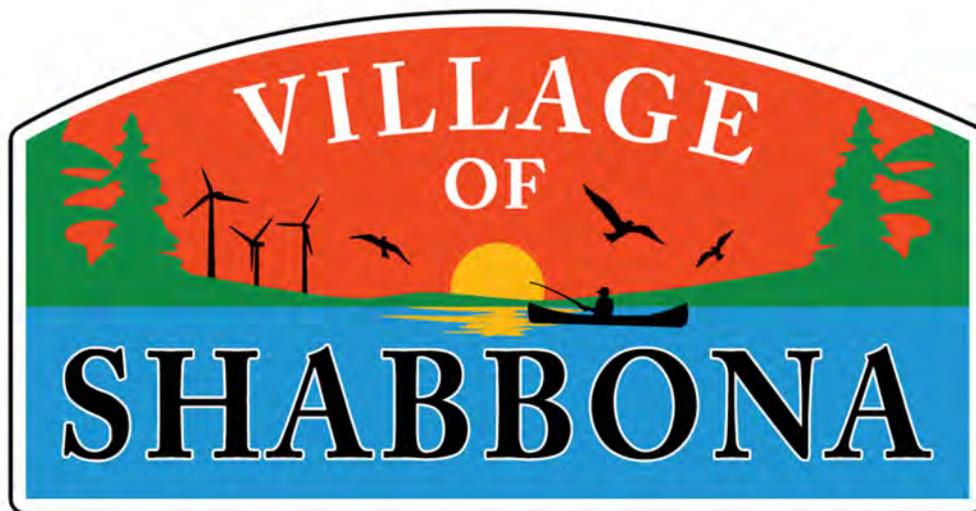


VILLAGE OF SHABBONA,  
ILLINOIS

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ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2021

# VILLAGE OF SHABBONA, ILLINOIS

## TABLE OF CONTENTS

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### PAGE

### FINANCIAL SECTION

<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	18
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position – Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Activities	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary	27
Notes to Financial Statements	28
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	52
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	53
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund	55
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues – Budget and Actual - General Fund	58
Schedule of Expenditures – Budget and Actual - General Fund	59
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual Water and Sewer - Enterprise Fund	60
Schedule of Operating Expenses - Budget and Actual Water and Sewer - Enterprise Fund	62

**VILLAGE OF SHABBONA, ILLINOIS**

**TABLE OF CONTENTS**

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**PAGE**

**FINANCIAL SECTION - Continued**

**SUPPLEMENTAL SCHEDULE**

Schedule of Assessed Valuation, Tax Rates, Tax Extension and Levied Taxes Collected  
Last Five Tax Levy Years

65

## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedule

## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the Village's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

November 18, 2021

The Honorable Village Mayor  
Members of the Board of Trustees  
Village of Shabbona, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Shabbona, Illinois, as of and for the year ended April 30, 2021 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Shabbona, Illinois' basic financial statements. The other supplementary information and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedule 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 other supplementary information and supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT DISCUSSION AND ANALYSIS**

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

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Our discussion and analysis of the Village of Shabbona's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2021. Please read it in conjunction with financial statements, which can be found in the basic financial statements section of this report.

### FINANCIAL HIGHLIGHTS

- The Village's net position increased as a result of this year's operations. Net position of the governmental activities increased by \$117,006, or 9.8 percent and business-type activities increased \$12,432 or 0.8 percent.
- During the year, government-wide revenues totaled \$821,839, while expenses totaled \$692,401 resulting in a increase to net position of \$129,438.
- The Village's net position totaled \$2,921,548 on April 30, 2021, which includes \$1,829,162 net investment in capital assets, \$393,888 subject to external restrictions, and \$698,498 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$17,800, resulting in ending fund balance of \$828,625, an increase of 2.2 percent.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements, for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

#### Government-Wide Financial Statements

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

The Statement of Net Position reports information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, is needed to assess the overall health of the Village.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year.

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

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### USING THIS ANNUAL REPORT – Continued

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

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village are reported as governmental or business-type funds.

### Governmental Funds

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

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

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Motor Fuel Tax Fund, which are considered major funds.

The Village adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule for this fund has been provided to demonstrate compliance with this budget.

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

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### USING THIS ANNUAL REPORT – Continued

#### Proprietary Funds

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is a major fund of the Village.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's I.M.R.F. employee pension obligations and budgetary comparison schedules for the General Fund.

**VILLAGE OF SHABBONA, ILLINOIS**

**Management’s Discussion and Analysis  
April 30, 2021**

**USING THIS ANNUAL REPORT – Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the Village, assets/deferred outflows exceeded liabilities/deferred inflows by \$2,921,548.

	Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 1,129,435	1,044,332	193,206	172,324	1,322,641	1,216,656
Capital Assets	345,001	392,598	1,484,161	1,487,064	1,829,162	1,879,662
Other Assets	67	-	69	-	136	-
Total Assets	1,474,503	1,436,930	1,677,436	1,659,388	3,151,939	3,096,318
Deferred Outflows	6,302	16,014	86,408	5,340	92,710	21,354
Total Assets and Deferred Outflows	1,480,805	1,452,944	1,763,844	1,664,728	3,244,649	3,117,672
Other Liabilities	5,210	11,455	24,162	6,902	29,372	18,357
Long-Term Liabilities	-	73,831	80,000	24,615	80,000	98,446
Total Liabilities	5,210	85,286	104,162	31,517	109,372	116,803
Deferred Inflows	160,281	139,923	53,448	11,571	213,729	151,494
Total Liabilities and Deferred Inflows	165,491	225,209	157,610	43,088	323,101	268,297
Net Position						
Net Investment in						
Capital Assets	345,001	385,373	1,484,161	1,487,064	1,829,162	1,872,437
Restricted	393,888	293,506	-	-	393,888	293,506
Unrestricted	576,425	548,856	122,073	134,576	698,498	683,432
Total Net Position	1,315,314	1,227,735	1,606,234	1,621,640	2,921,548	2,849,375

A large portion of the Village’s net position, \$1,829,162 or 62.6 percent, reflects its investment in capital assets (for example, land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$393,888 or 13.5 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining 23.9 percent, or \$698,498, represents unrestricted net positions and may be used to meet the government's ongoing obligations to citizens and creditors.

	Changes in Net Position					
	Governmental		Business-Type		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 83,599	84,972	242,818	245,208	326,417	330,180
Operating Grants/Contributions	63,600	34,134	-	-	63,600	34,134
General Revenues						
Property Taxes	116,696	114,284	-	-	116,696	114,284
Utility Taxes	49,056	57,127	-	-	49,056	57,127
Other Taxes	63,419	73,106	-	-	63,419	73,106
Intergovernmental	199,006	193,579	-	-	199,006	193,579
Other General Revenues	3,645	15,032	-	-	3,645	15,032
Total Revenues	579,021	572,234	242,818	245,208	821,839	817,442
<b>Expenses</b>						
General Government	261,417	406,317	-	-	261,417	406,317
Public Safety	51,609	49,731	-	-	51,609	49,731
Highways and Streets	148,615	38,914	-	-	148,615	38,914
Interest on Long-Term Debt	374	591	-	-	374	591
Water and Sewer	-	-	230,386	592,169	230,386	592,169
Total Expenses	462,015	495,553	230,386	592,169	692,401	1,087,722
Change in Net Position	117,006	76,681	12,432	(346,961)	129,438	(270,280)
Net Position - Beginning as Restated	1,198,308	1,151,054	1,593,802	1,968,601	2,792,110	3,119,655
Net Position - Ending	1,315,314	1,227,735	1,606,234	1,621,640	2,921,548	2,849,375

Net position of the Village's governmental activities increased by 9.8 percent (a restated \$1,198,308 in 2020 compared to \$1,315,314 in 2021). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$576,425 at April 30, 2021.

Net position of the business-type activities increased by 0.8 percent (a restated \$1,593,802 in 2020 compared to \$1,606,234 in 2021).

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

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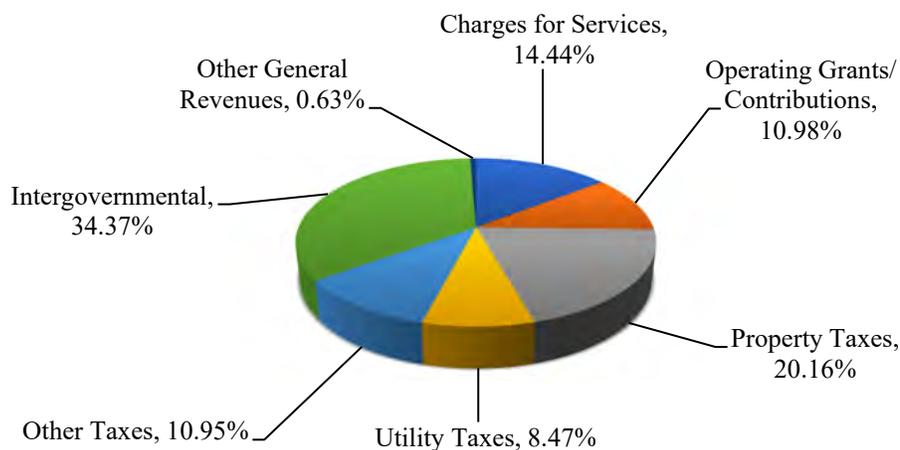
### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities

Revenues for governmental activities totaled \$579,021, while the cost of all governmental functions totaled \$462,015, this results in a surplus of \$117,006. In 2020, revenues of \$572,234 exceeded expenses of \$495,553, resulting in a surplus of \$76,681. Expenses in 2021 decreased by \$33,538 due to a decrease in the net of the IMRF deferred items and net pension liability/(asset) in the current fiscal year.

The following table graphically depicts the major revenue sources of the Village. It depicts very clearly the reliance of property taxes and intergovernmental revenues to fund governmental activities. It also clearly identifies the less significant percentage the Village receives from sales and use taxes.

**Revenues by Source – Governmental Activities**



# VILLAGE OF SHABBONA, ILLINOIS

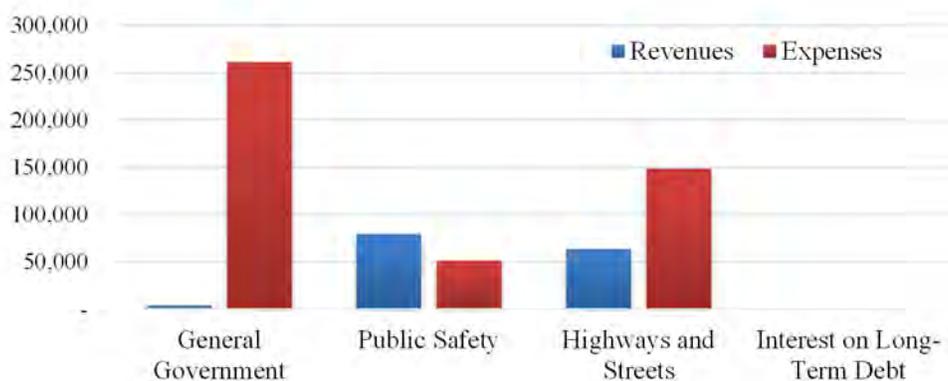
## Management's Discussion and Analysis April 30, 2021

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

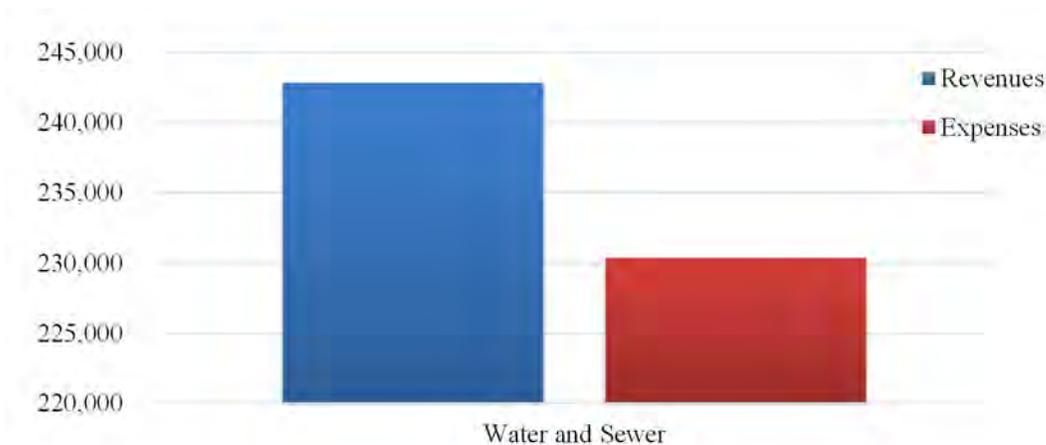
The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.

**Expenses and Program Revenues – Governmental Activities**



#### Business-Type Activities

Revenues for business-type activities totaled \$242,818, while expenses totaled \$230,386, resulting in an increase to business-type net position of \$12,432. Water and sewer expenses decreased from \$592,169 in the prior year to \$230,386 in the current year, a decrease of 61.1 percent.



The graph above compares program revenues to expenses for waterworks and sewerage operations. The graph shows that revenues for the waterworks and sewerage operations cover expenses.

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

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

The Village's governmental funds reported combining ending fund balances of \$1,016,513, which is \$81,628, or 8.7 percent, higher than last year's total of \$934,885. Of the \$1,016,513 total, \$615,933, or approximately 60.6 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$17,800, an increase of 2.2 percent. This was due in large part to the general government, public safety and highways and streets expenditures being lower than budgeted. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

The General Fund is the chief operating fund of the Village. At April 30, 2021, unassigned fund balance in the General Fund was \$615,933, which represents 74.3 percent of the total fund balance of the General Fund.

The Motor Fuel Tax Fund reported an increase in fund balance for the year of \$63,828. Ending fund balance of \$187,888 is restricted for future highways and streets qualifying expenditures.

#### Proprietary Funds

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

The Village reports the Water and Sewer Fund as a major proprietary fund. This fund accounts for all of the operations of the municipal water and sewer system.

The current year surplus is due to revenues being more than expenses in the current year, due to the Village spending their budgeted capital operations. The surplus in the Water and Sewer Fund during the current fiscal year was \$12,432, while the previous fiscal year reported a deficit of \$346,961. Unrestricted net position in the Water and Sewer Fund was \$122,073 at April 30, 2021.

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

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### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$515,193, compared to budgeted revenues of \$540,129. Intergovernmental revenues, interest, and miscellaneous items were higher than budgeted, while taxes, licenses, fees and permits, fines, and fines came in under budget for the year.

The General Fund actual expenditures for the year were \$71,977 lower than budgeted (\$497,393 actual compared to \$569,370 budgeted), due primarily all functions being under budget for the year.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The Village's investment in capital assets as of April 30, 2021 was \$1,829,162 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 40,000	40,000	-	-	40,000	40,000
Construction in Progress	-	-	284,715	220,172	284,715	220,172
Buildings	-	-	259,472	270,596	259,472	270,596
Equipment	24,970	34,904	-	-	24,970	34,904
Infrastructure	280,031	288,267	939,974	968,458	1,220,005	1,256,725
Total	345,001	363,171	1,484,161	1,459,226	1,829,162	1,822,397

Major capital asset additions for the year included \$64,543 in construction in progress.

Additional information on the Village's capital assets can be found in Note 3 of this report.

# VILLAGE OF SHABBONA, ILLINOIS

## Management's Discussion and Analysis April 30, 2021

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### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

#### Debt Administration

At year-end, the Village did not have any outstanding debt, compared to \$7,225 the previous year, a decrease of 100.0 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities	Activities	Activities	Activities	2021	2020
	2021	2020	2021	2020	2021	2020
Capital Lease Payable	\$ -	7,225	-	-	-	7,225

State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the Village is \$1,489,152.

Additional information on the Village's long-term debt can be found in Note 3 of this report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal-year 2022 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The Village is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation, slumping interest rates, and soaring unemployment rates.

As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Shabbona's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Village Hall at PO Box 222, Shabbona IL 60550.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**VILLAGE OF SHABBONA, ILLINOIS**

**Statement of Net Position**

**April 30, 2021**

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**See Following Page**

VILLAGE OF SHABBONA, ILLINOIS

Statement of Net Position

April 30, 2021

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 971,792	159,589	1,131,381
Receivables - Net of Allowances			
Taxes	133,365	-	133,365
Accounts	17,586	31,386	48,972
Prepays	6,692	2,231	8,923
Total Current Assets	<u>1,129,435</u>	<u>193,206</u>	<u>1,322,641</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	40,000	284,715	324,715
Depreciable	458,784	1,584,314	2,043,098
Accumulated Depreciation	(153,783)	(384,868)	(538,651)
Total Capital Assets	<u>345,001</u>	<u>1,484,161</u>	<u>1,829,162</u>
Other Assets			
Net Pension Asset - IMRF	67	69	136
Total Noncurrent Assets	<u>345,068</u>	<u>1,484,230</u>	<u>1,829,298</u>
Total Assets	<u>1,474,503</u>	<u>1,677,436</u>	<u>3,151,939</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	6,302	6,408	12,710
Unamortized Asset Retirement Obligation	-	80,000	80,000
	<u>6,302</u>	<u>86,408</u>	<u>92,710</u>
Total Assets and Deferred Outflows of Resources	<u>1,480,805</u>	<u>1,683,844</u>	<u>3,164,649</u>

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 5,210	24,162	29,372
Noncurrent Liabilities			
Asset Retirement Obligation	-	80,000	80,000
Total Liabilities	5,210	104,162	109,372
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	107,712	-	107,712
Deferred Items - IMRF	52,569	53,448	106,017
Total Deferred Inflows of Resources	160,281	53,448	213,729
Total Liabilities and Deferred Inflows of Resources	165,491	77,610	243,101
<b>NET POSITION</b>			
Net Investment in Capital Assets	345,001	1,484,161	1,829,162
Restricted			
Road and Bridge	34,692	-	34,692
Social Security	13,852	-	13,852
Unemployment Taxes	11,158	-	11,158
Escrow Account	8,669	-	8,669
Capital Improvement	137,629	-	137,629
Street and Streetlight	187,888	-	187,888
Unrestricted	576,425	122,073	698,498
Total Net Position	1,315,314	1,606,234	2,921,548

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SHABBONA, ILLINOIS**

**Statement of Activities  
For the Fiscal Year Ended April 30, 2021**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 261,417	4,044	-	-
Public Safety	51,609	79,555	-	-
Highways and Streets	148,615	-	63,600	-
Interest on Long-Term Debt	374	-	-	-
Total Governmental Activities	462,015	83,599	63,600	-
Business-Type Activities				
Water and Sewer	230,386	242,818	-	-
Total Primary Government	692,401	326,417	63,600	-

- General Revenues
- Taxes
- Property Taxes
- Utility Taxes
- Municipal Sales Tax
- Other Taxes
- Intergovernmental - Unrestricted
- State Income Tax
- Personal Property Replacement Tax
- Non-Home Rule Sales Tax
- Local Use Tax
- Cannabis Use Tax
- Interest Income
- Miscellaneous

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business Type Activities	Totals
(257,373)	-	(257,373)
27,946	-	27,946
(85,015)	-	(85,015)
(374)	-	(374)
(314,816)	-	(314,816)
-	12,432	12,432
(314,816)	12,432	(302,384)
116,696	-	116,696
49,056	-	49,056
52,586	-	52,586
10,833	-	10,833
106,039	-	106,039
5,055	-	5,055
45,543	-	45,543
41,613	-	41,613
756	-	756
1,598	-	1,598
2,047	-	2,047
431,822	-	431,822
117,006	12,432	129,438
1,198,308	1,593,802	2,792,110
1,315,314	1,606,234	2,921,548

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SHABBONA, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2021

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	General	Special Revenue Motor Fuel Tax	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 786,951	184,841	971,792
Receivables - Net of Allowances			
Taxes	133,365	-	133,365
Accounts	14,539	3,047	17,586
Prepays	6,692	-	6,692
Total Assets	<u>941,547</u>	<u>187,888</u>	<u>1,129,435</u>
<b>LIABILITIES</b>			
Accounts Payable	5,210	-	5,210
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	107,712	-	107,712
Total Liabilities and Deferred Inflows of Resources	<u>112,922</u>	<u>-</u>	<u>112,922</u>
<b>FUND BALANCES</b>			
Nonspendable	6,692	-	6,692
Restricted	206,000	187,888	393,888
Unassigned	615,933	-	615,933
Total Fund Balances	<u>828,625</u>	<u>187,888</u>	<u>1,016,513</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SHABBONA, ILLINOIS**

**Reconciliation of Total Governmental Fund Balance to the  
Statement of Net Position - Governmental Activities**

**April 30, 2021**

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<b>Total Governmental Fund Balances</b>	\$ 1,016,513
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	345,001
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	(46,267)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Net Pension Asset - IMRF	<u>67</u>
<b>Net Position of Governmental Activities</b>	<u><u>1,315,314</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SHABBONA, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2021

	General	Special Revenue Motor Fuel Tax	Totals
<b>Revenues</b>			
Taxes	\$ 229,171	-	229,171
Intergovernmental	199,006	63,600	262,606
Licenses, Fees and Permits	83,405	-	83,405
Fines	194	-	194
Interest	1,370	228	1,598
Miscellaneous	2,047	-	2,047
Total Revenues	<u>515,193</u>	<u>63,828</u>	<u>579,021</u>
<b>Expenditures</b>			
Current			
General Government	289,570	-	289,570
Public Safety	51,609	-	51,609
Highways and Streets	148,615	-	148,615
Debt Service			
Principal Retirement	7,225	-	7,225
Interest and Fiscal Charges	374	-	374
Total Expenditures	<u>497,393</u>	<u>-</u>	<u>497,393</u>
Net Change in Fund Balances	17,800	63,828	81,628
Fund Balances - Beginning	<u>810,825</u>	<u>124,060</u>	<u>934,885</u>
Fund Balances - Ending	<u>828,625</u>	<u>187,888</u>	<u>1,016,513</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF SHABBONA, ILLINOIS**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities - Governmental Activities**

**For the Fiscal Year Ended April 30, 2021**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 81,628</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(18,170)
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(27,575)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Net Pension Liability - IMRF	73,898
Retirement of Capital Lease Payable	<u>7,225</u>
<b>Changes in Net Position of Governmental Activities</b>	<b><u><u>117,006</u></u></b>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SHABBONA, ILLINOIS

Statement of Net Position - Proprietary Funds  
April 30, 2021

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	Business -Type Activities
	<u>Water and Sewer</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 159,589
Receivables - Net of Allowances	
Accounts	31,386
Prepays	2,231
Total Current Assets	<u>193,206</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	284,715
Depreciable	1,584,314
Accumulated Depreciation	<u>(384,868)</u>
Total Capital Assets	1,484,161
Other Assets	
Net Pension Asset - IMRF	<u>69</u>
Total Noncurrent Assets	<u>1,484,230</u>
Total Assets	<u>1,677,436</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	6,408
Unamortized Asset Retirement Obligation	<u>80,000</u>
Total Deferred Outflows of Resources	<u>86,408</u>
Total Assets and Deferred Outflows of Resources	<u>1,763,844</u>

The notes to the financial statements are an integral part of this statement.

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	Business -Type Activities
	<u>Water and Sewer</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$    24,162
Noncurrent Liabilities	
Asset Retirement Obligation	<u>80,000</u>
Total Liabilities	104,162
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>53,448</u>
Total Liabilities and Deferred Inflows of Resources	<u>157,610</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,484,161
Unrestricted	<u>122,073</u>
Total Net Position	<u><u>1,606,234</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SHABBONA, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Fiscal Year Ended April 30, 2021

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	Business -Type Activities
	Water and Sewer
Operating Revenues	
Charges for Services	\$ 242,818
Operating Expenses	
Operations	190,778
Depreciation	39,608
Total Operating Expenses	230,386
Change in Net Position	12,432
Net Position - Beginning as Restated	1,593,802
Net Position - Ending	1,606,234

The notes to the financial statements are an integral part of this statement.

## VILLAGE OF SHABBONA, ILLINOIS

### Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended April 30, 2021

	Business -Type Activities
	Water and Sewer
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 231,554
Payments to Employees	(33,554)
Payments to Suppliers	(122,702)
	<u>75,298</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(64,543)</u>
Net Change in Cash and Cash Equivalents	10,755
Cash and Cash Equivalents - Beginning	<u>148,834</u>
Cash and Cash Equivalents - Ending	<u><u>159,589</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating (Loss)	12,432
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	39,608
(Increase) Decrease in Current Assets	(11,264)
Increase (Decrease) in Current Liabilities	34,522
	<u>75,298</u>
Net Cash Provided by Operating Activities	<u><u>75,298</u></u>

The notes to the financial statements are an integral part of this statement.

# VILLAGE OF SHABBONA, ILLINOIS

## Notes to the Financial Statements April 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Shabbona (Village), Illinois operates under a Board of Trustees form of government. The basic financial statements of the Village have been presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the Village's accounting policies are described below.

#### REPORTING ENTITY

The Village Board is the basic level of government which has oversight responsibility and control over all activities related to the operation of the Village of Shabbona, the primary government unit. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding sources entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board 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.

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

#### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). The Village's general administrative, streets and highways and public safety services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Government-Wide Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions (general government, public safety, etc.). These functions are supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property tax, intergovernmental revenues, interest income, etc.).

The Village does not allocate indirect costs. This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### BASIS OF PRESENTATION – Continued

##### Fund Financial Statements – Continued

The various funds are reported by generic classification within the financial statements. The following fund type is used by the Village:

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

*General Fund* accounts for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one special revenue fund. The Motor Fuel Tax Fund, a major fund, is used to account for state shared motor fuel tax revenues that are legally restricted to maintenance and construction of streets, sidewalks, alleys and traffic signals.

##### Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the Village:

*Enterprise funds* are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Water and Sewer Fund, which is used to account for the provision of water service.

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

###### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

###### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

# VILLAGE OF SHABBONA, ILLINOIS

## Notes to the Financial Statements April 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

##### Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

##### Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds “Statement of Cash Flows,” cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, 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. The Village had no investments at the end of the fiscal year.

##### Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, and charges for services. Business-type activities report water and sewer charges as their major receivables.

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

**Capital Assets**

Capital assets purchased or acquired with an original cost of more than \$10,000 - \$250,000, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 Years
Equipment	3-20 Years
Infrastructure	20-50 Years

# VILLAGE OF SHABBONA, ILLINOIS

## Notes to the Financial Statements April 30, 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

##### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

##### Net Position

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

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 improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### BUDGETARY INFORMATION

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

- Prior to August 1, the financial committee submits to the Board of Trustees a proposed operating budget for the fiscal year commencing May 1. The proposed appropriation ordinance includes both expenditures and estimated revenues.
- Prior to August 1, the budget is to be legally enacted through passage of an ordinance by approval of the Board of Trustees and signature of the Village President. The appropriation ordinance may be amended at fund, purpose or object level by a two-thirds vote of the Board of Trustees, but may not amend the total appropriation unless there are additional funds available in the amount of the increase of total appropriations.
- Appropriations under each annual ordinance lapse when the new annual ordinance is enacted.
- Formal budgetary integration is employed as a management control device at the fund level during the year for the General Fund and Water and Sewer Fund.
- The budget, or appropriation ordinance, is adopted on a cash basis, which is not consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented in this report are on this non-GAAP budgetary basis. On June 22, 2020 the Village approved the ordinance adopting the annual budget for the fiscal year ending April 30, 2021.
- The Village made no amendments to the original budget.
- The Village did not budget for the Motor Fuel Tax Fund.

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS

##### DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments – Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, 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.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### DEPOSITS AND INVESTMENTS – Continued

#### Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit Risk

*Deposits.* At year-end, the carrying amount of the Village's deposits totaled \$1,131,381 and the bank balances totaled \$1,166,220.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village mitigates this risk by structuring the investment portfolio so that securities or other allowable investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities or other allowable investments on the open market prior to maturity; and by investing operating funds primarily in shorter-term securities or other allowable investments.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village mitigates risk by limiting investments to the safest types of securities or other allowable investments; Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Village will do business; and diversifying the investment portfolio so that potential losses on individual securities or other allowable investments will be minimized.

*Concentration Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village does not have an investment policy that addresses concentration risk.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have an investment policy for custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

#### PROPERTY TAXES

Property taxes for 2020 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by DeKalb County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically.

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**CAPITAL ASSETS**

**Governmental Activities**

Governmental capital asset activity for the year was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 40,000	-	-	40,000
Depreciable Capital Assets				
Equipment	129,336	-	-	129,336
Infrastructure	329,448	-	-	329,448
	<u>458,784</u>	-	-	<u>458,784</u>
Less Accumulated Depreciation				
Equipment	94,432	9,934	-	104,366
Infrastructure	41,181	8,236	-	49,417
	<u>135,613</u>	<u>18,170</u>	-	<u>153,783</u>
Total Net Depreciable Capital Assets	<u>323,171</u>	<u>(18,170)</u>	-	<u>305,001</u>
Total Net Capital Assets	<u>363,171</u>	<u>(18,170)</u>	-	<u>345,001</u>

Depreciation expense was charged to governmental activities as follows:

General Government	<u>\$ 18,170</u>
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VILLAGE OF SHABBONA, ILLINOIS

Notes to the Financial Statements  
April 30, 2021

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NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ 220,172	64,543	-	284,715
Depreciable Capital Assets				
Buildings	444,952	-	-	444,952
Infrastructure	1,139,362	-	-	1,139,362
	<u>1,584,314</u>	-	-	<u>1,584,314</u>
Less Accumulated Depreciation				
Buildings	174,356	11,124	-	185,480
Infrastructure	170,904	28,484	-	199,388
	<u>345,260</u>	<u>39,608</u>	-	<u>384,868</u>
Total Net Depreciable Capital Assets	<u>1,239,054</u>	<u>(39,608)</u>	-	<u>1,199,446</u>
Total Net Capital Assets	<u>1,459,226</u>	<u>24,935</u>	-	<u>1,484,161</u>

Depreciation expense was charged to business-type activities as follows:

Water and Sewer \$ 39,608

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT**

**Capital Leases**

The Village entered into a lease agreement in March 2015, as a lessee for financing the purchase of a 2016 skid steer and attachments. Capital assets of \$39,669 have been added to equipment in the General Fund as a result of the lease. The lease agreement qualifies as a capital lease for accounting purposes and; therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The capital lease has been paid in full as of April 30, 2021.

**Long-Term Liability Activity**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Net Pension Liability - IMRF	\$ 73,831	-	73,898	(67)	-
Capital Lease Payable	7,225	-	7,225	-	-
	<u>81,056</u>	<u>-</u>	<u>81,123</u>	<u>(67)</u>	<u>-</u>
<b>Business-Type Activities</b>					
Net Pension Liability - IMRF	24,615	-	24,684	(69)	-
Asset Retirement Obligation	-	80,000	-	80,000	-
	<u>24,615</u>	<u>80,000</u>	<u>24,684</u>	<u>79,931</u>	<u>-</u>

For governmental activities, payments on the net pension liability and on the capital lease payable are made by the General Fund. For business-type activities, payments on the net pension liability and asset retirement obligation are made by the Water and Sewer Fund.

**Legal Debt Margin**

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

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**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**LONG-TERM DEBT – Continued**

**Legal Debt Margin – Continued**

Assessed Valuation - 2020	<u>\$ 17,265,525</u>
Legal Debt Limit - 8.625% of Assessed Value	1,489,152
Amount of Debt Applicable to Limit	
General Long-Term Debt	<u>-</u>
Legal Debt Margin	<u>1,489,152</u>

**Asset Retirement Obligation**

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells are 50 years.

**NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets was comprised of the following as of April 30, 2021:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 345,001</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	<u>1,484,161</u>

**NET POSITION RESTATEMENT**

Beginning net position was restated due to the implementation of a capital asset policy. The following is a summary of the net position as originally reported and as restated:

<u>Net Position/Fund Balance</u>	<u>As Reported</u>	<u>As Restated</u>	<u>Increase (Decrease)</u>
Governmental Activities	\$ 1,227,735	1,198,308	(29,427)
Business-Type Activities	1,621,640	1,593,802	(27,838)

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

**FUND BALANCE CLASSIFICATIONS**

In the governmental funds financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue Motor Fuel Tax	Totals
Nonspendable			
Prepays	\$ 6,692	-	6,692
Fund Balances			
Restricted			
Road and Bridge	34,692	-	34,692
Social Security	13,852	-	13,852
Unemployment Taxes	11,158	-	11,158
Escrow Account	8,669	-	8,669
Capital Improvement	137,629	-	137,629
Street and Streetlight Maintenance and Replacement	-	187,888	187,888
	<u>206,000</u>	<u>187,888</u>	<u>393,888</u>
Unassigned	<u>615,933</u>	-	<u>615,933</u>
Total Fund Balances	<u>828,625</u>	<u>187,888</u>	<u>1,016,513</u>

*Minimum Fund Balance Policy.* The Village’s policy manual states that the General Fund should maintain a minimum fund balance equal to 25% to 50% of budgeted operating expenditures.

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### FUND BALANCE CLASSIFICATIONS – Continued

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

#### NOTE 4 – OTHER INFORMATION

##### CONTINGENT LIABILITIES

###### Litigation

The Village is not a defendant in any lawsuits.

###### Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

###### Financial impact of COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 4 – OTHER INFORMATION – Continued

##### **RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

##### **OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Village has evaluated its potential other post-employment benefits liability. The Village does not have a health insurance policy and does not offer health insurance through the Village to current or retired employees, and thus there is no benefit to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2021.

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN**

The Village contributes to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

##### **Illinois Municipal Retirement Fund (IMRF)**

###### **Plan Descriptions**

*Plan Administration.* All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources' measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

*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).

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

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of 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
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Plan Descriptions – Continued**

*Plan Membership.* As of December 31, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	5
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>2</u>
Total	<u><u>7</u></u>

*Contributions.* As set by statute, the Village’s Regular Plan Members are required to contribute 4.50% 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. For the year-ended April 30, 2021, the Village’s contribution was 16.58% of covered payroll.

*Net Pension Liability.* The Village’s net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2020, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

VILLAGE OF SHABBONA, ILLINOIS

Notes to the Financial Statements  
April 30, 2021

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NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

*Actuarial Assumptions – Continued.* 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 adjustment 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	1.30%
Domestic Equities	37.00%	5.00%
International Equities	18.00%	6.00%
Real Estate	9.00%	6.20%
Blended	7.00%	2.85% - 6.95%
Cash and Cash Equivalents	1.00%	0.70%

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

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**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%, the same as the prior year. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate as well as what the Village’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 111,795	(136)	(93,713)

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2021

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 1,060,157	961,711	98,446
Changes for the Year:			
Service Cost	10,450	-	10,450
Interest on the Total Pension Liability	74,636	-	74,636
Difference Between Expected and Actual Experience of the Total Pension Liability	(8,293)	-	(8,293)
Changes of Assumptions	(8,714)	-	(8,714)
Contributions - Employer	-	16,586	(16,586)
Contributions - Employees	-	4,456	(4,456)
Net Investment Income	-	143,155	(143,155)
Benefit Payments, including Refunds of Employee Contributions	(71,849)	(71,849)	-
Other (Net Transfer)	-	2,464	(2,464)
Net Changes	(3,770)	94,812	(98,582)
Balances at December 31, 2020	1,056,387	1,056,523	(136)

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

For the year ended April 30, 2021, the Village recognized pension income of \$12,745. At April 30, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2021**

**NOTE 4 – OTHER INFORMATION – Continued**

**EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

**Illinois Municipal Retirement Fund (IMRF) – Continued**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 6,104	(5,384)	720
Change in Assumptions	-	(5,657)	(5,657)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(94,976)	(94,976)
Total Pension Expense to be Recognized in Future Periods	6,104	(106,017)	(99,913)
Pension Contributions Made Subsequent to the Measurement Date	6,606	-	6,606
Total Deferred Amounts Related to IMRF	<u>12,710</u>	<u>(106,017)</u>	<u>(93,307)</u>

\$6,606 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2022	\$ (28,198)
2023	(19,848)
2024	(36,832)
2025	(15,035)
2026	-
Thereafter	-
Total	<u>(99,913)</u>

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2021**

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**NOTE 4 – OTHER INFORMATION – Continued**

**SUBSEQUENT EVENT**

On September 6, 2021, the Village issued \$1,667,640 of Illinois Environmental Protection Agency Loan Payable, due in annual installments, plus interest at 0.8300% through July 2, 2042.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule  
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

**VILLAGE OF SHABBONA, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Schedule of Employer Contributions**

**April 30, 2021**

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Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 12,656	\$ 12,656	\$ -	\$ 94,301	13.42%
2017	13,381	13,381	-	99,634	13.43%
2018	15,961	15,961	-	105,753	15.09%
2019	14,385	14,385	-	91,827	15.67%
2020	14,521	14,521	-	105,747	13.73%
2021	17,240	17,240	-	103,965	16.58%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF SHABBONA, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2021

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 10,252
Interest	46,925
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	22,072
Change of Assumptions	7,329
Benefit Payments, Including Refunds of Member Contributions	<u>(21,967)</u>
Net Change in Total Pension Liability	64,611
Total Pension Liability - Beginning	<u>633,194</u>
Total Pension Liability - Ending	<u><u>697,805</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 12,656
Contributions - Members	4,244
Net Investment Income	2,915
Benefit Payments, Including Refunds of Member Contributions	(21,967)
Other (Net Transfer)	<u>(14,738)</u>
Net Change in Plan Fiduciary Net Position	(16,890)
Plan Net Position - Beginning	<u>585,452</u>
Plan Net Position - Ending	<u><u>568,562</u></u>
Employer's Net Pension Liability	<u><u>\$ 129,243</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.48%
Covered Payroll	\$ 94,301
Employer's Net Pension Liability as a Percentage of Covered Payroll	137.05%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
11,035	11,152	9,790	9,727	10,450
51,215	67,380	68,275	72,037	74,636
-	-	-	-	-
177,996	(5,485)	45,309	24,698	(8,293)
(11,275)	(18,855)	25,103	-	(8,714)
(22,469)	(22,953)	(60,227)	(70,101)	(71,849)
206,502	31,239	88,250	36,361	(3,770)
697,805	904,307	935,546	1,023,796	1,060,157
904,307	935,546	1,023,796	1,060,157	1,056,387
13,381	15,175	15,405	13,465	16,586
4,483	4,598	4,461	4,515	4,456
39,457	125,108	(43,965)	168,225	143,155
(22,469)	(22,953)	(60,227)	(70,101)	(71,849)
166,134	(7,745)	41,587	4,615	2,464
200,986	114,183	(42,739)	120,719	94,812
568,562	769,548	883,731	840,992	961,711
769,548	883,731	840,992	961,711	1,056,523
134,759	51,815	182,804	98,446	(136)
85.10%	94.46%	82.14%	90.71%	100.01%
99,634	102,178	99,132	100,341	99,024
135.25%	50.71%	184.40%	98.11%	(0.14%)

VILLAGE OF SHABBONA, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 263,704	263,704	229,171
Intergovernmental	189,200	189,200	199,006
Licenses, Fees and Permits	83,500	83,500	83,405
Fines	2,725	2,725	194
Interest	1,000	1,000	1,370
Miscellaneous	-	-	2,047
Total Revenues	<u>540,129</u>	<u>540,129</u>	<u>515,193</u>
Expenditures			
Current			
General Government	337,450	337,450	289,570
Public Safety	60,320	60,320	51,609
Highways and Streets	164,000	164,000	148,615
Debt Service			
Principal Retirement	7,009	7,009	7,225
Interest and Fiscal Charges	591	591	374
Total Expenditures	<u>569,370</u>	<u>569,370</u>	<u>497,393</u>
Net Change in Fund Balance	<u>(29,241)</u>	<u>(29,241)</u>	17,800
Fund Balance - Beginning			<u>810,825</u>
Fund Balance - Ending			<u><u>828,625</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedules – Major Governmental Fund
- Budgetary Comparison Schedules – Enterprise Fund

## **INDIVIDUAL FUND DESCRIPTIONS**

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### **GENERAL FUND**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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### **SPECIAL REVENUE FUND**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

#### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for state shared motor fuel tax revenues that are legally restricted to maintenance and construction of streets, sidewalks, alleys and traffic signals.

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### **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

#### **Water and Sewer Fund**

The Water and Sewer Fund is used to account for the provision of water and sewer services.

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VILLAGE OF SHABBONA, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual  
For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
<b>Taxes</b>			
Property Taxes	\$ 114,364	114,364	105,132
Road and Bridge (Township)	-	-	11,564
Municipal Sales Tax	71,000	71,000	52,586
Cable - Medicom	6,000	6,000	3,462
Utility Tax	54,700	54,700	45,594
Video Gaming Tax	17,640	17,640	10,833
<b>Total Taxes</b>	<b>263,704</b>	<b>263,704</b>	<b>229,171</b>
<b>Intergovernmental</b>			
State Income Tax	92,000	92,000	106,039
Personal Property Replacement Tax	6,000	6,000	5,055
Non-Home Rule Sales Tax	58,000	58,000	45,543
Local Use Tax	32,000	32,000	41,613
Cannabis Use Tax	1,200	1,200	756
<b>Total Intergovernmental</b>	<b>189,200</b>	<b>189,200</b>	<b>199,006</b>
<b>Licenses, Fees and Permits</b>			
Licenses and Fees	4,500	4,500	3,850
Garbage Fees	79,000	79,000	79,555
<b>Total Licenses, Fees and Permits</b>	<b>83,500</b>	<b>83,500</b>	<b>83,405</b>
<b>Fines</b>	<b>2,725</b>	<b>2,725</b>	<b>194</b>
<b>Interest</b>	<b>1,000</b>	<b>1,000</b>	<b>1,370</b>
<b>Miscellaneous</b>	<b>-</b>	<b>-</b>	<b>2,047</b>
<b>Total Revenues</b>	<b>540,129</b>	<b>540,129</b>	<b>515,193</b>



VILLAGE OF SHABBONA, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Highways and Streets			
Contractual			
Contractors	\$ 5,000	5,000	3,627
Tree Committee	12,000	12,000	10,850
Park/Town Beautification	5,000	5,000	70,779
Road and Bridges	142,000	142,000	63,359
Total Highways and Streets	164,000	164,000	148,615
Debt Service			
Principal Retirement	7,009	7,009	7,225
Interest and Fiscal Charges	591	591	374
Total Debt Service	7,600	7,600	7,599
Total Expenditures	569,370	569,370	497,393

VILLAGE OF SHABBONA, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual  
For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales	\$ 117,500	117,500	96,018
Sewer Service Charges	117,500	117,500	101,486
Bond Payments from Utility Bills	-	-	45,314
Total Operating Revenues	<u>235,000</u>	<u>235,000</u>	<u>242,818</u>
Operating Expenses			
Operations			
Water Operations	740,106	740,106	117,351
Sewer Operations	164,993	164,993	73,427
Depreciation	-	-	39,608
Total Operating Expenses	<u>905,099</u>	<u>905,099</u>	<u>230,386</u>
Change in Net Position	<u>(670,099)</u>	<u>(670,099)</u>	12,432
Net Position - Beginning as Restated			<u>1,593,802</u>
Net Position - Ending			<u><u>1,606,234</u></u>

VILLAGE OF SHABBONA, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual  
For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Operations			
Water Operations			
Administrative			
Salaries	\$ 47,092	47,092	48,756
Fringe Benefits	15,317	15,317	24,288
Contractual			
Insurance	5,000	5,000	4,538
Telephone	800	800	1,248
Utilities	21,000	21,000	8,406
Legal Services	5,000	5,000	516
Audit	-	-	635
Engineering	603,600	603,600	2,620
Operating Expenses			
Fees and Memberships	8,000	8,000	453
Publishing	250	250	75
Office Supplies and Postage	7,125	7,125	2,327
Repairs and Maintenance	15,000	15,000	12,135
Miscellaneous	1,922	1,922	10,065
Construction and Equipment	10,000	10,000	1,289
	<u>740,106</u>	<u>740,106</u>	<u>117,351</u>
Sewer Operations			
Administrative			
Salaries	15,272	15,272	25,238
Fringe Benefits	9,621	9,621	6,330
Contractual			
Insurance	4,000	4,000	3,232
Telephone	800	800	1,134
Utilities	12,000	12,000	4,387
Legal Services	3,150	3,150	266
Audit	-	-	535
Engineering	1,000	1,000	280

VILLAGE OF SHABBONA, ILLINOIS

Water and Sewer - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued  
For the Fiscal Year Ended April 30, 2021

	Budget		Actual
	Original	Final	
Operations - Continued			
Sewer Operations - Continued			
Operating Expenses			
Fees and Memberships	\$ 4,000	4,000	117
Office Supplies and Postage	3,900	3,900	2,418
Repairs and Maintenance	8,000	8,000	2,120
Miscellaneous	4,650	4,650	17,881
Construction and Equipment	98,600	98,600	9,489
	<u>164,993</u>	<u>164,993</u>	<u>73,427</u>
Total Operations	<u>905,099</u>	<u>905,099</u>	<u>190,778</u>

## **SUPPLEMENTAL SCHEDULE**

VILLAGE OF SHABBONA, ILLINOIS

Schedule of Assessed Valuation, Tax Rates, Tax Extension and Levied Taxes Collected  
 Last Five Tax Levy Years  
 April 30, 2021

	2016	2017	2018	2019	2020
Assessed Valuation	\$ 14,483,402	15,090,445	16,012,797	16,663,051	17,265,525
Tax Rates					
Corporate	0.35777	0.35075	0.34026	0.33540	0.33100
IMRF	0.01104	0.01083	0.01043	0.01010	0.00998
Police Protection	0.20882	0.20472	0.19707	0.19098	0.18914
Social Security	0.07784	0.07632	0.07347	0.07120	0.07028
Unemployment Insurance	0.00791	0.00776	0.00747	0.00725	0.00716
Workers' Compensation	0.01804	0.01769	0.01704	0.01651	0.99965
Total Tax Rates	0.68142	0.66807	0.64574	0.63144	1.60721
Tax Extensions					
Corporate	\$ 51,817	52,930	54,295	55,888	57,149
IMRF	1,599	1,634	1,665	1,683	1,723
Police Protection	30,244	30,893	31,451	31,823	32,656
Social Security	11,274	11,517	11,726	11,864	12,134
Unemployment Insurance	1,146	1,171	1,193	1,208	1,236
Workers' Compensation	2,603	2,670	2,721	2,751	2,814
	98,683	100,815	103,051	105,217	107,712
Township Road and Bridge	11,115	11,168	11,520	11,576	11,516
Total Tax Extensions	109,798	111,983	114,571	116,793	119,228
Total Taxes Collected	\$ 109,785	111,993	114,284	116,696	-