

VILLAGE OF WINNEBAGO
Winnebago, Illinois

Annual Financial Report

December 31, 2020

(With Independent Auditor's Report Thereon)

VILLAGE OF WINNEBAGO, ILLINOIS

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois (Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois, as of December 31, 2020, and the respective changes in financial position and cash flows of its proprietary fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

Perrin Group, LLC

Freeport, Illinois
August 25, 2021

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

December 31, 2020 (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, 2020.

FINANCIAL HIGHLIGHTS

- Net position and performance in total – The Village's total net position at December 31, 2020 was \$4,218,699.
- Government activity summary – Net position for governmental activities increased by \$800,853 during fiscal 2020.
- Business-type activity summary – Net position for business-type activities increased by \$873,837 during fiscal 2020 to (\$1,471,361) from (\$2,345,198) in 2019. \$388,140 of the increase was due to current operations and \$485,697 was due to a prior period adjustment.
- General Fund summary – The Village's General Fund reported an increase of \$519,598 in fund balance for the period.
- Budget vs. actual – The Village's actual total revenues for the General Fund were \$431,785 more than the budgeted revenues. The actual expenditures were \$410,269 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 operates similar to private business such as the water department
Required financial statements	-Statement of net position -Statement of activities	-Balance sheet -Statement of revenues, expenditures and changes in fund balances	-Statement of net position -Statement of revenues, expenses, and changes in net position -Statement of cash flows
Accounting basis	Accrual	Modified accrual	Accrual
Measurement focus	Economic resources	Current financial resources	Economic resources
Type of assets & liability information	All assets and liabilities; both financial and capital, short and long-term	Assets expected to be used and liabilities that come due during the year or shortly thereafter; no capital assets	All assets and liabilities; both financial and capital, short and long-term
Type of inflow & outflow information	All revenues and expenses during the year regardless of when cash is received or paid	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods or services that have been received and payment is due during the year or shortly thereafter	All revenues and expenses during the year regardless of when cash is received or paid

Government-Wide Statements

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

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

(short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

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

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

Fund Financial Statements

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

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

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

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

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 required that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1)

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

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

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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

Statement of Net Position

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

Table 1
Statement of Net Position
As of December 31, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current and other						
assets	\$ 2,600,620	1,827,648	2,262,762	2,037,526	4,863,382	3,865,174
Capital assets	4,116,426	4,156,405	3,200,971	3,444,356	7,317,397	7,600,761
Total assets	6,717,046	5,984,053	5,463,733	5,481,882	12,180,779	11,465,935
Deferred outflows						
of resources	123,391	186,246	31,772	45,570	155,163	231,816
Total assets and deferred						
outflows of resources	6,840,437	6,170,299	5,495,505	5,527,452	12,335,942	11,697,751
Liabilities	208,267	264,920	392,107	450,911	600,374	715,831
Liabilities – non-current	47,323	275,711	6,476,587	7,356,997	6,523,910	7,632,708
Deferred inflows						
of resources	894,787	740,461	98,172	64,757	992,959	805,218
Total liabilities and deferred						
inflows of resources	1,150,377	1,281,092	6,966,866	7,872,665	8,117,243	9,153,757
Net position:						
Net investment in						
capital assets	4,116,426	4,156,405	2,009,819	2,144,123	6,126,245	6,300,528
Restricted	616,216	429,490	–	–	616,216	429,490
Unrestricted	957,418	303,312	(3,481,180)	(4,489,321)	(2,523,762)	(4,186,009)
Total net position	\$ 5,690,060	4,889,207	(1,471,361)	(2,345,198)	4,218,699	2,544,009

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

For more detailed information see the Statement of Net Position.

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, 2020 was \$4,218,699 for all funds. This was an increase of \$1,674,690 during the year (\$485,697 was due to a prior period adjustment). Total assets increased from \$11,465,935 to \$12,180,779, an increase of \$714,844. Current assets increased by \$998,208. The capital assets (net) decreased by (\$283,364). Total deferred outflows of resources decreased by (\$76,653).

The total liabilities and deferred inflows of resources decreased by (\$1,036,514), which is attributed to a decrease in pension liability by (\$389,757) and a decrease in debt by (\$883,088). The deferred inflow of resources increased by \$187,741.

The net position of business-type activities increased by \$873,837 during the period (\$485,697 was due to a prior period adjustment) and ended at (\$1,471,361). Unrestricted net position, available to finance the continuing operation of its business-type activities, was (\$3,650,180) of which \$169,000 is board designated for debt obligations. The operating cost of the Village's business-type activities for the year ended December 31, 2020 was \$1,036,482.

The total net position at December 31, 2020 was \$4,218,699, of which \$6,126,245 is in investment in capital assets, another \$616,216 or 15% is restricted for capital improvements and highways and streets. The remaining is a deficit position of (\$2,523,762), which is an

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

increase of \$1,674,690 from the unrestricted net position of December 31, 2019 (\$485,697 was from a prior period adjustment).

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, 2020 and 2019

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
REVENUES						
Program revenues:						
Charges for services	\$ 152,359	\$ 132,842	\$ 1,084,416	\$ 1,109,220	\$ 1,236,775	\$ 1,242,062
Grants and contributions:						
Operating	131,101	42,625	-	-	131,101	42,625
Capital contributions	47,064	-	-	-	47,064	-
General revenues:						
Property taxes	450,749	443,276	-	-	450,749	443,276
Other taxes	1,055,603	1,075,251	248,637	227,029	1,304,240	1,302,280
Intergovernmental	138,293	-	67,232	73,868	205,525	46,466
Investment income	5,483	19,438	10,683	34,908	16,166	54,346
Miscellaneous	253,678	32,478	13,654	28,342	267,332	60,820
Total revenues received	2,234,330	1,745,910	1,424,622	1,473,367	3,658,952	3,191,875
EXPENSES						
General government	461,097	482,659	-	-	461,097	482,659
Public safety	643,620	747,833	-	-	643,620	747,833
Highways and streets	304,145	281,351	-	-	304,145	281,351
Culture and recreation	24,615	115,073	-	-	24,615	115,073
Interest	-	-	-	-	-	-
Water and sewer	-	-	1,036,482	949,308	1,036,482	949,308
Total expenses disbursed	1,433,477	1,626,916	1,036,482	949,308	2,469,959	2,576,224
Excess of revenues						
over (under) expenses	800,853	118,994	388,140	524,059	1,188,993	643,053
Transfers	-	-	-	-	-	-
Special item	-	-	-	-	-	-
Changes in net position	800,853	118,994	388,140	524,059	1,188,993	643,053
Beginning net position	4,889,207	4,770,213	(2,345,198)	(2,869,257)	2,544,009	1,900,956
Prior period adjustment	-	-	485,697	-	485,697	-
Beginning, as restated	4,889,207	4,770,213	(1,859,501)	(2,869,257)	3,029,706	1,900,956
Ending net position	\$ 5,690,060	\$ 4,889,207	\$ (1,471,361)	\$ (2,345,198)	\$ 4,218,699	\$ 2,544,009

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

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.

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, 2020.

Expenses:

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

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

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

Inflation – While overall inflation appears to be modest (the CPI was less than 3% at December 31, 2020), 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.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

Current Year Impacts – Changes in Net Position

Governmental Activities

Revenues:

Revenues from governmental activities total \$2,234,330. The largest source of revenue was from sales and use tax of \$534,330. Property taxes were the next highest with revenue for the period of \$450,749. Income tax ranked third with \$341,483. The next highest source of income was motor fuel tax of \$138,293. The revenues from these four sources represent 66% of the governmental activity revenues. Total revenue from all taxes was \$1,506,352 or 67%. The Village also recognized \$152,359 in charges for services or 7% and \$131,101 in operating grants or 6% of total revenue.

Expenses:

The Village's total governmental activity expenses were \$1,433,477. The three major functional areas were general government \$461,097 or 32% of the total; highway and streets \$304,145 or 21% of the total; and public safety of \$643,620 or 45% of the total expenses of the Village.

Personnel costs including wages, taxes, health and life insurance, and retirement benefits were \$743,583 or 52% of the total expenses.

Business-type Activities

Revenues:

Operating revenues from business-type activities total \$1,160,802. The largest source of revenue was \$477,442 or 41% from capital charges revenue. Charges for water were the next highest with revenue for the year of \$409,750 or 35%. Refuse and recycling income ranked third with \$196,513 or 17%.

Expenses:

The Village's total business-type activity expenses were \$1,036,482. The four major areas of operating expenses were wages and benefit expenses of \$201,973 or 19% of the total; refuse and recycling expenses of \$192,105 or 19% of the total; utilities of \$30,155 or 3% of the total; interest expense on loans was \$151,049 or 15% of the total; and depreciation of \$247,835 or 24% of the total. These five areas account for \$823,117 or 79% of the total business-type expenses of the Village.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At December 31, 2020, the governmental funds reported a combined fund balance of \$1,931,800, an increase of \$761,452 from the prior period. The General Fund balance increased by \$519,598. All other funds netted an increase of \$241,854.

The Village's cash and equivalents increased by \$754,006 for all governmental funds during the year ended December 31, 2020.

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

General Fund Budgetary Highlights

General Fund	FY 20 Original Budget	FY 20 Final Budget	FY 20 Actual
Revenues:			
Taxes	\$ 1,404,244	1,404,244	1,498,751
Fines and other fees	54,000	54,000	83,333
Other	77,269	77,269	385,214
Total revenues	1,535,513	1,535,513	1,967,298
Expenditures:			
General government	299,735	506,254	364,695
Highways and streets	404,911	416,987	292,942
Public safety	813,867	822,228	642,517
Capital outlay	115,000	112,500	147,546
Total expenditures	1,633,513	1,857,969	1,447,700
Excess of revenues over (under) expenditures	(98,000)	(322,456)	519,598
Other financing sources (uses):			
Transfers in (out)	98,000	98,000	-
Total other financing sources	98,000	98,000	-
Net change in fund balance	\$ -	(224,456)	519,598

CAPITAL ASSETS

As allowed by GASB Statement No. 34, the Village has elected to capitalize its infrastructure assets prospectively. During the current period the Village's capital assets, net of accumulated depreciation decreased by \$283,364. See Note 5 to the financial statements for more details.

Entity Wide Change in Net Capital Assets

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Land	\$ 73,884	73,884	68,264	68,264	142,148	142,148
Buildings and improvements	359,604	359,604	15,000	15,000	374,604	374,604
Equipment and vehicles	678,830	630,775	664,661	660,211	1,343,491	1,290,986
Software	21,564	21,564	10,782	10,782	32,346	32,346
Infrastructure	5,256,667	5,157,176	4,122,969	4,122,970	9,379,636	9,280,146
Construction in progress	-	-	-	-	-	-
Subtotals	6,390,549	6,243,003	4,881,676	4,877,227	11,272,225	11,120,230
Accumulated depreciation	(2,274,123)	(2,086,598)	(1,680,705)	(1,432,870)	(3,954,828)	(3,519,468)
Totals	\$ 4,116,426	4,156,405	3,200,971	3,444,357	7,317,397	7,600,762

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 2021 fiscal year:

- *Assessed valuation, which impacts property tax revenues, will increase by 5.75%

- *The utility tax on electricity, which the Village enacted at the end of 2015, produced \$111,721 in revenue for 2020. Village Ordinance dedicates this revenue to be used to fund street lights 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 approximately \$242,000 in 2020.

In December of 2011, the Village signed an inter-governmental agreement (IGA) with the Rock River Water Reclamation District (RRWRD) transferring the Village's sewage collection and processing system and its operation to the District. This agreement became effective on December 21 2011. According to the agreement, the Village is responsible to pay for costs related to the extension of the Fuller Creek Trunk Sewer to Winnebago, the rehabilitation, conversion, and upgrading of the Village's current collection system, and a Plant-Buy-In (PBI) fee. Seven specific costs or cost estimates with a maximum of 10% above estimates are delineated in the agreement. 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 RRWRD bi-annual payment of \$139,392 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". There will be an intergovernmental agreement to make payments on future costs in 2021.

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 acquired five additional liquor licenses from the current locations in the Benton Street downtown in 2019 and anticipates 1 more license in 2020.

On March 11, 2019 the Village approved Video Gaming. There were 2 months of machine shutdown in 2020 due to the COVID-19 pandemic. The receipts for 2020 were higher than

VILLAGE OF WINNEBAGO, ILLINOIS

Management's Discussion and Analysis

predicted, coming in at \$14,417. 2021 estimates reflect a 100% increase from the previous year.

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.

On March 9th, 2020 Governor J.B. Pritzker declared the State of Illinois a disaster area, in response to the outbreak of the Coronavirus Disease 2019 (COVID-19). On March 21st, for the purposes of health and safety, all Illinois residents were ordered to stay at their residence, all non-essential businesses were ordered to close and all activities were cancelled. The Village anticipated a decline in Sales Tax, Motor Fuel Tax and Income Tax. The Sales Tax receipts were 12% over expectations due to the shut down and citizens spending within Village limits.

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 \$68,122 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 \$203,304 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.

On April 7th, 2020 the Village was hit by a hailstorm which resulted in damage to Village property and many residential homes. The impact to Village property has resulted in insurance payments of \$213,701 to cover damage to 11 municipal buildings. The impact to residential property had Village-issued roofing permits of 835 compared to 26 in 2019.

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, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,906,213	2,099,861	4,006,074
Receivables:			
Property taxes	452,900	–	452,900
Intergovernmental – State of Illinois	165,125	61,136	226,261
Other	30,413	–	30,413
Customers – utility users	–	79,755	79,755
Prepaid items	45,969	17,008	62,977
Due from other funds	–	5,002	5,002
Total current assets	<u>2,600,620</u>	<u>2,262,762</u>	<u>4,863,382</u>
Capital assets not being depreciated	73,884	68,264	142,148
Capital assets (net of accumulated depreciation)	<u>4,042,542</u>	<u>3,132,707</u>	<u>7,175,249</u>
Total assets	<u>6,717,046</u>	<u>5,463,733</u>	<u>12,180,779</u>
Deferred outflows of resources –			
Pension	123,391	31,772	155,163
Total assets and deferred outflows of resources	<u>6,840,437</u>	<u>5,495,505</u>	<u>12,335,942</u>
Liabilities and deferred inflows			
Accounts payable	92,846	81,492	174,338
Accrued payroll	32,231	7,129	39,360
Due to other funds	5,002	–	5,002
Equipment sinking funds	44,500	–	44,500
Current portion of long-term debt	<u>33,688</u>	<u>303,486</u>	<u>337,174</u>
Total current liabilities	<u>208,267</u>	<u>392,107</u>	<u>600,374</u>
Long-term liabilities –			
Net pension liability	27,171	6,759	33,930
Long-term debt, net of current maturities	<u>20,152</u>	<u>6,469,828</u>	<u>6,489,980</u>
Total long-term liabilities	<u>47,323</u>	<u>6,476,587</u>	<u>6,523,910</u>
Deferred inflows of resources			
Property taxes	452,900	–	452,900
Pension	<u>441,887</u>	<u>98,172</u>	<u>540,059</u>
Total deferred inflows of resources	<u>894,787</u>	<u>98,172</u>	<u>992,959</u>
Total liabilities and deferred inflows of resources	<u>1,150,377</u>	<u>6,966,866</u>	<u>8,117,243</u>
Net position			
Net investment in capital assets, net of related debt	4,116,426	2,009,819	6,126,245
Restricted for:			
Highways and streets	312,429	–	312,429
Capital improvements	<u>303,787</u>	<u>–</u>	<u>303,787</u>
	<u>616,216</u>	<u>–</u>	<u>616,216</u>
Unrestricted :			
Undesignated (deficit)	859,018	(3,650,180)	(2,791,162)
Designated for long-term debt	<u>98,400</u>	<u>169,000</u>	<u>267,400</u>
Total unrestricted	<u>957,418</u>	<u>(3,481,180)</u>	<u>(2,523,762)</u>
Total net position	<u>\$ 5,690,060</u>	<u>(1,471,361)</u>	<u>4,218,699</u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Activities

For the Year Ended December 31, 2020

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	\$ 461,097	83,333	127,926	—	(249,838)	—	(249,838)
Public safety	643,620	—	—	—	(643,620)	—	(643,620)
Highway and streets	304,145	—	—	47,064	(257,081)	—	(257,081)
Culture and recreation	24,615	69,026	3,175	—	47,586	—	47,586
Total governmental activities	<u>1,433,477</u>	<u>152,359</u>	<u>131,101</u>	<u>47,064</u>	<u>(1,102,953)</u>	<u>—</u>	<u>(1,102,953)</u>
Business-type activities							
Water and sewer	<u>1,036,482</u>	<u>1,084,416</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,934</u>	<u>47,934</u>
Total business-type activities	<u>1,036,482</u>	<u>1,084,416</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,934</u>	<u>47,934</u>
Total	\$ <u>2,469,959</u>	<u>1,236,775</u>	<u>131,101</u>	<u>47,064</u>	<u>(1,102,953)</u>	<u>47,934</u>	<u>(1,055,019)</u>
General revenues							
Property taxes					\$ 450,749	—	450,749
Sales and use tax					534,330	248,637	782,967
Income tax					341,483	—	341,483
Telecommunications tax					43,948	—	43,948
Personal property replacement tax					22,279	—	22,279
Cannabis tax					2,143	—	2,143
Utility tax					111,420	—	111,420
Motor fuel tax					138,293	—	138,293
Intergovernmental revenue					—	67,232	67,232
Unrestricted investment earnings					5,483	10,683	16,166
Loss on sale of capital assets					8,000	—	8,000
Miscellaneous					<u>245,678</u>	<u>13,654</u>	<u>259,332</u>
Total general revenues					<u>1,903,806</u>	<u>340,206</u>	<u>2,244,012</u>
Operating transfers					<u>—</u>	<u>—</u>	<u>—</u>
Change in net position					800,853	388,140	1,188,993
Net position							
Beginning					4,889,207	(2,345,198)	2,544,009
Prior period adjustment					<u>—</u>	<u>485,697</u>	<u>485,697</u>
Ending					\$ <u>5,690,060</u>	<u>(1,471,361)</u>	<u>4,218,699</u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Balance Sheet Governmental Funds December 31, 2020

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,230,561	303,787	371,865	1,906,213
Receivables:				
Property taxes	452,900	—	—	452,900
Intergovernmental – State of Illinois	165,125	—	—	165,125
Other	10,254	—	20,159	30,413
Prepaid items	45,969	—	—	45,969
Total assets	\$ 1,904,809	303,787	392,024	2,600,620
Liabilities – current				
Accounts payable	91,230	—	1,616	92,846
Accrued payroll	32,231	—	—	32,231
Due to other funds	5,002	—	—	5,002
Equipment sinking funds	38,500	—	6,000	44,500
Deferred revenue	34,189	—	7,152	41,341
Total current liabilities	201,152	—	14,768	215,920
Deferred inflows of resources				
Property taxes	452,900	—	—	452,900
Total liabilities and deferred inflows of resources	654,052	—	14,768	668,820
Fund balances				
Nonspendable – prepaid items	45,969	—	—	45,969
Restricted for highways and streets	—	—	312,429	312,429
Restricted for capital improvements	—	303,787	—	303,787
Committed to community development	—	—	61,426	61,426
Committed to Fourth of July	—	—	3,401	3,401
Unassigned	1,204,788	—	—	1,204,788
Total fund balances	1,250,757	303,787	377,256	1,931,800
Total liabilities, deferred inflows of resources and fund balances	\$ 1,904,809	303,787	392,024	2,600,620

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, 2020

Fund balances of governmental funds	\$ 1,931,800
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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	6,354,338
Accumulated depreciation	(2,237,912)

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

Compensated absences	(44,783)
Pension liability	(478,115)

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

Pension asset	123,391
Telecommunication taxes	34,641
Advance license sales	<u>6,700</u>

Net position of governmental activities	\$ <u>5,690,060</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, 2020

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 1,498,751	—	7,618	1,506,369
Intergovernmental	—	—	—	—
Licenses, fees and permits	83,333	—	68,446	151,779
Motor Fuel Tax allotment	—	—	138,293	138,293
Grants	127,926	—	47,064	174,990
Interest	4,015	379	1,089	5,483
Other	253,273	—	3,580	256,853
Total revenue	<u>1,967,298</u>	<u>379</u>	<u>266,090</u>	<u>2,233,767</u>
Expenditures				
Current:				
General government	364,695	—	—	364,695
Public safety	642,517	—	—	642,517
Highway and streets	292,942	—	—	292,942
Culture and recreation	—	—	24,615	24,615
Capital outlay	147,546	—	—	147,546
Total expenditures	<u>1,447,700</u>	<u>—</u>	<u>24,615</u>	<u>1,472,315</u>
Excess (deficiency) of revenues over (under) expenditures	519,598	379	241,475	761,452
Other financing sources (uses)				
Transfers in (out)	—	—	—	—
Net change in fund balances	519,598	379	241,475	761,452
Fund balances				
Beginning	731,159	303,408	135,781	1,170,348
Ending	<u>\$ 1,250,757</u>	<u>303,787</u>	<u>377,256</u>	<u>1,931,800</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, 2020

Net change in fund balances – total governmental funds	\$	761,452
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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	147,546
Depreciation expense	(187,525)

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

Telecommunication taxes	(17)
Advance license sales	579

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	94,490
Increase in compensated absences	<u>(15,672)</u>

Change in net position of governmental activities	\$	<u>800,853</u>
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See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

Proprietary Fund

December 31, 2020

	Enterprise Fund – Water Fund
Current assets	
Cash and cash equivalents	\$ 2,099,861
Receivables – utility users, net of allowance of \$10,000	79,755
Receivables – grants and sales taxes	61,136
Prepaid items	17,008
Due from other funds	5,002
Total current assets	<u>2,262,762</u>
Noncurrent assets	
Fixed assets, net of accumulated depreciation	<u>3,200,971</u>
Total assets	5,463,733
Deferred outflows of resources – pension	<u>31,772</u>
Total assets and deferred outflows of resources	<u>\$ 5,495,505</u>
 Liabilities – current	
Accounts payable	81,492
Accrued payroll	7,129
Current portion of long-term debt	<u>303,486</u>
Total current liabilities	392,107
 Net pension liability	6,759
Long-term debt, net of current maturities	<u>6,469,828</u>
Total long-term liabilities	6,476,587
Deferred inflows of resources – pension	<u>98,172</u>
Total liabilities and deferred inflows of resources	<u>6,966,866</u>
 Invested in capital assets	2,009,819
Unrestricted:	
Undesignated deficit	(3,650,180)
Designated for long-term debt	<u>169,000</u>
Total unrestricted	<u>(3,481,180)</u>
Total net position (deficit)	<u>(1,471,361)</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, 2020

	<u>Enterprise Fund – Water Fund</u>
Operating revenues	
Refuse and recycling revenue	\$ 196,513
Capital charge – sewer hook-up	477,442
Water revenue	409,750
Water deposit revenue	711
Intergovernmental revenue	67,232
Miscellaneous revenue	<u>9,154</u>
Total operating revenues	<u>1,160,802</u>
Operating expenses	
Water department	596,542
Refuse and recycling expenses	192,105
Depreciation	<u>247,835</u>
Total operating expenses	<u>1,036,482</u>
Operating income	<u>124,320</u>
Non-operating revenues (expenses)	
Interest income	10,683
Gain (loss) on sale of capital assets	–
Miscellaneous income	4,500
1% sales tax income	248,637
Grant revenue	<u>–</u>
Total non-operating revenues (expenses)	<u>263,820</u>
Income before other financing sources (uses)	388,140
Other financing sources (uses) – operating transfers	<u>–</u>
Net increase in net position	388,140
Net position	
Net position – beginning	(2,345,198)
Prior period adjustment	<u>485,697</u>
Net position – ending	\$ <u><u>(1,471,361)</u></u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2020

	Enterprise Fund – <u>Water Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,161,434
Payments to suppliers	(417,943)
Payments to employees	(228,994)
Payments for interest on RRWRD intergovernmental agreement	(113,220)
Payments for interest on IEPA loan	(37,829)
Net cash flows from operating activities	<u>363,448</u>
Cash flows from capital and related financing activities	
Payments for principal on IEPA loan	(109,081)
Payments for principal on RRWRD intergovernmental agreement	(288,310)
Purchase of and construction of fixed assets	(4,450)
Net cash flows from capital financing activities	<u>(401,841)</u>
Cash flows from non-capital financing activities	
Miscellaneous non-operating revenue	4,500
Receipts from 1% sales tax	241,887
Net cash flows from non-capital financing activities	<u>246,387</u>
Cash flows from investing activities	
Interest on investments	10,683
Net cash flows from investing activities	<u>10,683</u>
Operating transfers	<u>–</u>
Net increase in cash and cash equivalents	218,677
Cash and cash equivalents, beginning of year	<u>1,881,184</u>
Cash and cash equivalents, end of year	\$ <u><u>2,099,861</u></u>
Reconciliation of operating loss to net cash provided by operating activities	
Net operating income	124,320
Depreciation expense	247,835
Increase (decrease) in cash flows due to changes in:	
Utility accounts receivable	632
Prepaid expenses	(441)
Deferred pension expense	13,798
Accounts payable	18,103
Accrued payroll	104
Compensated absences	3,767
Pension liability	(44,670)
Net cash flows from operating activities	\$ <u><u>363,448</u></u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

December 31, 2020

(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 units of the Village (the primary government). It includes all activities considered to be part of (controlled by or dependent on) the Village as set forth under GAAP criteria.

(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

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

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

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

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Village:

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

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

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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

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

The Village reports the following major governmental funds:

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

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

The major proprietary fund is:

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

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, savings and money market accounts. As of December 31, 2020, 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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

The property tax calendar for the 2019 tax levy to finance 2020 operations were as follows:

Lien Date	January 1, 2020
Levy Date	December 9, 2019
First Installment Due	June 19, 2020
Second Installment Due	September 4, 2020

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

The Village's 2020 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	0.3932	0.4375
Police Protection	0.4717	0.6000
Chlorination	—	0.0200
IMRF	0.0007	None
Audit	0.0007	None
Liability Insurance	0.0007	None
Total Village	0.8670	

The 2020 tax levy, which attached as an enforceable lien on property as of January 1, 2020, has been recorded as a receivable as of December 31, 2020 as the tax had been levied by the Village and extended by the County but would not collect until fiscal year 2021.

(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

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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.

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, 2020 are recorded as prepaid items. Prepaid items recorded in governmental funds

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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.

(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 2020 which will be collected during 2021 and deferred amounts to be recognized as reductions in pension expense over the next five years.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(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.

(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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(p) Subsequent Events

The Village has assessed events that have occurred subsequent to December 31, 2020 through August 25, 2021 the date the financial statements were available to be issued for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

(2) 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, 2020, 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.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(3) Property Taxes Receivable

Property taxes for 2019 attached as an enforceable lien on January 1, 2019, 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, 2020, and were payable in two installments on or about June 19, 2020 and September 4, 2020. 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 2020 tax levy has been recorded as a receivable and deferred revenue on the financial statements.

(4) Deferred Revenue

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

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable –			
General Fund	\$ 452,900	-	452,900
Other governmental units:			
General Fund	34,189	-	34,189
Other governmental funds	7,152	-	7,152
Total deferred revenue	<u>\$ 494,241</u>	<u>-</u>	<u>494,241</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(5) Capital Assets

The governmental activities capital asset activity for year ended December 31, 2020 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated -				
Land	73,884	-	-	73,884
Capital assets being depreciated -				
Buildings and improvements	359,604	-	-	359,604
Equipment and vehicles	630,775	48,055	36,211	642,619
Software	21,564	-	-	21,564
Infrastructure	5,157,176	99,491	-	5,256,667
Total capital assets being depreciated	6,169,119	147,546	36,211	6,280,454
Accumulated depreciation	(2,086,598)	(187,525)	(36,211)	(2,237,912)
Total capital assets being depreciated, net	4,082,521	(39,979)	-	4,042,542
Governmental activities capital assets, net	4,156,405	(39,979)	-	4,116,426

The business-type activities capital asset activity for the year ended December 31, 2020 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 68,264	-	-	68,264
Capital assets being depreciated:				
Buildings and improvements	15,000	-	-	15,000
Equipment and vehicles	660,211	4,450	-	664,661
Software	10,782	-	-	10,782
Infrastructure	4,122,969	-	-	4,122,969
Total capital assets being depreciated	4,808,962	4,450	-	4,813,412
Accumulated depreciation	(1,432,870)	(247,835)	-	(1,680,705)
Total capital assets being depreciated, net	3,376,092	(243,385)	-	3,132,707
Business-type activities capital assets, net	\$ 3,444,356	(243,385)	-	3,200,971

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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

Governmental activities:	
General government	\$ 14,027
Public safety	19,158
Highway and streets	154,340
Total governmental activities, depreciation expense	<u>\$ 187,525</u>
Business-type activities - Water operations	<u>\$ 247,835</u>

(6) Inter-Fund Transfers

No inter-fund transfers were made during the year ended December 31, 2020.

(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 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).

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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.

Employees Covered by Benefit Terms

As of December 31, 2020, 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	11
Total	<u>28</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 2020 was 12.16%. For the fiscal year ended December 31, 2020, the Village contributed \$82,073 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- 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.
- 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:

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	37.00%	5.00%
International equity	18.00%	6.00%
Fixed income	28.00%	1.30%
Real estate	9.00%	6.20%
Alternative investments	7.00%	2.85%-6.95%
Cash equivalents	1.00%	0.70%
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 2.00%, 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, 2019	\$ 3,033,447	2,599,510	433,937
Changes for the year:			
Service cost	80,782	-	80,782
Interest on the total pension liability	218,928	-	218,928
Differences between expected and actual experience of the total pension liability	(190,134)	-	(190,134)
Changes of assumptions	(23,299)	-	(23,299)
Contributions – employer	-	82,056	(82,056)
Contributions – employees	-	30,366	(30,366)
Net investment income (loss)	-	361,353	(361,353)
Benefit payments, including refunds of employee contributions	(108,280)	(108,280)	-
Other (net transfer)	-	2,259	(2,259)
Net changes	(22,003)	367,754	(389,757)
Balances at December 31, 2020	\$ 3,011,444	2,967,264	44,180

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	\$ 3,394,281	3,011,444	2,702,417
Plan fiduciary net position	2,967,264	2,967,264	2,967,264
Net pension liability (asset)	\$ 427,017	44,180	(264,847)

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, 2020, the Village recognized pension expense of \$82,073. At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 4,693	180,308
Changes of assumptions	41,096	43,531
Net difference between projected and actual earnings on pension plan investments	<u>109,374</u>	<u>316,220</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>155,163</u>	<u>540,059</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
	<u>\$ 155,163</u>	<u>540,059</u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$ (123,020)
2022	(75,098)
2023	(131,051)
2024	(55,727)
2025	-
Thereafter	-
	<u>\$ (384,896)</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(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.

(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, 2020 consist of the following:

	<u>2020</u>	<u>Current Portion</u>
Governmental activities:		
Compensated absences - Governmental activities	\$ 44,783	24,631
Pension liability - IMRF	<u>36,228</u>	<u>9,057</u>
	81,011	<u>33,688</u>
less current portion	<u>(33,688)</u>	
	<u>\$ 47,323</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

	<u>2020</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, due January 20, 2034, interest rate is 1.995%	\$ 1,191,152	37,088
Intergovernmental agreement - Rock River Water Reclamation District (RRWRD), original debt of \$4,675,725, for sewer system, Total principal and interest payments of \$541,246, due Jan. 20 and July 20, maturing July 20, 2038, interest rate is 1.75%	4,288,701	204,593
Intergovernmental agreement - Rock River Water Reclamation District, original debt of \$1,374,543 of \$1,374,543, for sewer system, Total principal and interest payments of \$40,915, due Feb. 28 and Aug. 31, maturing Feb. 28, 2039, interest rate is 1.76%	1,287,323	59,434
Compensated absences - Business-type activities	4,945	1,178
Pension liability - IMRF	7,952	1,193
	<u>6,780,073</u>	<u>303,486</u>
less current portion	<u>(303,486)</u>	
	<u>\$ 6,476,587</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Future debt obligations at December 31, 2020 under IEPA notes payable are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2021	\$ 37,088	11,882	48,970
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
2026-2030	424,230	65,469	489,699
2031-2035	419,498	21,201	440,699
Total	<u>\$ 1,191,152</u>	<u>179,976</u>	<u>1,371,128</u>

Future debt obligations at December 31, 2020 under the RRWRD intergovernmental agreement are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2021	\$ 204,593	74,149	278,741
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
2026-2030	1,156,009	237,698	1,393,708
2031-2035	1,261,238	132,470	1,393,708
2036-2040	811,893	25,023	836,916
Total	<u>\$ 4,288,701</u>	<u>729,339</u>	<u>5,018,040</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Year ending December 31:	Principal	Interest	Total Payment
2021	\$ 59,434	22,397	81,831
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
2026-2030	336,052	73,099	409,151
2031-2035	366,824	42,327	409,151
2036-2039	276,584	9,821	286,405
Total	<u>\$ 1,287,323</u>	<u>226,537</u>	<u>1,513,860</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, 2020, was as follows:

	Beginning Balance	New Increases	Decreases	Ending Balance	Amount due within one year
Governmental activities:					
Compensated absences	\$ 29,111	44,783	29,111	44,783	24,631
Pension liability – IMRF	347,900	-	311,672	36,228	9,057
	<u>\$ 377,011</u>	<u>44,783</u>	<u>340,783</u>	<u>81,011</u>	<u>33,688</u>
Business-type activities:					
Notes payable – IEPA	\$ 1,300,233	-	109,081	1,191,152	37,088
Due to RRWRD	4,489,791	-	201,090	4,288,701	204,593
Due to RRWRD	1,860,240	-	572,917	1,287,323	59,434
Compensated absences	1,178	4,945	1,178	4,945	1,178
Pension liability – IMRF	86,037	-	78,085	7,952	1,193
	<u>\$ 7,737,479</u>	<u>4,945</u>	<u>962,351</u>	<u>6,780,073</u>	<u>303,486</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(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 2020, the statutory limit of the Village was \$4,499,314. The long-term obligations discussed above (Note 10) are not subject to the statutory limitation. Thus, the Village's legal debt margin is also \$4,499,314.

(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 2020 were \$40,543. Rebates remaining to be paid to the developer as of December 31, 2020 are \$285,135.

(13) Intergovernmental Agreement with Rock River Water Reclamation District

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

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

In addition the Village must pay the District a one-time plant buy in fee of \$676,371 covering 1415 properties currently "served" by the Village's system. This fee was paid during fiscal year 2016 when the construction contract for extension of the Fuller Creek trunkline west of Meridian Road was awarded. Total costs to complete this project, including plant buy in fee, as indicated in the IGA is approximately \$10.6 million with a

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

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 the District quarterly based on water usage information from the Village water department.

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

(14) Changes in Beginning Net Position/Fund Balances

A prior period adjustment of net assets and long-term liabilities related to the Fuller Phase D & F loan with the Rock River Water Reclamation District is reflected in the government-wide statement of activities and the proprietary fund statement of revenues, expenses, and changes in net position due the original loan balance being determined based on an estimated project cost. Upon completion of the project the Village's portion of the Fuller Phase D & F loan balance was \$485,697 less than originally recorded.

(15) Fund Deficit

There are no individual governmental funds with a deficit fund balance as of December 31, 2020. However, with the accrual of the estimated amounts due to Rock River Water Reclamation District under the intergovernmental agreement as discussed in Note 13, the Village's Water Fund has a deficit balance of \$1,471,361.

VILLAGE OF WINNEBAGO, ILLINOIS

Required Supplementary Information

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

For the Year Ended December 31, 2020

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues					
Taxes	\$	1,404,244	1,404,244	1,498,751	94,507
Fines and other fees		54,000	54,000	83,333	29,333
Other		<u>77,269</u>	<u>77,269</u>	<u>385,214</u>	<u>307,945</u>
Total revenues		<u>1,535,513</u>	<u>1,535,513</u>	<u>1,967,298</u>	<u>431,785</u>
Expenditures					
Current:					
General government		299,735	506,254	364,695	(141,559)
Highways and streets		404,911	416,987	292,942	(124,045)
Public safety		813,867	822,228	642,517	(179,711)
Capital outlay		<u>115,000</u>	<u>112,500</u>	<u>147,546</u>	<u>35,046</u>
Total expenditures		<u>1,633,513</u>	<u>1,857,969</u>	<u>1,447,700</u>	<u>(410,269)</u>
Excess (deficiency) of revenues over (under) expenditures					
		(98,000)	(322,456)	519,598	842,054
Other financing sources (uses)					
Transfer in (out)		<u>98,000</u>	<u>98,000</u>	<u>—</u>	<u>(98,000)</u>
Net change in fund balance	\$	<u>—</u>	<u>(224,456)</u>	519,598	<u>744,054</u>
Fund balance					
Beginning				<u>731,159</u>	
Ending			\$	<u>1,250,757</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

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

Debt Service Fund

For the Year Ended December 31, 2020

		Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues					
Property taxes	\$	—	—	—	—
Interest		<u>1,500</u>	<u>1,500</u>	<u>379</u>	<u>(1,121)</u>
Total revenues		<u>1,500</u>	<u>1,500</u>	<u>379</u>	<u>(1,121)</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		1,500	1,500	379	(1,121)
Other financing sources (uses)					
Transfer in (out)		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	\$	<u>1,500</u>	<u>1,500</u>	379	<u>(1,121)</u>
Fund balance					
Beginning				303,408	
Ending			\$	<u>303,787</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Required Supplementary Information

December 31, 2020

Legal Compliance and Accountability

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

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

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

VILLAGE OF WINNEBAGO, ILLINOIS

Required Supplementary Information Schedule of Changes in the Net Pension Liability and Related Ratios Illinois Municipal Retirement Fund

December 31, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 80,782	82,110	75,969	80,704	80,998	79,745	77,405
Interest on the total pension liability	218,928	208,419	194,396	188,832	176,387	163,711	145,732
Differences between expected and actual experience of the total pension liability	(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	(108,280)	(102,759)	(87,553)	(78,654)	(78,867)	(71,520)	(67,652)
Net change in total pension liability	(22,003)	148,376	287,335	80,998	153,372	172,966	244,383
Total pension liability – beginning	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)	3,011,444	3,033,447	2,885,071	2,597,736	2,516,738	2,363,366	2,190,400
Plan fiduciary net position							
Contributions – employer	82,056	81,721	92,529	89,741	91,570	91,903	79,505
Contributions – employee	30,366	33,042	33,525	32,127	31,845	31,260	29,790
Net investment income (loss)	361,353	394,985	(104,038)	325,276	119,387	8,291	92,605
Benefit payments, including refunds of employee contributions	(108,280)	(102,759)	(87,553)	(78,654)	(78,867)	(71,520)	(67,652)
Other (net transfer)	2,259	3,822	29,647	(31,247)	7,547	23,627	763
Net change in plan fiduciary net position	367,754	410,811	(35,890)	337,243	171,482	83,561	135,011
Plan fiduciary net position – beginning	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)	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)	\$ 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	98.53%	85.69%	75.86%	85.64%	74.99%	72.60%	74.52%
Covered valuation payroll	\$ 674,801	734,254	745,007	713,938	707,659	694,662	681,523
Net pension liability as a percentage of covered valuation payroll	6.55%	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

Required Supplementary Information

Multiyear Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2020

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)
12/31/20	\$	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, 2020

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 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 2020 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): 23-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, 2020

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, 2018 actuarial valuation

VILLAGE OF WINNEBAGO, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2020

		Special Revenue Funds			Total
		Community Development Fund	Fourth of July Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$	66,329	3,401	302,135	371,865
Accounts receivable		9,865	—	10,294	20,159
Total assets	\$	<u>76,194</u>	<u>3,401</u>	<u>312,429</u>	<u>392,024</u>
Liabilities					
Accounts payable		1,616	—	—	1,616
Equipment sinking funds		6,000	—	—	6,000
Deferred revenue – taxes		7,152	—	—	7,152
Total liabilities		<u>14,768</u>	<u>—</u>	<u>—</u>	<u>14,768</u>
Fund balances					
Restricted for highways streets and bridges		—	—	312,429	312,429
Committed to community development		61,426	—	—	61,426
Committed to Fourth of July		—	3,401	—	3,401
Total fund balances		<u>61,426</u>	<u>3,401</u>	<u>312,429</u>	<u>377,256</u>
Total liabilities and fund balances	\$	<u>76,194</u>	<u>3,401</u>	<u>312,429</u>	<u>392,024</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2020

	Special Revenue Funds			Total
	Community Development Fund	Fourth of July Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds
Revenues				
Taxes	\$ 7,618	—	—	7,618
Motor fuel tax allotment	—	—	138,293	138,293
Grants	—	—	47,064	47,064
Fees and charges	68,446	—	—	68,446
Interest	94	5	990	1,089
Other	405	3,175	—	3,580
Total revenue	<u>76,563</u>	<u>3,180</u>	<u>186,347</u>	<u>266,090</u>
Expenditures				
Culture and recreation –				
Current	24,590	25	—	24,615
Capital outlay	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>24,590</u>	<u>25</u>	<u>—</u>	<u>24,615</u>
Excess (deficiency) of revenues over (under) expenditures	51,973	3,155	186,347	241,475
Other financing sources (uses)				
Transfer in (out)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	51,973	3,155	186,347	241,475
Fund balances				
Beginning	<u>9,453</u>	<u>246</u>	<u>126,082</u>	<u>135,781</u>
Ending	<u>\$ 61,426</u>	<u>3,401</u>	<u>312,429</u>	<u>377,256</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, 2020

		Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues					
Telecommunications taxes	\$	9,020	9,020	7,618	(1,402)
Fees and charges		97,400	97,400	68,446	(28,954)
Interest		1,200	1,200	94	(1,106)
Other		500	500	405	(95)
Total revenues		<u>108,120</u>	<u>108,120</u>	<u>76,563</u>	<u>(31,557)</u>
Expenditures					
Culture and recreation:					
Contractual services:					
Presidential project		1,000	1,000	650	(350)
Code enforcement officer		11,550	11,550	11,520	(30)
Legal expenses		15,000	15,000	4,490	(10,510)
Dues		2,000	2,000	145	(1,855)
Development escrow refund		10,000	10,000	2,087	(7,913)
Park equipment sinking fund		2,000	2,000	2,000	–
Engineering		3,500	3,500	894	(2,606)
Electricity		1,000	1,000	445	(555)
Community projects		5,000	5,000	1,700	(3,300)
Supplies – community expenses		2,000	2,000	659	(1,341)
Capital outlay		–	–	–	–
Total expenditures		<u>53,050</u>	<u>53,050</u>	<u>24,590</u>	<u>(28,460)</u>
Excess (deficiency) of revenues over (under) expenditures		55,070	55,070	51,973	(3,097)
Other financing sources (uses)					
Transfer in (out)		(15,000)	(15,000)	–	15,000
Net change in fund balance	\$	<u>40,070</u>	<u>40,070</u>	51,973	<u>11,903</u>
Fund balance					
Beginning				9,453	
Ending			\$	<u>61,426</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, 2020

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues					
Donations and other	\$	7,000	7,000	3,175	(3,825)
Interest		<u>—</u>	<u>—</u>	<u>5</u>	<u>5</u>
Total revenues		<u>7,000</u>	<u>7,000</u>	<u>3,180</u>	<u>(3,820)</u>
Expenditures					
Culture and recreation –					
Fourth of July expenses		<u>20,500</u>	<u>20,500</u>	<u>25</u>	<u>(20,475)</u>
Total expenditures		<u>20,500</u>	<u>20,500</u>	<u>25</u>	<u>(20,475)</u>
Excess (deficiency) of revenues over (under) expenditures					
		(13,500)	(13,500)	3,155	16,655
Other financing sources (uses)					
Transfer in (out)		<u>15,000</u>	<u>15,000</u>	<u>—</u>	<u>(15,000)</u>
Net change in fund balance					
	\$	<u>1,500</u>	<u>1,500</u>	3,155	<u>1,655</u>
Fund balance					
Beginning				<u>246</u>	
Ending			\$	<u>3,401</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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues				
Intergovernmental –				
Motor fuel taxes	\$ 79,000	79,000	138,293	59,293
Grants	55,000	55,000	47,064	(7,936)
Interest	<u>1,000</u>	<u>1,000</u>	<u>990</u>	<u>(10)</u>
Total revenues	<u>135,000</u>	<u>135,000</u>	<u>186,347</u>	<u>51,347</u>
Expenditures				
Highways and streets:				
Highways, street and bridges	–	–	–	–
Engineering	–	–	–	–
Capital outlay	<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	135,000	135,000	186,347	51,347
Other financing sources (uses)				
Transfer in (out)	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net change in fund balance	\$ <u>135,000</u>	<u>135,000</u>	186,347	<u>51,347</u>
Fund balance				
Beginning			<u>126,082</u>	
Ending		\$	<u>312,429</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Property taxes	\$ 452,244	452,244	450,749	(1,495)
Sales taxes	348,500	348,500	399,757	51,257
State income tax	324,000	324,000	341,483	17,483
Telecommunications tax	45,000	45,000	38,088	(6,912)
Local use tax	95,000	95,000	132,832	37,832
Cannabis tax	–	–	2,143	2,143
Utility tax	115,000	115,000	111,420	(3,580)
Replacement tax	24,500	24,500	22,279	(2,221)
Total taxes	<u>1,404,244</u>	<u>1,404,244</u>	<u>1,498,751</u>	<u>94,507</u>
Licenses, fees and permits	20,000	20,000	56,762	36,762
Police fines	34,000	34,000	26,571	(7,429)
Total fines and other fees	<u>54,000</u>	<u>54,000</u>	<u>83,333</u>	<u>29,333</u>
Other revenue:				
Grants	–	–	127,926	127,926
Interest	15,000	15,000	4,015	(10,985)
Miscellaneous	62,269	62,269	253,273	191,004
Total other revenue	<u>77,269</u>	<u>77,269</u>	<u>385,214</u>	<u>307,945</u>
Total revenues	<u>\$ 1,535,513</u>	<u>1,535,513</u>	<u>1,967,298</u>	<u>431,785</u>
Expenditures				
General government:				
Office salaries	39,256	39,256	44,110	4,854
Treasurer	37,662	37,662	38,549	887
Salaries – elected officials	27,000	27,000	26,950	(50)
Payroll taxes	8,883	9,390	11,340	1,950
Employee benefits	23,391	23,391	22,361	(1,030)
Employee welfare	1,200	1,200	324	(876)
Office equipment	8,348	9,128	9,305	177
Professional services	19,100	18,350	14,481	(3,869)
Engineering	5,000	5,000	4,380	(620)
Legal services	27,500	32,500	39,402	6,902
Inspection fees	16,000	63,000	30,658	(32,342)
Postage	1,200	1,200	767	(433)
Telephone	2,361	2,361	2,598	237
Publishing	1,000	1,000	599	(401)
Printing	4,000	4,000	2,360	(1,640)
Dues	1,550	1,550	1,644	94
Travel	2,000	1,950	–	(1,950)

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
General government (continued):				
Training and conferences	\$ 2,000	2,000	150	(1,850)
Office maintenance	10,000	5,000	4,866	(134)
Audit and accounting services	14,664	14,664	14,600	(64)
Liability insurance	5,600	5,600	5,060	(540)
Hail damage	–	56,721	26,057	(30,664)
Office supplies	2,500	2,270	2,315	45
Foreign fire insurance	–	–	–	–
Building water usage	150	150	267	117
Grants	–	102,341	15,778	(86,563)
Miscellaneous expense	500	700	780	80
Sullivan's payback agreement	34,500	34,500	40,543	6,043
Property tax refunds	832	832	843	11
Equipment sinking fund	2,500	2,500	2,500	–
WINGIS	600	600	581	(19)
Capital outlay – equipment	–	–	–	–
Contingency	438	438	527	89
Total general government	<u>299,735</u>	<u>506,254</u>	<u>364,695</u>	<u>(141,559)</u>
Highways and streets:				
Salaries	102,748	102,748	106,648	3,900
Employee benefits	41,276	41,276	39,693	(1,583)
Payroll taxes	7,860	8,906	9,125	219
Maintenance – buildings	8,000	8,000	1,485	(6,515)
Maintenance – vehicles	8,000	8,000	5,060	(2,940)
Maintenance – streets and sidewalks	94,000	94,000	33,837	(60,163)
Maintenance – equipment	8,500	8,500	4,645	(3,855)
Maintenance – service	1,500	1,500	1,452	(48)
Office & computer equipment	1,000	1,000	890	(110)
Professional fees	150	100	–	(100)
Engineering	10,000	10,000	2,855	(7,145)
Telephone	1,727	1,727	1,915	188
Electricity	35,000	46,080	55,218	9,138
Supplies	3,500	3,500	2,850	(650)
Gas and oil	10,000	10,000	8,193	(1,807)
Tree removal	8,000	8,000	8,450	450
Liability insurance	12,000	12,000	9,589	(2,411)
WINGIS	600	600	581	(19)
MS4 upgrades and repairs	1,050	1,050	456	(594)
Street projects	50,000	50,000	–	(50,000)
Capital outlay – equipment	63,000	63,000	99,491	36,491
Total highways and streets	<u>467,911</u>	<u>479,987</u>	<u>392,433</u>	<u>(87,554)</u>

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Detailed Revenues and Expenditures – Budget and Actual

General Fund

For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Expenditures (Continued)				
Public safety:				
Office salaries	\$ 6,513	6,513	5,633	(880)
Police chief	88,916	88,916	66,088	(22,828)
Full time officers	294,951	277,424	241,014	(36,410)
Part time officers	15,000	15,000	12,506	(2,494)
Police overtime	11,601	29,128	29,790	662
Senior resource officer	33,836	33,836	–	(33,836)
Payroll taxes	35,155	39,516	31,879	(7,637)
Employee benefits	184,025	184,025	136,714	(47,311)
Uniforms	5,500	5,500	3,113	(2,387)
Computers and equipment	2,000	2,000	1,901	(99)
Records management	5,000	5,000	4,477	(523)
Professional services	18,627	18,627	16,044	(2,583)
Vehicle maintenance	10,500	10,500	4,306	(6,194)
911 dispatch service	22,500	22,500	22,462	(38)
Legal	12,800	12,800	9,949	(2,851)
Postage	250	250	56	(194)
Telephone	3,781	3,781	3,874	93
Publishing and printing	250	450	84	(366)
Dues	650	650	310	(340)
Travel	275	275	18	(257)
Liability insurance	27,100	27,100	27,887	787
Water	125	125	68	(57)
Gas and oil	13,500	13,500	7,892	(5,608)
Grants	–	–	–	–
Miscellaneous	1,725	1,525	1,447	(78)
Alert-leads user fee	2,000	4,500	3,500	(1,000)
Police garage maintenance	3,000	3,000	25	(2,975)
Pre-employment physical	1,200	1,200	1,462	262
Small equipment	4,500	6,000	6,649	649
WINGIS	300	300	290	(10)
Equipment sinking fund	–	–	–	–
Training	8,287	8,287	3,079	(5,208)
Capital outlay - equipment	52,000	49,500	48,055	(1,445)
Total public safety	<u>865,867</u>	<u>871,728</u>	<u>690,572</u>	<u>(181,156)</u>
 Total expenditures	 \$ <u>1,633,513</u>	 <u>1,857,969</u>	 <u>1,447,700</u>	 <u>(410,269)</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, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating revenues				
Water service income	\$ 394,920	394,920	408,250	13,330
Capital charge – sewer hook-up	469,000	469,000	477,442	8,442
Water hook-up fees	15,000	15,000	1,500	(13,500)
Sewer hook-up fees	53,535	53,535	–	(53,535)
Water deposit revenue	2,000	2,000	711	(1,289)
Garbage charges	195,180	195,180	196,513	1,333
Recapture and impact fees	18,981	18,981	–	(18,981)
Intergovernmental income	68,610	68,610	67,232	(1,378)
Miscellaneous revenue	16,500	16,500	9,154	(7,346)
Total operating revenues	1,233,726	1,233,726	1,160,802	(72,924)
Operating expenses				
Office salary	41,209	41,209	45,664	4,455
Rock 39 salary	–	–	–	–
Part-time wages	1,500	2,000	2,755	755
Meter reader	21,543	21,543	19,381	(2,162)
Plant operator	60,925	60,925	64,800	3,875
Public works wages	30,673	30,673	30,911	238
Health insurance	39,236	39,196	37,066	(2,130)
Payroll taxes	12,203	13,523	13,706	183
Employee benefits	18,769	18,769	18,582	(187)
IMRF – GASB 68	–	–	(30,872)	(30,872)
Building water usage	500	600	769	169
Alarm system	1,233,226	2,780	3,839	1,059
Chemicals	6,000	6,000	5,182	(818)
Engineering	15,000	15,000	3,372	(11,628)
Garbage expense	192,000	192,000	192,105	105
Liability insurance	15,000	15,000	14,183	(817)
Equipment maintenance	12,000	12,000	13,075	1,075
Office and computer equipment	5,000	5,000	1,422	(3,578)
Operating supplies	45,000	45,000	50,513	5,513
Postage	4,000	4,000	4,586	586
Pre-employment physical	600	600	118	(482)
Printing	1,500	1,500	1,812	312
Professional fees	2,500	2,500	2,879	379

(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, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating expenses (continued)				
Publishing/advertising	\$ 1,000	1,000	288	(712)
WINGIS	1,500	1,500	1,452	(48)
Rental and small equipment	6,500	6,500	2,357	(4,143)
Special audit	–	–	–	–
Telephone	2,700	2,700	2,505	(195)
Travel and training	6,000	6,000	752	(5,248)
Utilities	33,800	33,800	30,155	(3,645)
Water analysis	3,500	6,500	5,300	(1,200)
EPA permit fees	500	500	–	(500)
Fuel, grease and oil	12,000	12,000	7,410	(4,590)
Recapture fees	18,981	18,981	–	(18,981)
Impact fees	–	–	–	–
Water sewer upgrade	75,000	75,000	61,984	(13,016)
Water refunds	–	–	25	25
Grant expense	–	–	–	–
Sullivan's payback agreement	12,130	12,130	14,053	1,923
IEPA – interest expense	97,940	97,940	37,829	(60,111)
RRWRD – interest expense	401,409	401,409	113,220	(288,189)
Equipment sinking fund	–	–	–	–
Depreciation	220,000	220,000	247,835	27,835
Contingency	42,509	38,909	15,469	(23,440)
Capital outlay	52,500	52,500	–	(52,500)
Total operating expenses	<u>2,746,353</u>	<u>1,517,187</u>	<u>1,036,482</u>	<u>(480,705)</u>
Operating income	<u>(1,512,627)</u>	<u>(283,461)</u>	<u>124,320</u>	<u>407,781</u>
Nonoperating income (expense)				
Interest income	25,000	25,000	10,683	(14,317)
Gain (loss) on disposal of assets	–	–	–	–
Miscellaneous income	4,500	4,500	4,500	–
1% sales tax income	228,677	228,677	248,637	19,960
Grant revenue	–	–	–	–
Total nonoperating income (expenses)	<u>258,177</u>	<u>258,177</u>	<u>263,820</u>	<u>5,643</u>
Income before other financing sourc	<u>(1,254,450)</u>	<u>(25,284)</u>	<u>388,140</u>	<u>413,424</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, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating financing sources –				
Operating transfers	24,004	24,004	–	(24,004)
Total other financing sources (uses)	24,004	24,004	–	(24,004)
 Change in net assets	 \$ (1,230,446)	 (1,280)	388,140	 <u>389,420</u>
Net position				
Beginning			(2,345,198)	
Prior period adjustment			<u>485,697</u>	
Ending			\$ <u>(1,471,361)</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Assessed Valuations, Property Tax Rates, Extensions and Collections

December 31, 2020

	Tax Years				
	2020	2019	2018	2017	2016
Assessed valuations	\$ <u>52,165,958</u>	<u>49,329,699</u>	<u>47,548,879</u>	<u>45,667,251</u>	<u>44,384,130</u>
Property tax rates (per \$100 of assessed valuation):	Max	Actual	Actual	Actual	Actual
General	0.4375	0.3932	0.4086	0.4135	0.4214
General – Audit	–	0.0007	0.0007	0.0005	0.0006
General – Liability	–	0.0007	0.0007	0.0005	0.0006
Police	0.6000	0.4717	0.4838	0.4939	0.5034
IMRF	–	0.0007	0.0007	0.0005	0.0006
Total tax rate		<u>0.8670</u>	<u>0.8945</u>	<u>0.9089</u>	<u>0.9266</u>
Property tax extensions:					
General		205,117	201,561	196,615	192,442
General – Audit		365	345	238	274
General – Liability		365	345	238	274
Police		246,067	238,657	234,844	229,889
IMRF		365	345	238	274
	\$	<u>452,279</u>	<u>441,253</u>	<u>432,173</u>	<u>423,153</u>
Property tax collections:**					
General		–	201,236	195,944	192,197
General – Audit		–	345	237	274
General – Liability		–	345	237	274
Police		–	238,272	234,043	229,598
IMRF		–	345	237	274
	\$	<u>–</u>	<u>440,543</u>	<u>430,698</u>	<u>422,617</u>
Percentage of extensions collected		<u>–</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, 2020

		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assessed Valuation	\$	<u>52,165,958</u>	<u>49,329,699</u>	<u>47,548,879</u>	<u>45,667,251</u>
Statutory Debt Limitation (8.625 % of Assessed Valuation)		4,499,314	4,254,687	4,101,091	3,938,800
Outstanding debt subject to debt limitation – None		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal Debt Margin	\$	<u>4,499,314</u>	<u>4,254,687</u>	<u>4,101,091</u>	<u>3,938,800</u>