

**VILLAGE OF WINNEBAGO
WINNEBAGO, ILLINOIS**

Annual Financial Report

As of and for the Year Ended
December 31, 2017

VILLAGE OF WINNEBAGO, ILLINOIS

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1 – 3 |
| <u>General Purpose External Financial Statements</u> | |
| Management's Discussion and Analysis..... | 4 – 14 |
| Basic Financial Statements | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 15 |
| Statement of Activities | 16 |
| Fund Financial Statements | |
| Governmental Funds: | |
| Balance Sheet..... | 17 |
| Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position | 18 |
| Statement of Revenues, Expenditures and Changes in Fund Balances..... | 19 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities..... | 20 |
| Proprietary Funds | |
| Statement of Net Position | 21 |
| Statement of Revenues, Expenses and Changes in Net Position | 22 |
| Statement of Cash Flows | 23 |
| Notes to Financial Statements | 24 – 43 |

Required Supplementary Information

| | |
|--|---------|
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 44 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund | 45 |
| Notes to Required Supplementary Information | 46 |
| Schedule of Changes in the Net Pension Liability and Related Ratios | 47 |
| Illinois Municipal Retirement Fund Multiyear Schedule of Contributions | 48 |
| Notes to Schedule of Contributions | 49 – 50 |

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

| | |
|---|----|
| Combining Balance Sheet | 51 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 52 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Community Development Fund | 53 |
| Fourth of July Fund | 54 |
| Motor Fuel Tax Fund | 55 |

Supplemental Schedules

| | |
|--|---------|
| Schedule of Detailed Revenues and Expenditures – Budget and Actual – General Fund | 56 – 58 |
| Schedule of Revenues, Expenses and Changes in Net Position Budget and Actual – Enterprise Fund – Water Fund | 59 – 60 |
| Assessed Valuations and Property Tax Rates, Extensions and Collections | 61 |
| Schedule of Legal Debt Margin | 62 |



BENNING GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

www.BenningGroup.com

Independent Auditor's Report

The Honorable President and
Members of the Board of Trustees
Village of Winnebago, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois (Village) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

50 W. Douglas Street, Suite 801
Freeport, Illinois 61032
(815) 235-3157
Fax (815) 235-3158

6815 Weaver Road, Suite 300
Rockford, Illinois 61114
(815) 316-2375
Fax (815) 316-2389

1809 10th Street
Monroe, Wisconsin 53566
(608) 325-5035
Fax (608) 328-2843

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois, as of December 31, 2017, and the respective changes in financial position and cash flows of its proprietary fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Winnebago, Illinois' basic financial statements. The combining, and individual nonmajor fund financial statements, and the schedules listed in the table of contents as supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, individual nonmajor fund financial statements and the schedules listed in the table of contents as supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Benning Group, LLC". The signature is written in a cursive, flowing style.

Rockford, Illinois
July 9, 2018

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

December 31, 2017 (Unaudited)

This section of the Village of Winnebago's Annual Financial Report presents our discussion and analysis of the Village's financial activities for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- Net position and performance in total – The Village's total net position at December 31, 2017 was \$7,788,605.
- Government activity summary – Net position for governmental activities increased by \$62,770 during the period.
- Business-type activity summary – Net position for business-type activities increased by \$517,294 during the period.
- General Fund summary – The Village's General Fund reported an increase of \$78,968 in fund balance for the period.
- Budget vs. actual – The Village's actual revenues for the General Fund were \$45,191 less than the budgeted revenues. The actual expenditures were \$534,470 less than total budgeted expenditures for the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements, which present different views of the Village: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

Government-wide financial statements provide both short and long-term information about the Village's overall financial status.

Fund financial statements focus on individual parts of the Village government, reporting Village operation in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by the required supplementary information section that further explains and supports the information in the financial statements.

In addition to all of the required financial statement elements, the Village has provided sections for the combining statements to provide detail on non-major funds and additional supplementary information.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

The following table summarizes the major features of the Village's financial statements:

| FUND STATEMENTS | | | |
|--|---|--|---|
| GOVERNMENT-WIDE STATEMENTS | | Governmental Funds | Proprietary Funds |
| Scope | Entire Village government | Activities of the Village that are not proprietary such as public safety | Activities of the Village that operates similar to private business such as the water department |
| Required financial statements | -Statement of net position -Statement of activities | -Balance sheet -Statement of revenues, expenditures and changes in fund balances | -Statement of net position -Statement of revenues, expenses, and changes in net position -Statement of cash flows |
| Accounting basis | Accrual | Modified accrual | Accrual |
| Measurement focus | Economic resources | Current financial resources | Economic resources |
| Type of assets & liability information | All assets and liabilities; both financial and capital, short and long-term | Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets | All assets and liabilities; both financial and capital, short and long-term |
| Type of inflow & outflow information | All revenues and expenses during the year regardless of when cash is received or paid | Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter | All revenues and expenses during the year regardless of when cash is received or paid |

Government-Wide Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which add to a total for the Primary Government. The focus of the Statement of Net Position is designed to disclose bottom line results for the Village and its governmental and business-type activities.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities is focused on both the gross and net cost of various activities (governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the Village's basic services, including administration, financial services, police, and public works. Property taxes, telecommunications taxes, and shared state tax distributions finance the majority of these services. The business-type activities reflect private sector type operations, where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is on major funds, rather than fund types.

Governmental funds are presented on a sources and uses of liquid resources basis. This is the manner in which the budget is typically developed. Governmental funds provide a current resources (short-term) view that helps determine whether there are more or fewer current financial resources available to spend for Village operations.

Proprietary funds account for services that are generally fully supported by user fees charged to customers. Proprietary funds are presented on a total economic resources basis. Proprietary fund statements, like government-wide statements, provide both short and long term financial information.

While the total column on the business-type fund financial statements is the same as the business-type column on the government-wide financial statement, the governmental funds column requires reconciliation because of the different measurement focus (current financial resources/modified accrual versus total economic resources/full accrual), which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds, proceeds from sales of capital asset disposals, and interfund transfers as other financial sources as well as capital outlay expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the government activities column in the government-wide statements.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 required that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity.

If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The Village has elected to depreciate assets over their useful life. If a project is considered maintenance – a recurring cost that does not extend the asset's original useful life or expand its capacity – the cost of the project will be expensed. An "overlay" of a street will be considered maintenance whereas a "rebuild" of a street will be capitalized.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

In accordance with GASB Statement No. 34, a comparative analysis of government-wide information is presented.

Statement of Net Position

The following table reflects the condensed Statement of Net Position on a comparative basis:

Table 1
Statement of Net Position
As of December 31, 2017 and 2016

| | Governmental Activities | | Business-type Activities | | Total Government | |
|--|-------------------------|------------------|--------------------------|------------------|-------------------|-------------------|
| | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 |
| Current and other assets | \$ 1,685,152 | 1,687,860 | 1,276,615 | 920,101 | 2,961,767 | 2,607,961 |
| Capital assets | 3,973,283 | 3,930,561 | 3,403,425 | 3,551,919 | 7,376,708 | 7,482,480 |
| Total assets | 5,658,435 | 5,618,421 | 4,680,040 | 4,472,020 | 10,338,475 | 10,090,441 |
| Deferred outflows of resources | 67,314 | 105,217 | 17,894 | 25,562 | 85,208 | 130,779 |
| Total assets and deferred outflows of resources | 5,725,749 | 5,723,638 | 4,697,934 | 4,497,582 | 10,423,683 | 10,221,220 |
| Liabilities | 85,875 | 128,072 | 117,183 | 364,696 | 203,058 | 492,768 |
| Liabilities – non-current | 302,249 | 509,367 | 1,442,097 | 1,560,766 | 1,744,346 | 2,070,133 |
| Deferred inflows of resources | 634,486 | 445,830 | 53,188 | 3,948 | 687,674 | 449,778 |
| Total liabilities and deferred inflows of resources | 1,022,610 | 1,083,269 | 1,612,468 | 1,929,410 | 2,635,078 | 3,012,679 |
| Net position: | | | | | | |
| Net investment in capital assets | 3,973,283 | 3,930,561 | 1,962,684 | 2,043,002 | 5,935,967 | 5,973,563 |
| Restricted | 304,392 | 354,257 | – | – | 304,392 | 354,257 |
| Unrestricted | 425,464 | 355,551 | 1,122,782 | 525,170 | 1,548,246 | 880,721 |
| Total net position | \$ 4,703,139 | 4,640,369 | 3,085,466 | 2,568,172 | 7,788,605 | 7,208,541 |

For more detailed information see the Statement of Net Position.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

Normal Impacts – Net Position

There are six common (basic) types of transactions that will generally affect the comparability of the Statements of Net Position summary presentation.

Net Results of Activities – Impacts (increases/decreases) current assets and unrestricted net position.

Borrowing for Capital – Increases current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – Reduces current assets and increases capital assets. There is a second impact, an increase in capital assets and an increase in related net debt will not change the net investment in capital assets

Spending of Non-borrowed Current Assets on New Capital – (a) Reduces current assets and increases capital assets; and (b) reduces unrestricted net position and increases net investment in capital assets.

Principal Payment on Debt – (a) Reduces current assets and reduces long-term debt; and (b) reduces unrestricted net position and increases net investment in capital assets.

Reduction of Capital Assets Through Depreciation – Reduces capital assets and net investment in capital assets.

Current Year Impacts – Net Position

The Village's combined net position at December 31, 2017 was \$7,788,605 for all funds. This was an increase of \$580,064 during the year. Total assets increased from \$10,090,441 to \$10,338,475, an increase of \$248,034. Current assets increased by \$353,806. The capital assets (net) decreased by \$105,772. Total deferred outflows of resources decreased by \$45,571.

The total liabilities and deferred inflows of resources decreased by \$377,601, which is mainly attributed to a decrease in accounts payable by \$289,710 and long-term liabilities and deferred inflows of resources decreased \$87,891, which is made up primarily of the change in deferred pension expense.

The net position of business-type activities increased by \$517,294 during the period and ended at \$3,085,466. Unrestricted net position, available to finance the continuing operation of its business-type activities, was \$1,122,782 of which \$104,000 is board designated for debt obligations. The operating cost of the Village's business-type activities for the year ended December 31, 2017 was \$785,290.

The total net position at December 31, 2017 was \$7,788,605, of which 76.2% is in investment in capital assets, another 3.9% is restricted for capital improvements and highways and streets. The remaining 20% or \$1,548,246 is available for any purpose, which is an increase of \$667,525 from the unrestricted net position of December 31, 2016.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

Statement of Changes in Net Position

The following chart reflects the condensed Statement of Changes in Net Position. For more detailed information see the Statement of Activities.

Table 2
Changes in Net Position
As of December 31, 2017 and 2016

| | Governmental Activities | | Business-type Activities | | Total Government | |
|---------------------------------|-------------------------|---------------------|--------------------------|--------------------|--------------------|--------------------|
| | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 92,128 | \$ 53,509 | \$ 1,014,577 | \$ 975,325 | \$1,106,705 | \$1,028,834 |
| Grants and contributions: | | | | | | |
| Operating | 44,864 | 49,888 | — | — | 44,864 | 49,888 |
| Capital contributions | — | — | — | — | — | — |
| General revenues: | | | | | | |
| Property taxes | 422,242 | 422,767 | — | — | 422,242 | 422,767 |
| Other taxes | 981,935 | 975,743 | 208,891 | 198,731 | 1,190,826 | 1,174,474 |
| Intergovernmental | — | — | 64,281 | 46,466 | 64,281 | 46,466 |
| Investment income | 7,615 | 2,074 | 6,900 | 4,256 | 14,515 | 6,330 |
| Miscellaneous | 40,509 | 40,490 | 7,935 | 8,383 | 48,444 | 48,873 |
| Total revenues received | 1,589,293 | 1,544,471 | 1,302,584 | 1,233,161 | 2,891,877 | 2,777,632 |
| EXPENSES | | | | | | |
| General government | 497,185 | 479,325 | — | — | 497,185 | 479,325 |
| Public safety | 653,284 | 647,779 | — | — | 653,284 | 647,779 |
| Highways and streets | 290,313 | 294,513 | — | — | 290,313 | 294,513 |
| Culture and recreation | 85,741 | 93,375 | — | — | 85,741 | 93,375 |
| Interest | — | — | — | — | — | — |
| Water and sewer | — | — | 785,290 | 770,043 | 785,290 | 770,043 |
| Total expenses disbursed | 1,526,523 | 1,514,992 | 785,290 | 770,043 | 2,311,813 | 2,285,035 |
| Excess of revenues | | | | | | |
| over (under) expenses | 62,770 | 29,479 | 517,294 | 463,118 | 580,064 | 492,597 |
| Transfers | — | — | — | — | — | — |
| Special item | — | — | — | (322,873) | — | (322,873) |
| Changes in net position | 62,770 | 29,479 | 517,294 | 140,245 | 580,064 | 169,724 |
| Beginning net position | 4,640,369 | 4,610,890 | 2,568,172 | 2,427,927 | 7,208,541 | 7,038,817 |
| Ending net position | \$ 4,703,139 | \$ 4,640,369 | \$ 3,085,466 | \$2,568,172 | \$7,788,605 | \$7,208,541 |

Normal Impact – Changes in Net Position

Reflected below are eight common (basic) impacts on revenues and expense.

Revenues:

Economic Condition – Reflects a declining, stable or growing economic environment and has a substantial impact on state income, sales, telecommunications and utility tax revenues as well as public spending habits for items such as building permits and user fees including volumes of usage.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

Increase / Decrease in Village Approval Rates – While statutes set certain tax rates, the Village Board has authority to impose and periodically increase/decrease rates (building permit fees, etc.). The Village's property taxes are subject to tax caps, which generally limit Village increases to the lesser of the change in the Consumer Price Index or 5%.

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – Certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts on Investment Income – The Village principally has cash and cash equivalents. There were no investments at December 31, 2017.

Expenses:

Changes in Programs – Within the functional expense categories (General Government, Public Safety, Highway and Streets, etc.) individual programs may be added, deleted, or expanded to meet changing community needs.

Changes in Authorized Personnel – Changes in service demand may cause the Village Board to increase or decrease authorized staffing.

Salary Increases (annual adjustments and step increases) – The Village strives to maintain a competitive salary range position in the marketplace.

Inflation – While overall inflation appears to be modest (the CPI was 3% at December 31, 2017), the Village is a major consumer of certain commodities and services, which typically experience inflation at a rate that can be significantly different from CPI. Examples of such items include health insurance, fuel, electricity and operating supplies.

Current Year Impacts – Changes in Net Position

Governmental Activities

Revenues:

Revenues from governmental activities total \$1,589,293. The largest source of revenue was \$422,242 from property taxes. Sales and use taxes were the next highest with revenue for the period of \$412,682. Income tax ranked third with \$283,027. The next highest source of income was utility tax with \$119,569. The revenues from these four sources represent 78% of the governmental activity revenues. Total revenue from all taxes was \$1,404,177 or 88%. The Village also recognized \$92,128 in charges for services or 6% and grants of \$44,864 or 3% of total revenue.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

Expenses:

The Village's total governmental activity expenses were \$1,526,523. The three major functional areas were general government \$497,185 or 33% of the total; highway and streets \$290,313 or 19% of the total; and public safety of \$653,284 or 43% of the total expenses of the Village.

Personnel costs including wages, taxes, health and life insurance, and retirement benefits were \$867,612 or 57% of the total expenses.

Business-type Activities

Revenues:

Operating revenues from business-type activities total \$1,014,577. The largest source of revenue was \$454,723 or 45% from capital charges revenue. Charges for water were the next highest with revenue for the year of \$373,086 or 37%. Refuse and recycling income ranged third with \$186,768 or 18%.

Expenses:

The Village's total business-type activity expenses were \$785,290. The four major areas of operating expenses were wages and benefit expenses of \$213,100 or 27% of the total; refuse and recycling expenses of \$181,513 or 23% of the total; operating supplies of \$26,365 or 3% of the total; Interest expense on loans was \$29,764 or 3.8% of the total; and depreciation of \$228,102 or 29% of the total. These four areas account for \$678,844 or 86.4% of the total business-type expenses of the Village.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At December 31, 2017, the governmental funds reported a combined fund balance of \$1,158,391, an increase of \$36,477 from the prior period, which is mainly attributed to a \$64,841 increase in total revenues. The General Fund balance increased by \$78,968. All other funds netted a decrease of \$42,491.

The Village's cash and equivalents increased by \$20,383 for all governmental funds during the year ended December 31, 2017.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

General Fund Budgetary Highlights

| General Fund | FY 17 Original Budget | FY 17 Final Budget | FY 17 Actual |
|---|-----------------------------|--------------------------|------------------|
| Revenues: | | | |
| Taxes | \$ 1,350,892 | 1,350,892 | 1,314,646 |
| Fines and other fees | 37,000 | 37,000 | 55,714 |
| Other | 90,140 | 90,140 | 62,481 |
| Total revenues | 1,478,032 | 1,478,032 | 1,432,841 |
| Expenditures: | | | |
| General government | 442,389 | 442,389 | 357,022 |
| Highways and streets | 542,197 | 542,197 | 326,319 |
| Public safety | 834,213 | 834,213 | 656,708 |
| Capital outlay | 75,000 | 75,000 | 19,280 |
| Total expenditures | 1,893,799 | 1,893,799 | 1,359,329 |
| Excess of revenues over (under) expenditures | (415,767) | (415,767) | 73,512 |
| Other financing sources (uses): | | | |
| Transfers in (out) | 41,500 | 41,500 | 5,456 |
| Total other financing sources | 41,500 | 41,500 | 5,456 |
| Net change in fund balance | \$ (374,267) | (374,267) | 78,968 |

CAPITAL ASSETS

As allowed by GASB Statement No. 34, the Village has elected to capitalize its infrastructure assets prospectively. During the current period the Village's capital assets, net of accumulated depreciation decreased by \$105,772. See Note 5 to the financial statements for more details.

Entity Wide Change in Net Capital Assets

| | Governmental Activities | | Business-type Activities | | Total Government | |
|---------------------------------|-------------------------|--------------------|--------------------------|------------------|--------------------|--------------------|
| | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 | 12/31/2017 | 12/31/2016 |
| Land | \$ 73,884 | 73,884 | 68,264 | 45,375 | 142,148 | 119,259 |
| Buildings and improvements | 359,604 | 359,604 | 15,000 | 15,000 | 374,604 | 374,604 |
| Equipment and vehicles | 595,769 | 576,328 | 556,242 | 534,675 | 1,152,011 | 1,111,003 |
| Software | 21,564 | 21,564 | 10,781 | 10,782 | 32,345 | 32,346 |
| Infrastructure | 4,689,209 | 4,523,202 | 3,693,318 | 3,693,318 | 8,382,527 | 8,216,520 |
| Construction in progress | 8,280 | - | 14,026 | - | 22,306 | - |
| Subtotals | 5,748,310 | 5,554,582 | 4,357,631 | 4,299,150 | 10,105,941 | 9,853,732 |
| Accumulated depreciation | (1,775,027) | (1,624,021) | (954,206) | (747,231) | (2,729,233) | (2,371,252) |
| Totals | \$ 3,973,283 | 3,930,561 | 3,403,425 | 3,551,919 | 7,376,708 | 7,482,480 |

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

ECONOMIC FACTORS

The State of Illinois continued to operate without a budget through June 30, 2017. During 2016 and 2017, there was some loss of revenue to the Village from the Local Government Distribution Fund (LGDF). Year over year it was down 10%. This revenue represents approximately 2% of the Village's General budget income.

The utility tax on electricity, which the Village enacted at the end of 2015, produced \$119,569 in revenue for 2017. Village Ordinance dedicates this revenue to be used to fund street lights and street projects in the General Fund Budget.

There were no annexations in 2017. One property annexed in 2014 will receive a \$300 refund from the village each year for 10 years starting with the 2014 taxes due in 2015. This was part of the annexation agreement to compensate the property owner for the lack of sewer access to the property.

The Village still has two properties that receive refunds of actual property taxes paid until such time as zoning of the property changes or ownership changes.

The Village passed a Municipal Sales Tax of 1% by referendum in 2012. This 1% tax is dedicated by referendum to infrastructure improvements and is currently being used for water and sewer projects. This tax generates approximately \$200,000 in gross revenue annually.

The Village has a Sales Tax refund agreement with Sullivan's Grocery/Ace Hardware Store. This agreement requires the Village to refund 35% of all sales tax collected from the combined stores until \$600,000 is paid to Sullivan's. 2017 was the sixth year of refunds. Total refunded sales tax in 2017 was \$263,006 or 40%. Current estimate is that this refund agreement will be fulfilled in 2025.

In December of 2011, the Village signed an inter-governmental agreement (IGA) with the Rock River Water Reclamation District (RRWRD) transferring the Village's sewage collection and processing system and its operation to the District. This agreement became effective on December 21 2011. According to the agreement, the Village is responsible to pay for costs related to the extension of the Fuller Creek Trunk Sewer to Winnebago, the rehabilitation, conversion, and upgrading of the Village's current collection system, and a Plant-Buy-In (PBI) fee. Seven specific costs or cost estimates with a maximum of 10% above estimates are delineated in the agreement. As of the end of 2017, two of the seven items, the PBI of \$676,370, and the rehabilitation work for the current collection system, \$2,053,008, had been fully paid for in cash. The remaining 5 items are either currently under construction or are not currently in the District's 10-year construction plan. However, the IGA states that any item in the agreement that is "staged" but not constructed will be invoiced to the Village at the 10-year point of the agreement. A meeting was held with the District in April 2017 to negotiate exactly how this will be paid.

At this time the Village believes it will be able to "escrow" approximately \$1.35 million in cash by December 21, 2021 toward the remaining debt of \$8.65 million owed the District. The District has agreed to fold the remaining balance of \$7.3 million into the loan repayment

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

schedule for the items currently under construction when the loan payments start which is anticipated to be in the fall of 2018. The terms of the loan match the terms of the District's loan from the IEPA, 20 years at 1.75% interest annually. The escrowed amount available in 2021 is based on planned water usage and rates passed by ordinance in January 2017. In summary, the estimated total cost of the IGA is \$10.6 million, with a fixed maximum cost of \$11.4 million. Due to delays acquiring easements, the actual costs have been assumed to be the original cost estimates plus 10%. As of December 2021, \$4.1 million of the costs will have been paid in cash and \$7.3 million will have been borrowed from the District.

Payment in Lieu of Taxes (PILOT) is also required by the IGA until such time as the properties included in the IGA are annexed to the District. These PILOT charges are included in the Districts quarterly billing to users and are based upon the property tax that the property owner would have to pay to the District if the property was within the District boundary. Upon official annexation of the Village users to the District, the PILOT charges will be dropped and the District's annual Levy/Extension will be added to the users Property Tax bills. This will happen after the Trunk Sewer line extension is connected to the Village's current collection system in late 2018. The current tax rate for the 2017 property tax bill is 0.2040. The District tax rate is subject to the Property Tax Extension Limitation Law (PTELL).

In 2014, the Village obtained funding from IEPA for the upgrading of its potable water system. The project included the building of a new 400,000 gallon water tower, rehabilitating well #3, rebuilding well house #3, and digitizing the controls and data collection of the Village's entire potable water system. The cost of the project was approximately \$2.4 million. The loan for this project was approved for \$2.265 million. Costs above the loan amount were paid from reserves. Terms are 1.995% APR for 20 years with bi-annual payments. All aspects of the project were completed in 2015 under budget. The Village received loan forgiveness from the IEPA for \$650,000 of the loan. This reduced the annual payments by \$42,000 from \$140,000 to \$98,000. Loan payments will be from monies collected on monthly water bills. Loan payments started in July 2015 and will continue each January and July through January 2035.

In September 2016, the Village entered into a contract with Verizon wireless to rent space on the Village's water tower on east Main Street. Construction began in February 2017. Annual rent revenue will be \$18,000. The contract is for 5 years and is extendable for 4, 5-year periods.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Sally Bennett, Treasurer, Village of Winnebago, 108 West Main Street, Winnebago, Illinois, 61088.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

December 31, 2017

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|------------|
| Assets | | | |
| Cash and cash equivalents | \$ 1,040,110 | 1,131,437 | 2,171,547 |
| Receivables: | | | |
| Property taxes | 434,400 | – | 434,400 |
| Intergovernmental – State of Illinois | 141,261 | 52,365 | 193,626 |
| Other | 25,031 | – | 25,031 |
| Customers – utility users | – | 76,138 | 76,138 |
| Prepaid items | 44,350 | 16,675 | 61,025 |
| Total current assets | 1,685,152 | 1,276,615 | 2,961,767 |
| Capital assets not being depreciated | 82,164 | 82,290 | 164,454 |
| Capital assets (net of accumulated depreciation) | 3,891,119 | 3,321,135 | 7,212,254 |
| Total assets | 5,658,435 | 4,680,040 | 10,338,475 |
| Deferred outflows of resources | | | |
| Pension | 67,314 | 17,894 | 85,208 |
| Total deferred outflows of resources | 67,314 | 17,894 | 85,208 |
| Total assets and deferred outflows of resources | 5,725,749 | 4,697,934 | 10,423,683 |
| Liabilities and deferred inflows | | | |
| Accounts payable | 37,855 | 38,914 | 76,769 |
| Accrued payroll | 22,506 | 5,944 | 28,450 |
| Current portion of long-term debt | – | 69,542 | 69,542 |
| Compensated absences | 25,514 | 2,783 | 28,297 |
| Total current liabilities | 85,875 | 117,183 | 203,058 |
| Long-term liabilities | | | |
| Net pension liability | 302,249 | 70,898 | 373,147 |
| Long-term debt, net of current maturities | – | 1,371,199 | 1,371,199 |
| Total long-term liabilities | 302,249 | 1,442,097 | 1,744,346 |
| Deferred inflows of resources | | | |
| Property taxes | 434,400 | – | 434,400 |
| Pension | 200,086 | 53,188 | 253,274 |
| Total deferred inflows of resources | 634,486 | 53,188 | 687,674 |
| Total liabilities and deferred inflows of resources | 1,022,610 | 1,612,468 | 2,635,078 |
| Net position | | | |
| Net investment in capital assets, net of related debt | 3,973,283 | 1,962,684 | 5,935,967 |
| Restricted for: | | | |
| Highways and streets | 13,698 | – | 13,698 |
| Capital improvements | 290,694 | – | 290,694 |
| | 304,392 | – | 304,392 |
| Unrestricted : | | | |
| Undesignated | 365,464 | 1,018,782 | 1,384,246 |
| Designated for long-term debt | 60,000 | 104,000 | 164,000 |
| Total unrestricted | 425,464 | 1,122,782 | 1,548,246 |
| Total net position | \$ 4,703,139 | 3,085,466 | 7,788,605 |

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Activities

For the Year Ended December 31, 2017

| Functions / Programs: | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|-----------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Govern-mental Activities | Business-type Activities | Total |
| Governmental activities | | | | | | | |
| General government | \$ 497,185 | 92,128 | — | — | (405,057) | — | (405,057) |
| Public safety | 653,284 | — | — | — | (653,284) | — | (653,284) |
| Highway and streets | 290,313 | — | — | — | (290,313) | — | (290,313) |
| Culture and recreation | 85,741 | — | 44,864 | — | (40,877) | — | (40,877) |
| Total governmental activities | 1,526,523 | 92,128 | 44,864 | — | (1,389,531) | — | (1,389,531) |
| Business-type activities | | | | | | | |
| Water and sewer | 785,290 | 1,014,577 | — | — | — | 229,287 | 229,287 |
| Total business-type activities | 785,290 | 1,014,577 | — | — | — | 229,287 | 229,287 |
| Total | \$ 2,311,813 | 1,106,705 | 44,864 | — | (1,389,531) | 229,287 | (1,160,244) |
| General revenues | | | | | | | |
| Property taxes | | | | | \$ 422,242 | — | 422,242 |
| Sales and use tax | | | | | 412,682 | 208,891 | 621,573 |
| Income tax | | | | | 283,027 | — | 283,027 |
| Telecommunications tax | | | | | 66,853 | — | 66,853 |
| Personal property replacement tax | | | | | 20,708 | — | 20,708 |
| Utility tax | | | | | 119,569 | — | 119,569 |
| Motor fuel tax | | | | | 79,096 | — | 79,096 |
| Intergovernmental revenue | | | | | — | 64,281 | 64,281 |
| Unrestricted investment earnings | | | | | 7,615 | 6,900 | 14,515 |
| Gain on sale of capital assets | | | | | 14,290 | 3,373 | 17,663 |
| Miscellaneous | | | | | 26,219 | 4,562 | 30,781 |
| Total general revenues | | | | | 1,452,301 | 288,007 | 1,740,308 |
| Change in net position | | | | | 62,770 | 517,294 | 580,064 |
| Net position | | | | | | | |
| Beginning | | | | | 4,640,369 | 2,568,172 | 7,208,541 |
| Ending | | | | | \$ 4,703,139 | 3,085,466 | 7,788,605 |

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Balance Sheet

Governmental Funds

December 31, 2017

| | General Fund | Debt Service Fund | Non-major Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------------|------------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 688,043 | 290,694 | 61,373 | 1,040,110 |
| Receivables: | | | | |
| Property taxes | 434,400 | — | — | 434,400 |
| Intergovernmental – State of Illinois | 141,261 | — | — | 141,261 |
| Other | 10,120 | — | 14,911 | 25,031 |
| Prepaid items | 44,350 | — | — | 44,350 |
| Total assets | \$ 1,318,174 | 290,694 | 76,284 | 1,685,152 |
| Liabilities – current | | | | |
| Accounts payable | 37,475 | — | 380 | 37,855 |
| Accrued payroll | 22,506 | — | — | 22,506 |
| Deferred revenue | 31,167 | — | 833 | 32,000 |
| Total current liabilities | 91,148 | — | 1,213 | 92,361 |
| Deferred inflows of resources | | | | |
| Property taxes | 434,400 | — | — | 434,400 |
| Total liabilities and deferred inflows of resources | 525,548 | — | 1,213 | 526,761 |
| Fund balances | | | | |
| Nonspendable – prepaid items | 44,350 | — | — | 44,350 |
| Restricted for highways and streets | — | — | 13,698 | 13,698 |
| Restricted for capital improvements | — | 290,694 | — | 290,694 |
| Committed to community development | — | — | 55,279 | 55,279 |
| Committed to Fourth of July | — | — | 6,094 | 6,094 |
| Unassigned | 748,276 | — | — | 748,276 |
| Total fund balances | 792,626 | 290,694 | 75,071 | 1,158,391 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,318,174 | 290,694 | 76,284 | 1,685,152 |

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Position

December 31, 2017

| | |
|--|---------------------|
| Fund balances of governmental funds | \$ 1,158,391 |
|--|---------------------|

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

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the
governmental funds:

| | |
|--------------------------|-------------|
| Capital assets | 5,748,310 |
| Accumulated depreciation | (1,775,027) |

Long-term liabilities are not due and payable in the current
period and therefore are not reported in
the governmental funds:

| | |
|----------------------|-----------|
| Compensated absences | (25,514) |
| Pension liability | (502,335) |

Other long-term assets are not available to pay current period
expenditures and, therefore, are deferred in the funds:

| | |
|-------------------------|---------------|
| Pension asset | 67,314 |
| Telecommunication taxes | <u>32,000</u> |

| | |
|--|----------------------------|
| Net position of governmental activities | \$ <u>4,703,139</u> |
|--|----------------------------|

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2017

| | General Fund | Debt Service Fund | Non-major Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------------|------------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 1,314,646 | — | 10,309 | 1,324,955 |
| Intergovernmental | — | — | — | — |
| Licenses, fees and permits | 55,714 | — | 36,414 | 92,128 |
| Motor Fuel Tax allotment | — | — | 79,096 | 79,096 |
| Grants | 3,309 | — | — | 3,309 |
| Interest | 6,174 | 649 | 792 | 7,615 |
| Other | 52,998 | — | 51,446 | 104,444 |
| Total revenue | <u>1,432,841</u> | <u>649</u> | <u>178,057</u> | <u>1,611,547</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 357,022 | — | — | 357,022 |
| Public safety | 656,708 | — | — | 656,708 |
| Highway and streets | 290,312 | — | — | 290,312 |
| Culture and recreation | — | — | 85,741 | 85,741 |
| Capital outlay | 55,287 | — | 130,000 | 185,287 |
| Total expenditures | <u>1,359,329</u> | <u>—</u> | <u>215,741</u> | <u>1,575,070</u> |
| Excess (deficiency) of revenues over (under) expenditures | 73,512 | 649 | (37,684) | 36,477 |
| Other financing sources (uses) | | | | |
| Transfers in (out) | <u>5,456</u> | <u>—</u> | <u>(5,456)</u> | <u>—</u> |
| Net change in fund balances | 78,968 | 649 | (43,140) | 36,477 |
| Fund balances | | | | |
| Beginning | 713,658 | 290,045 | 118,211 | 1,121,914 |
| Ending | <u>\$ 792,626</u> | <u>290,694</u> | <u>75,071</u> | <u>1,158,391</u> |

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

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

December 31, 2017

| | | |
|---|-----------|---------------|
| Net change in fund balances – total governmental funds | \$ | 36,477 |
|---|-----------|---------------|

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

Governmental funds report capital outlays as expenditures. However,
they are capitalized and depreciated in the statement of activities:

| | | |
|-------------------------------------|--|-----------|
| Capital asset purchases capitalized | | 244,727 |
| Depreciation expense | | (179,624) |
| Loss on disposal of capital assets | | (22,380) |

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds:

| | | |
|---------------------|--|-----|
| Sales and use taxes | | 126 |
|---------------------|--|-----|

Certain expenses reported in the statement of activities, such as
compensated absences do not require the use of current
financial resources and therefore, are not reported as expenditures
in governmental funds:

| | | |
|---|--|----------------|
| Increase in pension liability and deferred inflows and outflows | | (14,042) |
| Increase in compensated absences | | <u>(2,514)</u> |

| | | |
|--|-----------|----------------------|
| Change in net position of governmental activities | \$ | <u>62,770</u> |
|--|-----------|----------------------|

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

Proprietary Fund

December 31, 2017

| | <u>Enterprise Fund – Water Fund</u> |
|--|---|
| Current assets | |
| Cash and cash equivalents | \$ 1,131,437 |
| Receivables – utility users, net of allowance of \$10,000 | 76,138 |
| Receivables – grants and sales taxes | 52,365 |
| Prepaid items | <u>16,675</u> |
| Total current assets | 1,276,615 |
| Noncurrent assets | |
| Fixed assets, net of accumulated depreciation | <u>3,403,425</u> |
| Total assets | 4,680,040 |
| Deferred outflows of resources – pension | <u>17,894</u> |
| Total assets and deferred outflows of resources | \$ <u>4,697,934</u> |
| Liabilities – current | |
| Accounts payable | 38,914 |
| Accrued payroll | 5,944 |
| Current portion of long-term debt | 69,542 |
| Compensated absences | <u>2,783</u> |
| Total current liabilities | <u>117,183</u> |
| Long-term liabilities | |
| Net pension liability | 70,898 |
| Long-term debt, net of current maturities | <u>1,371,199</u> |
| Total long - term liabilities | 1,442,097 |
| Deferred inflows of resources – pension | <u>53,188</u> |
| Total liabilities and deferred inflows of resources | <u>1,612,468</u> |
| Net position | |
| Invested in capital assets | 1,962,684 |
| Unrestricted: | |
| Undesignated | 1,018,782 |
| Designated for long-term debt | <u>104,000</u> |
| Total unrestricted | <u>1,122,782</u> |
| Total net position | 3,085,466 |
| Total liabilities and net position | \$ <u>4,697,934</u> |

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

**Statement of Revenues, Expenses
and Changes in Net Position**

Proprietary Fund

For the Year Ended December 31, 2017

| | <u>Enterprise Fund – Water Fund</u> |
|--|---|
| Operating revenues | |
| Refuse and recycling revenue | \$ 186,768 |
| Capital charge – sewer hook-up | 454,723 |
| Water revenue | 373,196 |
| Water deposit revenue | (110) |
| Intergovernmental revenue | 64,281 |
| Miscellaneous revenue | <u>4,562</u> |
| Total operating revenues | <u>1,083,420</u> |
| Operating expenses | |
| Water department | 375,675 |
| Refuse and recycling expenses | 181,513 |
| Depreciation | <u>228,102</u> |
| Total operating expenses | <u>785,290</u> |
| Operating income | <u>298,130</u> |
| Non-operating revenues (expenses) | |
| Interest income | 6,900 |
| Gain on sale of capital assets | 3,373 |
| 1% sales tax income | <u>208,891</u> |
| Total non-operating revenues (expenses) | <u>219,164</u> |
| Net increase in net position | 517,294 |
| Net position | |
| Net position – beginning | <u>2,568,172</u> |
| Net position – ending | \$ <u>3,085,466</u> |

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2017

| | Enterprise Fund – Water Fund |
|---|---------------------------------|
| Cash flows from operating activities | |
| Receipts from customers | \$ 1,084,014 |
| Payments to suppliers | (565,665) |
| Payments to employees | (204,680) |
| Payments for interest to IEPA loan | (29,764) |
| Net cash flows from operating activities | <u>283,905</u> |
| Cash flows from capital and related financing activities | |
| Payments to IEPA loan | (68,176) |
| Proceeds from sale of capital assets | 3,373 |
| Purchase of and construction of fixed assets | (79,608) |
| Net cash flows from capital financing activities | <u>(144,411)</u> |
| Cash flows from non-capital financing activities | |
| Receipts from 1% sales tax | 207,649 |
| Net cash flows from non-capital financing activities | <u>207,649</u> |
| Cash flows from investing activities | |
| Interest on investments | 6,900 |
| Net increase in cash and cash equivalents | 354,043 |
| Cash and cash equivalents, beginning of year | 777,394 |
| Cash and cash equivalents, end of year | <u>\$ 1,131,437</u> |
| Reconciliation of operating loss to net cash provided by operating activities | |
| Net operating income | 298,130 |
| Adjustment to reconcile net operating loss to net cash provided by operating activities: | |
| Depreciation expense | 228,102 |
| Increase (decrease) in cash flows due to changes in: | |
| Utility accounts receivable | 594 |
| Prepaid expenses | (1,823) |
| Deferred pension expense | 3,720 |
| Accounts payable | (249,518) |
| Accrued payroll | (110) |
| Compensated absences | 749 |
| Pension liability | 4,061 |
| Net cash flows from operating activities | <u>\$ 283,905</u> |

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies

The Village of Winnebago, Illinois (Village) operates under a Board of Trustees form of government and provides services to the public such as public safety, water system, streets and general administrative services.

The accounting policies of the Village conform to U.S. generally accepted accounting principles as applicable to government units (herein referred to as GAAP). The Village of Winnebago's basic financial statements include the accounts of all Village operations that are controlled by or dependent on the Village. Control or dependence is determined by financial interdependency, selection of governing board, designation of management, accountability for fiscal matters and ability to significantly influence operations.

(a) Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the Village has considered all potential component units. The basic but not the only criterion for including a component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village does not have any component units. This report includes all of the funds units of the Village (the primary government). It includes all activities considered to be part of (controlled by or dependent on) the Village as set forth under GAAP criteria.

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the Village. For the most part, the effect of the interfund activity has been removed from these statements. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program

VILLAGE OF WINNEBAGO

Notes to Financial Statements

revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

Separate financial statements are provided for governmental funds and enterprise funds.

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

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 balances, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Village:

Governmental Funds – The focus of the governmental funds' measurement (in the fund statements) is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

Governmental fund financial statements are reported using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. However, the 60 days has been extended for revenues received from the State of Illinois which are delayed due to cash flow constraints of the state. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

Those revenues susceptible to accrual are property taxes, franchise taxes, state shared sales, income, motor fuel and utility taxes, interest revenue and charges for services.

Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The Village reports unearned and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenues arise when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability and deferred inflows of resource for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

The following is a description of the governmental funds of the Village:

General Fund – The General Fund is the general operating fund of the Village. It is used for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – The Debt Service Funds are used to account for the accumulation of funds for the payment of general long-term debt principal, interest and related costs.

Proprietary Funds – The focus of the proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. The U.S. generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Village has elected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Standards Board Statement No. 20 for its proprietary fund.

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is financed with debt that is solely secured by a pledge of

VILLAGE OF WINNEBAGO

Notes to Financial Statements

the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges (c) establishes fees and charges based on pricing policy designed to recover similar costs.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Village reports the following major governmental funds:

General Fund – The general fund is the general operating fund of the Village. It is used to account for all the financial resources except those required to be accounted for in another fund.

Motor Fuel Fund – This fund accounts for the Village's motor fuel tax revenues and expenses related to street and highway projects.

The major proprietary fund is:

Water Fund – This fund accounts for the provision of water treatment and distribution to the residential and commercial users of the Village, and accounts for trash collection services provided to the residential and some commercial users of the Village.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, savings and money market accounts. As of December 31, 2017, the Village had no other investments.

For purposes of the statement of cash flows, the Village's proprietary funds consider cash on hand, demand deposits and short-term investments with original maturities of three months or less when purchased to be cash equivalents.

(d) Property Taxes

The Village annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by the Village Board. Property taxes are recognized as a receivable at the time they are levied. Revenue from property tax is recognized as the taxes are collected in the year intended to finance or when they become available to be used to pay liabilities of the current period, generally considered to be within sixty days after year-end. Revenue from those taxes, which are not considered available is deferred.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

The property tax calendar for the 2016 tax levy was as follows:

| | |
|------------------------|-------------------|
| Lien Date | January 1, 2016 |
| Levy Date | December 11, 2016 |
| First Installment Due | June 2, 2017 |
| Second Installment Due | September 1, 2017 |

Tax bills were mailed at least 30 days prior to the first installment due date. Property taxes are billed and collected by the County Treasurer of Winnebago, Illinois.

The 2017 tax levy, which attached as an enforceable lien on property as of January 1, 2017, has been recorded as a receivable as of December 31, 2017 as the tax had been levied by the Village and extended by the County but would not collect until fiscal year 2018. The Village's 2017 tax rates per \$100 of assessed valuation together with the related maximum tax rates are as follows:

| Type of Levy | Rates Per \$100 of Assessed Valuation | |
|---------------------|--|---------------|
| | Rate | Legal Maximum |
| Village: | | |
| Corporate | 0.4214 | 0.4375 |
| Police Protection | 0.5034 | 0.6000 |
| Chlorination | — | 0.0200 |
| IMRF | 0.0006 | None |
| Audit | 0.0006 | None |
| Liability Insurance | 0.0006 | None |
| Total Village | 0.9266 | |

(e) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an estimated useful life in excess of one year and an initial and individual cost in excess of the following:

Equipment – \$2,500
Buildings and improvement – \$10,000
Infrastructure expenses – \$50,000

Infrastructure includes roads, bridges, curbs, sidewalks, lighting systems, gutters, draining systems, and the water and sewer system. The cost of infrastructure has been capitalized and depreciated beginning in fiscal year 2005. Such assets are recorded at

VILLAGE OF WINNEBAGO

Notes to Financial Statements

historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

| <u>Assets</u> | <u>Years</u> |
|---------------------------|--------------|
| Land improvements | 10 – 20 |
| Building and improvements | 10 – 40 |
| Equipment and vehicles | 4 – 7 |
| Road improvements | 10 |

(f) Budgets and Budgetary Accounting

Budgeted amounts are as originally adopted, or as amended by the Village Board of Trustees.

Unexpended budgeted amounts lapse at the end of each year. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line items.

Budgeted amounts are shown on the GAAP basis.

(g) Compensated Absences

Village employees are granted personal time for compensated absences in varying amounts. Accumulation of personal time is allowed. Upon termination, the employee is compensated for the unused personal time to a maximum of 40 hours for part-time employees and 80 hours for full-time employees.

(h) Receivables – Utility Users

Cycle billing procedures are followed in charging consumers for water and trash collection. Billings are issued on a monthly basis. Receivables at year-end consist of amounts actually billed less payments received plus an estimate of the unbilled amount due from the date of the last cycle billing to year-end.

(i) Prepaid Items

Payments made to vendors for services, which will benefit periods beyond December

VILLAGE OF WINNEBAGO

Notes to Financial Statements

31, 2017 are recorded as prepaid items. Prepaid items recorded in governmental funds do not represent current resources that are available for appropriation and, thus, an equivalent portion of fund balance is reserved.

(j) Interfund Activity

Interfund activity is reported either as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are reported when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government wide-financial statements.

(k) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(l) Fund Balances / Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balances result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Any residual fund balance in the General Fund and deficit balances in other funds are reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned funds.

The Village has not established fund balance reserve policies for their governmental funds.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

In the government-wide and proprietary financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets, represents the book value of capital assets net of related debt. None of the Village's net positions or fund balances are restricted as a result of enabling legislation adopted by the Village. Unrestricted net positions represent all other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

(m) Deferred Outflows / Inflows of Resources

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

The Village's deferred inflows relates to property taxes levied in 2017 which will be collected during 2018 and deferred amounts to be recognized as reductions in pension expense over the next five years.

(n) Subsequent Events

The Village has assessed events that have occurred subsequent to December 31, 2017 through July 9, 2018 the date the financial statements were available to be issued for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

(2) Cash and Cash Equivalents

Statutes authorize the Village to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under

VILLAGE OF WINNEBAGO

Notes to Financial Statements

Section 17 of “An Act to revise the law in relation to the State Treasurer”, approved April 23, 1873, as amended. Bank and savings and loan investments may only be in institutions, which are insured by the Federal Deposit Insurance Corporation.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village’s deposits may not be returned to it. The Village does not have an investment policy regarding custodial credit risk. As of December 31, 2017, none of the Village’s deposits were exposed to custodial credit risk or uninsured and uncollateralized.

(3) Property Tax Receivables

Property taxes for 2016 attached as an enforceable lien on January 1, 2016, on property values assessed as of the same date. Taxes are levied by December of the same fiscal year (by passage of a Tax Levy Ordinance). Tax bills were prepared by Winnebago County and issued on or about May 1, 2017, and were payable in two installments on or about June 2, 2017 and September 1, 2017. Winnebago County collects such taxes and remits them to the Village periodically.

The Village has elected, under governmental accounting standards, to match its property tax revenues with the fiscal year that the tax levy is intended to finance. Therefore the entire 2017 tax levy has been recorded as a receivable and deferred revenue on the financial statements.

(4) Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

At the end of the current fiscal year, the various components of deferred inflows, revenue and unearned revenue reported in governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|-----------------------------|--------------------|-----------------|----------------|
| Property taxes receivable – | | | |
| General Fund | \$ 434,400 | – | 434,400 |
| Other governmental units: | | | |
| General Fund | 31,167 | – | 31,167 |
| Other governmental funds | 833 | – | 833 |
| Total deferred revenue | <u>\$ 466,400</u> | <u>–</u> | <u>466,400</u> |

(5) Depreciation and Capital Assets

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

| | |
|---|-------------------|
| General government | \$ 14,488 |
| Public safety | 26,277 |
| Highway and streets | <u>138,859</u> |
| Total governmental activities, depreciation expense | <u>\$ 179,624</u> |

| | |
|---|-------------------|
| Business-type activities – Water operations | <u>\$ 228,102</u> |
|---|-------------------|

VILLAGE OF WINNEBAGO

Notes to Financial Statements

The governmental activities capital asset activity for year ended December 31, 2017 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|------------------|-----------------|--------------------|
| Governmental activities: | | | | |
| Land | \$ 73,884 | — | — | 73,884 |
| Construction in progress | — | 8,280 | — | 8,280 |
| | <u>73,884</u> | <u>8,280</u> | <u>—</u> | <u>82,164</u> |
| Capital assets being depreciated – | | | | |
| Buildings and improvements | 359,604 | — | — | 359,604 |
| Equipment and vehicles | 576,327 | 70,440 | (50,998) | 595,769 |
| Software | 21,564 | — | — | 21,564 |
| Infrastructure | 4,523,202 | 166,007 | — | 4,689,209 |
| Total capital assets being depreciated | <u>5,480,697</u> | <u>236,447</u> | <u>(50,998)</u> | <u>5,666,146</u> |
| Accumulated depreciation | <u>(1,624,021)</u> | <u>(179,624)</u> | <u>28,618</u> | <u>(1,775,027)</u> |
| Total capital assets being depreciated, net | <u>3,856,676</u> | <u>56,823</u> | <u>(22,380)</u> | <u>3,891,119</u> |
| Governmental activities capital assets, net | <u>\$ 3,930,560</u> | <u>65,103</u> | <u>(22,380)</u> | <u>3,973,283</u> |

The business-type activities capital asset activity for the year ended December 31, 2017 is as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|------------------|-----------------|-------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated – | | | | |
| Land | \$ 45,375 | 22,889 | — | 68,264 |
| Construction in progress | — | 14,026 | — | 14,026 |
| | <u>45,375</u> | <u>36,915</u> | <u>—</u> | <u>82,290</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 15,000 | — | — | 15,000 |
| Equipment and vehicles | 534,675 | 42,693 | (21,126) | 556,242 |
| Software | 10,782 | — | — | 10,782 |
| Infrastructure | 3,693,318 | — | — | 3,693,318 |
| Construction in progress | — | — | — | — |
| Total capital assets being depreciated | <u>4,253,775</u> | <u>42,693</u> | <u>(21,126)</u> | <u>4,275,342</u> |
| Accumulated depreciation | <u>(747,231)</u> | <u>(228,102)</u> | <u>21,126</u> | <u>(954,207)</u> |
| Total capital assets being depreciated, net | <u>3,506,544</u> | <u>(185,409)</u> | <u>—</u> | <u>3,321,135</u> |
| Business-type activities capital assets, net | <u>\$ 3,551,919</u> | <u>(148,494)</u> | <u>—</u> | <u>3,403,425</u> |

VILLAGE OF WINNEBAGO

Notes to Financial Statements

(6) Individual Fund Disclosures

The Village utilizes the due to/from accounts to facilitate the allocation of receipts and expenditures that were reclassified to different funds after they had been received or paid by the incorrect fund. There were no due to/from accounts at December 31, 2017.

Transfers were made to reallocate Fourth of July revenue from the Community Development to the Fourth of July Fund and to repay the Water Fund from the General Fund.

(7) Risk Management

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Village is a member of the Illinois Municipal League Risk Management Association, (IMLRMA) joint risk management pool of Illinois municipalities through which property, general liability, automobile liability, crime, boiler and machinery, public officials' and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

(8) Illinois Municipal Retirement Fund

Plan Description

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

Benefits Provided

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

VILLAGE OF WINNEBAGO

Notes to Financial Statements

participants after that date).

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

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

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Retirees and beneficiaries currently receiving benefits | 5 |
| Inactive plan members entitled to but not yet receiving benefits | 7 |
| Active plan members | 13 |
| Total | <u>25</u> |

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its

VILLAGE OF WINNEBAGO

Notes to Financial Statements

own employees; The Village's annual contribution rate for calendar year 2017 was 12.57%. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Village's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The actuarial cost method used was Entry Age Normal.
- The asset valuation method used was Market Value of Assets.
- The inflation rate was assumed to be 2.50%.
- Salary increases were expected to be 3.39% to 14.25%, including inflation.
- The investment rate of return was assumed to be 7.50%.
- Projected retirement age was from the Experience-based Table of Rates, specific to the type of eligibility condition. Last updated for the 2017 valuation according to an experience study of the period 2014-2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives.
- For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real

VILLAGE OF WINNEBAGO

Notes to Financial Statements

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 | Portfolio Target | Long-Term Expected |
|-------------------------|------------------|---------------------|
| | Percentage | Real Rate of Return |
| Domestic equity | 38.00% | 6.85% |
| International equity | 16.00% | 6.75% |
| Fixed income | 29.00% | 3.00% |
| Real estate | 8.00% | 5.75% |
| Alternative investments | 8.00% | 2.65-7.35% |
| Cash equivalents | 1.00% | 2.25% |
| Total | 100.00% | |

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine the Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

Changes in the Net Pension Liability

| | | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|--|----|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2016 | \$ | 2,516,738 | 1,887,346 | 629,392 |
| Changes for the year: | | | | |
| Service cost | | 80,704 | — | 80,704 |
| Interest on the total pension liability | | 188,832 | — | 188,832 |
| Differences between expected and actual experience of the total pension liability | | (26,989) | — | (26,989) |
| Changes of assumptions | | (82,895) | — | (82,895) |
| Contributions – employer | | — | 89,741 | (89,741) |
| Contributions – employees | | — | 32,127 | (32,127) |
| Net investment income | | — | 325,276 | (325,276) |
| Benefit payments, including refunds of employee contributions | | (78,654) | (78,654) | — |
| Other (net transfer) | | — | (31,247) | 31,247 |
| Net changes | | 80,998 | 337,243 | (256,245) |
| Balances at December 31, 2017 | \$ | 2,597,736 | 2,224,589 | 373,147 |

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower of 1% higher:

| | | Single Discount Rate Assumption | | |
|-----------------------------|----|---------------------------------|-----------|-------------|
| | | 1% Decrease | Current | 1% Increase |
| | | 6.50% | 7.50% | 8.50% |
| Total pension liability | \$ | 2,980,137 | 2,597,736 | 2,282,461 |
| Plan fiduciary net position | | 2,224,589 | 2,224,589 | 2,224,589 |
| Net pension liability | \$ | 755,548 | 373,147 | 57,872 |

VILLAGE OF WINNEBAGO

Notes to Financial Statements

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

For the year ended December 31, 2017, the Village recognized pension expense of \$115,188. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Deferred amounts to be recognized in pension expense in future periods: | | |
| Differences between expected and actual experience | \$ 7,039 | 29,208 |
| Changes of assumptions | 20,376 | 77,445 |
| Net difference between projected and actual earnings on pension plan investments | <u>57,793</u> | <u>146,621</u> |
| Total deferred amounts to be recognized in pension expense in future periods | <u>85,208</u> | <u>253,274</u> |
| Pension contributions made subsequent to the measurement date | <u>—</u> | <u>—</u> |
| | <u>\$ 85,208</u> | <u>253,274</u> |

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

| <u>Year Ending December 31</u> | <u>Net Deferred Outflows (Inflows) of Resources</u> |
|------------------------------------|---|
| 2018 | \$ (15,091) |
| 2019 | (23,416) |
| 2020 | (58,277) |
| 2021 | (59,603) |
| 2222 | <u>(11,679)</u> |
| | <u>\$ (168,066)</u> |

(9) Other Postemployment Benefits (OPEB)

The Village has determined the effects of OPEB are immaterial to the financial statements and therefore has not presented the OPEB liability.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

(10) Compensated Absences

The governmental and business-type activities compensated absences activity for the year ended December 31, 2017 was as follows:

| | | Beginning | | | Ending |
|--------------------------|----|---------------|---------------|---------------|---------------|
| | | Balance | Additions | Reductions | Balance |
| Governmental activities | \$ | <u>23,000</u> | <u>25,514</u> | <u>23,000</u> | <u>25,514</u> |
| Business-type activities | \$ | <u>2,034</u> | <u>2,783</u> | <u>2,034</u> | <u>2,783</u> |

(11) Notes Payable

Illinois Environmental Protection Agency Notes Payable

On January 22, 2014, the Village obtained financing from the Illinois Environmental Protection Agency (IEPA) for \$2,265,000 to upgrade its potable water system. A portion of the upgrade included construction of a new water tower. Construction began during the first quarter of 2014 and was completed in July 2015. The loan accrues interest at 1.995% and will mature on January 21, 2035.

Loan disbursements totaled \$2,122,296 and the Illinois Environmental Protection Agency forgave \$650,000 of the loan. The Village began repayment in July, 2015 with bi-annual payments. In 2017, payments of principal (\$68,175) and interest (\$29,765) were made.

Future debt obligations at December 31, 2017 under notes payable are due as follows:

| | | | Total |
|--------------------------|---------------------|----------------|------------------|
| Year ending December 31: | Principal | Interest | Payment |
| 2018 | 69,542 | 28,398 | 97,940 |
| 2019 | 70,936 | 27,004 | 97,940 |
| 2020 | 72,359 | 25,581 | 97,940 |
| 2021 | 73,809 | 24,130 | 97,939 |
| 2022 | 75,289 | 22,651 | 97,940 |
| 2023-2027 | 399,674 | 89,996 | 489,670 |
| 2028-2032 | 441,412 | 48,287 | 489,699 |
| 2033-2036 | <u>237,720</u> | <u>7,160</u> | <u>244,880</u> |
| Total | \$ <u>1,440,741</u> | <u>273,207</u> | <u>1,713,948</u> |

VILLAGE OF WINNEBAGO

Notes to Financial Statements

(12) Sales Tax Rebate

The Village has entered into an agreement with a developer within the Village. The agreement requires the Village to rebate a portion of the retail sales tax equal to 35% of annual retail sales tax revenue collected during the year by the Village as a result of sales generated by all businesses in the development commencing on sales made during November 2012 until \$600,000 has been rebated. Payment is to be made by December 18th each year. Rebates paid in 2017 were \$46,280.

(13) Intergovernmental Agreement with Rock River Water Reclamation District

In December of 2011, the Village entered into an intergovernmental agreement (IGA) with the Rock River Water Reclamation District (District), to transfer the Village's sewerage collection system processing plant and its operation to the District. The District assumed operational control and financial responsibility on February 6, 2012, with final legal approval of conveyance and transfer, given by the circuit court in Rockford on June 13, 2012.

Under terms of the IGA, the District will extend its Fuller Creek trunk to Winnebago, connect to the Village's collection system, and eliminate Village's sewage processing plant. In addition, the District will rehabilitate and upgrade the Village's collection system within the first seven years of the agreement. All operational costs associated with the current system are the responsibility of the District. All costs related to rehabilitation and upgrade of the Village's collection system, extension and upsizing of the Fuller Creek trunkline, and elimination/demolition of the Village's sewerage treatment facility (capital costs) are the responsibility of the Village. The Village relinquished all sewer related assets to the District on January 1, 2012.

In addition the Village must pay the District a one-time plant buy in fee of \$676,371 covering 1415 properties currently "served" by the Village's system. This fee was paid during fiscal year 2016 when the construction contract for extension of the Fuller Creek trunkline west of Meridian Road was awarded. Total costs to complete this project, including plant buy in fee, as indicated in the IGA is approximately \$10.6 million with a maximum cost not to exceed \$11.4 million. Other costs will be accrued as work is completed through 2022.

All costs associated with the IGA, including debt service, are expected to be paid from current reserves, one percent municipal sales tax revenue, and sewer capital fees billed by the Village to sewer customers on their monthly water bills. All costs associated with operation of the current sewer system are billed by the District quarterly based on water usage information from the Village water department.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

The Village is responsible for obtaining financing for the project; however, the District has applied for low interest loans through the Illinois EPA covering associated costs. Principal and interest costs for loans secured by the District for the project will be passed on to the Village. Additional financing, as needed, will be obtained by the Village. The IGA also delineates future connection fees are to be collected from property owners who wish to connect to the Fuller Creek Trunk extension, a percentage of which will be reimbursed to the Village.

(14) Fund Deficit

There were no funds with a deficit balance as of December 31, 2017.

VILLAGE OF WINNEBAGO, ILLINOIS

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund

For the Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--|----------------------------|-------------------------|------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ 1,350,892 | 1,350,892 | 1,314,646 | (36,246) |
| Fines and other fees | 37,000 | 37,000 | 55,714 | 18,714 |
| Other | <u>90,140</u> | <u>90,140</u> | <u>62,481</u> | <u>(27,659)</u> |
| Total revenues | <u>1,478,032</u> | <u>1,478,032</u> | <u>1,432,841</u> | <u>(45,191)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 442,389 | 442,389 | 357,022 | (85,367) |
| Highways and streets | 542,197 | 542,197 | 290,312 | (251,885) |
| Public safety | 834,213 | 834,213 | 656,708 | (177,505) |
| Capital outlay | <u>75,000</u> | <u>75,000</u> | <u>55,287</u> | <u>(19,713)</u> |
| Total expenditures | <u>1,893,799</u> | <u>1,893,799</u> | <u>1,359,329</u> | <u>(534,470)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (415,767) | (415,767) | 73,512 | 489,279 |
| Other financing sources (uses) | | | | |
| Transfer in (out) | <u>41,500</u> | <u>41,500</u> | <u>5,456</u> | <u>(36,044)</u> |
| Net change in fund balance | \$ <u>(374,267)</u> | <u>(374,267)</u> | 78,968 | <u>453,235</u> |
| Fund balance | | | | |
| Beginning | | | <u>713,658</u> | |
| Ending | | \$ | <u>792,626</u> | |

VILLAGE OF WINNEBAGO, ILLINOIS

Required Supplementary Information
Schedule of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual

Debt Service Fund

For the Year Ended December 31, 2017

| | | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--|----|----------------------------|-------------------------|----------------|------------------------------------|
| Revenues | | | | | |
| Property taxes | \$ | – | – | – | – |
| Interest | | <u>130</u> | <u>130</u> | <u>649</u> | <u>519</u> |
| Total revenues | | <u>130</u> | <u>130</u> | <u>649</u> | <u>519</u> |
| Expenditures | | | | | |
| Debt service: | | | | | |
| GO bond – principal | | – | – | – | – |
| GO bond – interest | | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Total expenditures | | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Excess (deficiency) of revenues over (under) expenditures | | | | | |
| | | 130 | 130 | 649 | 519 |
| Other financing sources (uses) | | | | | |
| Transfer in (out) | | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Net change in fund balance | | | | | |
| | \$ | <u>130</u> | <u>130</u> | 649 | <u>519</u> |
| Fund balance | | | | | |
| Beginning | | | | <u>290,045</u> | |
| Ending | | | \$ | <u>290,694</u> | |

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Required Supplementary Information

December 31, 2017

Legal Compliance and Accountability

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted (at the fund level) for the General and major Special Revenue fund – Debt Service Fund, non-major Special Revenue funds – Community Development, Fourth of July and Motor Fuel Tax Fund on the modified accrual basis and Enterprise Fund – Water and Sewer on the accrual basis by line item within the fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

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

- A. The Village Finance Committee submits to the Village Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means for financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to January 1, the budget is legally enacted by Village Board action. This is the amount reported as original budget.
- D. The Village Board is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total appropriation of any fund must be approved by the Village Board as a supplemental appropriation ordinance.
- E. Budgets are adopted and formal budgetary integration is employed as management control device during the year for general, special revenue funds and enterprise funds.
- F. All budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.
- G. Budgetary authority lapses at year-end.
- H. State law requires that “expenditures be made in conformity with appropriations/budget.” As under the budget act, transfers between line items, departments and funds may be made by administrative action. The final budget reflects all amendments made. The level of legal control is at the fund level.

VILLAGE OF WINNEBAGO, ILLINOIS

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

Illinois Municipal Retirement Fund

December 31, 2017

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|------------------|------------------|
| Total pension liability | | | |
| Service cost | \$ 80,704 | 80,998 | 79,745 |
| Interest on the total pension liability | 188,832 | 176,387 | 163,711 |
| Differences between expected and actual experience of the total pension liability | (26,989) | (10,793) | 1,030 |
| Changes of assumptions | (82,895) | (14,353) | – |
| Benefit payments, including refunds of employee contributions | <u>(78,654)</u> | <u>(78,867)</u> | <u>(71,520)</u> |
| Net change in total pension liability | 80,998 | 153,372 | 172,966 |
| Total pension liability – beginning | <u>2,516,738</u> | <u>2,363,366</u> | <u>2,190,400</u> |
| Total pension liability – ending (a) | <u>2,597,736</u> | <u>2,516,738</u> | <u>2,363,366</u> |
| Plan fiduciary net position | | | |
| Contributions – employer | 89,741 | 91,570 | 91,903 |
| Contributions – employee | 32,127 | 31,845 | 31,260 |
| Net investment income | 325,276 | 119,387 | 8,291 |
| Benefit payments, including refunds of employee contributions | (78,654) | (78,867) | (71,520) |
| Other (net transfer) | <u>(31,247)</u> | <u>7,547</u> | <u>23,627</u> |
| Net change in plan fiduciary net position | 337,243 | 171,482 | 83,561 |
| Plan fiduciary net position – beginning | <u>1,887,346</u> | <u>1,715,864</u> | <u>1,632,303</u> |
| Plan fiduciary net position – ending (b) | <u>2,224,589</u> | <u>1,887,346</u> | <u>1,715,864</u> |
| Net pension liability – ending (a)-(b) | \$ <u>373,147</u> | <u>629,392</u> | <u>647,502</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 85.64% | 74.99% | 72.60% |
| Covered valuation payroll | \$ <u>713,938</u> | <u>707,659</u> | <u>694,662</u> |
| Net pension liability as a percentage of covered valuation payroll | 52.27% | 88.94% | 93.21% |

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

VILLAGE OF WINNEBAGO, ILLINOIS

Required Supplementary Information

Multiyear Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2017

| Calendar Year Ending December 31, | | Actuarially Determined Contribution (a) | Actual Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Valuation Payroll (c) | Actual Contribution as a % of Covered Payroll (b/c) |
|---|----|--|-------------------------------|---|--|--|
| 12/31/17 | \$ | 89,742 | 89,741 | 1 | 713,938 | 12.57% |
| 12/31/16 | | 91,571 | 91,570 | 1 | 707,659 | 12.94% |
| 12/31/15 | | 91,904 | 91,903 | 1 | 694,662 | 13.23% |
| 12/31/14 | | 81,851 | 79,505 | 2,346 | 681,523 | 11.67% |

Notes to Schedule:

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

VILLAGE OF WINNEBAGO

Notes to Schedule of Contributions

December 31, 2017

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate *

**Valuation Date –
Notes**

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

Methods and Assumptions Used to Determine 2017 Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Aggregate Entry Age Normal |
| Amortization method | Level Percentage of Payroll, Closed |
| Remaining amortization period | Non-taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26-year closed period. Early retirement incentive plan liabilities – a period up to 10 years selected by the employer upon adoption of early retirement incentive. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years). |
| Asset valuation method | 5-year smoothed market; 20% corridor |
| Wage growth | 3.50% |
| Price Inflation | 2.75% – approximate; No explicit price inflation assumption is used in this valuation. |
| Salary increases | 3.75% to 14.50% including inflation |
| Investment rate of return | 7.50% |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013. |

VILLAGE OF WINNEBAGO

Notes to Schedule of Contributions

December 31, 2017

Mortality

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

Other Information – Notes

There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2015 actuarial valuation

VILLAGE OF WINNEBAGO, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2017

| | | Special Revenue Funds | | | Total |
|--|-----------|----------------------------------|---------------------------|---------------------------|-----------------------------------|
| | | Community Development Fund | Fourth of July Fund | Motor Fuel Tax Fund | Nonmajor Governmental Funds |
| Assets | | | | | |
| Cash and cash equivalents | \$ | 48,434 | 6,094 | 6,845 | 61,373 |
| Accounts receivable | | 8,058 | — | 6,853 | 14,911 |
| Total assets | \$ | 56,492 | 6,094 | 13,698 | 76,284 |
| Liabilities | | | | | |
| Accounts payable | | 380 | — | — | 380 |
| Deferred revenue – taxes | | 833 | — | — | 833 |
| Total liabilities | | 1,213 | — | — | 1,213 |
| Fund balances | | | | | |
| Restricted for highways streets and bridges | | — | — | 13,698 | 13,698 |
| Committed to community development | | 55,279 | — | — | 55,279 |
| Committed to Fourth of July | | — | 6,094 | — | 6,094 |
| Total fund balances | | 55,279 | 6,094 | 13,698 | 75,071 |
| Total liabilities and fund balances | \$ | 56,492 | 6,094 | 13,698 | 76,284 |

VILLAGE OF WINNEBAGO, ILLINOIS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

| | <u>Special Revenue Funds</u> | | | <u>Total</u> |
|--|---|------------------------------------|------------------------------------|--|
| | <u>Community Development Fund</u> | <u>Fourth of July Fund</u> | <u>Motor Fuel Tax Fund</u> | <u>Nonmajor Governmental Funds</u> |
| Revenues | | | | |
| Taxes | \$ 10,309 | — | — | 10,309 |
| Motor fuel tax allotment | | | 79,096 | 79,096 |
| Grants | — | — | — | — |
| Fees and charges | 36,414 | — | — | 36,414 |
| Interest | 347 | 55 | 390 | 792 |
| Other | 9,866 | 41,580 | — | 51,446 |
| Total revenue | <u>56,936</u> | <u>41,635</u> | <u>79,486</u> | <u>178,057</u> |
| Expenditures | | | | |
| Culture and recreation – | | | | |
| Current | 30,592 | 55,149 | — | 85,741 |
| Capital outlay | — | — | 130,000 | 130,000 |
| Total expenditures | <u>30,592</u> | <u>55,149</u> | <u>130,000</u> | <u>215,741</u> |
| Excess (deficiency) of revenues over (under) expenditures | 26,344 | (13,514) | (50,514) | (37,684) |
| Other financing sources (uses) | | | | |
| Transfer in (out) | <u>(17,456)</u> | <u>12,000</u> | <u>—</u> | <u>(5,456)</u> |
| Net change in fund balances | 8,888 | (1,514) | (50,514) | (43,140) |
| Fund balances | | | | |
| Beginning | <u>46,391</u> | <u>7,608</u> | <u>64,212</u> | <u>118,211</u> |
| Ending | \$ <u>55,279</u> | <u>6,094</u> | <u>13,698</u> | <u>75,071</u> |

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

Community Development Fund

For the Year Ended December 31, 2017

| | | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--|----|----------------------------|-------------------------|-----------------|------------------------------------|
| Revenues | | | | | |
| Telecommunications taxes | \$ | 12,000 | 12,000 | 10,309 | (1,691) |
| Fees and charges | | 52,600 | 52,600 | 36,414 | (16,186) |
| Interest | | 150 | 150 | 347 | 197 |
| Other | | <u>500</u> | <u>500</u> | <u>9,866</u> | <u>9,366</u> |
| Total revenues | | <u>65,250</u> | <u>65,250</u> | <u>56,936</u> | <u>(8,314)</u> |
| Expenditures | | | | | |
| Culture and recreation: | | | | | |
| Contractual services: | | | | | |
| Presidential project | | 1,250 | 1,250 | 939 | (311) |
| Code enforcement officer | | 14,438 | 14,438 | 12,000 | (2,438) |
| Legal expenses | | 12,500 | 12,500 | 6,219 | (6,281) |
| Dues | | 2,500 | 2,500 | 2,000 | (500) |
| Development escrow refund | | 1,250 | 1,250 | – | (1,250) |
| Engineering | | 3,750 | 3,750 | – | (3,750) |
| Electricity | | 3,125 | 3,125 | 793 | (2,332) |
| Community projects | | 62,500 | 62,500 | 7,789 | (54,711) |
| Supplies – community expenses | | 2,500 | 2,500 | 852 | (1,648) |
| Capital outlay | | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Total expenditures | | <u>103,813</u> | <u>103,813</u> | <u>30,592</u> | <u>(73,221)</u> |
| Excess (deficiency) of revenues over (under) expenditures | | (38,563) | (38,563) | 26,344 | 64,907 |
| Other financing sources (uses) | | | | | |
| Transfer in (out) | | <u>12,675</u> | <u>12,675</u> | <u>(17,456)</u> | <u>(30,131)</u> |
| Net change in fund balance | \$ | <u>(25,888)</u> | <u>(25,888)</u> | <u>8,888</u> | <u>34,776</u> |
| Fund balance | | | | | |
| Beginning | | | | <u>46,391</u> | |
| Ending | \$ | | | <u>55,279</u> | |

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Fourth of July Fund

For the Year Ended December 31, 2017

| | | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--|----|----------------------------|-------------------------|---------------|------------------------------------|
| Revenues | | | | | |
| Donations and other | \$ | 45,950 | 45,950 | 41,580 | (4,370) |
| Interest | | <u>5</u> | <u>5</u> | <u>55</u> | <u>50</u> |
| Total revenues | | <u>45,955</u> | <u>45,955</u> | <u>41,635</u> | <u>(4,320)</u> |
| Expenditures | | | | | |
| Culture and recreation – | | | | | |
| Fourth of July expenses | | <u>71,026</u> | <u>71,026</u> | <u>55,149</u> | <u>(15,877)</u> |
| Total expenditures | | <u>71,026</u> | <u>71,026</u> | <u>55,149</u> | <u>(15,877)</u> |
| Excess (deficiency) of revenues over (under) expenditures | | (25,071) | (25,071) | (13,514) | 11,557 |
| Other financing sources (uses) | | | | | |
| Transfer in (out) | | <u>12,000</u> | <u>12,000</u> | <u>12,000</u> | <u>–</u> |
| Net change in fund balance | \$ | <u>(13,071)</u> | <u>(13,071)</u> | (1,514) | <u>11,557</u> |
| Fund balance | | | | | |
| Beginning | | | | <u>7,608</u> | |
| Ending | | | \$ | <u>6,094</u> | |

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Motor Fuel Tax Fund

For the Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--|----------------------------|-------------------------|----------------|------------------------------------|
| Revenues | | | | |
| Intergovernmental – | | | | |
| Motor fuel taxes | \$ 77,000 | 77,000 | 79,096 | 2,096 |
| Grants | – | – | – | – |
| Interest | <u>125</u> | <u>125</u> | <u>390</u> | <u>265</u> |
| Total revenues | <u>77,125</u> | <u>77,125</u> | <u>79,486</u> | <u>2,361</u> |
| Expenditures | | | | |
| Highways and streets: | | | | |
| Highways, street and bridges | 146,250 | 146,250 | – | (146,250) |
| Engineering | 16,250 | 16,250 | – | (16,250) |
| Capital outlay | <u>–</u> | <u>–</u> | <u>130,000</u> | <u>130,000</u> |
| Total expenditures | <u>162,500</u> | <u>162,500</u> | <u>130,000</u> | <u>(32,500)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (85,375) | (85,375) | (50,514) | 34,861 |
| Other financing sources (uses) | | | | |
| Transfer in (out) | <u>53,000</u> | <u>53,000</u> | <u>–</u> | <u>(53,000)</u> |
| Net change in fund balance | \$ <u>(32,375)</u> | <u>(32,375)</u> | (50,514) | <u>(18,139)</u> |
| Fund balance | | | | |
| Beginning | | | <u>64,212</u> | |
| Ending | | \$ | <u>13,698</u> | |

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2017

| | | 2017 | | | Over |
|------------------------------|----|------------------|------------------|------------------|-----------------|
| | | Original | Final | Actual | (Under) |
| | | Budget | Budget | | Budget |
| Revenues | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ | 424,892 | 424,892 | 422,242 | (2,650) |
| Sales taxes | | 325,000 | 325,000 | 335,612 | 10,612 |
| State income tax | | 320,000 | 320,000 | 283,027 | (36,973) |
| Telecommunications tax | | 61,000 | 61,000 | 51,544 | (9,456) |
| Local use tax | | 73,000 | 73,000 | 81,944 | 8,944 |
| Utility tax | | 125,000 | 125,000 | 119,569 | (5,431) |
| Replacement tax | | 22,000 | 22,000 | 20,708 | (1,292) |
| Total taxes | | <u>1,350,892</u> | <u>1,350,892</u> | <u>1,314,646</u> | <u>(36,246)</u> |
| Licenses, fees and permits | | 8,000 | 8,000 | 14,355 | 6,355 |
| Police fines | | 29,000 | 29,000 | 41,359 | 12,359 |
| Total fines and other fees | | <u>37,000</u> | <u>37,000</u> | <u>55,714</u> | <u>18,714</u> |
| Other revenue: | | | | | |
| Grants | | 10,000 | 10,000 | 3,309 | (6,691) |
| Interest | | 1,200 | 1,200 | 6,174 | 4,974 |
| Miscellaneous | | 78,940 | 78,940 | 52,998 | (25,942) |
| Total other revenue | | <u>90,140</u> | <u>90,140</u> | <u>62,481</u> | <u>(27,659)</u> |
| Total revenues | \$ | <u>1,478,032</u> | <u>1,478,032</u> | <u>1,432,841</u> | <u>(45,191)</u> |
| Expenditures | | | | | |
| General government: | | | | | |
| Office salaries | | 52,835 | 52,835 | 39,397 | (13,438) |
| Treasurer | | 43,957 | 43,957 | 35,069 | (8,888) |
| Salaries – elected officials | | 36,250 | 36,250 | 27,200 | (9,050) |
| Payroll taxes | | 11,040 | 11,040 | 9,314 | (1,726) |
| Employee benefits | | 30,910 | 30,910 | 25,175 | (5,735) |
| Employee welfare | | 3,125 | 3,125 | 2,299 | (826) |
| Office equipment | | 9,500 | 9,500 | 5,254 | (4,246) |
| Professional services | | 19,188 | 19,188 | 16,258 | (2,930) |
| Engineering | | 10,000 | 13,000 | 11,669 | (1,331) |
| Legal services | | 25,000 | 25,000 | 29,232 | 4,232 |
| Inspection fees | | 7,500 | 12,000 | 13,354 | 1,354 |
| Postage | | 1,750 | 1,750 | 975 | (775) |
| Telephone | | 3,538 | 3,538 | 2,000 | (1,538) |
| Publishing | | 938 | 1,213 | 1,342 | 129 |
| Printing | | 5,000 | 5,000 | 4,537 | (463) |
| Dues | | 1,875 | 1,875 | 1,818 | (57) |
| Travel | | 938 | 938 | 976 | 38 |

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2017

| | | 2017 | | | |
|-------------------------------------|----|--------------------|-----------------|---------|---------------------------|
| | | Original Budget | Final Budget | Actual | Over (Under) Budget |
| Expenditures (Continued) | | | | | |
| General government (continued): | | | | | |
| Training | \$ | 938 | 938 | 592 | (346) |
| Conferences | | 10,625 | 10,625 | 5,457 | (5,168) |
| Office maintenance | | 5,000 | 5,000 | 4,046 | (954) |
| Audit and accounting services | | 15,563 | 15,563 | 12,408 | (3,155) |
| Liability insurance | | 6,282 | 6,282 | 5,025 | (1,257) |
| Office supplies | | 5,938 | 3,438 | 2,636 | (802) |
| Foreign fire insurance | | 7,500 | 7,500 | 5,461 | (2,039) |
| Building water usage | | 563 | 563 | 356 | (207) |
| Miscellaneous expense | | 500 | 500 | 488 | (12) |
| Sullivan's payback agreement | | 43,125 | 43,125 | 34,291 | (8,834) |
| Property tax refunds | | 975 | 975 | 781 | (194) |
| WINGIS | | 875 | 875 | 701 | (174) |
| Capital outlay – equipment | | 77,500 | 74,500 | 58,911 | (15,589) |
| Contingency | | 3,661 | 1,386 | – | (1,386) |
| Total general government | | 442,389 | 442,389 | 357,022 | (85,367) |
| Highways and streets: | | | | | |
| Salaries | | 133,326 | 133,326 | 99,699 | (33,627) |
| Employee benefits | | 38,373 | 38,373 | 34,764 | (3,609) |
| Payroll taxes | | 9,722 | 9,722 | 8,009 | (1,713) |
| Maintenance – buildings | | 12,500 | 12,500 | 5,518 | (6,982) |
| Maintenance – vehicles | | 7,500 | 7,500 | 4,985 | (2,515) |
| Maintenance – streets and sidewalks | | 100,000 | 100,000 | 60,393 | (39,607) |
| Maintenance – equipment | | 7,500 | 7,500 | 4,266 | (3,234) |
| Maintenance – service | | 6,250 | 6,250 | – | (6,250) |
| Professional fees | | 188 | 188 | – | (188) |
| Engineering | | 12,500 | 12,500 | 8,626 | (3,874) |
| Telephone | | 1,588 | 1,588 | 1,278 | (310) |
| Electricity | | 43,750 | 43,750 | 34,817 | (8,933) |
| Supplies | | 5,000 | 5,000 | 2,072 | (2,928) |
| Gas and oil | | 15,625 | 15,625 | 5,601 | (10,024) |
| Tree removal | | 12,500 | 12,500 | 7,650 | (4,850) |
| Liability insurance | | 15,000 | 15,000 | 11,945 | (3,055) |
| WINGIS | | 875 | 875 | 701 | (174) |
| MS4 upgrades and repairs | | 6,250 | 6,250 | (2) | (6,252) |
| MS4 permits | | 1,250 | 1,250 | – | (1,250) |
| Street projects | | 112,500 | 112,500 | (10) | (112,510) |
| Capital outlay – equipment | | 75,000 | 75,000 | 55,287 | (19,713) |
| Total highways and streets | | 617,197 | 617,197 | 345,599 | (271,598) |

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2017

| | | 2017 | | | |
|---------------------------------|----|--------------------|------------------|------------------|---------------------------|
| | | Original Budget | Final Budget | Actual | Over (Under) Budget |
| Expenditures (Continued) | | | | | |
| Public safety: | | | | | |
| Office salaries | \$ | 7,800 | 7,800 | 6,228 | (1,572) |
| Police chief | | 105,828 | 105,828 | 84,432 | (21,396) |
| Full time officers | | 356,626 | 356,626 | 294,282 | (62,344) |
| Part time officers | | 18,750 | 18,750 | 15,946 | (2,804) |
| Police overtime | | 24,231 | 24,231 | 9,021 | (15,210) |
| Payroll taxes | | 39,137 | 39,137 | 33,029 | (6,108) |
| Employee benefits | | 157,360 | 157,360 | 129,492 | (27,868) |
| Uniforms | | 6,250 | 6,250 | 4,216 | (2,034) |
| Computers and equipment | | 1,875 | 1,875 | 2,482 | 607 |
| Professional services | | 16,591 | 16,441 | 9,908 | (6,533) |
| Vehicle maintenance | | 12,250 | 12,250 | 7,660 | (4,590) |
| Legal | | 13,125 | 13,125 | 9,485 | (3,640) |
| Postage | | 188 | 338 | 261 | (77) |
| Telephone | | 5,663 | 5,663 | 3,472 | (2,191) |
| Publishing and printing | | 625 | 625 | 243 | (382) |
| Dues | | 813 | 813 | 255 | (558) |
| Travel | | 250 | 250 | – | (250) |
| Liability insurance | | 28,750 | 28,750 | 22,441 | (6,309) |
| Water | | 375 | 375 | 143 | (232) |
| Gas and oil | | 11,875 | 11,875 | 9,895 | (1,980) |
| Grants | | 2,288 | 2,288 | – | (2,288) |
| Miscellaneous | | 1,250 | 1,250 | 909 | (341) |
| Alert-leads user fee | | 2,500 | 2,500 | 1,728 | (772) |
| Police garage maintenance | | 3,750 | 3,750 | 236 | (3,514) |
| Pre-employment physical | | 1,250 | 1,250 | – | (1,250) |
| Small equipment | | 6,875 | 6,875 | 5,660 | (1,215) |
| WINGIS | | 438 | 438 | 350 | (88) |
| Training | | 7,500 | 7,500 | 4,934 | (2,566) |
| Total public safety | | <u>834,213</u> | <u>834,213</u> | <u>656,708</u> | <u>(177,505)</u> |
| Total expenditures | \$ | <u>1,893,799</u> | <u>1,893,799</u> | <u>1,359,329</u> | <u>(534,470)</u> |

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

Proprietary Fund Types
Enterprise Fund – Water Fund

For the Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|--------------------------------|----------------------------|-------------------------|------------------|------------------------------------|
| Operating revenues | | | | |
| Water service income | \$ 360,000 | 360,000 | 371,696 | 11,696 |
| Capital charge – sewer hook-up | 496,000 | 496,000 | 454,723 | (41,277) |
| Water hook-up fees | 31,065 | 31,065 | 1,500 | (29,565) |
| Sewer hook-up fees | 53,535 | 53,535 | – | (53,535) |
| Water deposit revenue | 1,000 | 1,000 | (110) | (1,110) |
| Garbage charges | 183,210 | 183,210 | 186,768 | 3,558 |
| Recapture and impact fees | 7,000 | 7,000 | – | (7,000) |
| Intergovernmental income | 59,759 | 59,759 | 64,281 | 4,522 |
| Miscellaneous revenue | 10,500 | 10,500 | 4,562 | (5,938) |
| Total operating revenues | <u>1,202,069</u> | <u>1,202,069</u> | <u>1,083,420</u> | <u>(118,649)</u> |
| Operating expenses | | | | |
| Office salary | 49,659 | 49,659 | 40,509 | (9,150) |
| Rock 39 salary | – | – | 684 | 684 |
| Part-time wages | 6,250 | 6,250 | – | (6,250) |
| Meter reader | 25,636 | 25,636 | 20,265 | (5,371) |
| Plant operator | 71,791 | 71,791 | 57,275 | (14,516) |
| Public works wages | 38,769 | 38,769 | 27,097 | (11,672) |
| Health insurance | 40,968 | 40,968 | 28,905 | (12,063) |
| Payroll taxes | 17,635 | 17,635 | 11,716 | (5,919) |
| Employee benefits | 28,242 | 28,242 | 18,868 | (9,374) |
| IMRF – GASB 68 | – | – | 7,781 | 7,781 |
| Building water usage | 250 | 1,050 | 965 | (85) |
| Alarm system | 4,000 | 4,000 | 3,061 | (939) |
| Chemicals | 6,250 | 6,250 | 4,577 | (1,673) |
| Engineering | 15,000 | 15,000 | 6,296 | (8,704) |
| Garbage expense | 225,000 | 225,000 | 181,513 | (43,487) |
| Liability insurance | 18,750 | 18,750 | 14,674 | (4,076) |
| Equipment maintenance | 10,000 | 10,000 | 8,413 | (1,587) |
| Office and computer equipment | 1,250 | 1,250 | – | (1,250) |
| Operating supplies | 50,000 | 49,200 | 26,365 | (22,835) |
| Postage | 7,500 | 7,500 | 3,996 | (3,504) |
| Pre-employment physical | 750 | 750 | – | (750) |
| Printing | 1,875 | 1,875 | – | (1,875) |
| Professional fees | 2,900 | 2,900 | 1,347 | (1,553) |

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

Proprietary Fund Types

Enterprise Fund – Water Fund

For the Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over (Under) Budget</u> |
|---------------------------------------|----------------------------|-------------------------|---------------------|------------------------------------|
| Operating expenses (continued) | | | | |
| Publishing/advertising | \$ 1,250 | 1,250 | 79 | (1,171) |
| WINGIS | 2,175 | 2,175 | 1,753 | (422) |
| Rental and small equipment | 9,375 | 9,375 | 3,056 | (6,319) |
| Telephone | 3,375 | 3,375 | 2,733 | (642) |
| Travel and training | 2,500 | 2,500 | 685 | (1,815) |
| Utilities | 41,875 | 41,875 | 33,033 | (8,842) |
| Water analysis | 3,125 | 3,125 | 3,219 | 94 |
| Fuel, grease and oil | 15,625 | 15,625 | 5,573 | (10,052) |
| Recapture fees | 4,375 | 4,375 | – | (4,375) |
| Impact fees | 4,375 | 4,375 | – | (4,375) |
| Water sewer upgrade | 62,500 | 62,500 | 1,280 | (61,220) |
| Sullivan's payback agreement | 15,000 | 15,000 | 11,706 | (3,294) |
| IEPA – interest expense | 122,425 | 122,425 | 29,764 | (92,661) |
| Equipment sinking fund | 56,250 | 56,250 | – | (56,250) |
| Depreciation | 275,000 | 275,000 | 228,102 | (46,898) |
| Contingency | 63,448 | 63,448 | – | (63,448) |
| Capital outlay | 56,250 | 56,250 | – | (56,250) |
| Total operating expenses | <u>1,361,398</u> | <u>1,361,398</u> | <u>785,290</u> | <u>(576,108)</u> |
| Operating income | <u>(159,329)</u> | <u>(159,329)</u> | <u>298,130</u> | <u>457,459</u> |
| Nonoperating income (expense) | | | | |
| Interest income | 4,400 | 4,400 | 6,900 | 2,500 |
| Miscellaneous income | 5,000 | 5,000 | 3,373 | (1,627) |
| 1% sales tax income | <u>201,000</u> | <u>201,000</u> | <u>208,891</u> | <u>7,891</u> |
| Total nonoperating income (expenses) | <u>210,400</u> | <u>210,400</u> | <u>219,164</u> | <u>8,764</u> |
| Income before other financing sources | 51,071 | 51,071 | 517,294 | 466,223 |
| Special item – | | | | |
| Rock River Water Reclamation District | | | | |
| costs related to intergovernmental | | | | |
| agreement for sanitary system | <u>(375,000)</u> | <u>(375,000)</u> | <u>–</u> | <u>375,000</u> |
| Change in net assets | \$ <u>(323,929)</u> | <u>(323,929)</u> | 517,294 | <u>841,223</u> |
| Net position | | | | |
| Beginning | | | <u>2,568,172</u> | |
| Ending | | | \$ <u>3,085,466</u> | |

VILLAGE OF WINNEBAGO, ILLINOIS

Assessed Valuations, Property Tax Rates, Extensions and Collections

December 31, 2017

| | Tax Years | | | |
|---|----------------------|-------------------|-------------------|-------------------|
| | 2017 | 2016 | 2015 | 2014 |
| Assessed valuations | \$ <u>45,667,251</u> | <u>44,384,130</u> | <u>44,048,532</u> | <u>45,678,728</u> |
| Property tax rates (per \$100 of assessed valuation): | Max | Actual | Actual | Actual |
| General | 0.4375 | 0.4214 | 0.4241 | 0.4273 |
| General – Audit | – | 0.0006 | 0.0005 | 0.0005 |
| General – Liability | – | 0.0006 | 0.0005 | 0.0005 |
| Police | 0.6000 | 0.5034 | 0.5065 | 0.5103 |
| IMRF | – | 0.0006 | 0.0005 | 0.0005 |
| Total tax rate | | <u>0.9266</u> | <u>0.9321</u> | <u>0.9391</u> |
| Property tax extensions: | | | | |
| General | | 192,442 | 188,233 | 188,220 |
| General – Audit | | 274 | 222 | 220 |
| General – Liability | | 274 | 222 | 220 |
| Police | | 229,889 | 224,806 | 224,780 |
| IMRF | | 274 | 222 | 220 |
| | \$ | <u>423,153</u> | <u>413,705</u> | <u>413,660</u> |
| Property tax collections:** | | | | |
| General | | – | 187,150 | 187,362 |
| General – Audit | | – | 220 | 219 |
| General – Liability | | – | 220 | 219 |
| Police | | – | 223,512 | 223,755 |
| IMRF | | – | 220 | 219 |
| | \$ | <u>–</u> | <u>411,322</u> | <u>411,774</u> |
| Percentage of extensions collected | | <u>–</u> | <u>99.42</u> | <u>99.54</u> |
| | | | | <u>99.53</u> % |

** Includes mobile home privilege tax, protested and back taxes.

Note: This schedule is presented on the cash basis, which differs from the Village's financial statement presentation.

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Legal Debt Margin

December 31, 2017

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|-------------------|-------------------|
| Assessed Valuation | \$ <u>45,667,251</u> | <u>44,384,130</u> | <u>44,048,532</u> |
| Statutory Debt Limitation (8.625 % of Assessed Valuation) | 3,938,800 | 3,828,131 | 3,799,186 |
| Outstanding debt – Note payable | <u>1,440,741</u> | <u>1,508,917</u> | <u>1,573,059</u> |
| Legal Debt Margin | \$ <u>2,498,059</u> | <u>2,319,214</u> | <u>2,226,127</u> |