
Social Security and Medicare	66,850
Liability Insurance / Tort Immunity	295,707
Garbage Services	82,953
Series 2012B G.O. Bonds	13,298
Series 2012C G.O. Bonds	190,938
Series 2016 G.O. Bonds	2,072

NOTE 13: MOTOR FUEL TAX ALLOTMENTS

Under current procedures, the allotments to the Village are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved by the Department of Transportation, State of Illinois. As of March 31, 2021, the Village had restricted balance of \$131,835 in the Motor Fuel Tax Fund.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 14: TIF DISTRICTS

TIF I and TIF II

On December 16, 2003, the Village Council passed Ordinance 03-32 establishing two tax increment financing districts. The goal of the Tax Increment Financing law is to induce private development, which would not occur without public expenditures, in economically depressed areas in order to improve property value and eliminate blight.

During a prior fiscal year, the Village approved the Seneca Redevelopment Plan and designated the TIF II Shipyard Business Redevelopment Project Area (LaSalle County) and the TIF I Old Stage Road Business Redevelopment Project Area (Grundy County) as the two TIF Districts.

The Village will use incremental tax revenues to pay for redevelopment project costs and obligations incurred during both projects. During the year ended March 31, 2021, the Village received TIF revenues of \$422,386 and \$159,678 from LaSalle and Grundy Counties, respectively.

The TIF Fund is accounted for on these financial statements as a Special Revenue Fund.

NOTE 15: FUND BALANCE – GASB 54 PRESENTATION

According to Government Accounting Standards, fund balances are to be classified into five major classifications: Non-spendable, Restricted, Committed, Assigned, and Unassigned. Below are definitions of the differences of how these balances are reported.

A. Non-spendable Fund Balance

The non-spendable 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, not controlled by the entity. 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. Debt Service Funds are by definition restricted for these specified purposes. The Village has several different funds that also fall into these categories. See Notes 12 and 13 for information on restricted balances.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements For the Year Ended March 31, 2021

NOTE 15: FUND BALANCE – GASB 54 PRESENTATION - (Continued)

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 government's highest level of decision making authority (the Village Council). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. As of March 31, 2021, the Village's TIF Fund has a committed balance of \$1,331,573 for payment of future developer fees, and the General Fund had a committed balance of \$78,071 for future projects.

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 nor committed. Intent may be expressed by (a) the Village Council itself or (b) the finance committee or by the Treasurer when the Village Council has delegated the authority to assign amounts to be used for specific purposes. The Village has a total assigned fund balance of \$827,573 as of March 31, 2021.

E. *Unassigned Fund Balance*

The unassigned fund balance classification is the residual classification for amounts in the General Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds and the deficit TIF fund balance.

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.

NOTE 16: ENTERPRISE FUNDS INDIVIDUAL FUND DISCLOSURE

The Waterworks Fund is an enterprise fund that consists of the following sub accounts and balances:

Water Fund	\$1,801,017
Water Capital Improvement	14,100
Water EPA Fund	<u>137,797</u>
	<u>\$1,952,914</u>

The Sewer Fund consists of the following sub accounts and balances:

Sewer Fund	\$1,788,161
Sewer Capital Fund	310,716
Sewer 2012A Fund	<u>14,921</u>
	<u>\$2,113,798</u>

Both Enterprise Funds' sub accounts are grouped together and presented in total for the Waterworks Fund and Sewer Fund balances.

VILLAGE OF SENECA, ILLINOIS

Notes to Basic Financial Statements
For the Year Ended March 31, 2021

NOTE 17: LEASE COMMITMENTS

On September 26, 2017, the Village entered into a lease agreement for a copy machine. The lease term is 60 months and requires monthly payments of \$145. Total expense under this lease was \$1,740 for the year ended March 31, 2021. Future minimum payments required under this lease are as follows:

Fiscal Year Ending March 31,		
2022	\$	1,740
2023		870
Total	\$	<u>2,610</u>

NOTE 18: SUBSEQUENT EVENTS

Management evaluated subsequent events through July 20, 2021, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of March 31, 2021.

OTHER INFORMATION

VILLAGE OF SENECA, ILLINOIS
GENERAL FUND

SCHEDULE A-1

Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021

Assets

Cash on hand	\$	568,854
Investments		461,314
Due from other funds		131,573
		<hr/>
Total assets	\$	<u>1,161,741</u>

Fund Balance

Fund balance:		
Unassigned	\$	586,686
Assigned:		
Public Safety		48,745
Cruise Night		6,640
Road and Bridge		11,511
Flood		4,470
Boat Launch		50,883
Micro Food Pantry		1,615
Committed:		
Construction Projects		78,071
Restricted:		
Fire Protection Services		132,917
Storm Sewer Projects		159,016
Harbor Construction (Downtown Development)		12,660
Parks & Recreation		68,527
		<hr/>
Total fund balance	\$	<u>1,161,741</u>

**VILLAGE OF SENECA, ILLINOIS
GENERAL FUND**

SCHEDULE A-2

**Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 344,530	369,556	354,776
Utility tax	205,900	197,006	205,902
Telecommunications taxes	63,652	57,649	63,652
State sales tax	258,435	250,302	258,435
State income taxes	255,454	267,014	255,454
Local use taxes	80,001	105,873	80,001
Replacement taxes	12,607	11,557	12,933
Video gaming taxes	49,477	29,640	49,477
Cannabis tax	1,999	1,891	308
Windmill revenue	15,000	15,000	15,000
Rental income	-	11,274	12,299
Donations	2,200	-	-
Grants and contributions	32,535	81,923	138,052
Franchise fee	8,666	10,369	8,666
Interest income	16,891	7,299	20,988
Miscellaneous	20	7,145	17,326
Building permits	6,598	10,528	9,448
Licenses	13,525	13,300	13,615
Park fees	6,155	2,050	6,155
Fines	13,620	15,759	17,913
Impound fee	-	3,000	3,300
Basset training income	-	-	-
Scrap sales	-	565	1,405
Cruise Nite	5,240	-	5,240
SRO Officers	85,400	47,954	85,401
Total revenues received	1,477,905	1,516,654	1,635,746

**VILLAGE OF SENECA, ILLINOIS
GENERAL FUND**

**SCHEDULE A-2
(Continued)**

**Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

	Original and Final Appropriations	Year Ended March 31,	
		2021	2020
Expenditures disbursed:			
General Government:			
Current:			
Personnel:			
Salaries - employees	\$ 315,100	115,372	114,026
Salaries - elected	56,462	31,000	30,484
Health insurance and life insurance	187,140	27,864	29,073
Contractual services:			
Maintenance service - building	7,425	4,634	3,490
Maintenance service - equipment	18,100	13,476	5,847
Legal service	103,570	10,372	9,465
Telephone and internet	29,500	8,912	8,305
Printing and publishing	8,600	-	82
Dues and fees	14,500	11,143	12,590
Travel expenses	3,000	35	2,845
Training	3,000	-	1,990
Publications	8,880	319	309
Utilities	3,000	4,027	2,604
Engineering	30,400	1,434	4,658
General services	79,900	32,528	7,538
Reimbursements	7,000	8,902	8,718
Summerfest	6,500	-	6,402
Commodities:			
Maintenance supplies - building	3,080	-	52
Office supplies and materials	15,140	5,483	5,264
Fuel, oil and repairs	2,212	5,256	5,128
Postage	9,360	320	312
Operating supplies	17,712	16,659	16,480
Miscellaneous	81,280	500	5,881
Capital Outlay:			
Building Purchase	875,000	-	-
Property Purchase	243,000	-	-
Equipment	114,170	-	50,000
Computer Hardware	184,000	-	760
Computer Software	184,000	-	60
Total General Government	2,611,031	298,236	332,363

VILLAGE OF SENECA, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original and Final Appropriations	Year Ended March 31,	
		2021	2020
Expenditures disbursed (continued):			
Public Safety:			
Current:			
Personnel:			
Salaries - employees	\$ 727,500	503,561	506,841
Salaries - elected	10,000	8,000	8,000
Health insurance and life insurance	200,000	116,788	111,304
Contractual services:			
Maintenance service - equipment	30,000	14,250	14,216
Maintenance service - vehicle	50,000	5,933	1,715
Maintenance service - building	1,500	-	-
Legal service	20,500	1,123	1,279
Postage	2,000	172	114
Telephone and internet	35,000	21,120	19,451
Publishing and printing	7,000	92	228
Dues and fees	86,000	26,523	17,117
Travel expenses	6,000	1,252	2,604
Training	9,500	1,352	4,045
Utilities	2,000	510	510
Reimbursements	8,000	-	-
Rentals	5,000	-	-
General services	155,500	32,791	11,394
IT Services	10,000	-	-
Facility security	15,000	1,438	-
Dispatch service	-	56,715	66,552
Disposal storage services	3,000	-	943
Commodities:			
Maintenance supplies - equipment	15,000	1,987	534
Maintenance supplies - vehicle	20,000	73	849
Office supplies	10,000	2,283	2,437
Operating supplies	84,000	7,249	9,180
Fuel and oil	51,000	9,760	11,752
Uniforms	10,000	7,433	8,488
Safety equipment	16,000	5,947	-
Other commodities	-	4,426	2,557
Capital outlay:			
Equipment	84,500	6,273	24,747
Vehicle	100,000	1,406	-
Computer Hardware Purchase	20,000	-	-
Computer Software Purchase	1,500	-	-
Building Purchase	21,000	-	-
Total Public Safety	1,816,500	838,457	826,857

VILLAGE OF SENECA, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original and Final Appropriations	Year Ended March 31,	
		2021	2020
Expenditures disbursed (continued):			
Streets:			
Current:			
Personnel:			
Salaries - employees	\$ 184,000	94,143	98,936
Salaries - elected	10,000	7,333	8,000
Health insurance and life insurance	40,000	26,271	26,147
Contractual services:			
Maintenance service - building	6,000	563	1,731
Maintenance service - equipment	15,000	1,398	1,693
Maintenance service - vehicle	6,000	1,820	-
Maintenance service - street	230,000	23,635	14,366
Maintenance service - utilities	-	-	5,420
Utilities	-	1,950	2,188
Recycling & clean up	10,000	5,817	-
Rentals	5,000	2,600	-
Engineering	85,000	16,289	11,729
Training	-	49	20
Landscaping and tree removal	10,000	4,950	2,950
Telephone and internet	4,000	-	-
Management services	8,000	300	434
Spraying	2,300	365	-
Street lamp installation and repair	60,000	-	-
Sidewalk replacement and repair	50,000	-	-
Street lighting	50,000	29,095	36,473
Legal fees	15,000	3,026	3,027
Other contractual services	29,200	-	-
Commodities:			
Maintenance supplies - building	8,600	-	-
Maintenance supplies - equipment	1,500	-	305
Maintenance supplies - vehicle	6,000	353	-
Maintenance supplies - street	36,000	38,541	30,864
Operating supplies	15,600	5,385	3,707
Fuel	15,000	5,051	5,121
Tools and small equipment	75,000	-	-
Uniforms	2,500	239	700
Capital outlay:			
Building	100,000	-	-
Vehicles & equipment	60,000	73,667	117
Street construction	600,000	710	-
Total Streets	1,739,700	343,550	253,928

VILLAGE OF SENECA, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original and Final Appropriations	Year Ended March 31,	
		2021	2020
Expenditures disbursed (continued):			
Storm water management	\$ 500,000	-	-
Culture and Recreation:			
Current:			
Personnel:			
Salaries - employees	60,000	11,318	9,766
Contractual services:			
Maintenance - grounds	28,000	1,610	1,321
Engineering services	75,000	6,700	-
Professional	25,000	128	1,991
Maintenance - equipment	-	-	-
Reimbursements	1,500	575	335
Insurance	4,000	2,704	2,704
Events	7,000	-	6,675
General services	2,000	-	-
Other contractual services	30,000	8,781	1,255
Commodities:			
Operating supplies	2,000	3,284	1,265
Capital outlay:			
Land acquisition	650,000	-	-
Capital expenditures	435,000	43,365	8,724
Debt service:			
Principal	40,000	13,834	-
Interest	-	2,388	-
Total Culture and Recreation	1,359,500	94,687	34,036

VILLAGE OF SENECA, ILLINOIS
GENERAL FUND

SCHEDULE A-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original and Final Appropriations	Year Ended March 31,	
		2021	2020
Expenditures disbursed (continued):			
Harbor Construction:			
Current:			
Personnel:			
Salaries - employees	\$ 60,000	5,092	4,191
Contractual services:			
Legal	10,000	-	-
Maintenance - grounds	50,000	170	1,555
Maintenance - vehicle	3,500	199	-
Tree removal	2,500	-	-
Engineering services	50,000	-	-
Rentals	40,000	-	-
Public accommodations	50,000	-	-
Commodities:			
Operating supplies	3,000	-	-
Capital outlay:			
Roadway construction	20,000	-	-
New equipment	100,000	-	-
Total Harbor Construction	<u>389,000</u>	<u>5,461</u>	<u>5,746</u>
Total expenditures disbursed	<u>8,415,731</u>	<u>1,580,391</u>	<u>1,452,930</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>(6,937,826)</u>	<u>(63,737)</u>	<u>182,816</u>
Other financing sources (uses):			
Bond proceeds	-	73,667	-
Transfers in	-	20,500	21,000
Transfers out	(40,000)	(27,850)	(7,600)
Total other financing sources (uses)	<u>(40,000)</u>	<u>66,317</u>	<u>13,400</u>
Net change in fund balance	<u>\$ (6,977,826)</u>	2,580	196,216
Fund balance, beginning of year		<u>1,159,161</u>	<u>962,945</u>
Fund balance, end of year		<u>\$ 1,161,741</u>	<u>1,159,161</u>

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

		<u>Assets</u>	
Cash			\$ 167,370
Investments			<u>603,665</u>
Total assets			<u>\$ 771,035</u>
		<u>Liabilities and Fund Balance</u>	
Liabilities:			
Due to other funds			<u>\$ 131,573</u>
Fund balance:			
Unassigned fund deficit			(692,111)
Committed for developer payments			<u>1,331,573</u>
Total fund balance			<u>639,462</u>
Total liabilities and fund balance			<u>\$ 771,035</u>

VILLAGE OF SENECA, ILLINOIS
TIF FUND

SCHEDULE B-2

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
TIF revenue - LaSalle County	\$ 389,797	422,386	389,797
TIF revenue - Grundy County	155,634	159,678	155,634
Interest income	6,264	4,938	6,264
Total revenues received	<u>551,695</u>	<u>587,002</u>	<u>551,695</u>
Expenditures disbursed:			
Current:			
Contractual services:			
Legal	-	188	4,631
Management services	2,500	4,648	1,241
General Services	-	-	-
Construction	-	-	12,312
Street lights	3,000	1,033	920
Maintenance service - equipment	10,000	-	119
Developer payments	3,000,000	400,000	400,000
Total expenditures disbursed	<u>3,015,500</u>	<u>405,869</u>	<u>419,223</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (2,463,805)</u>	181,133	132,472
Fund balance, beginning of year		<u>458,329</u>	<u>325,857</u>
Fund balance, end of year		<u>\$ 639,462</u>	<u>458,329</u>

**VILLAGE OF SENECA, ILLINOIS
WORKING CASH FUND**

SCHEDULE B-3

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

		<u>Assets</u>	
Cash			\$ 2,423
Investments			551,519
	Total assets		<u>\$ 553,942</u>
		<u>Fund Balance</u>	
Assigned fund balance			\$ 553,942
	Total fund balance		<u>\$ 553,942</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

SCHEDULE B-4

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 21,733	21,464	20,611
Interest income	11,249	6,430	11,249
	<u>32,982</u>	<u>27,894</u>	<u>31,860</u>
Expenditures disbursed:	1,000,000	-	-
	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (967,018)</u>	27,894	31,860
Fund balance, beginning of year		<u>526,048</u>	<u>494,188</u>
Fund balance, end of year		<u>\$ 553,942</u>	<u>526,048</u>

NOTES TO OTHER INFORMATION

VILLAGE OF SENECA, ILLINOIS

Notes to Other Information For the Year Ended March 31, 2021

NOTE 1: BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedules for the General Fund and Working Cash Fund present comparisons of the budget with actual data on a modified cash basis. This is consistent with the modified cash basis of accounting used to prepare the schedules of revenues, expenditures, and changes in fund balance for those funds.

The Village's fiscal year 2021 budget was adopted on June 2, 2020 and was not amended.

Estimated revenues have been omitted from the budgetary comparison schedules, as the Village does not include an estimate for anticipated revenues in its appropriations ordinance.

NOTE 2: BUDGETARY PROCEDURES

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

- a) Within the first quarter of each year, the Village prepares an annual appropriation ordinance for the fiscal year commencing April 1 of that year. The ordinance includes proposed expenditures and the means of financing them.

Legal spending control for Village monies are at the fund level, but management control is exercised at budgetary line item levels within each fund.

- b) The Village may amend the ordinance anytime by a two-thirds vote of all Village Council members. The Council may make transfers between funds, but no appropriation may be reduced below an amount sufficient to cover such obligation.

SUPPLEMENTAL INFORMATION

VILLAGE OF SENECA, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1

Combining Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021

	Special Revenue Funds						
	Audit Fund	IMRF Fund	Social Security Fund	Liability Insurance Fund	Garbage Fund	Public Benefit Fund	Public Comfort Station Fund
<u>Assets</u>							
Cash in bank	\$ -	-	-	-	-	-	-
Investments	16,989	156,879	66,850	295,707	82,953	71,921	54,794
Total assets	<u>\$ 16,989</u>	<u>156,879</u>	<u>66,850</u>	<u>295,707</u>	<u>82,953</u>	<u>71,921</u>	<u>54,794</u>
<u>Fund Balances</u>							
Restricted	\$ 16,989	156,879	66,850	295,707	82,953	-	-
Assigned	-	-	-	-	-	71,921	54,794
Total fund balances	<u>\$ 16,989</u>	<u>156,879</u>	<u>66,850</u>	<u>295,707</u>	<u>82,953</u>	<u>71,921</u>	<u>54,794</u>

VILLAGE OF SENECA, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1
(Continued)

Combining Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021

	Special Revenue Funds		Debt Service Funds			Total Non-major Governmental Funds	
	Police Building Restoration Fund	Motor Fuel Tax Fund	Series 2012B G.O. Bond Fund	Series 2012C G.O. Bond Fund	Series 2016 G.O. Bond Fund	March 31,	
						2021	2020
<u>Assets</u>							
Cash in bank	\$ -	131,835	-	2,593	-	134,428	56,789
Investments	23,052	-	13,298	188,345	2,072	972,860	911,968
Total assets	<u>\$ 23,052</u>	<u>131,835</u>	<u>13,298</u>	<u>190,938</u>	<u>2,072</u>	<u>1,107,288</u>	<u>968,757</u>
<u>Fund Balances</u>							
Restricted	\$ -	131,835	13,298	190,938	2,072	957,521	827,702
Assigned	23,052	-	-	-	-	149,767	141,055
Total fund balances	<u>\$ 23,052</u>	<u>131,835</u>	<u>13,298</u>	<u>190,938</u>	<u>2,072</u>	<u>1,107,288</u>	<u>968,757</u>

**VILLAGE OF SENECA, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS**

SCHEDULE C-2

**Combining Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balances
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

	Special Revenue Funds						Public Comfort Station Fund
	Audit Fund	IMRF Fund	Social Security Fund	Liability Insurance Fund	Garbage Fund	Public Benefit Fund	
Revenues received:							
Property taxes	\$ 8,924	86,865	64,898	126,808	19,970	21,464	14,296
Motor fuel taxes	-	-	-	-	-	-	-
Interest income	220	2,056	946	3,287	975	768	663
Other Income	-	-	-	-	-	-	-
Total revenues received	<u>9,144</u>	<u>88,921</u>	<u>65,844</u>	<u>130,095</u>	<u>20,945</u>	<u>22,232</u>	<u>14,959</u>
Expenditures disbursed:							
General government	8,715	98,032	74,944	69,297	15,231	14,437	8,268
Highways and streets	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	6,049
Debt service	-	-	-	-	-	-	-
Total expenditures disbursed	<u>8,715</u>	<u>98,032</u>	<u>74,944</u>	<u>69,297</u>	<u>15,231</u>	<u>14,437</u>	<u>14,317</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>429</u>	<u>(9,111)</u>	<u>(9,100)</u>	<u>60,798</u>	<u>5,714</u>	<u>7,795</u>	<u>642</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	429	(9,111)	(9,100)	60,798	5,714	7,795	642
Fund balance (deficit), beginning of year	<u>16,560</u>	<u>165,990</u>	<u>75,950</u>	<u>234,909</u>	<u>77,239</u>	<u>64,126</u>	<u>54,152</u>
Fund balance (deficit), end of year	<u>\$ 16,989</u>	<u>156,879</u>	<u>66,850</u>	<u>295,707</u>	<u>82,953</u>	<u>71,921</u>	<u>54,794</u>

VILLAGE OF SENECA, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-2
(Continued)

Combining Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balances
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Special Revenue Funds		Debt Service Funds			Total	
	Police Building Restoration Fund	Motor Fuel Tax Fund	Series 2012B G.O. Bond Fund	Series 2012C G.O. Bond Fund	Series 2016 G.O. Bond Fund	March 31,	
						2021	2020
Revenues received:							
Property taxes	\$ -	-	-	-	-	343,225	329,856
Motor fuel taxes	-	110,996	-	-	-	110,996	82,630
Interest income	275	44	187	2,245	191	11,857	20,053
Grants	-	52,086	-	-	-	52,086	-
Other income	-	-	-	-	-	-	8,556
Total revenues received	275	163,126	187	2,245	191	518,164	441,095
Expenditures disbursed:							
General government	-	-	-	-	-	288,924	263,354
Highways and streets	-	75,000	-	-	-	75,000	75,000
Capital outlay	-	-	-	-	-	6,049	5,566
Debt service	-	-	-	-	37,560	37,560	38,365
Total expenditures disbursed	-	75,000	-	-	37,560	407,533	382,285
Excess (deficiency) of revenues received over (under) expenditures disbursed	275	88,126	187	2,245	(37,369)	110,631	58,810
Other financing sources (uses):							
Transfers in	-	-	-	-	27,900	27,900	77,600
Transfers out	-	-	-	-	-	-	(85,000)
Total other financing sources (uses)	-	-	-	-	27,900	27,900	(7,400)
Net change in fund balance	275	88,126	187	2,245	(9,469)	138,531	51,410
Fund balance (deficit), beginning of year	22,777	43,709	13,111	188,693	11,541	968,757	917,347
Fund balance (deficit), end of year	\$ 23,052	131,835	13,298	190,938	2,072	1,107,288	968,757

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

		<u>Assets</u>	
Investments			\$ 16,989
Total assets			<u>\$ 16,989</u>
		<u>Fund Balance</u>	
Restricted fund balance			\$ 16,989
Total fund balance			<u>\$ 16,989</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

	<u>Original and Final Budget</u>	<u>Year Ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Revenues received:			
Property taxes	\$ 8,935	8,924	8,740
Interest income	368	220	368
Total revenues received	<u>9,303</u>	<u>9,144</u>	<u>9,108</u>
Expenditures disbursed:			
Current:			
Contractual services:			
Audit	<u>10,000</u>	<u>8,715</u>	<u>8,500</u>
Total expenditures disbursed	<u>10,000</u>	<u>8,715</u>	<u>8,500</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (697)</u>	429	608
Fund balance, beginning of year		<u>16,560</u>	<u>15,952</u>
Fund balance, end of year		<u>\$ 16,989</u>	<u>16,560</u>

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

		<u>Assets</u>	
Investments			\$ 156,879
Total assets			<u>\$ 156,879</u>
		<u>Fund Balance</u>	
Restricted fund balance			\$ 156,879
Total fund balance			<u>\$ 156,879</u>

**Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 87,000	86,865	87,230
Interest income	3,638	2,056	3,639
Total revenues received	<u>90,638</u>	<u>88,921</u>	<u>90,869</u>
Expenditures disbursed:			
IMRF contributions	200,000	97,848	83,177
Miscellaneous	-	184	-
Total expenditures disbursed	<u>200,000</u>	<u>98,032</u>	<u>83,177</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (109,362)</u>	(9,111)	7,692
Fund balance, beginning of year		<u>165,990</u>	<u>158,298</u>
Fund balance, end of year		<u>\$ 156,879</u>	<u>165,990</u>

VILLAGE OF SENECA, ILLINOIS
SOCIAL SECURITY FUND

SCHEDULE C-7

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

<u>Assets</u>	
Investments	\$ 66,850
Total assets	<u>\$ 66,850</u>
<u>Fund Balance</u>	
Restricted fund balance	\$ 66,850
Total fund balance	<u>\$ 66,850</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

SCHEDULE C-8

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 65,000	64,898	58,153
Interest income	1,789	946	1,788
Total revenues received	<u>66,789</u>	<u>65,844</u>	<u>59,941</u>
Expenditures disbursed:			
Current:			
Personnel:			
Payroll taxes	100,000	74,847	72,842
Miscellaneous	-	97	-
Total expenditures disbursed	<u>100,000</u>	<u>74,944</u>	<u>72,842</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (33,211)</u>	(9,100)	(12,901)
Fund balance, beginning of year		<u>75,950</u>	<u>88,851</u>
Fund balance, end of year		<u>\$ 66,850</u>	<u>75,950</u>

VILLAGE OF SENECA, ILLINOIS
LIABILITY INSURANCE FUND

SCHEDULE C-9

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

		<u>Assets</u>	
Investments			\$ 295,707
Total assets			<u>\$ 295,707</u>
		<u>Fund Balance</u>	
Restricted fund balance			\$ 295,707
Total fund balance			<u>\$ 295,707</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

SCHEDULE C-10

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 62,000	126,808	122,322
Interest income	4,920	3,287	4,920
Total revenues received	<u>66,920</u>	<u>130,095</u>	<u>127,242</u>
Expenditures disbursed:			
Current:			
Personnel:			
Unemployment insurance	15,000	1,877	1,675
Contractual services:			
Liability and general insurance	80,000	67,324	67,425
General services	75,000	-	-
Miscellaneous expense	25,000	96	-
Total expenditures disbursed	<u>195,000</u>	<u>69,297</u>	<u>69,100</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (128,080)</u>	60,798	58,142
Fund balance, beginning of year		<u>234,909</u>	<u>176,767</u>
Fund balance, end of year		<u>\$ 295,707</u>	<u>234,909</u>

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

		<u>Assets</u>	
Investments			\$ 82,953
Total assets			<u>\$ 82,953</u>
		<u>Fund Balance</u>	
Restricted fund balance			\$ 82,953
Total fund balance			<u>\$ 82,953</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

SCHEDULE C-12

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 20,000	19,970	19,072
Interest income	1,634	975	1,634
Total revenues received	<u>21,634</u>	<u>20,945</u>	<u>20,706</u>
Expenditures disbursed:			
Current:			
Personnel:			
Salaries - employees	5,000	3,531	4,080
Contractual services:			
General-Flood	-	-	1,930
Maintenance service-vehicles	-	-	-
Recycling & clean up	75,000	11,700	7,000
Total expenditures disbursed	<u>80,000</u>	<u>15,231</u>	<u>13,010</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (58,366)</u>	5,714	7,696
Fund balance, beginning of year		<u>77,239</u>	<u>69,543</u>
Fund balance, end of year		<u>\$ 82,953</u>	<u>77,239</u>

Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021

<u>Assets</u>		
Investments		\$ 71,921
Total assets		<u>\$ 71,921</u>
<u>Fund Balance</u>		
Assigned fund balance		\$ 71,921
Total fund balance		<u>\$ 71,921</u>

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 21,733	21,464	20,611
Miscellaneous income	-	-	8,556
Interest income	1,128	768	1,128
Total revenues received	<u>22,861</u>	<u>22,232</u>	<u>30,295</u>
Expenditures disbursed:			
Current:			
Contractual services:			
Dues & subscriptions	500	-	45
Engineering fees	150,000	-	-
Recycling & cleanup	150,000	-	-
Contract labor	-	-	-
Equipment rental	-	3,471	896
Commodities:			
Durable supply	-	1,517	-
Capital outlay:			
New equipment	500,000	9,449	11,207
Total expenditures disbursed	<u>800,500</u>	<u>14,437</u>	<u>12,148</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (777,639)</u>	7,795	18,147
Fund balance, beginning of year		<u>64,126</u>	<u>45,979</u>
Fund balance, end of year		<u>\$ 71,921</u>	<u>64,126</u>

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

		<u>Assets</u>	
Investments			\$ 54,794
Total assets			<u>\$ 54,794</u>
		<u>Fund Balance</u>	
Assigned fund balance			\$ 54,794
Total fund balance			<u>\$ 54,794</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Property taxes	\$ 14,474	14,296	13,728
Interest income	1,044	663	1,044
Total revenues received	<u>15,518</u>	<u>14,959</u>	<u>14,772</u>
Expenditures disbursed:			
Current:			
Personnel:			
Full time employees	-	7,989	4,555
Contractual services:			
Engineering	-	-	-
General services	10,000	-	22
Tree removal	-	-	-
Commodities:			
Expend/Coldpatch	-	-	-
Public accommodations	-	279	-
Capital outlay:			
Construction	250,000	3,508	5,566
Buildings	250,000	2,541	-
Total expenditures disbursed	<u>510,000</u>	<u>14,317</u>	<u>10,143</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (494,482)</u>	642	4,629
Fund balance, beginning of year		54,152	49,523
Fund balance, end of year		<u>\$ 54,794</u>	<u>54,152</u>

**VILLAGE OF SENECA, ILLINOIS
POLICE BUILDING RESTORATION FUND**

SCHEDULE C-17

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

<u>Assets</u>	
Investments	\$ 23,052
Total assets	<u>\$ 23,052</u>
<u>Fund Balance</u>	
Assigned fund balance	\$ 23,052
Total fund balance	<u>\$ 23,052</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

SCHEDULE C-18

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Interest income	\$ 498	275	498
Total revenues received	<u>498</u>	<u>275</u>	<u>498</u>
Expenditures disbursed:			
Miscellaneous expense	30,000	-	-
Total expenditures disbursed	<u>30,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (29,502)</u>	275	498
Fund balance, beginning of year		<u>22,777</u>	<u>22,279</u>
Fund balance, end of year		<u>\$ 23,052</u>	<u>22,777</u>

VILLAGE OF SENECA, ILLINOIS
MOTOR FUEL TAX FUND

SCHEDULE C-19

**Statement of Assets, Liabilities, and
Fund Balance - Arising from Cash Transactions
March 31, 2021**

	<u>Assets</u>	
Cash		<u>\$ 131,835</u>
	<u>Fund Balance</u>	
Restricted fund balance		<u>\$ 131,835</u>

**Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

SCHEDULE C-20

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Motor Fuel tax allotments	\$ 82,631	110,996	82,630
Rebuild Illinois Grant	-	52,086	-
Interest income	29	44	30
Total revenues received	<u>82,660</u>	<u>163,126</u>	<u>82,660</u>
Expenditures disbursed:			
Current:			
Contractual services:			
Contract labor	1,000	-	-
Engineering	50,000	-	-
Street maintenance & construction	410,100	75,000	75,000
Total expenditures disbursed	<u>461,100</u>	<u>75,000</u>	<u>75,000</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (378,440)</u>	88,126	7,660
Fund balance (deficit), beginning of year		<u>43,709</u>	<u>36,049</u>
Fund balance, end of year		<u>\$ 131,835</u>	<u>43,709</u>

**Statement of Assets, Liabilities, and
 Fund Balance - Arising from Cash Transactions
 March 31, 2021**

		<u>Assets</u>	
Investments			\$ 13,298
Total assets			<u>\$ 13,298</u>
		<u>Fund Balance</u>	
Restricted fund balance			\$ 13,298
Total fund balance			<u>\$ 13,298</u>

**Statement of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance - Budget & Actual
 For the Year Ended March 31, 2021
 (With Comparative Figures for 2020)**

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Interest Income	\$ 339	187	339
Total revenues received	<u>339</u>	<u>187</u>	<u>339</u>
Expenditures disbursed:			
Debt service:			
Fees	1,000	-	-
Principal	50,000	-	-
Interest	1,500	-	-
Total expenditures disbursed	<u>52,500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>(52,161)</u>	<u>187</u>	<u>339</u>
Other financing sources (uses):			
Transfers in from General Fund	2,400	-	2,400
Net change in fund balance	<u>\$ (49,761)</u>	<u>187</u>	<u>2,739</u>
Fund balance, beginning of year		<u>13,111</u>	<u>10,372</u>
Fund balance, end of year		<u>\$ 13,298</u>	<u>13,111</u>

**Statement of Assets, Liabilities, and
 Fund Balance - Arising from Cash Transactions
 March 31, 2021**

<u>Assets</u>		
Cash		\$ 2,593
Investments		188,345
Total assets		<u>\$ 190,938</u>
<u>Fund Balance</u>		
Restricted fund balance		\$ 190,938
Total fund balance		<u>\$ 190,938</u>

**Statement of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance - Budget & Actual
 For the Year Ended March 31, 2021
 (With Comparative Figures for 2020)**

	<u>Original and Final Budget</u>	<u>Year Ended March 31,</u>	
		<u>2021</u>	<u>2020</u>
Revenues received:			
Interest Income	\$ 4,307	2,245	4,308
Total revenues received	<u>4,307</u>	<u>2,245</u>	<u>4,308</u>
Expenditures disbursed:			
Debt service:			
Fees	-	-	250
Interest	-	-	225
Total expenditures disbursed	<u>-</u>	<u>-</u>	<u>475</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>4,307</u>	<u>2,245</u>	<u>3,833</u>
Other financing sources (uses):			
Transfers out	-	-	(15,000)
Net change in fund balance	<u>\$ 4,307</u>	2,245	(11,167)
Fund balance, beginning of year		<u>188,693</u>	<u>199,860</u>
Fund balance, end of year		<u>\$ 190,938</u>	<u>188,693</u>

**Statement of Assets, Liabilities, and
 Fund Balance - Arising from Cash Transactions
 March 31, 2021**

		<u>Assets</u>	
Investments			\$ 2,072
Total assets			<u>\$ 2,072</u>
		<u>Fund Balance</u>	
Restricted Fund Balance			\$ 2,072
Total fund balance			<u>\$ 2,072</u>

**Statement of Revenues Received, Expenditures Disbursed and
 Changes in Fund Balance - Budget & Actual
 For the Year Ended March 31, 2021
 (With Comparative Figures for 2020)**

	Original and Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Interest income	\$ 357	191	357
Total revenues received	<u>357</u>	<u>191</u>	<u>357</u>
Expenditures disbursed:			
Current:			
Engineering fees	15,000	-	-
Printing and publications	1,000	-	-
Capital Outlay:			
Construction	300,000	-	-
Property purchase	-	-	-
Debt Service:			
Principal	315,000	28,000	27,000
Interest	15,000	9,060	10,140
Fees	3,000	500	750
Total expenditures disbursed	<u>649,000</u>	<u>37,560</u>	<u>37,890</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>(648,643)</u>	<u>(37,369)</u>	<u>(37,533)</u>
Other financing sources (uses):			
Transfers in	75,200	27,900	75,200
Transfers out	-	-	(70,000)
Total other financing sources:	<u>75,200</u>	<u>27,900</u>	<u>5,200</u>
Net change in fund balance	<u>\$ (573,443)</u>	<u>(9,469)</u>	<u>(32,333)</u>
Fund balance, beginning of year		<u>11,541</u>	<u>43,874</u>
Fund balance, end of year		<u>\$ 2,072</u>	<u>11,541</u>

Statement of Fund Net Position
Modified Cash Basis
March 31, 2021

<u>Assets</u>	
Current assets:	
Cash	\$ 786,369
Investments	169,068
Total current assets	<u>955,437</u>
Non-current assets:	
Capital assets	4,043,758
Accumulated depreciation	<u>(2,543,588)</u>
Total non-current assets	<u>1,500,170</u>
Total assets	<u>2,455,607</u>
<u>Liabilities</u>	
Current liabilities:	
Water deposits	8,294
Current portion of long-term debt:	
Note Payable	14,249
IEPA loan payable	<u>57,109</u>
Total current liabilities	<u>79,652</u>
Long-term liabilities:	
Due in more than one year:	
Note payable	45,584
IEPA loan payable	<u>377,457</u>
Total long-term liabilities	<u>423,041</u>
Total liabilities	<u>502,693</u>
<u>Net Position</u>	
Net investment in capital assets	1,005,771
Restricted for Water IEPA	137,797
Unrestricted net position	<u>809,346</u>
Total net position	<u>\$ 1,952,914</u>

**VILLAGE OF SENECA, ILLINOIS
WATERWORKS FUND**

SCHEDULE E-2

**Statement of Revenues Received, Expenditures Disbursed, and
Change in Fund Net Position - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)**

	Original & Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Water	\$ 441,352	450,038	441,446
Water meters	-	2,000	-
Property taxes	7,216	7,126	6,845
Interest	4,122	2,402	4,405
Miscellaneous	5,171	3,674	48,315
Total revenues received	457,861	465,240	501,011
Expenditures disbursed:			
Current:			
Personnel:			
Salaries - employees	101,500	67,429	68,632
Health insurance and life insurance	40,000	23,748	24,997
Contractual services:			
Maintenance service - building	50,000	455	3,405
Maintenance service - equipment	120,000	4,959	3,778
Maintenance service - vehicle	50,000	409	335
Maintenance service - utility	50,000	15,468	4,429
Legal Service	20,000	122	15
Telephone	6,000	1,577	1,896
Lab testing	15,000	4,132	6,039
Publishing and printing	5,000	-	-
Dues	3,000	1,297	1,177
Reimbursements	500	-	-
Travel expenses	5,000	-	-
Training	5,000	150	105
Utilities	52,500	47,164	61,095
Rentals	10,000	-	-
Engineering	50,000	-	-
Management services	20,000	211	305
Insurance	30,000	14,785	14,785
Commodities:			
Maintenance supplies - building	10,000	-	-
Maintenance supplies - equipment	30,000	32	8,035
Maintenance supplies - vehicle	30,000	499	-
Maintenance supplies - utility	75,000	10,229	7,003
Office supplies	10,000	891	210
Postage	5,000	3,299	2,594
Operating supplies	40,000	3,326	1,791
Chemicals	30,000	24,699	21,097
Fuel	6,000	1,355	670

VILLAGE OF SENECA, ILLINOIS
WATERWORKS FUND

SCHEDULE E-2
(Continued)

Statement of Revenues Received, Expenditures Disbursed, and
Change in Fund Net Position - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original & Final Budget	Year Ended March 31,	
		2021	2020
Expenditures disbursed (continued):			
Current (continued):			
Commodities (continued):			
Uniforms	\$ 1,500	150	649
Miscellaneous	-	-	874
Contingencies	300,000	-	-
Capital outlay:			
Building	30,000	1,013	-
Equipment	95,000	9,717	117
Small equipment	50,000	-	-
Vehicle	150,000	-	-
Utility System	300,000	22,750	-
Computer Hardware and Software	560,000	-	-
Hydrant Replacements	50,000	-	-
Capital projects	2,500,000	-	-
Depreciation	-	159,818	150,237
Debt service:			
Principal	168,000	-	-
Interest	50,000	14,307	13,296
Total expenditures disbursed	<u>5,124,000</u>	<u>433,991</u>	<u>397,566</u>
Excess of revenues over (under) expenditures	<u>(4,666,139)</u>	<u>31,249</u>	<u>103,445</u>
Other financing sources (uses):			
Transfers Out	-	(19,675)	(10,500)
Transfers In	-	65,800	34,180
Total other financing sources (uses)	<u>-</u>	<u>46,125</u>	<u>23,680</u>
Change in net position	<u>\$ (4,666,139)</u>	<u>77,374</u>	<u>127,125</u>
Net position, beginning of year		<u>1,875,540</u>	<u>1,748,415</u>
Net position, end of year		<u>\$ 1,952,914</u>	<u>1,875,540</u>

Statement of Fund Net Position
Modified Cash Basis
March 31, 2021

<u>Assets</u>	
Current assets:	
Cash	\$ 302,141
Investments	<u>508,255</u>
Total current assets	<u>810,396</u>
Non-current assets:	
Capital assets	5,447,126
Accumulated depreciation	<u>(4,083,892)</u>
Total non-current assets	<u>1,363,234</u>
Total assets	<u>2,173,630</u>
<u>Liabilities</u>	
Current liabilities:	
Current portion of long-term debt:	
Note payable	<u>14,249</u>
Total current liabilities	<u>14,249</u>
Long-term liabilities:	
Due in more than one year:	
Note payable	<u>45,583</u>
Total long-term liabilities	<u>45,583</u>
Total liabilities	<u>59,832</u>
<u>Net Position</u>	
Net investment in capital assets	1,303,402
Restricted for Sewer Capital	310,716
Restricted for Sewer 2012A	14,921
Unrestricted net position	<u>484,759</u>
Total net position	<u>\$ 2,113,798</u>

VILLAGE OF SENECA, ILLINOIS
SEWER FUND

SCHEDULE E-4

Statement of Revenues Received, Expenditures Disbursed, and
Change in Fund Net Position - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original & Final Budget	Year Ended March 31,	
		2021	2020
Revenues received:			
Sewer	\$ 474,111	439,047	474,204
Property taxes	78,237	51,515	49,461
Interest	14,781	6,346	12,209
Miscellaneous	178	-	177
Total revenues received	567,307	496,908	536,051
Expenditures disbursed:			
Current:			
Personnel:			
Salaries - employees	125,300	81,721	87,318
Health insurance and life insurance	40,000	29,024	29,185
Contractual services:			
Maintenance service - building	50,000	3,594	9,460
Maintenance service - equipment	60,000	655	2,474
Maintenance service - vehicle	50,000	74	335
Maintenance service - utility	50,000	35,721	35,927
Legal Service	20,000	47	75
Telephone & internet	33,500	1,714	1,940
Publishing and printing	5,000	-	-
Dues	10,000	6,297	6,177
Travel expenses	5,000	-	-
Training	5,000	-	105
Utilities	66,500	34,449	50,354
Engineering	50,000	14,022	13,226
Management services	30,000	691	689
Insurance	25,000	12,340	12,340
Lab testing	25,000	12,380	16,439
Other contractual services	-	-	-
Commodities:			
Maintenance supplies - building	10,000	1,723	4,514
Maintenance supplies - equipment	30,000	776	1,870
Maintenance supplies - vehicle	30,000	499	-
Maintenance supplies - utility	30,000	5,104	4,574
Office supplies	6,500	916	210
Postage	5,000	3,299	2,594
Operating supplies	40,500	-	289
Fuel	10,000	1,826	1,231
Uniforms	1,500	650	650

VILLAGE OF SENECA, ILLINOIS
SEWER FUND

SCHEDULE E-4
(Continued)

Statement of Revenues Received, Expenditures Disbursed, and
Change in Fund Net Position - Budget & Actual
For the Year Ended March 31, 2021
(With Comparative Figures for 2020)

	Original & Final Budget	Year Ended March 31,	
		2021	2020
Expenditures disbursed (continued):			
Current (continued):			
Miscellaneous	\$ 16,300	-	525
Contingencies	300,000	-	-
Reimbursements	500	-	-
Capital outlay:			
Building	20,000	1,012	-
Equipment	114,000	22,225	5,097
Vehicle	20,000	-	-
Equipment rental	7,000	-	825
Utility system	1,000,000	44,698	-
Computer hardware	560,000	-	58
Capital projects	2,500,000	-	-
Depreciation	-	161,664	140,034
Debt service:			
Fees	1,000	-	500
Principal	155,000	-	-
Interest	2,500	2,388	225
Total expenditures disbursed	<u>5,510,100</u>	<u>479,509</u>	<u>429,240</u>
Excess of revenues over (under) expenditures	<u>(4,942,793)</u>	<u>17,399</u>	<u>106,811</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Gain on sale/disposal	-	16,500	-
Transfers in	-	-	15,000
Transfers out	-	(66,675)	(44,680)
Total other financing sources (uses)	<u>-</u>	<u>(50,175)</u>	<u>(29,680)</u>
Change in net position	<u>\$ (4,942,793)</u>	<u>(32,776)</u>	<u>77,131</u>
Net position, beginning of year		<u>2,146,574</u>	<u>2,069,443</u>
Net position, end of year		<u>\$ 2,113,798</u>	<u>2,146,574</u>

**Statement of Changes in Fiduciary Net Position
For the Year Ended March 31, 2021**

	<u>April 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2021</u>
Summer Festival Commission	\$ 12,275	250	1,189	11,336
Total agency funds	<u>\$ 12,275</u>	<u>250</u>	<u>1,189</u>	<u>11,336</u>

**Illinois Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios**

Calendar Year Ending December 31,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability										
Service Cost	\$ 80,008	75,459	63,518	71,488	63,989	63,170	-	-	-	-
Interest on the Total Pension Liability	342,685	334,718	311,994	294,336	279,248	278,245	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	30,938	(53,566)	155,331	130,607	(32,060)	(215,207)	-	-	-	-
Assumption Changes	(37,029)	-	122,022	(114,863)	(9,795)	-	-	-	-	-
Benefit Payments and Refunds	(262,982)	(235,000)	(168,926)	(115,337)	(112,496)	(113,935)	-	-	-	-
Net Change in Total Pension Liability	153,620	121,611	483,939	266,231	188,886	12,273	-	-	-	-
Total Pension Liability - Beginning	4,818,179	4,696,568	4,212,629	3,946,398	3,757,512	3,745,239	-	-	-	-
Total Pension Liability - Ending	<u>\$ 4,971,799</u>	<u>4,818,179</u>	<u>4,696,568</u>	<u>4,212,629</u>	<u>3,946,398</u>	<u>3,757,512</u>	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	\$ 93,304	79,675	77,619	75,101	83,787	70,170	-	-	-	-
Employee Contributions	36,948	37,622	30,677	31,417	27,402	25,755	-	-	-	-
Pension Plan Net Investment Income	667,066	752,591	(208,907)	606,102	232,292	16,736	-	-	-	-
Benefit Payments and Refunds	(262,982)	(235,000)	(168,926)	(115,337)	(112,496)	(113,935)	-	-	-	-
Other	55,941	(13,078)	90,193	(50,094)	14,097	(37,972)	-	-	-	-
Net Change in Plan Fiduciary Net Position	590,277	621,810	(179,344)	547,189	245,082	(39,246)	-	-	-	-
Plan Fiduciary Net Position - Beginning	4,551,784	3,929,974	4,109,318	3,562,129	3,317,047	3,356,293	-	-	-	-
Plan Fiduciary Net Position - Ending	<u>\$ 5,142,061</u>	<u>4,551,784</u>	<u>3,929,974</u>	<u>4,109,318</u>	<u>3,562,129</u>	<u>3,317,047</u>	-	-	-	-
Net Pension Liability (Asset)	<u>\$ (170,262)</u>	<u>266,395</u>	<u>766,594</u>	<u>103,311</u>	<u>384,269</u>	<u>440,465</u>	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.42%	94.47%	83.68%	97.55%	90.26%	88.28%	N/A	N/A	N/A	N/A
Covered Valuation Payroll	\$ 821,062	836,047	684,371	671,742	608,922	572,339	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of the Covered Valuation Payroll	-20.74%	31.86%	112.01%	15.38%	63.11%	76.96%	N/A	N/A	N/A	N/A

**Illinois Municipal Retirement Fund
Schedule of Contributions**

Calendar Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2020	\$ 92,944	93,304	(360)	821,062	11.36%
2019	79,675	79,675	-	836,047	9.53%
2018	77,917	77,619	298	684,371	11.34%
2017	75,101	75,101	-	671,742	11.18%
2016	83,788	83,787	1	608,922	13.76%

Notes to Schedule:

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2020 Contribution Rate:

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): 24-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 19 years for most employers (two employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method 5-year smoothed market; 20% corridor
Wage Growth 3.25%
Price Inflation 2.50%
Salary Increases 3.35% to 14.25% 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 updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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 benefit changes during the year.

**Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections**

	Maximum Rate	Tax Year				
		2016	2017	2018	2019	2020
Assessed valuations		\$ 40,700,573	40,677,462	41,254,964	43,041,516	43,367,927
Tax Rates:						
General	0.2500	0.2491	0.2490	0.2491	0.2500	0.2500
Audit	N/A	0.0209	0.0205	0.0211	0.0208	0.0211
Fire Protection	0.1500	0.0605	0.0605	0.0596	0.0572	0.0567
Police Protection	0.1500	0.1495	0.1494	0.1495	0.1500	0.1500
Working Cash	0.0500	0.0498	0.0498	0.0498	0.0500	0.0500
Waterworks	0.0166	0.0166	0.0165	0.0166	0.0166	0.0166
Sewerage	0.1000	0.0997	0.0996	0.0997	0.1000	0.1000
Chlorination	0.0200	0.0199	0.0199	0.0199	0.0200	0.0067
Civil Defense (ESDA)	0.0500	0.0015	0.0015	0.0014	0.0014	0.0014
IMRF	N/A	0.2138	0.2139	0.2109	0.2024	0.2237
Social Security	N/A	0.1327	0.1328	0.1406	0.1512	0.1753
Liability Insurance	N/A	0.2801	0.2901	0.2957	0.2954	0.1458
Street Lighting	0.0500	0.0498	0.0498	0.0498	0.0500	0.0500
Parks & Recreation	0.2000	0.1993	0.1992	0.1993	0.2000	0.2000
Public Benefit Bonds	0.0500	0.0498	0.0498	0.0498	0.0500	0.0500
Waterworks Bonds	N/A	0.0777	-	-	-	-
Public Comfort Station	0.0333	0.0332	0.0332	0.0332	0.0333	0.0333
Harbor Construction	0.0125	-	0.0125	0.0125	0.0125	0.0125
Storm Water Management	0.0600	0.0598	0.0598	0.0598	0.0600	0.0600
Garbage	0.2000	0.0369	0.0369	0.0485	0.0465	0.0461
Totals		1.8005	1.7444	1.7669	1.7672	1.6492
Tax extensions:						
General		\$ 101,401	101,271	102,774	107,604	106,265
Audit		8,502	8,351	8,717	8,935	8,982
Fire Protection		24,603	24,602	24,600	24,598	24,114
Police Protection		60,843	60,764	61,668	64,562	63,759
Working Cash		20,281	20,257	20,557	21,521	21,253
Waterworks		6,736	6,728	6,828	7,145	7,056
Sewerage		40,562	40,511	41,111	43,042	42,506
Chlorination		8,116	8,103	8,222	8,608	2,844
Civil Defense		594	594	594	594	582
IMRF		87,002	87,001	87,003	87,000	95,073
Social Security		54,002	54,003	58,000	65,001	74,492
Liability Insurance		114,006	118,005	122,003	126,998	126,790
Street Lighting		20,281	20,257	20,557	21,521	21,253
Parks & Recreation		81,124	81,017	82,201	86,083	85,012
Public Benefit Bonds		20,281	20,257	20,557	21,521	21,253
Waterworks Bonds		31,624	-	-	-	-
Public Comfort Station		13,509	13,493	13,692	14,333	14,155
Harbor Construction		-	5,064	5,140	5,380	5,313
Storm Water Management		24,339	24,305	24,668	25,825	25,504
Garbage		15,002	15,002	20,020	20,001	19,604
Totals		\$ 732,810	709,586	728,915	760,272	765,809
Road & Bridge (from townships)		\$ 31,238	31,369	30,046	32,761	-
Tax collections		\$ 761,500	746,678	761,549	791,405	-

**TIF Districts
Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections**

	2020		
	Valuation	Extension	Rate
Old Stage Road TIF 1 (Grundy County)	\$ 2,003,918	136,441	6.8087
Seneca TIF 2 (LaSalle County)	7,353,878	431,612	5.8692
	2019		
	Valuation	Extension	Rate
Old Stage Road TIF 1 (Grundy County)	\$ 2,317,950	159,676	6.8887
Seneca TIF 2 (LaSalle County)	7,203,736	422,251	5.8616



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CERTIFIED PUBLIC ACCOUNTANTS

**Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

To the Honorable Mayor and
Village Council
Village of Seneca, Illinois

We have audited, in accordance with the 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 Seneca, Illinois, as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise Village of Seneca, Illinois' basic financial statements and have issued our report thereon dated July 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Seneca, Illinois' internal control over financial reporting (internal control) to determine the 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 Seneca, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Seneca, Illinois' 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings, which we consider to be a significant deficiency (2021-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Seneca, Illinois' financial statements are free from 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 determination of financial statement amounts. 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.

Mack & Associates, P. C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
July 20, 2021

VILLAGE OF SENECA, ILLINOIS

Schedule of Findings – Significant Deficiency For the Year Ended March 31, 2021

2021-01: Financial Statement Preparation (Recurring)

Condition:

Currently, the Village's personnel do not prepare the Village's financial statements and related disclosures. The Village engages the external auditors to assist in preparing these reports using the financial reports provided by the Village.

Criteria:

The Village Council has the ultimate responsibility for the Village's system of internal control over financial reporting. As independent auditors, the external auditors cannot be considered a part of the Village's system of internal controls. While it is acceptable to outsource various functions, responsibility for internal control cannot be outsourced to external auditors.

While it is common practice for the auditors to prepare the financial statements for many entities, this is considered an internal control deficiency in accordance with generally accepted auditing standards, which requires written communication to those charged with governance.

Cause:

The Village lacks the resources to prepare complete and accurate financial statements.

Effect:

Because the auditors, not management, have prepared the financial statements and related disclosures, material misstatements to the financial statements may not be prevented or detected by the Village's system of internal controls.

Recommendation:

We recommend the Village consider the costs and benefits of dedicating the necessary staff resources, technical training, and oversight to ensure:

- The Village's financial statements are accurately prepared in accordance with the modified-cash basis of accounting.
- Someone knowledgeable of financial reporting requirements and independent of the financial statement preparation process performs a thorough review of the Village's financial statement, supporting schedules, and related disclosures to ensure they are accurate, complete and presented in accordance with the applicable basis of accounting.
- The Village may determine that the cost outweighs the benefits.