

# VILLAGE OF SHABBONA, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2022

# VILLAGE OF SHABBONA, ILLINOIS

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## **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 AUDITOR'S REPORT**

October 19, 2022

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

### **Opinions**

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, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, 2022, 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.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and GASB-required pension, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, 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, 2022**

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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, 2022. 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 \$198,432, or 15.1 percent and business-type activities increased \$420,140 or 26.2 percent.
- During the year, government-wide revenues totaled \$1,327,336, while expenses totaled \$708,764 resulting in a increase to net position of \$618,572.
- The Village's net position totaled \$3,540,120 on April 30, 2022, which includes \$2,552,490 net investment in capital assets, \$425,486 subject to external restrictions, and \$562,144 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 \$123,585, resulting in ending fund balance of \$952,210, an increase of 14.9 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, 2022

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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, 2022**

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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, 2022

### 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 \$3,540,120.

	Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current Assets	\$ 1,312,357	1,129,435	279,175	193,206	1,591,532	1,322,641
Capital Assets	403,718	345,001	3,119,035	1,484,161	3,522,753	1,829,162
Other Assets	52,128	67	52,128	69	104,256	136
Total Assets	1,768,203	1,474,503	3,450,338	1,677,436	5,218,541	3,151,939
Deferred Outflows	10,111	6,302	88,511	86,408	98,622	92,710
Total Assets and Deferred Outflows	1,778,314	1,480,805	3,538,849	1,763,844	5,317,163	3,244,649
Other Liabilities	12,722	5,210	382,442	24,162	395,164	29,372
Long-Term Liabilities	-	-	1,050,263	80,000	1,050,263	80,000
Total Liabilities	12,722	5,210	1,432,705	104,162	1,445,427	109,372
Deferred Inflows	251,846	160,281	79,770	53,448	331,616	213,729
Total Liabilities and Deferred Inflows	264,568	165,491	1,512,475	157,610	1,777,043	323,101
Net Position						
Net Investment in						
Capital Assets	403,718	345,001	2,148,772	1,484,161	2,552,490	1,829,162
Restricted	425,486	393,888	-	-	425,486	393,888
Unrestricted (Deficit)	684,542	576,425	(122,398)	122,073	562,144	698,498
Total Net Position	1,513,746	1,315,314	2,026,374	1,606,234	3,540,120	2,921,548

A large portion of the Village's net position, \$2,552,490 or 72.1 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, 2022

### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion, \$425,486 or 12.0 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining 15.9 percent, or \$562,144, 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	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 81,423	83,599	236,618	242,818	318,041	326,417
Operating Grants/Contributions	57,259	63,600	-	-	57,259	63,600
Capital Grants/Contributions	-	-	400,000	-	400,000	-
General Revenues						
Property Taxes	121,251	116,696	-	-	121,251	116,696
Utility Taxes	59,584	49,056	-	-	59,584	49,056
Other Taxes	98,665	63,419	-	-	98,665	63,419
Intergovernmental	247,727	199,006	-	-	247,727	199,006
Other General Revenues	15,809	3,645	9,000	-	24,809	3,645
Total Revenues	681,718	579,021	645,618	242,818	1,327,336	821,839
Expenses						
General Government	298,426	261,417	-	-	298,426	261,417
Public Safety	47,761	51,609	-	-	47,761	51,609
Highways and Streets	137,099	148,615	-	-	137,099	148,615
Interest on Long-Term Debt	-	374	-	-	-	374
Water and Sewer	-	-	225,478	230,386	225,478	230,386
Total Expenses	483,286	462,015	225,478	230,386	708,764	692,401
Change in Net Position	198,432	117,006	420,140	12,432	618,572	129,438
Net Position - Beginning	1,315,314	1,198,308	1,606,234	1,593,802	2,921,548	2,792,110
Net Position - Ending	1,513,746	1,315,314	2,026,374	1,606,234	3,540,120	2,921,548

Net position of the Village's governmental activities increased by 15.1 percent (\$1,315,314 in 2021 compared to \$1,513,746 in 2022). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$869,339 at April 30, 2022.

Net position of the business-type activities increased by 26.2 percent (\$1,606,234 in 2021 compared to \$2,026,374 in 2022).

## VILLAGE OF SHABBONA, ILLINOIS

### Management's Discussion and Analysis April 30, 2022

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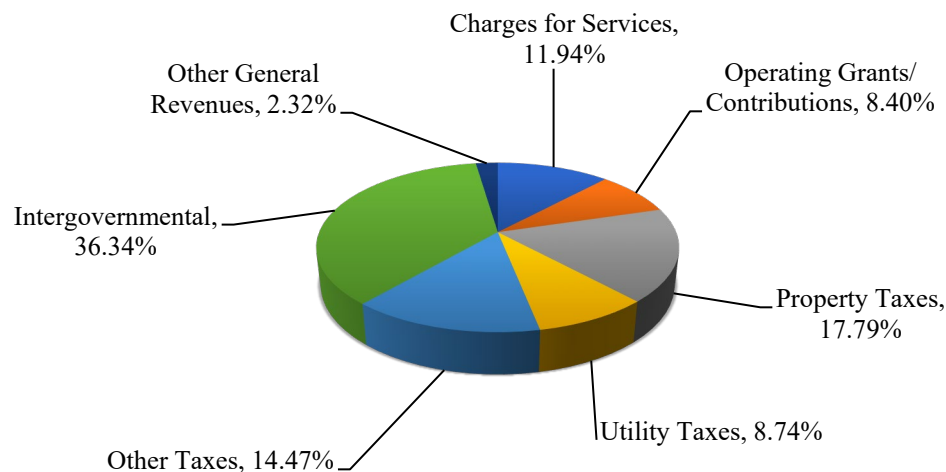
#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

##### Governmental Activities

Revenues for governmental activities totaled \$681,718, while the cost of all governmental functions totaled \$483,286, this results in a surplus of \$198,432. In 2021, revenues of \$579,021 exceeded expenses of \$462,015, resulting in a surplus of \$117,006. Expenses in 2022 increased by \$21,271 due to an increase in the IMRF deferred inflows 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, 2022

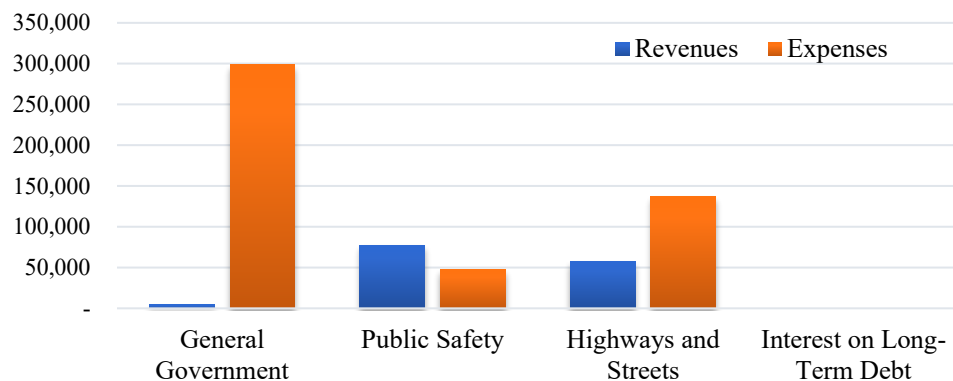
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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

##### Governmental Activities – Continued

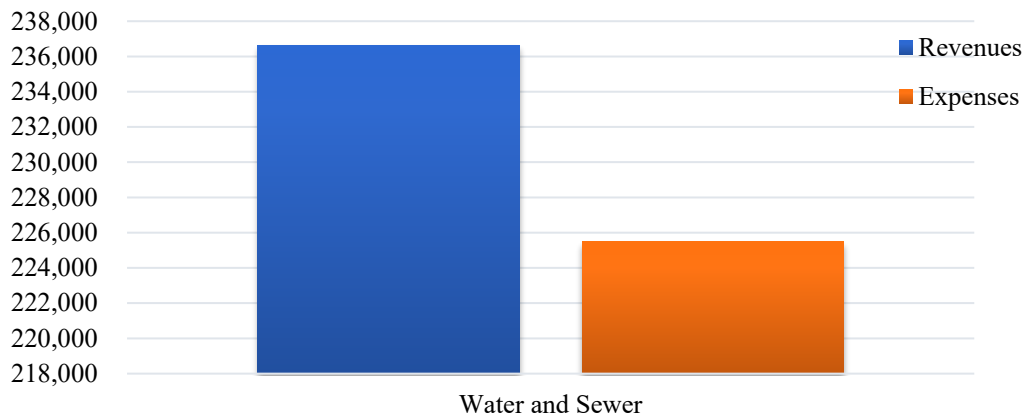
The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.

##### Expenses and Program Revenues – Governmental Activities



##### Business-Type Activities

Revenues for business-type activities totaled \$645,618, while expenses totaled \$225,478, resulting in an increase to business-type net position of \$420,140. Water and sewer expenses decreased from \$230,386 in the prior year to \$225,478 in the current year, a decrease of 2.1 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, 2022

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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 \$1,127,560, which is \$111,047, or 10.9 percent, higher than last year's total of \$1,016,513. Of the \$1,127,560 total, \$694,493, or approximately 52.9 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$123,585, an increase of 14.9 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, 2022, unassigned fund balance in the General Fund was \$694,493, which represents 61.1 percent of the total fund balance of the General Fund.

The Motor Fuel Tax Fund reported a decrease in fund balance for the year of \$12,538. Ending fund balance of \$175,350 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 \$20,140 before a capital grant of \$400,000, while the previous fiscal year reported a surplus of \$12,432. Unrestricted net position in the Water and Sewer Fund was a deficit of \$122,398 at April 30, 2022.

## VILLAGE OF SHABBONA, ILLINOIS

### Management's Discussion and Analysis April 30, 2022

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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 \$624,313, compared to budgeted revenues of \$472,030. Taxes, intergovernmental revenues, and miscellaneous items were higher than budgeted, while licenses, fees and permits, fines, and interest came in under budget for the year.

The General Fund actual expenditures for the year were \$956,588 lower than budgeted (\$502,639 actual compared to \$1,459,227 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, 2022 was \$3,522,753 (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	
	2022	2021	2022	2021	2022	2021
Land	\$ 40,000	40,000	-	-	40,000	40,000
Construction in Progress	52,003	-	1,909,430	284,715	1,961,433	284,715
Buildings	-	-	298,115	259,472	298,115	259,472
Equipment	39,920	24,970	-	-	39,920	24,970
Infrastructure	271,795	280,031	911,490	939,974	1,183,285	1,220,005
Total	403,718	345,001	3,119,035	1,484,161	3,522,753	1,829,162

Major capital asset additions for the year included the following:

Governmental Activities	
Construction in Progress	\$ 52,003
Equipment	27,649
	<u>55,298</u>
Business-Type Activities	
Construction in Progress	1,624,715
Buildings	55,297
	<u>1,680,012</u>
	<u>1,735,310</u>

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, 2022

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#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### Debt Administration

At year-end, the Village had \$970,263 in outstanding debt, compared to none the previous year, an increase of 100.0 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
IEPA Loans Payable	\$ -	-	970,263	-	970,263	-

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 \$1,575,800.

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 2023 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, 2022**

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**See Following Page**

# VILLAGE OF SHABBONA, ILLINOIS

## Statement of Net Position

April 30, 2022

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 1,156,298	31,471	1,187,769
Receivables - Net of Allowances			
Taxes	138,336	-	138,336
Accounts	10,142	245,177	255,319
Prepays	7,581	2,527	10,108
Total Current Assets	1,312,357	279,175	1,591,532
Noncurrent Assets			
Capital Assets			
Nondepreciable	92,003	1,909,430	2,001,433
Depreciable	486,433	1,639,611	2,126,044
Accumulated Depreciation	(174,718)	(430,006)	(604,724)
Total Capital Assets	403,718	3,119,035	3,522,753
Other Assets			
Net Pension Asset - IMRF	52,128	52,128	104,256
Total Noncurrent Assets	455,846	3,171,163	3,627,009
Total Assets	1,768,203	3,450,338	5,218,541
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	10,111	10,111	20,222
Unamortized Asset Retirement Obligation	-	78,400	78,400
Total Deferred Outflows of Resources	10,111	88,511	98,622
Total Assets and Deferred Outflows of Resources	1,778,314	3,538,849	5,317,163

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	\$ 12,722	382,442	395,164
Noncurrent Liabilities			
IEPA Loans Payable	-	970,263	970,263
Asset Retirement Obligation	-	80,000	80,000
Total Noncurrent Liabilities	-	1,050,263	1,050,263
Total Liabilities	12,722	1,432,705	1,445,427
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	109,541	-	109,541
Grants	62,534	-	62,534
Deferred Items - IMRF	79,771	79,770	159,541
Total Deferred Inflows of Resources	251,846	79,770	331,616
Total Liabilities and Deferred Inflows of Resources	264,568	1,512,475	1,777,043
<b>NET POSITION</b>			
Net Investment in Capital Assets	403,718	2,148,772	2,552,490
Restricted			
Road and Bridge	46,162	-	46,162
Social Security	11,832	-	11,832
Unemployment Taxes	12,392	-	12,392
Escrow Account	8,669	-	8,669
Capital Improvement	171,081	-	171,081
Street and Streetlight	175,350	-	175,350
Unrestricted (Deficit)	684,542	(122,398)	562,144
Total Net Position	1,513,746	2,026,374	3,540,120

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, 2022

		Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
	Expenses			
Governmental Activities				
General Government	\$ 298,426	4,185	65	-
Public Safety	47,761	77,238	-	-
Highways and Streets	137,099	-	57,194	-
Total Governmental Activities	483,286	81,423	57,259	-
Business-Type Activities				
Water and Sewer	225,478	236,618	-	400,000
Total Primary Government	708,764	318,041	57,259	400,000
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				
Miscellaneous				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

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



Net (Expenses)/Revenues		
Primary Government		
Governmental	Business	
Activities	Type	Totals
Activities	Activities	
(294,176)	-	(294,176)
29,477	-	29,477
(79,905)	-	(79,905)
(344,604)	-	(344,604)
-	411,140	411,140
(344,604)	411,140	66,536
121,251	-	121,251
59,584	-	59,584
79,627	-	79,627
19,038	-	19,038
129,344	-	129,344
10,444	-	10,444
72,073	-	72,073
34,459	-	34,459
1,407	-	1,407
1,378	-	1,378
14,431	9,000	23,431
543,036	9,000	552,036
198,432	420,140	618,572
1,315,314	1,606,234	2,921,548
1,513,746	2,026,374	3,540,120

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

**VILLAGE OF SHABBONA, ILLINOIS****Balance Sheet - Governmental Funds****April 30, 2022**

	General	Special Revenue Motor Fuel Tax	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 984,051	172,247	1,156,298
Receivables - Net of Allowances			
Taxes	138,336	-	138,336
Accounts	7,039	3,103	10,142
Prepays	7,581	-	7,581
Total Assets	1,137,007	175,350	1,312,357
<b>LIABILITIES</b>			
Accounts Payable	12,722	-	12,722
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	109,541	-	109,541
Grants	62,534	-	62,534
Total Liabilities	172,075	-	172,075
Total Liabilities and Deferred Inflows of Resources	184,797	-	184,797
<b>FUND BALANCES</b>			
Nonspendable	7,581	-	7,581
Restricted	250,136	175,350	425,486
Unassigned	694,493	-	694,493
Total Fund Balances	952,210	175,350	1,127,560
Total Liabilities and Deferred Inflows of Resources and Fund Balances	1,137,007	175,350	1,312,357

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, 2022

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<b>Total Governmental Fund Balances</b>	\$ 1,127,560
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.	403,718
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - IMRF	52,128
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	<u>(69,660)</u>
<b>Net Position of Governmental Activities</b>	<u><u>1,513,746</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, 2022

	General	Special Revenue Motor Fuel Tax	Totals
Revenues			
Taxes	\$ 279,500	-	279,500
Intergovernmental	247,792	57,194	304,986
Licenses, Fees and Permits	81,423	-	81,423
Interest	1,167	211	1,378
Miscellaneous	14,431	-	14,431
Total Revenues	624,313	57,405	681,718
Expenditures			
General Government	358,162	-	358,162
Public Safety	47,761	-	47,761
Highways and Streets	96,716	68,032	164,748
Total Expenditures	502,639	68,032	570,671
Excess (Deficiency) of Revenues Over (Under) Expenditures	121,674	(10,627)	111,047
Other Financing Sources (Uses)			
Transfers In	1,911	-	1,911
Transfers Out	-	(1,911)	(1,911)
	1,911	(1,911)	-
Net Change in Fund Balances	123,585	(12,538)	111,047
Fund Balances - Beginning	828,625	187,888	1,016,513
Fund Balances - Ending	952,210	175,350	1,127,560

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, 2022

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 111,047</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.	
Capital Outlay	79,652
Depreciation Expense	(20,935)
An addition to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.	
Change in Net Pension Asset - IMRF	52,061
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	<u>(23,393)</u>
<b>Changes in Net Position of Governmental Activities</b>	<b><u>198,432</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, 2022**

	Business -Type Activities <u>Water and Sewer</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 31,471
Receivables - Net of Allowances	
Accounts	245,177
Prepays	2,527
Total Current Assets	<u>279,175</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	1,909,430
Depreciable	1,639,611
Accumulated Depreciation	<u>(430,006)</u>
Total Capital Assets	3,119,035
Other Assets	
Net Pension Asset - IMRF	<u>52,128</u>
Total Noncurrent Assets	<u>3,171,163</u>
Total Assets	<u>3,450,338</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	10,111
Unamortized Asset Retirement Obligation	<u>78,400</u>
Total Deferred Outflows of Resources	<u>88,511</u>
Total Assets and Deferred Outflows of Resources	<u>3,538,849</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	<u>\$      382,442</u>
Noncurrent Liabilities	
IEPA Loans Payable	970,263
Asset Retirement Obligation	<u>80,000</u>
Total Noncurrent Liabilities	<u>1,050,263</u>
Totoal Liabilities	<u>1,432,705</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>79,770</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,512,475</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,148,772
Unrestricted	<u>(122,398)</u>
Total Net Position	<u><u>2,026,374</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, 2022

	Business -Type Activities
	Water and Sewer
Operating Revenues	
Charges for Services	<u>\$ 236,618</u>
Operating Expenses	
Operations	178,740
Depreciation and Amortization	<u>46,738</u>
Total Operating Expenses	<u>225,478</u>
Operating Income	11,140
Nonoperating Income	
Other	<u>9,000</u>
Income Before Capital Grants	20,140
Capital Grants	<u>400,000</u>
Change in Net Position	420,140
Net Position - Beginning	<u>1,606,234</u>
Net Position - Ending	<u><u>2,026,374</u></u>

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, 2022

	Business -Type Activities Water and Sewer
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ (24,231)
Payments to Employees	(80,968)
Payments to Suppliers	286,830
	<u>181,631</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(1,680,012)
Capital Grant	400,000
Debt Issuance	1,370,263
Principal Retirement	(400,000)
	<u>(309,749)</u>
Net Change in Cash and Cash Equivalents	(128,118)
Cash and Cash Equivalents - Beginning	<u>159,589</u>
Cash and Cash Equivalents - Ending	<u><u>31,471</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating Income	11,140
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	46,738
Other	9,000
(Increase) Decrease in Current Assets	(269,849)
Increase (Decrease) in Current Liabilities	384,602
	<u>384,602</u>
Net Cash Provided by Operating Activities	<u><u>181,631</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, 2022**

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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, 2022

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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, 2022

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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, 2022**

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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, 2022**

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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, 2022

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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, 2022

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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 a consumption/acquisition of net assets 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, 2022**

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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 May 24, 2021 the Village approved the ordinance adopting the annual budget for the fiscal year ending April 30, 2022.
- 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, 2022

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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 \$1,187,769 and the bank balances totaled \$1,213,579.

*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 2021 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, 2022

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

##### CAPITAL ASSETS

##### Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 40,000	-	-	40,000
Constuction in Progress	-	52,003	-	52,003
	<u>40,000</u>	<u>52,003</u>	<u>-</u>	<u>92,003</u>
Depreciable Capital Assets				
Equipment	129,336	27,649	-	156,985
Infrastructure	329,448	-	-	329,448
	<u>458,784</u>	<u>27,649</u>	<u>-</u>	<u>486,433</u>
Less Accumulated Depreciation				
Equipment	104,366	12,699	-	117,065
Infrastructure	49,417	8,236	-	57,653
	<u>153,783</u>	<u>20,935</u>	<u>-</u>	<u>174,718</u>
Total Net Depreciable Capital Assets	<u>305,001</u>	<u>6,714</u>	<u>-</u>	<u>311,715</u>
Total Net Capital Assets	<u>345,001</u>	<u>58,717</u>	<u>-</u>	<u>403,718</u>

Depreciation expense was charged to governmental activities as follows:

General Government	<u>\$ 20,935</u>
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## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2022

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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:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ 284,715	1,624,715	-	1,909,430
Depreciable Capital Assets				
Buildings	444,952	55,297	-	500,249
Infrastructure	1,139,362	-	-	1,139,362
	1,584,314	55,297	-	1,639,611
Less Accumulated Depreciation				
Buildings	185,480	16,654	-	202,134
Infrastructure	199,388	28,484	-	227,872
	384,868	45,138	-	430,006
Total Net Depreciable Capital Assets	1,199,446	10,159	-	1,209,605
Total Net Capital Assets	1,484,161	1,634,874	-	3,119,035

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

Water and Sewer	<u>\$ 45,138</u>
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##### INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfers In	Transfers Out	Amount
General	Motor Fuel Tax	<u>\$ 1,911</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them,

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2022

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

##### LONG-TERM DEBT

##### IEPA Loans Payable

The Village has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. Final repayment schedule for the IEPA Loans Payable of 2021 is not available at the time of the issuance of this report. IEPA loans currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loans Payable of 2021 - Due in annual installments plus interest of 0.83% through July 2, 2042.	\$ -	1,370,263	400,000	970,263

##### 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
Business-Type Activities					
IEPA Loans Payable	\$ -	1,370,263	400,000	970,263	-
Asset Retirement Obligation	80,000	-	-	80,000	-
	80,000	1,370,263	400,000	1,050,263	-

For business-type activities, payments on the IEPA loan payable 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, 2022

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

##### LONG-TERM DEBT – Continued

##### Legal Debt Margin – Continued

Assessed Valuation - 2021	<u>\$ 18,270,149</u>
Legal Debt Limit - 8.625% of Assessed Value	1,575,800
Amount of Debt Applicable to Limit	
General Long-Term Debt	<u>-</u>
Legal Debt Margin	<u>1,575,800</u>

#### NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets was comprised of the following as of April 30, 2022:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	<u>\$ 403,718</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	3,119,035
Less Capital Related Debt:	
IEPA Loan Payable of 2021	<u>(970,263)</u>
Net Investment in Capital Assets	<u>2,148,772</u>

#### 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.

*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.

*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.

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2022

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

##### FUND BALANCE CLASSIFICATIONS – Continued

*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.

*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.

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
Fund Balances			
Nonspendable			
Prepays	\$ 7,581	-	7,581
Restricted			
Road and Bridge	46,162	-	46,162
Social Security	11,832	-	11,832
Unemployment Taxes	12,392	-	12,392
Escrow Account	8,669	-	8,669
Capital Improvement	171,081	-	171,081
Street and Streetlight	-	175,350	175,350
	250,136	175,350	425,486
Unassigned	694,493	-	694,493
Total Fund Balances	952,210	175,350	1,127,560

## **VILLAGE OF SHABBONA, ILLINOIS**

### **Notes to the Financial Statements April 30, 2022**

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#### **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.

##### **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 postemployment 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 liability to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2022.



## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2022

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#### NOTE 4 – OTHER INFORMATION – Continued

##### 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.

*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, 2022

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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, 2021, 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, 2022, the Village's contribution was 14.65% of covered payroll.

*Net Pension (Asset).* The Village's net pension (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation of that date.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	3.25%
Inflation	2.25%

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2022

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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 nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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	25.00%	(0.60%)
Domestic Equities	39.00%	1.90%
International Equities	15.00%	3.15%
Real Estate	10.00%	3.30%
Blended	10.00%	1.70% - 5.50%
Cash and Cash Equivalents	1.00%	(0.90%)

**VILLAGE OF SHABBONA, ILLINOIS**

**Notes to the Financial Statements**  
**April 30, 2022**

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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/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the Village calculated using the discount rate as well as what the Village's net pension liability/(asset) 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/(Asset)	\$ 10,701	(104,256)	(200,255)

## VILLAGE OF SHABBONA, ILLINOIS

### Notes to the Financial Statements April 30, 2022

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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 (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2020	\$ 1,056,387	1,056,523	(136)
Changes for the Year:			
Service Cost	9,571	-	9,571
Interest on the Total Pension Liability	74,268	-	74,268
Difference Between Expected and Actual Experience of the Total Pension Liability	22,825	-	22,825
Changes of Assumptions	-	-	-
Contributions - Employer	-	17,316	(17,316)
Contributions - Employees	-	4,775	(4,775)
Net Investment Income	-	184,660	(184,660)
Benefit Payments, including Refunds of Employee Contributions	(73,577)	(73,577)	-
Other (Net Transfer)	-	4,033	(4,033)
Net Changes	33,087	137,207	(104,120)
Balances at December 31, 2021	1,089,474	1,193,730	(104,256)

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

For the year ended April 30, 2022, the Village recognized pension revenue of \$42,128. At April 30, 2022, 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, 2022

#### 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	\$ 14,952	(2,475)	12,477
Change in Assumptions	-	(2,600)	(2,600)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	-	(154,466)	(154,466)
Total Pension Expense to be Recognized			
in Future Periods	14,952	(159,541)	(144,589)
Pension Contributions Made Subsequent			
to the Measurement Date	5,270	-	5,270
Total Deferred Amounts Related to IMRF	20,222	(159,541)	(139,319)

\$5,270 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, 2023. 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
2023	\$ (33,931)
2024	(51,709)
2025	(36,991)
2026	(21,958)
2027	-
Thereafter	-
Total	(144,589)

## **VILLAGE OF SHABBONA, ILLINOIS**

### **Notes to the Financial Statements April 30, 2022**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **SUBSEQUENT EVENT**

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The Village has been allocated \$125,069 to be received in two installments. On September 20, 2021 the Village received their first installment of \$62,534. On September 14, 2022, the Village received their second installment of \$62,599.

## **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/(Asset)  
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, 2022

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%
2022	15,980	15,980	-	109,043	14.65%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Fair Value
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/(Asset)

April 30, 2022

	12/31/15
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	(21,967)
Net Change in Total Pension Liability	64,611
Total Pension Liability - Beginning	633,194
Total Pension Liability - Ending	697,805
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)	(14,738)
Net Change in Plan Fiduciary Net Position	(16,890)
Plan Net Position - Beginning	585,452
Plan Net Position - Ending	568,562
Employer's Net Pension Liability/(Asset)	\$ 129,243
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.48%
Covered Payroll	\$ 94,301
Employer's Net Pension Liability/(Asset) 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.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2014 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2014 and 2017.

12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
11,035	11,152	9,790	9,727	10,450	9,571
51,215	67,380	68,275	72,037	74,636	74,268
-	-	-	-	-	-
177,996	(5,485)	45,309	24,698	(8,293)	22,825
(11,275)	(18,855)	25,103	-	(8,714)	-
(22,469)	(22,953)	(60,227)	(70,101)	(71,849)	(73,577)
206,502	31,239	88,250	36,361	(3,770)	33,087
697,805	904,307	935,546	1,023,796	1,060,157	1,056,387
904,307	935,546	1,023,796	1,060,157	1,056,387	1,089,474
13,381	15,175	15,405	13,465	16,586	17,316
4,483	4,598	4,461	4,515	4,456	4,775
39,457	125,108	(43,965)	168,225	143,155	184,660
(22,469)	(22,953)	(60,227)	(70,101)	(71,849)	(73,577)
166,134	(7,745)	41,587	4,615	2,464	4,033
200,986	114,183	(42,739)	120,719	94,812	137,207
568,562	769,548	883,731	840,992	961,711	1,056,523
769,548	883,731	840,992	961,711	1,056,523	1,193,730
134,759	51,815	182,804	98,446	(136)	(104,256)
85.10%	94.46%	82.14%	90.71%	100.01%	109.57%
99,634	102,178	99,132	100,341	99,024	106,103
135.25%	50.71%	184.40%	98.11%	(0.14%)	(98.26%)

## 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, 2022

	Budget		Actual
	Original	Final	
Revenues			
Taxes	\$ 203,270	203,270	279,500
Intergovernmental	177,760	177,760	247,792
Licenses, Fees and Permits	88,750	88,750	81,423
Fines	1,000	1,000	-
Interest	1,250	1,250	1,167
Miscellaneous	-	-	14,431
Total Revenues	472,030	472,030	624,313
Expenditures			
General Government	567,227	567,227	358,162
Public Safety	63,000	63,000	47,761
Highways and Streets	829,000	829,000	96,716
Total Expenditures	1,459,227	1,459,227	502,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	(987,197)	(987,197)	121,674
Other Financing Sources			
Transfers In	-	-	1,911
Net Change in Fund Balance	(987,197)	(987,197)	123,585
Fund Balance - Beginning			828,625
Fund Balance - Ending			952,210

## **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, 2022

	Budget		Actual
	Original	Final	
Taxes			
Property Taxes	\$ 105,150	105,150	109,781
Road and Bridge (Township)	-	-	11,470
Municipal Sales Tax	45,520	45,520	79,627
Cable - Medicom	3,500	3,500	4,798
Utility Tax	42,000	42,000	54,786
Video Gaming Tax	7,100	7,100	19,038
Total Taxes	203,270	203,270	279,500
Intergovernmental			
State Income Tax	95,000	95,000	129,344
Personal Property Replacement Tax	4,000	4,000	10,444
Non-Home Rule Sales Tax	39,100	39,100	72,073
State Grants	-	-	65
Local Use Tax	39,000	39,000	34,459
Cannabis Use Tax	660	660	1,407
Total Intergovernmental	177,760	177,760	247,792
Licenses, Fees and Permits			
Licenses and Fees	3,750	3,750	4,185
Garbage Fees	85,000	85,000	77,238
Total Licenses, Fees and Permits	88,750	88,750	81,423
Fines	1,000	1,000	-
Interest	1,250	1,250	1,167
Miscellaneous	-	-	14,431
Total Revenues	472,030	472,030	624,313

## VILLAGE OF SHABBONA, ILLINOIS

### General Fund

#### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2022

	Budget		Actual
	Original	Final	
General Government			
Administrative			
Salaries	\$ 171,027	171,027	103,787
Fringe Benefits	-	-	15,930
Contractual			
Insurance	28,000	28,000	14,999
Legal Services	20,000	20,000	16,897
Audit	10,500	10,500	7,480
Engineering	20,000	20,000	9,190
Garbage	75,000	75,000	76,518
Telephone	3,500	3,500	3,496
Utilities	20,000	20,000	14,356
Office Rental	158,000	158,000	32,599
Operating Expenditures			
Fees and Memberships	3,500	3,500	1,541
Publishing	1,750	1,750	307
Vehicles and Equipment Repairs	25,000	25,000	19,317
Office Supplies and Postage	8,250	8,250	6,899
Outside Services	8,200	8,200	5,847
General Supplies, Equipment and Miscellaneous	14,500	14,500	28,999
Total General Government	567,227	567,227	358,162
Public Safety			
Contractual Police Service	63,000	63,000	47,761
Highways and Streets			
Contractual			
Contractors	10,000	10,000	2,080
Tree Committee	20,000	20,000	9,934
Park/Town Beautification	675,000	675,000	75,546
Road and Bridges	124,000	124,000	9,156
Total Highways and Streets	829,000	829,000	96,716
Total Expenditures	1,459,227	1,459,227	502,639



## 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, 2022

	Budget		Actual
	Original	Final	
Operating Revenues			
Charges for Services			
Water Sales	\$ -	-	94,718
Sewer Service Charges	-	-	99,617
Bond Payments from Utility Bills	-	-	42,283
Total Operating Revenues	-	-	236,618
Operating Expenses			
Operations			
Water Operations	1,328,696	1,328,696	109,450
Sewer Operations	999,088	999,088	69,290
Depreciation and Amortization	-	-	46,738
Total Operating Expenses	2,327,784	2,327,784	225,478
Operating Income (Loss)	(2,327,784)	(2,327,784)	11,140
Nonoperating Income			
Other	-	-	9,000
Income (Loss) Before Capital Grants	(2,327,784)	(2,327,784)	20,140
Capital Grants	-	-	400,000
Change in Net Position	(2,327,784)	(2,327,784)	420,140
Net Position - Beginning			1,606,234
Net Position - Ending			2,026,374

# VILLAGE OF SHABBONA, ILLINOIS

## Water and Sewer - Enterprise Fund

### Schedule of Operating Expenses - Budget and Actual For the Fiscal Year Ended April 30, 2022

	Budget		Actual
	Original	Final	
Operations			
Water Operations			
Administrative			
Salaries	\$ 75,071	75,071	53,064
Fringe Benefits	-	-	(10,956)
Contractual			
Insurance	5,500	5,500	6,689
Telephone	1,500	1,500	1,305
Utilities	12,000	12,000	12,423
Legal Services	3,000	3,000	4,896
Audit	3,250	3,250	1,750
Engineering	2,500	2,500	640
Operating Expenses			
Fees and Memberships	1,000	1,000	1,185
Publishing	200	200	500
Office Supplies and Postage	5,525	5,525	7,660
Repairs and Maintenance	10,700	10,700	22,755
Miscellaneous	21,950	21,950	7,539
Construction and Equipment	1,186,500	1,186,500	-
	1,328,696	1,328,696	109,450
Sewer Operations			
Administrative			
Salaries	39,163	39,163	27,904
Fringe Benefits	-	-	(4,300)
Contractual			
Insurance	4,500	4,500	6,021
Telephone	1,500	1,500	1,191
Utilities	12,000	12,000	7,166
Legal Services	3,000	3,000	1,179
Audit	3,250	3,250	1,272
Engineering	2,500	2,500	1,669

## VILLAGE OF SHABBONA, ILLINOIS

### Water and Sewer - Enterprise Fund

#### Schedule of Operating Expenses - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2022

	Budget		Actual
	Original	Final	
Operations - Continued			
Sewer Operations - Continued			
Operating Expenses			
Fees and Memberships	\$ 500	500	458
Office Supplies and Postage	5,425	5,425	4,925
Repairs and Maintenance	9,700	9,700	14,372
Miscellaneous	23,450	23,450	6,828
Construction and Equipment	894,100	894,100	605
	999,088	999,088	69,290
Total Operations	2,327,784	2,327,784	178,740
Depreciation and Amortization	-	-	46,738
Total Operating Expenses	2,327,784	2,327,784	225,478

## **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, 2022

	2017	2018	2019	2020	2021*
Assessed Valuation	\$ 15,090,445	16,012,797	16,663,051	17,265,525	18,270,149
Tax Rates					
Corporate	0.35075	0.34026	0.33540	0.33100	0.17520
IMRF	0.01083	0.01043	0.01010	0.00998	0.00957
Police Protection	0.20472	0.19707	0.19098	0.18914	0.18122
Social Security	0.07632	0.07347	0.07120	0.07028	0.67340
Unemployment Insurance	0.00776	0.00747	0.00725	0.00716	0.00687
Workers' Compensation	0.01769	0.01704	0.01651	0.01630	0.01563
Total Tax Rates	0.66807	0.64574	0.63144	0.62386	1.06189
Tax Extensions					
Corporate	\$ 52,930	54,295	55,888	57,149	58,011
IMRF	1,634	1,665	1,683	1,723	1,748
Police Protection	30,893	31,451	31,823	32,656	33,109
Social Security	11,517	11,726	11,864	12,134	12,303
Unemployment Insurance	1,171	1,193	1,208	1,236	1,255
Workers' Compensation	2,670	2,721	2,751	2,814	2,856
	100,815	103,051	105,217	107,712	109,282
Township Road and Bridge	11,168	11,520	11,576	11,516	11,576
Total Tax Extensions	111,983	114,571	116,793	119,228	120,858
Total Taxes Collected	\$ 111,993	114,284	116,696	119,009	-

\*2021 tax levy will be collected in fiscal year 2023.