

VILLAGE OF WINNEBAGO
Winnebago, Illinois

Annual Financial Report

December 31, 2021

(With Independent Auditor's Report Thereon)

VILLAGE OF WINNEBAGO, ILLINOIS

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BENNING GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Opinions

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

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

50 W. Douglas Street, Suite 300
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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information in the Illinois Grant Accountability and Transparency Act Consolidated Year-End Financial Report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining and individual nonmajor fund financial statements and schedules and also the supplemental schedules as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to

be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Penning Group, LLC

Freeport, Illinois
October 21, 2022

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

December 31, 2021 (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, 2021.

FINANCIAL HIGHLIGHTS

- Net position and performance in total – The Village's total net position on December 31, 2021 was \$5,659,344.
- Government activity summary – Net position for governmental activities increased by \$560,578 during fiscal 2021.
- Business-type activity summary – Net position for business-type activities increased by \$880,067 during fiscal 2021 to (\$591,294) from (\$1,471,361) in 2020.
- General Fund summary – The Village's General Fund reported an increase of \$273,723 in fund balance for the period.
- Budget vs. actual – The Village's actual total revenues for the General Fund were \$235,427 more than the budgeted revenues. The actual expenditures were \$352,597 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:

GOVERNMENT-WIDE STATEMENTS		FUND 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 operate 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. 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.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

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 resource 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 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

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

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, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2021	12/21/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current and other assets	\$ 2,951,878	2,600,620	1,658,437	2,262,762	4,610,315	4,863,382
Capital assets	4,295,808	4,116,426	5,351,948	3,200,971	9,647,756	7,317,397
Total assets	7,247,686	6,717,046	7,010,385	5,463,733	14,258,071	12,180,779
Deferred outflows of resources	185,902	123,391	59,856	31,772	245,758	155,163
Total assets and deferred outflows of resources	7,433,588	6,840,437	7,070,241	5,495,505	14,503,829	12,335,942
Liabilities	206,713	208,267	386,094	392,107	592,807	600,374
Liabilities – non-current	47,934	47,323	7,172,092	6,476,587	7,220,026	6,523,910
Deferred inflows of resources	928,303	894,787	103,349	98,172	1,031,652	992,959
Total liabilities and deferred inflows of resources	1,182,950	1,150,377	7,661,535	6,966,866	8,844,485	8,117,243
Net position:						
Net investment in capital assets	4,295,808	4,116,426	5,351,948	2,009,819	9,647,756	6,126,245
Restricted	458,383	616,216	–	–	458,383	616,216
Unrestricted	1,496,447	957,418	(5,943,242)	(3,481,180)	(4,446,795)	(2,523,762)
Total net position	\$ 6,250,638	5,690,060	(591,294)	(1,471,361)	5,659,344	4,218,699

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, 2021 was \$5,659,344 for all funds. The increase was \$1,440,645. Total assets increased from \$12,180,779 to \$14,258,071, an increase of \$2,077,292. Current assets decreased by (\$298,146). The capital assets (net) increased by \$2,330,359. Total deferred outflows of resources increased by \$90,595.

The total liabilities and deferred inflows of resources increased by \$727,242, which is attributed to an increase in long-term debt by \$696,116. The deferred inflow of resources increased by \$38,693.

The net position of business-type activities increased by \$880,067 during the period and ended at (\$591,294). Unrestricted net position, available to finance the continuing operation of its business-type activities, was (\$5,943,242). The operating cost of the Village's business-type activities for the year ended December 31, 2021, was \$910,916.

The total net position at December 31, 2021 was \$5,659,344, of which \$9,647,756 is in investment in capital assets, another \$458,383 or 8% is restricted for capital improvements and highways and streets. The remaining is a deficit position of (\$4,446,795), which is an increase of \$1,923,033 from the unrestricted net position of (\$2,523,762) at December 31, 2020

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, 2021 and 2020

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
REVENUES						
Program revenues:						
Charges for services	\$ 160,517	\$ 152,359	\$ 1,136,333	\$ 1,084,416	\$ 1,296,850	\$ 1,236,775
Grants and contributions:						
Operating	14,931	131,101	-	-	14,931	131,101
Capital contributions	119,211	47,064	-	-	119,211	47,064
General revenues:						
Property taxes	464,564	450,749	-	-	464,564	450,749
Other taxes	1,243,726	1,055,603	362,815	248,637	1,606,541	1,304,240
Intergovernmental	70,415	138,293	271,755	67,232	342,170	205,525
Investment income	1,455	5,483	1,211	10,683	2,666	16,166
Miscellaneous	25,938	253,678	5,883	13,654	31,821	267,332
Total revenues received	2,100,757	2,234,330	1,777,997	1,424,622	3,878,754	3,658,952
EXPENSES						
General government	425,407	461,097	-	-	425,407	461,097
Public safety	697,861	643,620	-	-	697,861	643,620
Highways and streets	329,985	304,145	-	-	329,985	304,145
Culture and recreation	73,940	24,615	-	-	73,940	24,615
Interest	-	-	-	-	-	-
Water and sewer	-	-	910,916	1,036,482	910,916	1,036,482
Total expenses disbursed	1,527,193	1,433,477	910,916	1,036,482	2,438,109	2,469,959
Excess of revenues						
over (under) expenses	573,564	800,853	867,081	388,140	1,440,645	1,188,993
Transfers	(12,986)	-	12,986	-	-	-
Special item	-	-	-	-	-	-
Changes in net position	560,578	800,853	880,067	388,140	1,440,645	1,188,993
Beginning net position	5,690,060	4,889,207	(1,471,361)	(2,345,198)	4,218,699	2,544,009
Prior period adjustment	-	-	-	485,697	-	485,697
Beginning, as restated	5,690,060	4,889,207	(1,471,361)	(1,859,501)	4,218,699	3,029,706
Ending net position	\$ 6,250,638	\$ 5,690,060	\$ (591,294)	\$ (1,471,361)	\$ 5,659,344	\$ 4,218,699

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, 2021.

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 increasing (the CPI was approximately than 7% at December 31, 2021), 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 \$2,100,757. The largest source of revenue was from sales and use tax of \$632,529. Property taxes were the next highest with revenue for the period of \$464,564. Income tax ranked third with \$415,558. The next highest source of income was utility tax of \$114,401. Motor fuel taxes was \$70,415. The revenues from these five sources represent 81% of the governmental activity revenues. Total revenue from all taxes was \$1,708,290 or 81%. The Village also recognized \$160,517 in charges for services or 8% and \$119,211 in capital grants or 6% of total revenue.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

Expenses:

The Village's total governmental activity expenses were \$1,527,193. The three major functional areas were general government \$425,407 or 28% of the total; highway and streets \$329,985 or 22% of the total; and public safety of \$697,861 or 46% of the total; and Culture and recreation \$73,940 or 5% of the total expenses of the Village.

Personnel costs including wages, taxes, health and life insurance, and retirement benefits were \$870,192 or 57% of the total expenses.

Business-type Activities

Revenues:

Operating revenues from business-type activities total \$1,409,471. The largest source of revenue was \$507,663 or 36% from capital charges revenue. Charges for water were the next highest with revenue for the year of \$425,821 or 31%. Intergovernmental revenue was next at \$271,755 or 20%. Refuse and recycling income ranked fourth with \$202,044 or 15%.

Expenses:

The Village's total business-type activity expenses were \$910,916. The five major areas of operating expenses were wages and benefit expenses of \$227,238 (excluding IMRF-GASB 68 of (44,833) or 25% of the total; garbage expenses of \$196,330 or 22% of the total; operating supplies of \$45,987 or 5% of the total; interest expense on loans was \$117,455 or 13% of the total; and depreciation of \$241,964 or 27% of the total. These five areas account for \$828,974 or 91% of the total business-type expenses of the Village.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At December 31, 2021, the governmental funds reported a combined fund balance of \$2,181,774, an increase of \$249,974 from the prior period. The General Fund balance increased by \$273,723. All other funds netted a decrease of (\$23,749).

The Village's cash and equivalents increased by \$229,676 for all governmental funds during the year ended December 31, 2021.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

General Fund Budgetary Highlights

General Fund	FY 21 Original Budget	FY 21 Final Budget	FY 21 Actual
Revenues:			
Taxes	\$ 1,440,803	1,440,803	1,684,816
Fines and other fees	78,500	78,500	60,441
Other	17,120	17,120	26,593
Total revenues	1,536,423	1,536,423	1,771,850
Expenditures:			
General government	550,395	550,395	356,419
Highways and streets	436,723	436,723	327,664
Public safety	746,620	746,620	697,275
Capital outlay	4,000	4,000	3,783
Total expenditures	1,737,738	1,737,738	1,385,141
Excess of revenues over (under) expenditures	(201,315)	(201,315)	386,709
Other financing sources (uses):			
Transfers in (out)	211,000	211,000	(112,986)
Total other financing sources	211,000	211,000	(112,986)
Net change in fund balance	\$ 9,685	9,685	273,723

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 increased by \$2,330,359. See Note 5 to the financial statements for more details.

Entity Wide Change in Net Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Land	\$ 88,625	73,884	68,264	68,264	156,889	142,148
Buildings and improvements	359,604	359,604	15,000	15,000	374,604	374,604
Equipment and vehicles	650,186	642,619	733,107	664,661	1,383,293	1,307,280
Software	21,564	21,564	10,782	10,782	32,346	32,346
Infrastructure	5,604,590	5,256,667	6,447,464	4,122,969	12,052,054	9,379,636
Construction in progress	—	—	—	—	—	—
Subtotals	6,724,569	6,354,338	7,274,617	4,881,676	13,999,186	11,236,014
Accumulated depreciation	(2,428,761)	(2,237,912)	(1,922,669)	(1,680,705)	(4,351,430)	(3,918,617)
Totals	\$ 4,295,808	4,116,426	5,351,948	3,200,971	9,647,756	7,317,397

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

ECONOMIC FACTORS

The Village's 2021 budget for the General Fund was developed based on forecasted increases in real estate taxes and other taxes being similar to the previous years.

The following are major assumptions used in developing the budget for the 2022 fiscal year:

- *Assessed valuation, which impacts property tax revenues, will increase by 5.23%

- *The utility tax on electricity, which the Village enacted at the end of 2015, produced \$114,401 in revenue for 2021. Village Ordinance dedicates this revenue to be used to fund streetlights and street projects in the General Fund Budget. The Village budgeted \$115,000 in anticipation of an increase due to commercial and residential growth.

- *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 generated \$362,815 in 2021.

In December of 2011, the Village signed an inter-governmental agreement (IGA) with the Rock River Water Reclamation District, now known as Four Rivers Sanitation Authority (Four Rivers), 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. 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 trunk line was completed at a cost to the Village of \$4,675,725, whereby the Village will repay Four Rivers a bi-annual payment of \$139,393 through 2038. The plant conversion costs will have a bi-annual repayment of \$40,915, through 2039. Also, according to the contract, the Village will owe \$2,324,495 by December 2021 for parallel trunk upgrades, referred to as "Future Costs". Per agreement, the Village made a cash down payment of \$1,300,000 and agreed to bi-annual payments of \$30,495 through 2041.

On November 6, 2018, 87% of the voters voting at the General Election voted "No" to continue to prohibit the selling and consumption at retail of alcoholic liquor in the Village of Winnebago, after a citizen referendum. The entire Village is now "wet", as opposed to just the area north of McNair Road, previously only property annexed in from Winnebago County. The Village held 7 licenses in 2021.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

On March 11, 2019 the Village approved Video Gaming. 2021 was the first full year of receipts, since the 2020 shutdown. The receipts for 2021 were higher than predicted, coming in at \$49,539. The Village anticipates 2 more licenses in 2022.

In December of 2018, the Village Board entered into a 3-year contract with Azavar Consulting Services. Azavar helps municipalities recover lost income through professional revenue reviews of utility, telecom, cable fees and taxes, including sales tax. Any money recovered by Azavar will be shared, with 60% going to the Village and 40% to Azavar for a three year period. In December of 2019 Azavar identified 35 residential ComEd addresses in our incorporated area that weren't paying the utility tax. The cost per the agreement for this recovery, is \$72.14 per month for 36 months, ending in November 2022. Azavar has been in contact with ComEd to collect back taxes for the communities that have realized missing accounts.

The Village received \$127,926 from the federal CURE Grant in 2020 to cover expenses as a result of COVID 19 and the impact to the Village. The Village also received \$68,123 from the REBUILD IL Grant through the Illinois Department of Transportation and will receive this amount in 2021 and 2022 to be used exclusively for road projects. The Village will also be receiving the American Rescue Plan Grant for \$203,305 in 2021 and 2022. Funds can be used to cover revenue losses and the costs of responding to the COVID-19 public health emergency or to its negative economic impacts on households, small businesses, impacted industries, essential workers, and the communities hardest-hit by the crisis. These funds can also be used to invest in building, maintaining, or upgrading water, sewer, and broadband infrastructure.

In June of 2021, Dollar General broke ground in the Village of Winnebago. The store will open in February 2022, the Village is anticipating higher sales tax from the development.

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,135,889	1,427,882	3,563,771
Receivables:			
Property taxes	474,892	–	474,892
Intergovernmental – State of Illinois	220,858	103,886	324,744
Other	27,186	–	27,186
Customers – utility users	–	90,625	90,625
Prepaid items	61,948	17,068	79,016
Due from other funds	–	5,002	5,002
Total current assets	2,920,773	1,644,463	4,565,236
Capital assets not being depreciated	88,625	2,392,759	2,481,384
Capital assets (net of accumulated depreciation)	4,207,183	2,959,189	7,166,372
Net pension asset	31,105	13,974	45,079
Total assets	7,247,686	7,010,385	14,258,071
Deferred outflows of resources –			
Pension	185,902	59,856	245,758
Total deferred outflows of resources	185,902	59,856	245,758
Total assets and deferred outflows of resources	7,433,588	7,070,241	14,503,829
Liabilities and deferred inflows			
Accounts payable	100,028	72,844	172,872
Accrued payroll	36,183	9,764	45,947
Due to other funds	5,002	–	5,002
Equipment sinking funds	65,500	–	65,500
Current portion of long-term debt	26,364	394,023	420,387
Total current liabilities	233,077	476,631	709,708
Long-term liabilities –			
Net pension liability	–	–	–
Long-term debt, net of current maturities	21,570	7,081,555	7,103,125
Total long-term liabilities	21,570	7,081,555	7,103,125
Deferred inflows of resources			
Property taxes	474,892	–	474,892
Pension	453,411	103,349	556,760
Total deferred inflows of resources	928,303	103,349	1,031,652
Total liabilities and deferred inflows of resources	1,182,950	7,661,535	8,844,485
Net position			
Net investment in capital assets, net of related debt	4,295,808	5,351,948	9,647,756
Restricted for:			
Highways and streets	154,361	–	154,361
Capital improvements	304,022	–	304,022
Unrestricted	1,496,447	(5,943,242)	(4,446,795)
Total net position (deficit)	\$ 6,250,638	(591,294)	5,659,344

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Activities

For the Year Ended December 31, 2021

Functions / Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contrib- utions	Capital Grants and Contrib- utions	Govern- mental Activities	Business- type Activities	Total
Governmental activities							
General government	\$ 425,407	60,441	2,382	—	(362,584)	—	(362,584)
Public safety	697,861	—	—	—	(697,861)	—	(697,861)
Highway and streets	329,985	—	—	119,211	(210,774)	—	(210,774)
Culture and recreation	73,940	100,076	12,549	—	38,685	—	38,685
Total governmental activities	<u>1,527,193</u>	<u>160,517</u>	<u>14,931</u>	<u>119,211</u>	<u>(1,232,534)</u>	<u>—</u>	<u>(1,232,534)</u>
Business-type activities							
Water and sewer	<u>910,916</u>	<u>1,136,333</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>225,417</u>	<u>225,417</u>
Total business-type activities	<u>910,916</u>	<u>1,136,333</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>225,417</u>	<u>225,417</u>
Total	\$ <u>2,438,109</u>	<u>1,296,850</u>	<u>14,931</u>	<u>119,211</u>	<u>(1,232,534)</u>	<u>225,417</u>	<u>(1,007,117)</u>
General revenues							
Property taxes					\$ 464,564	—	464,564
Sales and use tax					632,529	362,815	995,344
Income tax					415,558	—	415,558
Telecommunications tax					34,254	—	34,254
Personal property replacement tax					42,629	—	42,629
Cannabis tax					4,355	—	4,355
Utility tax					114,401	—	114,401
Motor fuel tax					70,415	—	70,415
Intergovernmental revenue					—	271,755	271,755
Unrestricted investment earnings					1,455	1,211	2,666
Loss on sale of capital assets					—	—	—
Miscellaneous					25,938	5,883	31,821
Total general revenues					<u>1,806,098</u>	<u>641,664</u>	<u>2,447,762</u>
Operating transfers					<u>(12,986)</u>	<u>12,986</u>	<u>—</u>
Change in net position					560,578	880,067	1,440,645
Net position (deficit)							
Beginning					<u>5,690,060</u>	<u>(1,471,361)</u>	<u>4,218,699</u>
Ending					\$ <u><u>6,250,638</u></u>	<u><u>(591,294)</u></u>	<u><u>5,659,344</u></u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Balance Sheet

Governmental Funds

December 31, 2021

	General Fund	Motor Fuel Tax Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,475,256	142,829	517,804	2,135,889
Receivables:				
Property taxes	474,892	—	—	474,892
Intergovernmental – State of Illinois	215,043	—	5,815	220,858
Other	9,827	11,532	5,827	27,186
Prepaid items	61,948	—	—	61,948
Total assets	\$ 2,236,966	154,361	529,446	2,920,773
Liabilities – current				
Accounts payable	86,954	—	13,074	100,028
Accrued payroll	36,183	—	—	36,183
Due to other funds	5,002	—	—	5,002
Equipment sinking funds	57,500	—	8,000	65,500
Deferred revenue	51,955	—	5,439	57,394
Total current liabilities	237,594	—	26,513	264,107
Deferred inflows of resources				
Property taxes	474,892	—	—	474,892
Total liabilities and deferred inflows of resources	712,486	—	26,513	738,999
Fund balances				
Nonspendable – prepaid items	61,948	—	—	61,948
Restricted for highways and streets	—	154,361	—	154,361
Restricted for capital improvements	—	—	304,022	304,022
Committed to community development	—	—	191,242	191,242
Committed to Fourth of July	—	—	7,669	7,669
Unassigned	1,462,532	—	—	1,462,532
Total fund balances	1,524,480	154,361	502,933	2,181,774
Total liabilities, deferred inflows of resources and fund balances	\$ 2,236,966	154,361	529,446	2,920,773

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, 2021

Fund balances of governmental funds	\$	2,181,774
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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	6,724,569
Accumulated depreciation	(2,428,761)

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

Compensated absences	(47,934)
Pension liability	(453,411)

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

Pension asset	217,007
Telecommunication taxes	52,444
Advance license sales	<u>4,950</u>

Net position of governmental activities	\$	<u><u>6,250,638</u></u>
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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, 2021

	General Fund	Motor Fuel Tax Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 1,684,816	—	5,673	1,690,489
Intergovernmental	—	—	—	—
Licenses, fees and permits	60,441	—	101,826	162,267
Motor Fuel Tax allotment	—	70,415	—	70,415
Grants	2,382	119,211	—	121,593
Interest	730	232	493	1,455
Other	23,481	—	15,008	38,489
Total revenue	<u>1,771,850</u>	<u>189,858</u>	<u>123,000</u>	<u>2,084,708</u>
Expenditures				
Current:				
Public safety:				
General government	356,419	—	—	356,419
Public safety	697,275	—	—	697,275
Highway and streets	327,664	347,926	—	675,590
Culture and recreation	—	—	88,681	88,681
Capital outlay	3,783	—	—	3,783
Total expenditures	<u>1,385,141</u>	<u>347,926</u>	<u>88,681</u>	<u>1,821,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>386,709</u>	<u>(158,068)</u>	<u>34,319</u>	<u>262,960</u>
Other financing sources (uses)				
Transfers in (out)	(112,986)	—	100,000	(12,986)
Total other financing sources (uses)	<u>(112,986)</u>	<u>—</u>	<u>100,000</u>	<u>(12,986)</u>
Net change in fund balances	273,723	(158,068)	134,319	249,974
Fund balances, January 1	<u>1,250,757</u>	<u>312,429</u>	<u>368,614</u>	<u>1,931,800</u>
Fund balances, December 31	<u>\$ 1,524,480</u>	<u>154,361</u>	<u>502,933</u>	<u>2,181,774</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, 2021

Net change in fund balances – total governmental funds	\$	249,974
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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	370,232
Depreciation expense	(190,849)

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

Telecommunication taxes	17,803
Advance license sales	(1,750)

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:

Decrease in pension liability and deferred inflows and outflow	118,319
Increase in compensated absences	<u>(3,151)</u>

Change in net position of governmental activities	\$	<u>560,578</u>
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See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

Proprietary Fund

December 31, 2021

	Enterprise Fund – Water Fund
Current assets	
Cash and cash equivalents	\$ 1,427,882
Receivables – utility users, net of allowance of \$10,000	90,625
Receivables – grants and sales taxes	103,886
Prepaid items	17,068
Due from other funds	5,002
Total current assets	<u>1,644,463</u>
Noncurrent assets	
Fixed assets, net of accumulated depreciation	5,351,948
Net pension asset	13,974
Total noncurrent assets	<u>5,365,922</u>
Total assets	<u>7,010,385</u>
Deferred outflows of resources – pension	<u>59,856</u>
Current Liabilities	
Accounts payable	72,844
Accrued payroll	9,764
Current portion of long-term debt	394,023
Total current liabilities	<u>476,631</u>
Long-term liabilities	
Net pension liability	–
Long-term debt, net of current maturities	<u>7,081,555</u>
Total long-term liabilities	<u>7,081,555</u>
Total liabilities	<u>7,558,186</u>
Deferred inflows of resources – pension	<u>103,349</u>
Net position	
Invested in capital assets	5,351,948
Unrestricted deficit	<u>(5,943,242)</u>
Total net position (deficit)	<u><u>(591,294)</u></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, 2021

	Enterprise Fund – Water Fund
Operating revenues	
Refuse and recycling revenue	\$ 202,044
Capital charge – sewer hook-up	507,663
Water revenue	425,821
Water deposit revenue	805
Intergovernmental revenue	271,755
Miscellaneous revenue	1,383
Total operating revenues	<u>1,409,471</u>
Operating expenses	
Water department	472,622
Refuse and recycling expenses	196,330
Depreciation	241,964
Total operating expenses	<u>910,916</u>
Operating income	<u>498,555</u>
Non-operating revenues (expenses)	
Interest income	1,211
Gain (loss) on sale of capital assets	–
Miscellaneous income	4,500
1% sales tax income	362,815
Grant revenue	–
Total non-operating revenues (expenses)	<u>368,526</u>
Income before other financing sources (uses)	867,081
Other financing sources (uses) – operating transfers	
Total other financing sources (uses)	<u>12,986</u>
Net change in net position	880,067
Net position (deficit), January 1	<u>(1,471,361)</u>
Net position (deficit), December 31	<u><u>\$ (591,294)</u></u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2021

	Enterprise Fund – Water Fund
Cash flows from operating activities	
Receipts from customers	\$ 1,398,601
Payments to suppliers	(377,800)
Payments to employees	(223,016)
Payments for interest on Four Rivers intergovernmental agreement	(105,573)
Payments for interest on IEPA loan	(11,882)
Net cash flows from operating activities	<u>680,330</u>
Cash flows from capital and related financing activities	
Payments for principal on IEPA loan	(37,087)
Principal advances on Four Rivers intergovernmental agreement	1,024,495
Payments for principal on Four Rivers intergovernmental agreement	(285,538)
Purchase of and construction of fixed assets	(2,392,941)
Net cash flows from capital financing activities	<u>(1,691,071)</u>
Cash flows from non-capital financing activities	
Payments (to) from other funds	12,986
Miscellaneous non-operating revenue	4,500
Receipts from 1% sales tax	320,065
Net cash flows from non-capital financing activities	<u>337,551</u>
Cash flows from investing activities	
Interest on investments	1,211
Net cash flows from investing activities	<u>1,211</u>
Operating transfers	<u>–</u>
Net increase in cash and cash equivalents	(671,979)
Cash and cash equivalents, beginning of year	<u>2,099,861</u>
Cash and cash equivalents, end of year	\$ <u>1,427,882</u>
Reconciliation of operating loss to net cash provided by operating activities	
Net operating income	498,555
Adjustment to reconcile net operating loss to net cash provided by operating activities:	
Depreciation expense	241,964
Increase (decrease) in cash flows due to changes in:	
Utility accounts receivable	(10,870)
Prepaid expenses	(60)
Deferred pension expense	(22,907)
Accounts payable	(8,648)
Accrued payroll	2,635
Compensated absences	1,587
Pension liability	(21,926)
Net cash flows from operating activities	\$ <u><u>680,330</u></u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

December 31, 2021

(1) **Summary of Significant Accounting Policies**

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) ***Incorporation***

The Village was incorporated in 1895. 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.

(b) ***Financial 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 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.

(c) ***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 revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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. 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 arises 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

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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 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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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.

(d) *Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits, savings and money market accounts. As of December 31, 2021, 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.

(e) *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.

The property tax calendar for the 2020 tax levy to finance 2021 operations were as follows:

Lien Date	January 1, 2021
Levy Date	December 14, 2020
First Installment Due	June 4, 2021
Second Installment Due	September 3, 2021

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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

The Village's 2021 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	0.3808	0.4375
Police Protection	0.4544	0.6000
Chlorination	—	0.0200
IMRF	0.0005	None
Audit	0.0005	None
Liability Insurance	0.0005	None
Revenue Recapture Adj	0.0024	None
Total Village	0.8391	

The 2021 tax levy, which attached as an enforceable lien on property as of January 1, 2022, has been recorded as a receivable as of December 31, 2021 as the tax had been levied by the Village and extended by the County but would not collect until fiscal year 2022.

(f) *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 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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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:

Assets	Years
Land improvements	10 - 20
Building and improvements	10 - 40
Equipment and vehicles	4 - 7
Road improvements	10

(g) *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.

(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 31, 2021 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) *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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(k) *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.

(l) *Long-Term Obligations*

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities financial statements.

(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 2021 which will be collected during 2022 and deferred amounts to be recognized as reductions in pension expense over the next five years.

(n) *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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(o) Fund Balances / Net Position

In the fund financial statements GASB Statement No. 54 defined and requires the fund balance amounts to be reported within one of the following fund balance categories:

1. **Non-spendable** – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
2. **Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. The Village does not have a policy in place when both restricted and unrestricted resources are available for use.
3. **Committed** – amounts that can be used only for specified purposes determined by a formal action of the Village Board. The Village Board is the highest level of decision-making authority for the Village. Commitments may be modified, or rescinded only through the same type of action it employed to previously commit those amounts.
4. **Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Village does not have a policy, to assign amounts for specific purposes.
5. **Unassigned** – all other spendable amounts

In the Government-Wide Financial Statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets. All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are classified as unrestricted net assets.

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

(p) Subsequent Events

The Village has assessed events that have occurred subsequent to December 31, 2021 through October 21, 2022, 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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(2) Deposits

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 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, 2021, none of the Village's deposits were exposed to custodial credit risk or uninsured and uncollateralized.

The Village investment policy does not specifically address concentration of credit risk.

(3) Property Taxes Receivable

Property taxes for 2020 attached as an enforceable lien on January 1, 2021, 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, 2021, and were payable in two installments on or about June 4, 2021 and September 3, 2021. 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 2021 tax levy has been recorded as a receivable and deferred revenue on the financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to 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.

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:

	Unavailable	Unearned	Total
Property taxes receivable –			
General Fund	\$ 474,892	-	474,892
Other governmental units:			
General Fund	51,955	-	51,955
Other governmental funds	5,439	-	5,439
Total deferred revenue	<u>\$ 532,286</u>	<u>-</u>	<u>532,286</u>

(5) Capital Assets

The governmental activities capital asset activity for year ended December 31, 2021 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated -				
Land	73,884	14,741	-	88,625
Capital assets being depreciated -				
Buildings and improvements	359,604	-	-	359,604
Equipment and vehicles	642,619	7,567	-	650,186
Software	21,564	-	-	21,564
Infrastructure	5,256,666	347,924	-	5,604,590
Total capital assets being depreciated	<u>6,280,453</u>	<u>355,491</u>	<u>-</u>	<u>6,635,944</u>
Accumulated depreciation	<u>(2,237,912)</u>	<u>(190,849)</u>	<u>-</u>	<u>(2,428,761)</u>
Total capital assets being depreciated, net	<u>4,042,541</u>	<u>164,642</u>	<u>-</u>	<u>4,207,183</u>
Governmental activities capital assets, net	<u>4,116,425</u>	<u>179,383</u>	<u>-</u>	<u>4,295,808</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

The business-type activities capital asset activity for the year ended December 31, 2021 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 68,264	-	-	68,264
Infrastructure	-	2,324,495	-	2,324,495
Total nondepreciable capital assets	68,264	2,324,495	-	2,392,759
Capital assets being depreciated:				
Buildings and improvements	15,000	-	-	15,000
Equipment and vehicles	664,661	68,446	-	733,107
Software	10,782	-	-	10,782
Infrastructure	4,122,969	-	-	4,122,969
Total capital assets being depreciated	4,813,412	68,446	-	4,881,858
Accumulated depreciation	(1,680,705)	(241,964)	-	(1,922,669)
Total capital assets being depreciated, net	3,132,707	(173,518)	-	2,959,189
Business-type activities capital assets, net	\$ 3,200,971	2,150,977	-	5,351,948

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

Governmental activities:	
General government	\$ 29,002
Public safety	24,212
Highway and streets	137,635
Total governmental activities, depreciation expense	<u>\$ 190,849</u>
Business-type activities - Water operations	<u>\$ 241,964</u>

(6) Inter-Fund Transfers

No inter-fund transfers were made during the year ended December 31, 2021.

(7) 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

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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 Annual Comprehensive 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 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 (a) 3% of the original pension amount, or (b) 1/2 of the increase in the Consumer Price Index of the original pension amount.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>14</u>
Total	<u><u>31</u></u>

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2021 was 12.16%. For the fiscal year ended December 31, 2021, the Village contributed \$82,073 to the plan. 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, 2021. 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, 2021:

- 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 2.25%.
- Salary increases were expected to be 2.85% to 13.75%, including inflation.
- The investment rate of return was assumed to be 7.25%.
- Projected retirement age was from the Experience-based Table of Rates, specific to the type of eligibility condition. Last updated for the 2020 valuation according to an experience study of the period 2017-2019.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%), and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

- For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	39.00%	1.90%
International equity	15.00%	3.15%
Fixed income	25.00%	-0.06%
Real estate	10.00%	3.30%
Alternative investments	10.00%	1.7%-5.5%
Cash equivalents	1.00%	-0.09%
Total	100.00%	

Single Discount Rate

A Single Discount Rate of 7.25% 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 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

VILLAGE OF WINNEBAGO, ILLINOIS

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, 2020	\$ 3,011,444	2,967,264	44,180
Changes for the year:			
Service cost	67,347	-	67,347
Interest on the total pension liability	216,859	-	216,859
Differences between expected and actual experience of the total pension liability	225,351	-	225,351
Changes of assumptions	-	-	-
Contributions – employer	-	92,619	(92,619)
Contributions – employees	-	33,748	(33,748)
Net investment income (loss)	-	482,900	(482,900)
Benefit payments, including refunds of employee contributions	(107,927)	(107,927)	-
Other (net transfer)	-	(10,451)	10,451
Net changes	401,630	490,889	(89,259)
Balances at December 31, 2021	\$ 3,413,074	3,458,153	(45,079)

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 7.25%, 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 6.25%	Current 7.25%	1% Increase 8.25%
Total pension liability	\$ 3,888,536	3,413,074	3,033,090
Plan fiduciary net position	3,458,153	3,458,153	3,458,153
Net pension liability (asset)	\$ 430,383	(45,079)	(425,063)

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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

For the year ended December 31, 2021, the Village recognized pension expense of \$92,619. At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 62,496	56,965
Changes of assumptions	17,572	21,988
Net difference between projected and actual earnings on pension plan investments	54,688	171,830
Total deferred amounts to be recognized in pension expense in future periods	134,756	250,783
Pension contributions made subsequent to the measurement date	-	-
	<u>\$ 134,756</u>	<u>250,783</u>

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

Year Ending December 31	Net Deferred Outflows (Inflows) of Resources
2022	\$ (68,105)
2023	(125,058)
2024	(65,343)
2025	(53,496)
2026	-
Thereafter	-
	<u>\$ (312,002)</u>

(8) 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, ILLINOIS

Notes to Financial Statements

(9) 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.

(10) Long-term Obligations

The outstanding obligations as of December 31, 2021 consist of the following:

	<u>2021</u>	<u>Current Portion</u>
Governmental activities:		
Compensated absences - Governmental activities	\$ 47,934	26,364
Pension liability - IMRF	-	-
	<u>47,934</u>	<u>26,364</u>
less current portion	<u>(26,364)</u>	
	<u>\$ 21,570</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

	<u>2021</u>	<u>Current Portion</u>
Business-type activities:		
Note payable - Illinois Environmental Protection Agency (IEPA), original debt of \$2,265,00 to upgrade potable water system. Semi-annual principal and interest payments of \$48,970, maturing 1/20/2034, interest rate is 1.995%.	\$ 1,154,065	75,289
Intergovernmental agreement - Four Rivers Sanitation Authority, original debt of \$4,675,725 for sewer system. Semi-annual principal and interest payments of \$541,246, maturing 7/20/2038, interest rate is 1.75%.	4,084,077	208,189
Intergovernmental agreement - Four Rivers Sanitation Authority, original debt of \$1,374,543 for sewer system. Semi-annual principal and interest payments of \$40,915, maturing 2/28/2039, interest rate is 1.76%.	1,227,889	60,484
Intergovernmental agreement - Four Rivers Sanitation Authority original debt of \$1,024,495 for future costs of Fuller Creek sewer trunk. Semi-annual principal and interest payments of \$30,495, maturing 6/19/2041, interest rate 1.76%.	1,003,015	43,529
Compensated absences - Business-type activities	6,532	6,532
Pension liability - IMRF	-	-
	<u>7,475,578</u>	<u>394,023</u>
less current portion	<u>(394,023)</u>	
	<u><u>\$ 7,081,555</u></u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Future debt obligations at December 31, 2021 under IEPA notes payable are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2022	\$ 75,289	22,651	97,940
2023	76,799	21,141	97,940
2024	78,339	19,601	97,940
2025	79,909	18,031	97,940
2026	81,511	16,428	97,939
2027-2031	432,736	56,963	489,699
2032-2036	329,482	13,278	342,760
Total	<u>\$ 1,154,065</u>	<u>168,093</u>	<u>1,322,158</u>

Future debt obligations at December 31, 2021 under the Four Rivers intergovernmental agreements are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2022	\$ 208,189	70,553	278,742
2023	211,848	66,894	278,741
2024	215,572	63,170	278,742
2025	219,360	59,381	278,741
2026	223,216	55,526	278,742
2027-2031	1,176,328	217,380	1,393,708
2032-2036	1,283,406	110,302	1,393,708
2037-2041	546,158	11,985	558,143
Total	<u>\$ 4,084,077</u>	<u>655,191</u>	<u>4,739,268</u>

Year ending December 31:	Principal	Interest	Total Payment
2022	\$ 60,484	21,346	81,830
2023	61,554	20,277	81,831
2024	62,642	19,189	81,831
2025	63,749	18,081	81,830
2026	64,876	16,954	81,830
2027-2031	341,993	67,158	409,151
2032-2036	373,308	35,843	409,151
2037-2041	199,283	5,292	204,575
Total	<u>\$ 1,227,889</u>	<u>204,140</u>	<u>1,432,029</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Year ending December 31:	Principal	Interest	Total Payment
2022	\$ 43,529	17,462	60,991
2023	44,298	16,693	60,991
2024	45,081	15,910	60,991
2025	45,878	15,113	60,991
2026	46,689	14,302	60,991
2027-2031	246,121	58,834	304,955
2032-2036	268,657	36,297	304,954
2037-2041	262,762	11,697	274,459
Total	<u>\$ 1,003,015</u>	<u>186,308</u>	<u>1,189,323</u>

The compensated absences and pension liabilities are paid from general fund revenues. Notes payables are paid from utility revenues.

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	New Increases	Decreases	Ending Balance	Amount due within one year
Governmental activities:					
Compensated absences	\$ 44,783	47,934	44,783	47,934	26,364
Pension liability – IMRF	36,228	-	36,228	-	-
	<u>\$ 81,011</u>	<u>47,934</u>	<u>81,011</u>	<u>47,934</u>	<u>26,364</u>
Business-type activities:					
Notes payable – IEPA	\$ 1,191,152	-	37,087	1,154,065	75,289
Due to Four Rivers	4,288,701	-	204,624	4,084,077	208,189
Due to Four Rivers	1,287,323	-	59,434	1,227,889	60,484
Due to Four Rivers	-	1,024,495	21,480	1,003,015	43,529
Compensated absences	4,945	6,532	4,945	6,532	6,532
Pension liability – IMRF	7,952	-	7,952	-	-
	<u>\$ 6,780,073</u>	<u>1,031,027</u>	<u>335,522</u>	<u>7,475,578</u>	<u>394,023</u>

(11) Legal Debt Margin

The Village's aggregated indebtedness is subject to a statutory limitation by the State of Illinois 8.625% of its equalized assessed value. At December 31 2021, the statutory limit of the Village was \$4,740,605. The long-term obligations discussed above (Note 10) are not subject to the statutory limitation. Thus, the Village's legal debt margin is also \$4,740,605.

VILLAGE OF WINNEBAGO, ILLINOIS

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 during 2021 were \$37,675. Rebates remaining to be paid to the developer as of December 31, 2021 are \$247,460.

(13) Intergovernmental Agreement with Four Rivers Sanitation Authority

In December of 2011, the Village entered into an intergovernmental agreement (IGA) with the Four Rivers Sanitation Authority (Four Rivers), formerly known as the Rock River Water Reclamation District, to transfer the Village's sewerage collection system processing plant and its operation to Four Rivers. Four Rivers 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, Four Rivers will extend its Fuller Creek trunk to Winnebago, connect to the Village's collection system, and eliminate Village's sewage processing plant. In addition, Four Rivers 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 Four Rivers. 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 Four Rivers on January 1, 2012.

In addition the Village must pay Four Rivers 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. During 2018, the trunkline (\$4,675,725) and parallel trunk upgrades (\$1,374,543) were completed and recognized as a special item in the accompanying financial statements. 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 Four Rivers quarterly based on water usage information from the Village water department.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

The Village is responsible for obtaining financing for the project; however, Four Rivers has applied for low interest loans through the Illinois EPA covering associated costs. Principal and interest costs for loans secured by Four Rivers 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 are no individual governmental funds with a deficit fund balance as of December 31, 2021. However, with the accrual of the estimated amounts due to Four Rivers Sanitation Authority under the intergovernmental agreement as discussed in Note 13, the Village's Water Fund has a deficit balance of \$591,294.

VILLAGE OF WINNEBAGO, ILLINOIS**Schedule of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual****General Fund**

For the Year Ended December 31, 2021

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues					
Taxes	\$	1,440,803	1,440,803	1,684,816	244,013
Fines and other fees		78,500	78,500	60,441	(18,059)
Other		<u>17,120</u>	<u>17,120</u>	<u>26,593</u>	<u>9,473</u>
Total revenues		<u>1,536,423</u>	<u>1,536,423</u>	<u>1,771,850</u>	<u>235,427</u>
Expenditures					
Current:					
General government		550,395	550,395	356,419	(193,976)
Highways and streets		436,723	436,723	327,664	(109,059)
Public safety		746,620	746,620	697,275	(49,345)
Capital outlay		<u>4,000</u>	<u>4,000</u>	<u>3,783</u>	<u>(217)</u>
Total expenditures		<u>1,737,738</u>	<u>1,737,738</u>	<u>1,385,141</u>	<u>(352,597)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(201,315)</u>	<u>(201,315)</u>	<u>386,709</u>	<u>588,024</u>
Other financing sources (uses)					
Transfer in (out)		<u>211,000</u>	<u>211,000</u>	<u>(112,986)</u>	<u>(323,986)</u>
Net change in fund balance	\$	<u>9,685</u>	<u>9,685</u>	<u>273,723</u>	<u>264,038</u>
Fund balance, January 1				<u>1,250,757</u>	
Fund balance, December 31			\$	<u>1,524,480</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Intergovernmental –				
Motor fuel taxes	\$ 71,633	71,633	70,415	(1,218)
Grants	118,669	118,669	119,211	542
Interest	350	350	232	(118)
Total revenues	<u>190,652</u>	<u>190,652</u>	<u>189,858</u>	<u>(794)</u>
Expenditures				
Highways and streets:				
Highways, street and bridges	414,000	414,000	307,125	(106,875)
Engineering	36,000	36,000	40,801	4,801
Capital outlay	–	–	–	–
Total expenditures	<u>450,000</u>	<u>450,000</u>	<u>347,926</u>	<u>(102,074)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(259,348)</u>	<u>(259,348)</u>	<u>(158,068)</u>	<u>101,280</u>
Other financing sources (uses)				
Transfer in (out)	<u>275,000</u>	<u>275,000</u>	<u>–</u>	<u>(275,000)</u>
Net change in fund balance	\$ <u>15,652</u>	<u>15,652</u>	(158,068)	<u>(173,720)</u>
Fund balance, January 1			<u>312,429</u>	
Fund balance, December 31		\$	<u>154,361</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Required Supplementary Information

December 31, 2021

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 – Motor Fuel Tax Fund, non-major Special Revenue funds – Community Development, Fourth of July and Debt Service 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
Schedule of Changes in the Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Service cost	\$ 67,347	80,782	82,110	75,969	80,704	80,998	79,745	77,405
Interest on the total pension liability	216,859	218,928	208,419	194,396	188,832	176,387	163,711	145,732
Changes of benefit terms				—	—	—		
Differences between expected and actual experience of the total pension liability	225,351	(190,134)	(39,394)	10,711	(26,989)	(10,793)	1,030	21,610
Changes of assumptions	—	(23,299)	—	93,812	(82,895)	(14,353)	—	67,288
Benefit payments, including refunds of employee contributions	(107,927)	(108,280)	(102,759)	(87,553)	(78,654)	(78,867)	(71,520)	(67,652)
Net change in total pension liability	401,630	(22,003)	148,376	287,335	80,998	153,372	172,966	244,383
Total pension liability – beginning	3,011,444	3,033,447	2,885,071	2,597,736	2,516,738	2,363,366	2,190,400	1,946,017
Total pension liability – ending (a)	3,413,074	3,011,444	3,033,447	2,885,071	2,597,736	2,516,738	2,363,366	2,190,400
Plan fiduciary net position								
Contributions – employer	92,619	82,056	81,721	92,529	89,741	91,570	91,903	79,505
Contributions – employee	33,748	30,366	33,042	33,525	32,127	31,845	31,260	29,790
Net investment income (loss)	482,900	361,353	394,985	(104,038)	325,276	119,387	8,291	92,605
Benefit payments, including refunds of employee contributions	(107,927)	(108,280)	(102,759)	(87,553)	(78,654)	(78,867)	(71,520)	(67,652)
Other (net transfer)	(10,451)	2,259	3,822	29,647	(31,247)	7,547	23,627	763
Net change in plan fiduciary net position	490,889	367,754	410,811	(35,890)	337,243	171,482	83,561	135,011
Plan fiduciary net position – beginning	2,967,264	2,599,510	2,188,699	2,224,589	1,887,346	1,715,864	1,632,303	1,497,292
Plan fiduciary net position – ending (b)	3,458,153	2,967,264	2,599,510	2,188,699	2,224,589	1,887,346	1,715,864	1,632,303
Net pension liability – ending (a) - (b)	\$ (45,079)	44,180	433,937	696,372	373,147	629,392	647,502	558,097
Plan fiduciary net position as a percentage of the total pension liability	101.32%	98.53%	85.69%	75.86%	85.64%	74.99%	72.60%	74.52%
Covered valuation payroll	\$ 749,950	674,801	734,254	745,007	713,938	707,659	694,662	681,523
Net pension liability as a percentage of covered valuation payroll	-6.01%	6.55%	59.10%	93.47%	52.27%	88.94%	93.21%	81.89%

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

Multiyear Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2021

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)
12/31/21	\$	92,619	92,619	-	749,950	12.35%
12/31/20		82,056	82,056	-	674,801	12.16%
12/31/19		81,723	81,721	2	734,254	11.13%
12/31/18		92,530	92,529	1	745,007	12.42%
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, ILLINOIS

Notes to Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2021

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 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 2021 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): 22-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 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.25%
Price Inflation	2.50%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.25%

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2021

Retirement age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality For non-disabled retirees, an IMRF specific mortality tables 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 made to match current IMRF experience. For disabled lives, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information –

Notes

There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2019 actuarial valuation

VILLAGE OF WINNEBAGO, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds			Total
	Debt Service Fund	Community Development Fund	Fourth of July Fund	Nonmajor Governmental Funds
Assets				
Cash and cash equivalents \$	304,022	206,113	7,669	517,804
Accounts receivable	—	11,642	—	11,642
Total assets	<u>304,022</u>	<u>217,755</u>	<u>7,669</u>	<u>529,446</u>
Liabilities				
Accounts payable	—	13,074	—	13,074
Equipment sinking funds	—	8,000	—	8,000
Deferred revenue – taxes	—	5,439	—	5,439
Total liabilities	<u>—</u>	<u>26,513</u>	<u>—</u>	<u>26,513</u>
Fund balances				
Restricted for capital projects	304,022	—	—	304,022
Committed to community development	—	191,242	—	191,242
Committed to Fourth of July	—	—	7,669	7,669
Total fund balances	<u>304,022</u>	<u>191,242</u>	<u>7,669</u>	<u>502,933</u>
Total liabilities and fund balances \$	<u>304,022</u>	<u>217,755</u>	<u>7,669</u>	<u>529,446</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue Funds			Total
	Debt Service Fund	Community Development Fund	Fourth of July Fund	Nonmajor Governmental Funds
Revenues				
Taxes	\$ —	5,673	—	5,673
Motor fuel tax allotment	—	—	—	—
Grants	—	—	—	—
Fees and charges	—	101,826	—	101,826
Interest	235	248	10	493
Other	—	2,459	12,549	15,008
Total revenue	<u>235</u>	<u>110,206</u>	<u>12,559</u>	<u>123,000</u>
Expenditures				
Culture and recreation –				
Current	—	72,890	15,791	88,681
Debt Service	—	—	—	—
Capital outlay	—	—	—	—
Total expenditures	<u>—</u>	<u>72,890</u>	<u>15,791</u>	<u>88,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>235</u>	<u>37,316</u>	<u>(3,232)</u>	<u>34,319</u>
Other financing sources (uses)				
Transfer in (out)	<u>—</u>	<u>92,500</u>	<u>7,500</u>	<u>100,000</u>
Net change in fund balances	235	129,816	4,268	134,319
Fund balance, January 1	<u>303,787</u>	<u>61,426</u>	<u>3,401</u>	<u>368,614</u>
Fund balance, December 31	<u><u>304,022</u></u>	<u><u>191,242</u></u>	<u><u>7,669</u></u>	<u><u>502,933</u></u>

VILLAGE OF WINNEBAGO, ILLINOIS**Schedule of Revenues, Expenditures
and Changes in Fund Balances – Budget and Actual****Debt Service Fund**

For the Year Ended December 31, 2021

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues					
Property taxes	\$	—	—	—	—
Interest		<u>350</u>	<u>350</u>	<u>235</u>	<u>(115)</u>
Total revenues		<u>350</u>	<u>350</u>	<u>235</u>	<u>(115)</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					
		<u>350</u>	<u>350</u>	<u>235</u>	<u>(115)</u>
Other financing sources (uses)					
Transfer in (out)		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	\$	<u>350</u>	<u>350</u>	235	<u>(115)</u>
Fund balance, January 1				<u>303,787</u>	
Fund balance, December 31			\$	<u>304,022</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, 2021

		Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues					
Telecommunications taxes	\$	9,500	9,500	5,673	(3,827)
Fees and charges		91,925	91,925	101,826	9,901
Interest		150	150	248	98
Other		500	500	2,459	1,959
Total revenues		<u>102,075</u>	<u>102,075</u>	<u>110,206</u>	<u>8,131</u>
Expenditures					
Culture and recreation:					
Contractual services:					
Presidential project		1,000	1,000	821	(179)
Professional fees		–	–	1,038	1,038
Code enforcement officer		11,520	11,520	11,520	–
Legal expenses		15,000	15,000	11,146	(3,854)
Dues		2,000	3,500	4,145	645
Development escrow refund		128,000	126,500	32,621	(93,879)
Park equipment sinking fund		2,000	2,000	2,000	–
Engineering		3,500	3,500	1,762	(1,738)
Electricity		1,000	1,000	876	(124)
Community projects		<u>5,000</u>	<u>5,000</u>	<u>5,745</u>	<u>745</u>
Total contractual services		169,020	169,020	71,674	(97,346)
Supplies – community expenses		2,000	2,000	1,216	(784)
Capital outlay		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total expenditures		<u>171,020</u>	<u>171,020</u>	<u>72,890</u>	<u>(98,130)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(68,945)</u>	<u>(68,945)</u>	<u>37,316</u>	<u>106,261</u>
Other financing sources (uses)					
Transfer in (out)		<u>100,000</u>	<u>100,000</u>	<u>92,500</u>	<u>(7,500)</u>
Net change in fund balance	\$	<u>31,055</u>	<u>31,055</u>	129,816	<u>98,761</u>
Fund balance, January 1				61,426	
Fund balance, December 31			\$	<u>191,242</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, 2021

		Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues					
Donations and other	\$	6,000	6,000	12,549	6,549
Interest		<u>–</u>	<u>–</u>	<u>10</u>	<u>10</u>
Total revenues		<u>6,000</u>	<u>6,000</u>	<u>12,559</u>	<u>6,559</u>
Expenditures					
Culture and recreation –					
Fourth of July expenses		<u>20,500</u>	<u>20,500</u>	<u>15,791</u>	<u>(4,709)</u>
Total expenditures		<u>20,500</u>	<u>20,500</u>	<u>15,791</u>	<u>(4,709)</u>
Excess (deficiency) of revenues over (under) expenditures					
		<u>(14,500)</u>	<u>(14,500)</u>	<u>(3,232)</u>	<u>11,268</u>
Other financing sources (uses)					
Transfer in (out)		<u>15,000</u>	<u>15,000</u>	<u>7,500</u>	<u>(7,500)</u>
Net change in fund balance	\$	<u>500</u>	<u>500</u>	4,268	<u>3,768</u>
Fund balance, January 1				<u>3,401</u>	
Fund balance, December 31			\$	<u>7,669</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2021

		Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues					
Taxes:					
Property taxes	\$	463,003	463,003	464,565	1,562
Sales taxes		355,000	355,000	493,285	138,285
State income tax		310,000	310,000	415,558	105,558
Telecommunications tax		42,000	42,000	28,365	(13,635)
Local use tax		134,000	134,000	121,658	(12,342)
Cannabis tax		2,800	2,800	4,355	1,555
Utility tax		112,000	112,000	114,401	2,401
Replacement tax		22,000	22,000	42,629	20,629
Total taxes		<u>1,440,803</u>	<u>1,440,803</u>	<u>1,684,816</u>	<u>244,013</u>
Licenses, fees and permits		47,500	47,500	38,639	(8,861)
Police fines		<u>31,000</u>	<u>31,000</u>	<u>21,802</u>	<u>(9,198)</u>
Total fines and other fees		<u>78,500</u>	<u>78,500</u>	<u>60,441</u>	<u>(18,059)</u>
Other revenue:					
Grants		1,000	1,000	2,382	1,382
Interest		1,200	1,200	730	(470)
Miscellaneous		<u>14,920</u>	<u>14,920</u>	<u>23,481</u>	<u>8,561</u>
Total other revenue		<u>17,120</u>	<u>17,120</u>	<u>26,593</u>	<u>9,473</u>
Total revenues	\$	<u><u>1,536,423</u></u>	<u><u>1,536,423</u></u>	<u><u>1,771,850</u></u>	<u><u>235,427</u></u>
Expenditures					
General government:					
Office salaries		21,723	21,723	22,975	1,252
Deputy clerk		38,220	38,220	38,100	(120)
Treasurer		39,545	39,545	39,691	146
Salaries – elected officials		27,000	27,000	26,500	(500)
Payroll taxes		11,897	11,897	10,833	(1,064)
Employee benefits		25,445	25,445	25,031	(414)
Employee welfare		600	600	513	(87)
Office equipment		10,283	15,463	18,830	3,367
Professional services		18,000	18,000	17,540	(460)
Engineering		5,000	3,750	3,478	(272)
Legal services		27,500	27,500	33,473	5,973
Inspection fees		29,600	29,600	22,090	(7,510)
Postage		1,200	1,200	1,020	(180)
Telephone		3,925	3,425	2,739	(686)
Publishing		1,000	1,000	1,006	6
Printing		4,000	4,000	2,091	(1,909)
Dues		1,612	1,612	1,337	(275)
Travel		1,950	1,950	1,332	(618)

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
General government (continued):				
Training and conferences \$	2,000	2,000	835	(1,165)
Office maintenance	10,000	7,220	8,732	1,512
Audit and accounting services	15,250	15,250	14,900	(350)
Liability insurance	5,100	5,100	5,349	249
Hail damage	200,000	200,000	12,929	(187,071)
Office supplies	2,750	2,520	2,441	(79)
Building water usage	150	150	168	18
Miscellaneous expense	650	230	355	125
Sullivan's payback agreement	41,500	41,500	37,675	(3,825)
Property tax refunds	870	870	860	(10)
Equipment sinking fund	3,000	3,000	3,000	–
WINGIS	625	625	596	(29)
Capital outlay – equipment	–	–	–	–
Contingency	–	–	–	–
Total general government	<u>550,395</u>	<u>550,395</u>	<u>356,419</u>	<u>(193,976)</u>
Highways and streets:				
Salaries	111,025	111,025	108,528	(2,497)
Employee benefits	31,130	31,130	31,015	(115)
Payroll taxes	8,593	8,593	8,219	(374)
Maintenance – buildings	12,000	12,500	15,495	2,995
Maintenance – vehicles	8,000	8,000	6,321	(1,679)
Maintenance – streets and sidewalks	99,000	95,700	72,643	(23,057)
Maintenance – equipment	8,500	11,300	12,031	731
Maintenance – service	5,500	5,500	–	(5,500)
Office & computer equipment	1,000	1,000	–	(1,000)
Professional fees	100	100	–	(100)
Engineering	12,000	12,000	90	(11,910)
Telephone	1,750	1,750	2,660	910
Electricity	35,000	35,000	37,860	2,860
Supplies	3,500	3,500	3,600	100
Gas and oil	10,000	10,000	10,673	673
Tree removal	8,000	8,000	7,600	(400)
Liability insurance	12,000	12,000	10,333	(1,667)
WINGIS	625	625	596	(29)
MS4 upgrades and repairs	1,000	1,000	–	(1,000)
Street projects	68,000	68,000	–	(68,000)
Capital outlay – equipment	–	–	–	–
Total highways and streets	<u>436,723</u>	<u>436,723</u>	<u>327,664</u>	<u>(109,059)</u>

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
Public safety:				
Office salaries	\$ 5,431	5,431	4,653	(778)
Police chief	83,333	83,333	83,042	(291)
Full time officers	294,473	294,473	296,183	1,710
Part time officers	15,000	15,000	8,353	(6,647)
Police overtime	14,500	14,500	17,432	2,932
Payroll taxes	32,138	32,138	31,652	(486)
Employee benefits	139,498	139,498	117,472	(22,026)
Uniforms	5,500	5,500	4,501	(999)
Computers and equipment	3,000	3,000	2,127	(873)
Records management	7,410	7,410	7,710	300
Professional services	19,300	19,300	13,849	(5,451)
Vehicle maintenance	9,500	9,500	6,083	(3,417)
911 dispatch service	18,000	18,000	17,969	(31)
Legal	13,000	13,000	10,821	(2,179)
Postage	250	250	55	(195)
Telephone	6,925	6,925	5,100	(1,825)
Publishing and printing	250	450	458	8
Dues	700	700	195	(505)
Travel	300	300	-	(300)
Liability insurance	27,887	27,887	23,495	(4,392)
Water	125	125	89	(36)
Gas and oil	14,000	14,000	13,254	(746)
Miscellaneous	1,800	1,600	1,131	(469)
Police garage maintenance	3,000	3,000	695	(2,305)
Pre-employment physical	2,000	2,000	1,257	(743)
Small equipment	4,000	4,000	4,993	993
WINGIS	300	300	298	(2)
Equipment sinking fund	16,000	16,000	16,000	-
Training	9,000	9,000	8,408	(592)
Capital outlay - equipment	4,000	4,000	3,783	(217)
Total public safety	<u>750,620</u>	<u>750,620</u>	<u>701,058</u>	<u>(49,562)</u>
 Total expenditures	 \$ <u>1,737,738</u>	 <u>1,737,738</u>	 <u>1,385,141</u>	 <u>(352,597)</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, 2021

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating revenues				
Water service income	\$ 397,432	397,432	425,821	28,389
Capital charge – sewer hook-up	472,000	472,000	507,663	35,663
Water hook-up fees	15,000	15,000	–	(15,000)
Sewer hook-up fees	53,535	53,535	–	(53,535)
Water deposit revenue	2,000	2,000	805	(1,195)
Garbage charges	200,000	200,000	202,044	2,044
Recapture and impact fees	18,981	18,981	–	(18,981)
Intergovernmental income	710,462	710,462	271,755	(438,707)
Miscellaneous revenue	50,500	50,500	1,383	(49,117)
Total operating revenues	<u>1,919,910</u>	<u>1,919,910</u>	<u>1,409,471</u>	<u>(510,439)</u>
Operating expenses				
Office salary	46,595	46,595	47,323	728
Rock 39 salary	–	–	–	–
Part-time wages	3,000	3,000	2,853	(147)
Meter reader	21,112	21,112	27,256	6,144
Plant operator	63,971	63,971	65,478	1,507
Public works wages	32,268	32,268	31,746	(522)
Health insurance	19,962	19,922	20,588	666
Payroll taxes	12,430	12,470	12,684	214
Employee benefits	19,156	19,156	19,310	154
IMRF – GASB 68	–	–	(44,833)	(44,833)
Building water usage	500	650	747	97
Alarm system	4,345	4,345	4,896	551
Chemicals	6,000	6,000	4,460	(1,540)
Engineering	132,000	132,000	1,710	(130,290)
Cellular meter monthly fees	2,670	2,670	1,956	(714)
Garbage expense	196,000	196,000	196,330	330
Liability insurance	15,000	15,000	15,185	185
Equipment maintenance	12,000	12,000	13,466	1,466
Office and computer equipment	2,500	2,500	2,283	(217)
Operating supplies	40,000	40,000	45,987	5,987
Postage	4,000	4,165	5,175	1,010
Pre-employment physical	500	500	148	(352)
Printing	2,000	2,000	178	(1,822)
Professional fees	2,000	2,000	1,873	(127)

(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, 2021

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating expenses (continued)				
Publishing/advertising	\$ 1,000	1,000	–	(1,000)
WINGIS	1,520	1,520	1,489	(31)
Rental and small equipment	10,500	10,500	4,385	(6,115)
Special audit	–	–	–	–
Telephone	2,750	2,750	1,939	(811)
Travel and training	3,000	2,850	918	(1,932)
Utilities	27,000	27,000	20,622	(6,378)
Water analysis	6,500	6,500	3,257	(3,243)
EPA permit fees	1,500	1,500	–	(1,500)
Fuel, grease and oil	10,000	10,000	10,473	473
Recapture fees	18,000	18,000	–	(18,000)
Impact fees	–	–	–	–
Water sewer upgrade	743,000	742,835	18,700	(724,135)
Water refunds	–	–	–	–
Grant expense	–	–	–	–
Sullivan's payback agreement	13,800	13,800	12,915	(885)
IEPA – interest expense	97,940	97,940	11,882	(86,058)
Four Rivers – interest expense	1,822,000	1,822,000	105,573	(1,716,427)
Equipment sinking fund	–	–	–	–
Depreciation	300,000	300,000	241,964	(58,036)
Contingency	–	–	–	–
Capital outlay	–	–	–	–
Total operating expenses	<u>3,696,519</u>	<u>3,696,519</u>	<u>910,916</u>	<u>(2,785,603)</u>
Operating income	<u>(1,776,609)</u>	<u>(1,776,609)</u>	<u>498,555</u>	<u>2,275,164</u>
Non-operating revenues (expenses)				
Interest income	12,500	12,500	1,211	(11,289)
Gain (loss) on disposal of assets	–	–	–	–
Miscellaneous income	4,500	4,500	4,500	–
1% sales tax income	212,000	212,000	362,815	150,815
Grant revenue	–	–	–	–
Total non-operating revenues (expense)	<u>229,000</u>	<u>229,000</u>	<u>368,526</u>	<u>139,526</u>
Income before other financing sources (uses)	<u>(1,547,609)</u>	<u>(1,547,609)</u>	<u>867,081</u>	<u>2,414,690</u>

(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, 2021

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other financing sources (uses) –					
Operating transfers	\$	<u>1,554,688</u>	<u>1,554,688</u>	<u>12,986</u>	<u>(1,541,702)</u>
Total other financing sources (uses)		<u>1,554,688</u>	<u>1,554,688</u>	<u>12,986</u>	<u>(1,541,702)</u>
Net change in net position	\$	<u><u>7,079</u></u>	<u><u>7,079</u></u>	880,067	<u><u>872,988</u></u>
Net position, January 1				<u>(1,471,361)</u>	
Net position, December 31	\$			<u>(591,294)</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Assessed Valuations, Property Tax Rates, Extensions and Collections

December 31, 2021

		Tax Years				
		2021	2020	2019	2018	2017
Assessed valuations	\$	<u>54,963,537</u>	<u>52,165,958</u>	<u>49,329,699</u>	<u>47,548,879</u>	<u>45,667,251</u>
Property tax rates (per \$100 of assessed valuation):	Max	Actual	Actual	Actual	Actual	Actual
General	0.4375	0.3808	0.3932	0.4086	0.4135	0.4214
General – Audit	–	0.0005	0.0007	0.0007	0.0005	0.0006
General – Liability	–	0.0005	0.0007	0.0007	0.0005	0.0006
Police	0.6000	0.4544	0.4717	0.4838	0.4939	0.5034
IMRF	–	0.0005	0.0007	0.0007	0.0005	0.0006
Total tax rate		<u>0.8367</u>	<u>0.8670</u>	<u>0.8945</u>	<u>0.9089</u>	<u>0.9266</u>
Property tax extensions:						
General		209,301	205,117	201,561	196,615	192,442
General – Audit		275	365	345	238	274
General – Liability		275	365	345	238	274
Police		249,754	246,067	238,657	234,844	229,889
IMRF		275	365	345	238	274
	\$	<u>459,880</u>	<u>452,279</u>	<u>441,253</u>	<u>432,173</u>	<u>423,153</u>
Property tax collections:**						
General		–	204,526	201,236	195,944	192,197
General – Audit		–	364	345	237	274
General – Liability		–	364	345	237	274
Police		–	245,357	238,272	234,043	229,598
Debt Service		–	–	–	–	–
Sewer Chlorination		–	–	–	–	–
IMRF		–	364	345	237	274
	\$	<u>–</u>	<u>450,975</u>	<u>440,543</u>	<u>430,698</u>	<u>422,617</u>
Percentage of extensions collected		<u>–</u>	<u>99.71</u>	<u>99.84</u>	<u>99.66</u>	<u>99.87</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, 2021

		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assessed Valuation	\$	<u>54,963,537</u>	<u>52,165,958</u>	<u>49,329,699</u>	<u>47,548,879</u>
Statutory Debt Limitation (8.625 % of Assessed Valuation)		4,740,605	4,499,314	4,254,687	4,101,091
Outstanding debt subject to debt limitation – None		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal Debt Margin	\$	<u>4,740,605</u>	<u>4,499,314</u>	<u>4,254,687</u>	<u>4,101,091</u>

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

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10/21/22

Grantee Name	Village of Winnebago
ID Numbers	AUDIT:30705 Grantee:681628 UEI:H747ML35KRJ3 FEIN:366008175
Audit Period	1/1/2021 - 12/31/2021
Submitted	10/21/2022; Sally Bennett; Treasurer; sbennett@villageofwinnebago.com; 815-335-2020
Accepted	
Program Count	2

All Programs Total				
Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	0.00	883,501.00	883,501.00
Fringe Benefits	0.00	0.00	0.00	0.00
Travel	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	303,862.00	303,862.00
Supplies	0.00	0.00	64,829.00	64,829.00
Contractual Services	0.00	0.00	611,565.00	611,565.00
Consultant (Professional Services)	0.00	0.00	149,939.00	149,939.00
Construction	347,926.40	0.00	0.00	347,926.40
Occupancy - Rent and Utilities	0.00	0.00	68,981.00	68,981.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00	0.00
Miscellaneous Costs	0.00	0.00	7,506.00	7,506.00
All Grant Specific Categories	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	347,926.40	0.00	2,090,183.00	2,438,109.40
Indirect Costs	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	347,926.40	0.00	2,090,183.00	2,438,109.40

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Transportation (494)
Program Name	Local REBUILD ILLNOIS Bond Program (494-00-2356)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Construction	136,245.40	0.00	0.00	136,245.40
TOTAL DIRECT EXPENDITURES	136,245.40	0.00	0.00	136,245.40

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Transportation (494)
Program Name	Motor Fuel Tax Program (494-00-1488)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Construction	211,681.00	0.00	0.00	211,681.00
TOTAL DIRECT EXPENDITURES	211,681.00	0.00	0.00	211,681.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Program Name	Other grant programs and activities			
Category	State	Federal	Other	Total
	0.00	0.00	0.00	0.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	0.00	0.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Program Name	All other costs not allocated
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Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	0.00	883,501.00	883,501.00
Equipment	0.00	0.00	303,862.00	303,862.00
Supplies	0.00	0.00	64,829.00	64,829.00
Contractual Services	0.00	0.00	611,565.00	611,565.00
Consultant (Professional Services)	0.00	0.00	149,939.00	149,939.00
Occupancy - Rent and Utilities	0.00	0.00	68,981.00	68,981.00
Miscellaneous Costs	0.00	0.00	7,506.00	7,506.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	2,090,183.00	2,090,183.00