

**VILLAGE OF WINNEBAGO**  
**Winnebago, Illinois**

Annual Financial Report

December 31, 2022

(With Independent Auditor's Report Thereon)

VILLAGE OF WINNEBAGO, ILLINOIS

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# BENNING GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditor's Report

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois (the Village) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Winnebago, Illinois, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **Other Information**

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

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

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

*Penning Group, LLC*

Freeport, Illinois  
July 26, 2023

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

December 31, 2022 (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, 2022.

#### **FINANCIAL HIGHLIGHTS**

- Net position and performance in total – The Village's total net position on December 31, 2022 was \$7,087,233.
- Government activity summary – Net position for governmental activities increased by \$852,874 during fiscal 2022.
- Business-type activity summary – Net position for business-type activities increased by \$575,015 during fiscal 2022 to (\$16,279) from (\$591,294) in 2021.
- General Fund summary – The Village's General Fund reported an increase of \$278,309 in fund balance for the period.
- Budget vs. actual – The Village's actual total revenues for the General Fund were \$424,979 more than the budgeted revenues. The actual expenditures were \$341,640 less than total budgeted expenditures for the General Fund.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**VILLAGE OF WINNEBAGO, ILLINOIS**

Management’s Discussion and Analysis

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

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

**Government-Wide Statements**

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which add to a total for the Primary Government. The focus of the Statement of Net Position is designed to disclose bottom line results for the Village and its governmental and business-type activities. This statement combines and consolidates the governmental fund’s current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

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

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

### **Fund Financial Statements**

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

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

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

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

### **Infrastructure Assets**

Historically, a government's largest group of assets (infrastructure – streets, storm sewers, etc.) had not been reported nor depreciated in governmental financial statements. GASB Statement No. 34 required that these assets be valued and reported within the governmental column of the government-wide statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful lives or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity.

If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The Village has elected to depreciate assets over their useful life. If a project is considered maintenance – a recurring cost that does not extend the asset's original useful life or expand its capacity – the cost of the project will be expensed. An “overlay” of a street will be considered maintenance whereas a “rebuild” of a street will be capitalized.

### **FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

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

#### **Statement of Net Position**

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

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current and other assets	\$ 3,888,922	2,951,878	2,023,495	1,658,437	5,912,417	4,610,315
Capital assets	4,436,872	4,295,808	5,161,390	5,351,948	9,598,262	9,647,756
<b>Total assets</b>	<b>8,325,794</b>	<b>7,247,686</b>	<b>7,184,885</b>	<b>7,010,385</b>	<b>15,510,679</b>	<b>14,258,071</b>
Deferred outflows of resources	439,834	185,902	178,329	59,856	618,163	245,758
<b>Total assets and deferred outflows of resources</b>	<b>8,765,628</b>	<b>7,433,588</b>	<b>7,363,214</b>	<b>7,070,241</b>	<b>16,128,842</b>	<b>14,503,829</b>
Liabilities	471,493	206,713	482,526	386,094	954,019	592,807
Liabilities – non-current	368,308	47,934	6,846,791	7,172,092	7,215,099	7,220,026
Deferred inflows of resources	822,315	928,303	50,176	103,349	872,491	1,031,652
<b>Total liabilities and deferred inflows of resources</b>	<b>1,662,116</b>	<b>1,182,950</b>	<b>7,379,493</b>	<b>7,661,535</b>	<b>9,041,609</b>	<b>8,844,485</b>
Net position:						
Net investment in capital assets	4,436,872	4,295,808	4,082,615	5,351,948	8,519,487	9,647,756
Restricted	863,797	458,383	–	–	863,797	458,383
Unrestricted	1,802,843	1,496,447	(4,098,894)	(5,943,242)	(2,296,051)	(4,446,795)
<b>Total net position</b>	<b>\$ 7,103,512</b>	<b>6,250,638</b>	<b>(16,279)</b>	<b>(591,294)</b>	<b>7,087,233</b>	<b>5,659,344</b>

For more detailed information see the Statement of Net Position.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

#### **Normal Impacts – Net Position**

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

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

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

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

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

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

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

#### **Current Year Impacts – Net Position**

The Village's combined net position at December 31, 2022 was \$7,087,233 for all funds. The increase was \$1,427,889. Total assets increased from \$14,258,071 to \$15,510,679, an increase of \$1,252,608. Current assets increased by \$1,302,102. The capital assets (net) decreased by \$49,494. Total deferred outflows of resources increased by \$372,405.

The total liabilities and deferred inflows of resources increased by \$197,124, which is attributed to an increase in due to other funds by \$208,517, increase in long-term debt and net pension liability by \$111,974. The deferred inflow of resources decreased by \$159,161.

The net position of business-type activities increased by \$575,015 during the period and ended at (\$16,279). Unrestricted net position, available to finance the continuing operation of its business-type activities, was (\$4,098,894). The operating cost of the Village's business-type activities for the year ended December 31, 2022, was \$1,174,643.

The total net position at December 31, 2022 was \$7,087,233, of which \$8,519,487 is in investment in capital assets, another \$863,797 or 12% is restricted for capital improvements and highways and streets. The remaining is a deficit position of (\$2,296,051), which is an increase of \$2,150,744 from the unrestricted net position of (\$4,446,795) at December 31, 2021.

**VILLAGE OF WINNEBAGO, ILLINOIS**

Management’s Discussion and Analysis

**Statement of Changes in Net Position**

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

**Table 2  
Changes in Net Position  
As of December 31, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 146,435	\$ 160,517	\$ 1,146,067	\$ 1,136,333	\$ 1,292,502	\$ 1,296,850
Grants and contributions:						
Operating	214,172	14,931	-	-	214,172	14,931
Capital contributions	68,123	119,211	-	-	68,123	119,211
General revenues:						
Property taxes	470,981	464,564	-	-	470,981	464,564
Other taxes	1,475,164	1,243,726	470,030	362,815	1,945,194	1,606,541
Intergovernmental	122,651	70,415	85,284	271,755	207,935	342,170
Investment income	43,181	1,455	22,450	1,211	65,631	2,666
Miscellaneous	42,498	25,938	7,516	5,883	50,014	31,821
<b>Total revenues received</b>	<b>2,583,205</b>	<b>2,100,757</b>	<b>1,731,347</b>	<b>1,777,997</b>	<b>4,314,552</b>	<b>3,878,754</b>
<b>EXPENSES</b>						
General government	542,201	425,407	-	-	542,201	425,407
Public safety	695,131	697,861	-	-	695,131	697,861
Highways and streets	365,724	329,985	-	-	365,724	329,985
Culture and recreation	108,964	73,940	-	-	108,964	73,940
Interest	-	-	-	-	-	-
Water and sewer	-	-	1,174,643	910,916	1,174,643	910,916
<b>Total expenses disbursed</b>	<b>1,712,020</b>	<b>1,527,193</b>	<b>1,174,643</b>	<b>910,916</b>	<b>2,886,663</b>	<b>2,438,109</b>
Excess of revenues over (under) expenses	871,185	573,564	556,704	867,081	1,427,889	1,440,645
Transfers	(18,311)	(12,986)	18,311	12,986	-	-
Special item	-	-	-	-	-	-
<b>Changes in net position</b>	<b>852,874</b>	<b>560,578</b>	<b>575,015</b>	<b>880,067</b>	<b>1,427,889</b>	<b>1,440,645</b>
Beginning net position	6,250,638	5,690,060	(591,294)	(1,471,361)	5,659,344	4,218,699
<b>Ending net position</b>	<b>\$ 7,103,512</b>	<b>\$ 6,250,638</b>	<b>\$ (16,279)</b>	<b>\$ (591,294)</b>	<b>\$ 7,087,233</b>	<b>\$ 5,659,344</b>

**Normal Impact – Changes in Net Position**

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

**Revenues:**

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

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

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

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

Market Impacts on Investment Income – The Village principally has cash and cash equivalents. There were no investments at December 31, 2022.

#### **Expenses:**

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

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

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

Inflation – While overall inflation appears to be increasing (the CPI was approximately 7% at December 31, 2022), the Village is a major consumer of certain commodities and services, which typically experience inflation at a rate that can be significantly different from CPI. Examples of such items include health insurance, fuel, electricity and operating supplies.

#### **Current Year Impacts – Changes in Net Position**

##### **Governmental Activities**

##### **Revenues:**

Revenues from governmental activities total \$2,583,205. The largest source of revenue was from sales and use tax of \$744,516. Income tax was the next highest with revenue for the period of \$482,762. Property tax ranked third with \$470,981. The next highest source of income was operating grants of \$214,172 then utility tax of \$125,513. The revenues from these five sources represent 79% of the governmental activity revenues. Total revenue from all taxes was \$1,946,145 or 75%. The Village also recognized \$146,435 in charges for services or 6% and \$122,651 in motor fuel tax or 5% of total revenue.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

#### Expenses:

The Village's total governmental activity expenses were \$1,712,020. The four major functional areas were general government \$542,201 or 32% of the total; highway and streets \$365,724 or 21% of the total; public safety of \$695,131 or 41% of the total; and culture and recreation \$108,964 or 6% of the total expenses of the Village.

Personnel costs including wages, taxes, health and life insurance, and retirement benefits were \$885,043 or 52% of the total expenses.

#### **Business-type Activities**

#### Revenues:

Operating revenues from business-type activities total \$1,233,992. The largest source of revenue was \$483,125 or 39% from capital charges revenue. Charges for water were the next highest with revenue for the year of \$450,143 or 36%. Refuse and recycling revenue was next at \$212,088 or 17%. Intergovernmental income ranked fourth with \$85,284 or 7%.

#### Expenses:

The Village's total business-type activity operating expenses were \$1,174,643. The five major areas of operating expenses were wages and benefit expenses of \$238,107 (excluding IMRF-GASB 68 of \$2,076 or 20% of the total; garbage expenses of \$205,032 or 17% of the total; operating supplies of \$64,326 or 5% of the total; water sewer upgrades of \$112,256 or 10%; interest expense on loans was \$132,044 or 11% of the total; and depreciation of \$242,827 or 21% of the total. These six areas account for \$994,592 or 85% of the total business-type expenses of the Village.

#### **FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

At December 31, 2022, the governmental funds reported a combined fund balance of \$2,906,062, an increase of \$724,288 from the prior period. The General Fund balance increased by \$278,309. All other funds netted an increase of \$445,979.

The Village's cash and equivalents increased by \$266,587 for all governmental funds during the year ended December 31, 2022.

**VILLAGE OF WINNEBAGO, ILLINOIS**

Management’s Discussion and Analysis

<b>General Fund</b>	Original Budget	Final Budget	FY 22 Actual
Revenues:			
Taxes	\$ 1,563,681	1,563,681	1,938,368
Fines and other fees	21,000	21,000	19,217
Other	18,702	18,702	70,777
<b>Total revenues</b>	<b>1,603,383</b>	<b>1,603,383</b>	<b>2,028,362</b>
Expenditures:			
General government	540,466	550,395	334,248
Highways and streets	627,544	436,723	569,866
Public safety	760,723	746,620	724,085
Capital outlay	54,000	4,000	103,543
<b>Total expenditures</b>	<b>1,982,733</b>	<b>1,737,738</b>	<b>1,731,742</b>
Excess of revenues over (under) expenditures	(379,350)	(134,355)	296,620
Other financing sources (uses):			
Transfers in (out)	379,350	379,350	(18,311)
<b>Total other financing sources</b>	<b>379,350</b>	<b>379,350</b>	<b>(18,311)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>244,995</b>	<b>278,309</b>

**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 \$49,494. See Note 5 to the financial statements for more details.

	Governmental Activities		Business-type Activities		Total Government	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Land	\$ 88,625	88,625	68,264	68,264	156,889	156,889
Buildings and improvements	359,604	359,604	15,000	15,000	374,604	374,604
Equipment and vehicles	740,272	650,186	785,376	733,107	1,525,648	1,383,293
Software	21,564	21,564	10,782	10,782	32,346	32,346
Infrastructure	5,810,093	5,604,590	6,447,464	6,447,464	12,257,557	12,052,054
Construction in progress	-	-	-	-	-	-
<b>Subtotals</b>	<b>7,020,158</b>	<b>6,724,569</b>	<b>7,326,886</b>	<b>7,274,617</b>	<b>14,347,044</b>	<b>13,999,186</b>
Accumulated depreciation	(2,583,286)	(2,428,761)	(2,165,496)	(1,922,669)	(4,748,782)	(4,351,430)
<b>Totals</b>	<b>\$ 4,436,872</b>	<b>4,295,808</b>	<b>5,161,390</b>	<b>5,351,948</b>	<b>9,598,262</b>	<b>9,647,756</b>

**ECONOMIC FACTORS**

In 2022, the Village of Winnebago continued its long-standing practice to budget revenues conservatively, while assuming 100% of the expense budget will be spent. This practice has led to a healthy Fund Balance in the General Fund, staying in compliance with the Village’s fund balance policy.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Management's Discussion and Analysis

The Village weathered the COVID-19 global pandemic, and its impacts, reasonably well. Although, in 2022 we were still experiencing issues with equipment and vehicle shortages, further delaying projects. The project to replace original water meters with cellular-read meters stands at 47% completion at the end of 2022 due to shortages.

On November 6, 2018, 87% of the voters voting at the General Election voted “No” to continue to prohibit the selling and consumption at retail of alcoholic liquor in the Village of Winnebago, after a citizen referendum. The entire Village is now “wet”, as opposed to just the area north of McNair Road, previously only property annexed in from Winnebago County. The Village held 7 licenses in 2022, which in addition to license fees, increases sales tax for the Village.

On March 11, 2019 the Village approved Video Gaming. The receipts have increased year over year and in 2022 were higher than predicted, coming in at \$68,432.

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 shared to Azavar per the agreement for this recovery totaled \$2,597.04, which the Village paid off in October of 2021. Azavar arranged a settlement between ComEd and several municipalities that had not been receiving the correct amount of utility tax. The Village received a net receipt of \$12,114.96 in the settlement in December of 2022.

The Village received \$68,122.70 from the REBUILD IL Grant through the Illinois Department of Transportation, as the third and final payment, to be used exclusively for road projects. The Village will also be received the American Rescue Plan Grant for \$203,304.56 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. The Village committed half of the grant to future water infrastructure projects.

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

## **VILLAGE OF WINNEBAGO, ILLINOIS**

### Management's Discussion and Analysis

#### **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, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,056,718	1,604,553	4,661,271
Receivables:			
Property taxes	482,872	–	482,872
Intergovernmental – State of Illinois	242,274	114,033	356,307
Other	41,061	–	41,061
Customers – utility users	–	80,398	80,398
Prepaid items	65,997	15,994	81,991
Due from other funds	–	208,517	208,517
<b>Total current assets</b>	<b>3,888,922</b>	<b>2,023,495</b>	<b>5,912,417</b>
Capital assets not being depreciated	88,625	2,392,759	2,481,384
Capital assets (net of accumulated depreciation)	4,348,247	2,768,631	7,116,878
<b>Total assets</b>	<b>8,325,794</b>	<b>7,184,885</b>	<b>15,510,679</b>
<b>Deferred outflows of resources –</b>			
Pension	439,834	178,329	618,163
<b>Total deferred outflows of resources</b>	<b>439,834</b>	<b>178,329</b>	<b>618,163</b>
<b>Total assets and deferred outflows of resources</b>	<b>8,765,628</b>	<b>7,363,214</b>	<b>16,128,842</b>
<b>Liabilities and deferred inflows</b>			
Accounts payable	120,358	68,583	188,941
Accrued payroll	39,751	11,733	51,484
Due to other funds	208,517	–	208,517
Equipment sinking funds	71,200	–	71,200
Current portion of long-term debt	31,667	402,243	433,910
<b>Total current liabilities</b>	<b>471,493</b>	<b>482,559</b>	<b>954,052</b>
<b>Long-term liabilities –</b>			
Net pension liability	342,398	159,748	502,146
Long-term debt, net of current maturities	25,910	6,687,010	6,712,920
<b>Total long-term liabilities</b>	<b>368,308</b>	<b>6,846,758</b>	<b>7,215,066</b>
<b>Deferred inflows of resources</b>			
Property taxes	482,872	–	482,872
Pension	339,443	50,176	389,619
<b>Total deferred inflows of resources</b>	<b>822,315</b>	<b>50,176</b>	<b>872,491</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,662,116</b>	<b>7,379,493</b>	<b>9,041,609</b>
<b>Net position</b>			
Net investment in capital assets, net of related debt	4,436,872	4,082,615	8,519,487
Restricted for:			
Highways and streets	349,813	–	349,813
Capital improvements	513,984	–	513,984
Unrestricted	1,802,843	(4,098,894)	(2,296,051)
<b>Total net position (deficit)</b>	<b>\$ 7,103,512</b>	<b>(16,279)</b>	<b>7,087,233</b>

**VILLAGE OF WINNEBAGO, ILLINOIS**

Statement of Activities

For the Year Ended December 31, 2022

<u>Functions / Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contrib- utions</u>	<u>Capital Grants and Contrib- utions</u>	<u>Govern- mental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b>Governmental activities</b>							
General government	\$ 542,201	19,217	203,515	-	(319,469)	-	(319,469)
Public safety	695,131	-	-	-	(695,131)	-	(695,131)
Highway and streets	365,724	-	-	68,123	(297,601)	-	(297,601)
Culture and recreation	<u>108,964</u>	<u>127,218</u>	<u>10,657</u>	<u>-</u>	<u>28,911</u>	<u>-</u>	<u>28,911</u>
Total governmental activities	<u>1,712,020</u>	<u>146,435</u>	<u>214,172</u>	<u>68,123</u>	<u>(1,283,290)</u>	<u>-</u>	<u>(1,283,290)</u>
<b>Business-type activities</b>							
Water and sewer	<u>1,174,643</u>	<u>1,146,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,576)</u>	<u>(28,576)</u>
Total business-type activities	<u>1,174,643</u>	<u>1,146,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,576)</u>	<u>(28,576)</u>
<b>Total</b>	<u>\$ 2,886,663</u>	<u>1,292,502</u>	<u>214,172</u>	<u>68,123</u>	<u>(1,283,290)</u>	<u>(28,576)</u>	<u>(1,311,866)</u>
<b>General revenues</b>							
Property taxes					\$ 470,981	-	470,981
Sales and use tax					744,516	470,030	1,214,546
Income tax					482,762	-	482,762
Telecommunications tax					35,591	-	35,591
Personal property replacement tax					81,931	-	81,931
Cannabis tax					4,851	-	4,851
Utility tax					125,513	-	125,513
Motor fuel tax					122,651	-	122,651
Intergovernmental revenue					-	85,284	85,284
Unrestricted investment earnings					43,181	22,450	65,631
Loss on sale of capital assets					(2,866)	-	(2,866)
Miscellaneous					<u>45,364</u>	<u>7,516</u>	<u>52,880</u>
Total general revenues					<u>2,154,475</u>	<u>585,280</u>	<u>2,739,755</u>
<b>Operating transfers</b>					<u>(18,311)</u>	<u>18,311</u>	<u>-</u>
Change in net position					852,874	575,015	1,427,889
<b>Net position (deficit)</b>							
Beginning					<u>6,250,638</u>	<u>(591,294)</u>	<u>5,659,344</u>
Ending					<u>\$ 7,103,512</u>	<u>(16,279)</u>	<u>7,087,233</u>

# VILLAGE OF WINNEBAGO, ILLINOIS

## Balance Sheet

### Governmental Funds

December 31, 2022

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,741,843	1,314,875	3,056,718
Receivables:			
Property taxes	482,872	–	482,872
Intergovernmental –			
State of Illinois	236,219	17,642	253,861
Other	23,647	5,827	29,474
Prepaid items	65,997	–	65,997
<b>Total assets</b>	<b>\$ 2,550,578</b>	<b>1,338,344</b>	<b>3,888,922</b>
<b>Liabilities – current</b>			
Accounts payable	105,161	15,197	120,358
Accrued payroll	39,751	–	39,751
Due to other funds	5,002	203,515	208,517
Equipment sinking funds	61,200	10,000	71,200
Deferred revenue	53,803	6,359	60,162
<b>Total current liabilities</b>	<b>264,917</b>	<b>235,071</b>	<b>499,988</b>
<b>Deferred inflows of resources</b>			
Property taxes	482,872	–	482,872
<b>Total liabilities and deferred inflows of resources</b>	<b>747,789</b>	<b>235,071</b>	<b>982,860</b>
<b>Fund balances</b>			
Nonspendable – prepaid items	65,997	–	65,997
Restricted for highways and streets	–	349,813	349,813
Restricted for capital improvements	–	513,984	513,984
Committed to community development	–	223,486	223,486
Committed to Fourth of July	–	15,990	15,990
Unassigned	1,736,792	–	1,736,792
<b>Total fund balances</b>	<b>1,802,789</b>	<b>1,103,273</b>	<b>2,906,062</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,550,578</b>	<b>1,338,344</b>	<b>3,888,922</b>

**VILLAGE OF WINNEBAGO, ILLINOIS**

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

December 31, 2022

**Fund balances of governmental funds** \$ 2,906,062

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 6,991,679  
Accumulated depreciation (2,554,807)

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

Compensated absences (57,577)  
Pension liability (681,841)

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

Pension asset 439,834  
Telecommunication taxes 54,329  
Advance license sales 5,833

**Net position of governmental activities** \$ 7,103,512

## VILLAGE OF WINNEBAGO, ILLINOIS

### Statement of Revenues, Expenditures and Changes in Fund Balances

#### Governmental Funds

For the Year Ended December 31, 2022

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 1,938,368	5,895	1,944,263
Intergovernmental	-	-	-
Licenses, fees and permits	19,217	126,335	145,552
Motor Fuel Tax allotment	-	122,651	122,651
Grants	-	271,638	271,638
Interest	28,346	14,835	43,181
Other	42,431	13,587	56,018
Total revenue	<u>2,028,362</u>	<u>554,941</u>	<u>2,583,303</u>
<b>Expenditures</b>			
Current:			
Public safety:			
General government	334,248	-	334,248
Public safety	724,085	-	724,085
Highway and streets	569,866	-	569,866
Culture and recreation	-	108,962	108,962
Capital outlay	103,543	-	103,543
Total expenditures	<u>1,731,742</u>	<u>108,962</u>	<u>1,840,704</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>296,620</u>	<u>445,979</u>	<u>742,599</u>
<b>Other financing sources (uses)</b>			
Transfers in (out)	<u>(18,311)</u>	<u>-</u>	<u>(18,311)</u>
Total other financing sources (uses)	<u>(18,311)</u>	<u>-</u>	<u>(18,311)</u>
<b>Net change in fund balances</b>	278,309	445,979	724,288
Fund balances, January 1	<u>1,524,480</u>	<u>657,294</u>	<u>2,181,774</u>
<b>Fund balances, December 31</b>	<u>\$ 1,802,789</u>	<u>1,103,273</u>	<u>2,906,062</u>

**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, 2022

**Net change in fund balances – total governmental funds** \$ 724,288

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	344,706
Depreciation expense	(200,776)
Loss on disposal of asset	(2,866)

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

Telecommunication taxes	1,885
Advance license sales	883

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 outflows	(5,603)
Increase in compensated absences	<u>(9,643)</u>

**Change in net position of governmental activities** \$ 852,874

# VILLAGE OF WINNEBAGO, ILLINOIS

## Statement of Net Position

### Proprietary Fund

December 31, 2022

	<u>Enterprise Fund – Water Fund</u>
<b>Current assets</b>	
Cash and cash equivalents	\$ 1,604,553
Receivables – utility users, net of allowance of \$10,000	80,398
Receivables – grants and sales taxes	114,033
Prepaid items	15,994
Due from other funds	<u>208,517</u>
Total current assets	<u>2,023,495</u>
<b>Noncurrent assets</b>	
Fixed assets, net of accumulated depreciation	<u>5,161,390</u>
Total noncurrent assets	<u>5,161,390</u>
Total assets	<u>7,184,885</u>
<b>Deferred outflows of resources – pension</b>	<u>178,329</u>
<b>Current liabilities</b>	
Accounts payable	68,583
Accrued payroll	11,733
Current portion of long-term debt	<u>402,243</u>
Total current liabilities	<u>482,559</u>
<b>Long-term liabilities</b>	
Net pension liability	159,748
Long-term debt, net of current maturities	<u>6,687,010</u>
Total long-term liabilities	<u>6,846,758</u>
Total liabilities	<u>7,329,317</u>
<b>Deferred inflows of resources – pension</b>	<u>50,176</u>
<b>Net position</b>	
Invested in capital assets	4,082,615
Unrestricted deficit	<u>(4,098,894)</u>
<b>Total net position (deficit)</b>	<u><u>(16,279)</u></u>

# VILLAGE OF WINNEBAGO, ILLINOIS

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

### Proprietary Fund

For the Year Ended December 31, 2022

	<u>Enterprise Fund – Water Fund</u>
<b>Operating revenues</b>	
Refuse and recycling revenue	\$ 212,088
Capital charge – sewer hook-up	483,125
Water revenue	450,143
Water deposit revenue	711
Intergovernmental revenue	85,284
Miscellaneous revenue	2,641
Total operating revenues	<u>1,233,992</u>
<b>Operating expenses</b>	
Water department	726,784
Refuse and recycling expenses	205,032
Depreciation	242,827
Total operating expenses	<u>1,174,643</u>
Operating income	<u>59,349</u>
<b>Non-operating revenues (expenses)</b>	
Interest income	22,450
Miscellaneous income	4,875
1% sales tax income	470,030
Total non-operating revenues (expenses)	<u>497,355</u>
Income before other financing sources (uses)	556,704
<b>Other financing sources (uses) – operating transfers</b>	
Total other financing sources (uses)	<u>18,311</u>
Net change in net position	575,015
Net deficit, January 1	<u>(591,294)</u>
<b>Net deficit, December 31</b>	<u>\$ (16,279)</u>

# VILLAGE OF WINNEBAGO, ILLINOIS

## Statement of Cash Flows

### Proprietary Fund

For the Year Ended December 31, 2022

	<u>Enterprise Fund - Water Fund</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 1,244,219
Payments to suppliers	(564,852)
Payments to employees	(232,883)
Payments for interest on Four Rivers intergovernmental agreement	(109,393)
Payments for interest on IEPA loan	(22,651)
Net cash flows from operating activities	<u>314,440</u>
<b>Cash flows from capital and related financing activities</b>	
Payments for principal on IEPA loan	(75,290)
Payments for principal on Four Rivers intergovernmental agreement	(312,214)
Purchase of and construction of fixed assets	(52,269)
Net cash flows from capital financing activities	<u>(439,773)</u>
<b>Cash flows from non-capital financing activities</b>	
Payments (to) from other funds	18,311
Miscellaneous non-operating revenue	4,875
Receipts from 1% sales tax	459,883
Net cash flows from non-capital financing activities	<u>483,069</u>
<b>Cash flows from investing activities</b>	
Interest on investments	22,450
Net cash flows from investing activities	<u>22,450</u>
<b>Operating transfers</b>	<u>(203,515)</u>
Net increase in cash and cash equivalents	176,671
Cash and cash equivalents, beginning of year	<u>1,427,882</u>
Cash and cash equivalents, end of year	<u>\$ 1,604,553</u>
 <b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Net operating income	59,349
Adjustment to reconcile net operating loss to net cash provided by operating activities:	
Depreciation expense	242,827
Increase (decrease) in cash flows due to changes in:	
Utility accounts receivable	10,227
Prepaid expenses	1,074
Deferred pension expense	(171,646)
Accounts payable	(4,261)
Accrued payroll	1,969
Compensated absences	1,179
Pension liability	173,722
Net cash flows from operating activities	<u>\$ 314,440</u>

# VILLAGE OF WINNEBAGO, ILLINOIS

## Notes to Financial Statements

December 31, 2022

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

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

#### (a) ***Incorporation***

The Village was incorporated in 1895. The Village of Winnebago, Illinois (Village) operates under a Board of Trustees form of government and provides services to the public such as public safety, water system, streets and general administrative services.

#### (b) ***Financial Reporting Entity***

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

#### (c) ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the Village. For the most part, the effect of the interfund activity has been removed from these statements. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods,

# VILLAGE OF WINNEBAGO, ILLINOIS

## Notes to Financial Statements

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

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

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

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

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

The following fund types are used by the Village:

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

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

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

The Village reports unearned and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenues arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them, such as when grant monies are received

# VILLAGE OF WINNEBAGO, ILLINOIS

## Notes to Financial Statements

prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability and deferred inflows of resource for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

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

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

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

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

**Proprietary Funds** – The focus of the proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

A proprietary fund is a fund in which a fee is charged to external users of goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges (c) establishes fees and charges based on pricing policy designed to recover similar costs.

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

The Village reports the following major governmental fund:

**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.

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.

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Notes to Financial Statements

**(d) Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits, savings and money market accounts. As of December 31, 2022, the Village had no other investments.

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

**(e) Property Taxes**

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

The property tax calendar for the 2021 tax levy to finance 2022 operations were as follows:

Lien Date	January 1, 2022
Levy Date	December 13, 2021
First Installment Due	June 10, 2022
Second Installment Due	September 9, 2022

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 2022 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	0.3796	0.4375
Police Protection	0.4528	0.6000
Chlorination	–	0.0200
IMRF	0.0005	None
Audit	0.0005	None
Liability Insurance	0.0005	None
Revenue Recapture Adj	0.0044	None
Total Village	0.8383	

**VILLAGE OF WINNEBAGO, ILLINOIS**

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The 2022 tax levy, which attached as an enforceable lien on property as of January 1, 2023, has been recorded as a receivable as of December 31, 2022 as the tax had been levied by the Village and extended by the County but would not collect until fiscal year 2023.

**(f) Capital Assets**

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

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

Infrastructure includes roads, bridges, curbs, sidewalks, lighting systems, gutters, draining systems, and the water and sewer system. The cost of infrastructure has been capitalized and depreciated beginning in fiscal year 2005. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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.

# VILLAGE OF WINNEBAGO, ILLINOIS

## Notes to Financial Statements

**(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, 2022 are recorded as prepaid items. Prepaid items recorded in governmental funds do not represent current resources that are available for appropriation and, thus, an equivalent portion of fund balance is reserved.

**(j) *Compensated Absences***

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

**(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

# VILLAGE OF WINNEBAGO, ILLINOIS

## Notes to Financial Statements

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 2022 which will be collected during 2023 and deferred amounts to be recognized as reductions in pension expense over the next five years.

### (n) *Estimates*

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

### (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

# VILLAGE OF WINNEBAGO, ILLINOIS

## Notes to Financial Statements

“restricted” or “invested in capital assets, net of related debt” are classified as unrestricted net assets.

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

### **(p) Subsequent Events**

The Village has assessed events that have occurred subsequent to December 31, 2022 through July 26, 2023, 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**

At December 31, 2022, the carrying amount of the Village’s deposits was \$279,844 and the bank balance was \$1,244,654. The primary difference between the book and bank balances was due to outstanding checks. As of December 31, 2022, the government’s bank balance of \$1,244,654 was covered by federal depository insurance or collateral held by the Village’s agent in the Village’s name.

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. The Illinois Funds bank balance as of December 31, 2022 was \$3,144,043.

**VILLAGE OF WINNEBAGO, ILLINOIS**

Notes to Financial Statements

*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 a deposit policy regarding custodial credit risk. As of December 31, 2022, none of the Village’s deposits were exposed to custodial credit risk or uninsured and uncollateralized.

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

**(3) Property Taxes Receivable**

Property taxes for 2021 attached as an enforceable lien on January 1, 2022, 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 15, 2022, and were payable in two installments on or about June 10, 2022 and September 9, 2022. 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 2022 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:

	Unavailable	Unearned	Total
Property taxes receivable –			
General Fund	\$ 482,872	-	482,872
Other governmental units:			
General Fund	53,803	-	53,803
Other governmental funds	6,359	-	6,359
Total deferred revenue	\$ 543,034	-	543,034

**VILLAGE OF WINNEBAGO, ILLINOIS**

Notes to Financial Statements

**(5) Capital Assets**

The governmental activities capital asset activity for year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated -				
Land	88,625	-	-	88,625
Capital assets being depreciated -				
Buildings and improvements	359,604	-	-	359,604
Equipment and vehicles	650,186	139,203	49,117	740,272
Software	21,564	-	-	21,564
Infrastructure	5,604,590	205,503	-	5,810,093
Total capital assets being depreciated	6,635,944	344,706	49,117	6,931,533
Accumulated depreciation	(2,428,761)	(200,776)	(46,251)	(2,583,286)
Total capital assets being depreciated, net	4,207,183	143,930	2,866	4,348,247
Governmental activities capital assets, net	4,295,808	143,930	2,866	4,436,872

The business-type activities capital asset activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 68,264	-	-	68,264
Infrastructure	2,324,495	-	-	2,324,495
Total nondepreciable capital assets	2,392,759	-	-	2,392,759
Capital assets being depreciated:				
Buildings and improvements	15,000	-	-	15,000
Equipment and vehicles	733,107	52,269	-	785,376
Software	10,782	-	-	10,782
Infrastructure	4,122,969	-	-	4,122,969
Total capital assets being depreciated	4,881,858	52,269	-	4,934,127
Accumulated depreciation	(1,922,669)	(242,827)	-	(2,165,496)
Total capital assets being depreciated, net	2,959,189	(190,558)	-	2,768,631
Business-type activities capital assets, net	\$ 5,351,948	(190,558)	-	5,161,390

**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	\$ 28,196
Public safety	28,027
Highway and streets	144,553
Total governmental activities, depreciation expense	\$ 200,776
Business-type activities - Water operations	\$ 242,827

**(6) Inter-Fund Transfers**

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and assets acquisitions, or maintaining debt service on a routine basis. The following transfers occurred during the fiscal year:

Transfer From	Transfer To	Amount	Purpose
General Fund	Water Fund	\$ 18,311	Vehicle purchase
Community Development Fund	Fourth of July Fund	\$ 15,000	Fireworks event

**(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](http://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,

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96.

Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of (a) 3% of the original pension amount, or (b) 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms*

As of December 31, 2022, 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	9
Active plan members	<u>14</u>
Total	<u><u>32</u></u>

*Contributions*

As set by statute, the Village’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village’s annual contribution rate for calendar year 2022 was 9.47%. For the fiscal year

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## Notes to Financial Statements

ended December 31, 2022, the Village contributed \$78,299 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### *Net Pension Liability*

The Village's net pension liability was measured as of December 31, 2022. 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, 2022:

- 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:

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

*Single Discount Rate*

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine the Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting single discount rate is 7.25%.

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Notes to Financial Statements

*Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2021	\$ 3,413,074	3,458,153	(45,079)
Changes for the year:			
Service cost	78,276	-	78,276
Interest on the total pension liability	246,678	-	246,678
Differences between expected and actual experience of the total pension liability	(46,164)	-	(46,164)
Contributions – employer	-	78,299	(78,299)
Contributions – employees	-	41,174	(41,174)
Net investment income (loss)	-	(382,698)	382,698
Benefit payments, including refunds of employee contributions	(99,519)	(99,519)	-
Other (net transfer)	-	(5,210)	5,210
Net changes	<u>179,271</u>	<u>(367,954)</u>	<u>547,225</u>
Balances at December 31, 2022	<u>\$ 3,592,345</u>	<u>3,090,199</u>	<u>502,146</u>

*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		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	6.25%	7.25%	8.25%
Total pension liability	\$ 4,099,717	3,592,345	3,218,152
Plan fiduciary net position	<u>3,090,199</u>	<u>3,090,199</u>	<u>3,090,199</u>
Net pension liability (asset)	<u>\$ 1,009,518</u>	<u>502,146</u>	<u>127,953</u>

**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, 2022, the Village recognized pension expense of \$77,808. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 105,052	105,469
Changes of assumptions	5,952	7,450
Net difference between projected and actual earnings on pension plan investments	507,159	276,700
Total deferred amounts to be recognized in pension expense in future periods	618,163	389,619
Pension contributions made subsequent to the measurement date	-	-
	\$ 618,163	389,619

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

Year Ending December 31	Net Deferred Outflows (Inflows) of Resources
2023	\$ (7,714)
2024	51,001
2025	62,848
2026	122,409
	\$ 228,544

**(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,

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(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, 2022 consist of the following:

	<u>2022</u>	<u>Current Portion</u>
Governmental activities:		
Compensated absences - Governmental activities	\$ 57,577	31,667
Pension liability - IMRF	<u>342,398</u>	<u>58,465</u>
	399,975	<u>90,132</u>
less current portion	<u>(90,132)</u>	
	<u>\$ 309,843</u>	

**VILLAGE OF WINNEBAGO, ILLINOIS**

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	2022	Current Portion
<b>Business-type activities:</b>		
Note payable - Illinois Environmental Protection Agency (IEPA), original debt of \$2,265,00 to upgrade potable water system. Semi-annual principal and interest payments of \$48,970, maturing 1/20/2034, interest rate is 1.995%.	\$ 1,078,776	76,799
Intergovernmental agreement - Four Rivers Sanitation Authority, original debt of \$4,675,725 for sewer system. Semi-annual principal and interest payments of \$541,246, maturing 7/20/2038, interest rate is 1.75%.	3,875,875	211,881
Intergovernmental agreement - Four Rivers Sanitation Authority, original debt of \$1,374,543 for sewer system. Semi-annual principal and interest payments of \$40,915, maturing 2/28/2039, interest rate is 1.76%.	1,167,405	61,554
Intergovernmental agreement - Four Rivers Sanitation Authority original debt of \$1,024,495 for future costs of Fuller Creek sewer trunk. Semi-annual principal and interest payments of \$30,495, maturing 6/19/2041, interest rate 1.76%.	959,486	44,298
Compensated absences - Business-type activities	7,711	7,711
Pension liability - IMRF	159,748	27,513
	7,249,001	429,756
less current portion	(429,756)	
	\$ 6,819,245	

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Future debt obligations at December 31, 2022 under IEPA notes payable are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2023	\$ 76,799	21,141	97,940
2024	78,339	19,601	97,940
2025	79,909	18,031	97,940
2026	81,511	16,428	97,939
2027	83,146	14,794	97,940
2028-2032	441,412	48,287	489,699
2033-2035	237,660	7,160	244,820
Total	<u>\$ 1,078,776</u>	<u>145,442</u>	<u>1,224,218</u>

Future debt obligations at December 31, 2022 under the Four Rivers intergovernmental agreements are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2023	\$ 211,881	66,905	278,786
2024	215,605	63,180	278,785
2025	219,395	59,391	278,786
2026	223,251	55,535	278,786
2027	227,175	51,611	278,786
2028-2032	1,197,192	196,736	1,393,928
2033-2037	1,306,169	87,750	1,393,919
2038	275,207	3,598	278,805
Total	<u>\$ 3,875,875</u>	<u>584,706</u>	<u>4,460,581</u>

Year ending December 31:	Principal	Interest	Total Payment
2023	\$ 61,554	20,277	81,831
2024	62,642	19,189	81,831
2025	63,749	18,081	81,830
2026	64,876	16,954	81,830
2027	66,023	15,807	81,830
2028-2032	348,038	61,112	409,150
2033-2037	379,908	29,243	409,151
2038-2039	120,615	2,129	122,744
Total	<u>\$ 1,167,405</u>	<u>182,792</u>	<u>1,350,197</u>

**VILLAGE OF WINNEBAGO, ILLINOIS**

Notes to Financial Statements

Year ending December 31:	Principal	Interest	Total Payment
2023	\$ 44,298	16,693	60,991
2024	45,081	15,910	60,991
2025	45,878	15,113	60,991
2026	46,689	14,302	60,991
2027	47,514	13,477	60,991
2028-2032	250,472	54,483	304,955
2033-2037	273,407	31,548	304,955
2038-2041	206,147	7,320	213,467
Total	<u>\$ 959,486</u>	<u>168,846</u>	<u>1,128,332</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, 2022, was as follows:

	Beginning Balance	New Increases	Decreases	Ending Balance	Amount due within one year
Governmental activities:					
Compensated absences	\$ 47,934	57,577	47,934	57,577	31,667
Pension liability – IMRF	-	342,398	-	342,398	-
	<u>\$ 47,934</u>	<u>399,975</u>	<u>47,934</u>	<u>399,975</u>	<u>31,667</u>
Business-type activities:					
Notes payable – IEPA	\$ 1,154,065	-	75,289	1,078,776	76,799
Due to Four Rivers	4,084,077	-	208,202	3,875,875	211,881
Due to Four Rivers	1,227,889	-	60,484	1,167,405	61,554
Due to Four Rivers	1,003,015	-	43,529	959,486	44,298
Compensated absences	6,532	7,711	6,532	7,711	7,711
Pension liability – IMRF	-	159,748	-	159,748	-
	<u>\$ 7,475,578</u>	<u>167,459</u>	<u>394,036</u>	<u>7,249,001</u>	<u>402,243</u>

**(11) Legal Debt Margin**

The Village’s aggregated indebtedness is subject to a statutory limitation by the State of Illinois 8.625% of its equalized assessed value. At December 31 2022, the statutory limit of the Village was \$4,995,764. The long-term obligations discussed above (Note 10) are not subject to the statutory limitation. Thus, the Village’s legal debt margin is also \$4,995,764.

## VILLAGE OF WINNEBAGO, ILLINOIS

### Notes to Financial Statements

#### **(12) Sales Tax Rebate**

The Village has entered into an agreement with a developer within the Village. The agreement requires the Village to rebate a portion of the retail sales tax equal to 35% of annual retail sales tax revenue collected during the year by the Village as a result of sales generated by all businesses in the development commencing on sales made during November 2012 until \$600,000 has been rebated. Payment is to be made by December 18<sup>th</sup> each year. Rebates expensed were \$52,192 for the year ended December 31, 2022. Rebates remaining to be paid to the developer as of December 31, 2022 are \$195,268.

#### **(13) Intergovernmental Agreement with Four Rivers Sanitation Authority**

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

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

In addition the Village must pay Four Rivers a one-time plant buy in fee of \$676,371 covering 1415 properties currently "served" by the Village's system. This fee was paid during fiscal year 2016 when the construction contract for extension of the Fuller Creek trunkline west of Meridian Road was awarded. Total costs to complete this project, including plant buy in fee, as indicated in the IGA is approximately \$10.6 million with a maximum cost not to exceed \$11.4 million. During 2018, the trunkline (\$4,675,725) and parallel trunk upgrades, (\$1,374,543) were completed and recognized as a special item in the accompanying financial statements. Other costs will be accrued as work is completed through 2022.

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

## VILLAGE OF WINNEBAGO, ILLINOIS

### Notes to Financial Statements

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

#### **(14) Fund Deficit**

There are no individual governmental funds with a deficit fund balance as of December 31, 2022. However, with the accrual of the estimated amounts due to Four Rivers Sanitation Authority under the intergovernmental agreement as discussed in Note 13, the Village's Water Fund has a deficit balance of \$16,279.

**VILLAGE OF WINNEBAGO, ILLINOIS**

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

**General Fund**

For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>				
Taxes	\$ 1,563,681	1,563,681	1,938,368	374,687
Fines and other fees	21,000	21,000	19,217	(1,783)
Other	<u>18,702</u>	<u>18,702</u>	<u>70,777</u>	<u>52,075</u>
Total revenues	<u>1,603,383</u>	<u>1,603,383</u>	<u>2,028,362</u>	<u>424,979</u>
 <b>Expenditures</b>				
Current:				
General government	540,466	546,943	334,248	(212,695)
Highways and streets	627,544	651,344	569,866	(81,478)
Public safety	760,723	766,095	724,085	(42,010)
Capital outlay	<u>54,000</u>	<u>109,000</u>	<u>103,543</u>	<u>(5,457)</u>
Total expenditures	<u>1,982,733</u>	<u>2,073,382</u>	<u>1,731,742</u>	<u>(341,640)</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	 <u>(379,350)</u>	 <u>(469,999)</u>	 <u>296,620</u>	 <u>766,619</u>
 <b>Other financing sources (uses)</b>				
Transfer in (out)	<u>379,350</u>	<u>379,350</u>	<u>(18,311)</u>	<u>(397,661)</u>
 <b>Net change in fund balance</b>	 \$ <u>          –</u>	 <u>(90,649)</u>	 278,309	 <u>368,958</u>
 Fund balance, January 1			<u>1,524,480</u>	
<b>Fund balance, December 31</b>		\$	<u><u>1,802,789</u></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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>				
Intergovernmental -				
Motor fuel taxes	\$ 114,600	114,600	122,651	8,051
Grants	68,123	68,123	68,123	-
Interest	350	350	4,678	4,328
Total revenues	<u>183,073</u>	<u>183,073</u>	<u>195,452</u>	<u>12,379</u>
<b>Expenditures</b>				
Highways and streets				
Highways, street and bridges	-	-	-	-
Engineering	27,500	27,500	-	-
Capital outlay	275,000	275,000	-	-
Total expenditures	<u>302,500</u>	<u>302,500</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(119,427)</u>	<u>(119,427)</u>	<u>195,452</u>	<u>314,879</u>
<b>Other financing sources (uses)</b>				
Transfer in (out)	<u>119,427</u>	<u>119,427</u>	<u>-</u>	<u>(119,427)</u>
<b>Net change in fund balance</b>	\$ <u>-</u>	<u>-</u>	195,452	<u>(107,048)</u>
Fund balance, January 1			<u>154,361</u>	
<b>Fund balance, December 31</b>		\$	<u><u>349,813</u></u>	

## VILLAGE OF WINNEBAGO, ILLINOIS

### Notes to Required Supplementary Information

December 31, 2022

#### **Legal Compliance and Accountability**

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

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

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

**VILLAGE OF WINNEBAGO, ILLINOIS**  
Schedule of Changes in the Net Pension Liability and Related Ratios  
Illinois Municipal Retirement Fund  
December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>									
Service cost	\$ 78,276	67,347	80,782	82,110	75,969	80,704	80,998	79,745	77,405
Interest on the total pension liability	246,678	216,859	218,928	208,419	194,396	188,832	176,387	163,711	145,732
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience of the total pension liability	(46,164)	225,351	(190,134)	(39,394)	10,711	(26,989)	(10,793)	1,030	21,610
Changes of assumptions	-	-	(23,299)	-	93,812	(82,895)	(14,353)	-	67,288
Benefit payments, including refunds of employee contributions	(99,519)	(107,927)	(108,280)	(102,759)	(87,553)	(78,654)	(78,867)	(71,520)	(67,652)
<b>Net change in total pension liability</b>	<u>179,271</u>	<u>401,630</u>	<u>(22,003)</u>	<u>148,376</u>	<u>287,335</u>	<u>80,998</u>	<u>153,372</u>	<u>172,966</u>	<u>244,383</u>
<b>Total pension liability – beginning</b>	<u>3,413,074</u>	<u>3,011,444</u>	<u>3,033,447</u>	<u>2,885,071</u>	<u>2,597,736</u>	<u>2,516,738</u>	<u>2,363,366</u>	<u>2,190,400</u>	<u>1,946,017</u>
<b>Total pension liability – ending (a)</b>	<u>3,592,345</u>	<u>3,413,074</u>	<u>3,011,444</u>	<u>3,033,447</u>	<u>2,885,071</u>	<u>2,597,736</u>	<u>2,516,738</u>	<u>2,363,366</u>	<u>2,190,400</u>
<b>Plan fiduciary net position</b>									
Contributions – employer	78,299	92,619	82,056	81,721	92,529	89,741	91,570	91,903	79,505
Contributions – employee	41,174	33,748	30,366	33,042	33,525	32,127	31,845	31,260	29,790
Net investment income (loss)	(382,698)	482,900	361,353	394,985	(104,038)	325,276	119,387	8,291	92,605
Benefit payments, including refunds of employee contributions	(99,519)	(107,927)	(108,280)	(102,759)	(87,553)	(78,654)	(78,867)	(71,520)	(67,652)
Other (net transfer)	(5,210)	(10,451)	2,259	3,822	29,647	(31,247)	7,547	23,627	763
<b>Net change in plan fiduciary net position</b>	<u>(367,954)</u>	<u>490,889</u>	<u>367,754</u>	<u>410,811</u>	<u>(35,890)</u>	<u>337,243</u>	<u>171,482</u>	<u>83,561</u>	<u>135,011</u>
<b>Plan fiduciary net position – beginning</b>	<u>3,458,153</u>	<u>2,967,264</u>	<u>2,599,510</u>	<u>2,188,699</u>	<u>2,224,589</u>	<u>1,887,346</u>	<u>1,715,864</u>	<u>1,632,303</u>	<u>1,497,292</u>
<b>Plan fiduciary net position – ending (b)</b>	<u>3,090,199</u>	<u>3,458,153</u>	<u>2,967,264</u>	<u>2,599,510</u>	<u>2,188,699</u>	<u>2,224,589</u>	<u>1,887,346</u>	<u>1,715,864</u>	<u>1,632,303</u>
<b>Net pension liability – ending (a) - (b)</b>	\$ <u>502,146</u>	<u>(45,079)</u>	<u>44,180</u>	<u>433,937</u>	<u>696,372</u>	<u>373,147</u>	<u>629,392</u>	<u>647,502</u>	<u>558,097</u>
Plan fiduciary net position as a percentage of the total pension liability	<b>86.02%</b>	<b>101.32%</b>	<b>98.53%</b>	<b>85.69%</b>	<b>75.86%</b>	<b>85.64%</b>	<b>74.99%</b>	<b>72.60%</b>	<b>74.52%</b>
Covered valuation payroll	\$ <u>826,820</u>	<u>749,950</u>	<u>674,801</u>	<u>734,254</u>	<u>745,007</u>	<u>713,938</u>	<u>707,659</u>	<u>694,662</u>	<u>681,523</u>
Net pension liability as a percentage of covered valuation payroll	<b>60.73%</b>	<b>-6.01%</b>	<b>6.55%</b>	<b>59.10%</b>	<b>93.47%</b>	<b>52.27%</b>	<b>88.94%</b>	<b>93.21%</b>	<b>81.89%</b>

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

**VILLAGE OF WINNEBAGO, ILLINOIS**

Multiyear Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2022

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)
12/30/22	\$ 78,300	78,299	1	826,820	9.47%
12/31/21	92,619	92,619	–	749,950	12.35%
12/31/20	82,056	82,056	–	674,801	12.16%
12/31/19	81,723	81,721	2	734,254	11.13%
12/31/18	92,530	92,529	1	745,007	12.42%
12/31/17	89,742	89,741	1	713,938	12.57%
12/31/16	91,571	91,570	1	707,659	12.94%
12/31/15	91,904	91,903	1	694,662	13.23%
12/31/14	81,851	79,505	2,346	681,523	11.67%

**Notes to Schedule:**

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

# VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2022

## Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 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 2022 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): 21-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 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; three employers were financed over 25 years; four employers were financed over 26 years; and one employer was financed over 27 years).

Asset valuation method

5-year smoothed market; 20% corridor

Wage growth

2.75%

Price Inflation

2.25%

Salary increases

2.85% to 13.75% including inflation

Investment rate of return

7.25%

**VILLAGE OF WINNEBAGO, ILLINOIS**

Notes to Schedule of Contributions

Illinois Municipal Retirement Fund

December 31, 2022

Retirement age Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Mortality 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.

**Other Information –**

Notes

There were no benefit changes during the year.

\* Based on valuation assumptions used in the December 31, 2020 actuarial valuation

**VILLAGE OF WINNEBAGO, ILLINOIS**

Combining Balance Sheet

**Nonmajor Governmental Funds**

December 31, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Debt Service Fund	Community Development Fund	Fourth of July Fund	Motor Fuel Tax Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 717,499	243,161	15,990	338,225	1,314,875
Accounts receivable	-	11,881	-	11,588	23,469
<b>Total assets</b>	717,499	255,042	15,990	349,813	1,338,344
<b>Liabilities</b>					
Accounts payable	-	15,197	-	-	15,197
Equipment sinking funds	-	10,000	-	-	10,000
Due to other funds	203,515	-	-	-	203,515
Deferred revenue – taxes	-	6,359	-	-	6,359
<b>Total liabilities</b>	203,515	31,556	-	-	235,071
<b>Fund balances</b>					
Restricted for highways streets and bridges	-	-	-	349,813	349,813
Restricted for capital projects	513,984	-	-	-	513,984
Committed to community development	-	223,486	-	-	223,486
Committed to Fourth of July	-	-	15,990	-	15,990
<b>Total fund balances</b>	513,984	223,486	15,990	349,813	1,103,273
<b>Total liabilities and fund balances</b>	\$ 717,499	255,042	15,990	349,813	1,338,344

**VILLAGE OF WINNEBAGO, ILLINOIS**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

**Nonmajor Governmental Funds**

For the Year Ended December 31, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Debt Service Fund	Community Development Fund	Fourth of July Fund	Motor Fuel Tax Fund	
<b>Revenues</b>					
Taxes	\$ -	5,895	-	-	5,895
Motor fuel tax allotment	-	-	-	122,651	122,651
Grants	203,515	-	-	68,123	271,638
Fees and charges	-	126,335	-	-	126,335
Interest	6,447	3,473	237	4,678	14,835
Other	-	2,798	10,789	-	13,587
Total revenue	209,962	138,501	11,026	195,452	554,941
<b>Expenditures</b>					
Culture and recreation –					
Current	-	91,257	17,705	-	108,962
Highway and streets:					
Highway, streets and bridges	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	91,257	17,705	-	108,962
<b>Excess (deficiency) of revenues over (under) expenditures</b>	209,962	47,244	(6,679)	195,452	445,979
<b>Other financing sources (uses)</b>					
Transfer in (out)	-	(15,000)	15,000	-	-
<b>Net change in fund balances</b>	209,962	32,244	8,321	195,452	445,979
Fund balance, January 1	304,022	191,242	7,669	154,361	657,294
<b>Fund balance, December 31</b>	\$ 513,984	223,486	15,990	349,813	1,103,273

**VILLAGE OF WINNEBAGO, ILLINOIS**

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

**Debt Service Fund**

For the Year Ended December 31, 2022

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>					
Property taxes	\$	–	–	–	–
Grants		203,304	203,304	203,515	211
Interest		<u>300</u>	<u>300</u>	<u>6,447</u>	<u>6,147</u>
Total revenues		<u>203,604</u>	<u>203,604</u>	<u>209,962</u>	<u>6,358</u>
<b>Expenditures</b>					
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>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>203,604</u>	<u>203,604</u>	<u>209,962</u>	<u>6,358</u>
<b>Other financing sources (uses)</b>					
Transfer in (out)		<u>(203,604)</u>	<u>(203,604)</u>	<u>–</u>	<u>203,604</u>
<b>Net change in fund balance</b>	\$	<u>–</u>	<u>–</u>	209,962	<u>209,962</u>
Fund balance, January 1				<u>304,022</u>	
<b>Fund balance, December 31</b>			\$	<u>513,984</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, 2022

		Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>					
Telecommunications taxes	\$	7,500	7,500	5,895	(1,605)
Fees and charges		571,040	571,040	126,335	(444,705)
Interest		180	180	3,473	3,293
Other		500	500	2,798	2,298
Total revenues		<u>579,220</u>	<u>579,220</u>	<u>138,501</u>	<u>(440,719)</u>
<b>Expenditures</b>					
Culture and recreation:					
Contractual services:					
Office salaries		–	11,000	5,735	(5,265)
Payroll taxes		–	1,303	492	(811)
Employee benefits		–	1,468	492	(976)
Presidential project		1,200	1,200	951	(249)
Professional fees		18,500	22,673	25,502	2,829
Code enforcement officer		12,000	12,000	12,480	480
Legal expenses		20,000	20,000	7,037	(12,963)
Dues		4,500	4,500	2,500	(2,000)
Development escrow refund		130,000	126,022	25,157	(100,865)
Park equipment sinking fund		2,000	2,000	2,000	–
Engineering		3,500	3,500	1,082	(2,418)
Electricity		770	770	628	(142)
Grants		461,500	461,500	–	(461,500)
Community projects		6,000	5,805	3,069	(2,736)
Total contractual services		<u>659,970</u>	<u>673,741</u>	<u>87,125</u>	<u>(586,616)</u>
Supplies – community expenses		4,250	4,250	4,132	(118)
Capital outlay		–	–	–	–
Total expenditures		<u>664,220</u>	<u>677,991</u>	<u>91,257</u>	<u>(586,734)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>(85,000)</u>	<u>(98,771)</u>	<u>47,244</u>	<u>146,015</u>
<b>Other financing sources (uses)</b>					
Transfer in (out)		<u>85,000</u>	<u>85,000</u>	<u>(15,000)</u>	<u>(100,000)</u>
Net change in fund balance	\$	<u>–</u>	<u>(13,771)</u>	32,244	<u>46,015</u>
Fund balance, January 1				<u>191,242</u>	
<b>Fund balance, December 31</b>			\$	<u><u>223,486</u></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, 2022

		<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>					
Donations and other	\$	10,980	10,980	10,789	(191)
Interest		<u>20</u>	<u>20</u>	<u>237</u>	<u>217</u>
Total revenues		<u>11,000</u>	<u>11,000</u>	<u>11,026</u>	<u>26</u>
<b>Expenditures</b>					
Culture and recreation –					
Fourth of July expenses		<u>33,000</u>	<u>33,000</u>	<u>17,705</u>	<u>(15,295)</u>
Total expenditures		<u>33,000</u>	<u>33,000</u>	<u>17,705</u>	<u>(15,295)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>					
		<u>(22,000)</u>	<u>(22,000)</u>	<u>(6,679)</u>	<u>15,321</u>
<b>Other financing sources (uses)</b>					
Transfer in (out)		<u>22,000</u>	<u>22,000</u>	<u>15,000</u>	<u>(7,000)</u>
Net change in fund balance	\$	<u>–</u>	<u>–</u>	8,321	<u>8,321</u>
Fund balance, January 1				<u>7,669</u>	
<b>Fund balance, December 31</b>			\$	<u>15,990</u>	

## VILLAGE OF WINNEBAGO, ILLINOIS

### Schedule of Detailed Revenues and Expenditures – Budget and Actual

#### General Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 470,611	470,611	470,982	371
Sales taxes	425,000	425,000	623,804	198,804
State income tax	355,000	355,000	482,762	127,762
Telecommunications tax	37,000	37,000	29,474	(7,526)
Local use tax	125,000	125,000	119,051	(5,949)
Cannabis tax	4,070	4,070	4,851	781
Utility tax	115,000	115,000	125,513	10,513
Replacement tax	32,000	32,000	81,931	49,931
Total taxes	1,563,681	1,563,681	1,938,368	374,687
Licenses, fees and permits	2,500	2,500	1,565	(935)
Police fines	18,500	18,500	17,652	(848)
Total fines and other fees	21,000	21,000	19,217	(1,783)
Other revenue:				
Grants	1,000	1,000	–	(1,000)
Interest	1,000	1,000	28,346	27,346
Miscellaneous	16,702	16,702	42,431	25,729
Total other revenue	18,702	18,702	70,777	52,075
Total revenues	\$ 1,603,383	1,603,383	2,028,362	424,979
<b>Expenditures</b>				
General government:				
Office salaries	\$ 22,000	26,790	25,615	(1,175)
Deputy clerk	40,610	40,610	41,571	961
Treasurer	45,650	45,650	47,982	2,332
Salaries – elected officials	27,000	27,000	26,200	(800)
Payroll taxes	10,116	10,521	10,412	(109)
Employee benefits	27,400	27,854	24,654	(3,200)
Employee welfare	600	600	424	(176)
Office equipment	15,700	15,700	15,927	227
Professional services	17,806	17,806	15,069	(2,737)
Engineering	5,000	5,000	1,536	(3,464)
Legal services	27,500	27,500	23,560	(3,940)
Postage	1,200	1,200	766	(434)
Telephone	2,422	3,050	3,582	532
Publishing	1,100	1,100	743	(357)

(Continued)

## VILLAGE OF WINNEBAGO, ILLINOIS

### Schedule of Detailed Revenues and Expenditures – Budget and Actual

#### General Fund

For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
General government (continued):				
Printing	\$ 4,000	4,000	668	(3,332)
Dues	1,700	1,700	1,177	(523)
Travel	1,950	1,950	1,733	(217)
Training and conferences	2,000	2,000	1,050	(950)
Codification of ordinance	25,000	25,000	–	(25,000)
Office maintenance	8,070	8,070	4,257	(3,813)
Audit and accounting services	15,860	15,860	15,496	(364)
Liability insurance	5,100	5,100	5,349	249
Hail damage	183,350	183,350	19,174	(164,176)
Office supplies	3,000	3,000	2,564	(436)
Building water usage	150	350	327	(23)
Miscellaneous expense	650	650	194	(456)
Sullivan's payback agreement	38,000	38,000	39,053	1,053
Property tax refunds	870	870	877	7
Equipment sinking fund	3,700	3,700	3,700	–
WINGIS	625	625	588	(37)
Capital outlay – equipment	–	–	–	–
Contingency	<u>2,337</u>	<u>2,337</u>	<u>–</u>	<u>(2,337)</u>
Total general government	<u>540,466</u>	<u>546,943</u>	<u>334,248</u>	<u>(212,695)</u>
Highways and streets:				
Salaries	114,605	114,605	117,323	2,718
Employee benefits	28,178	28,178	25,906	(2,272)
Payroll taxes	8,510	8,510	8,975	465
Maintenance – buildings	15,000	15,000	1,906	(13,094)
Maintenance – vehicles	8,000	8,000	8,090	90
Maintenance – streets and sidewalks	105,000	105,000	91,107	(13,893)
Maintenance – equipment	10,000	10,000	10,400	400
Maintenance – service	5,500	25,000	7,430	(17,570)
Office & computer equipment	1,000	1,000	–	(1,000)
Professional fees	100	400	358	(42)
Engineering	23,000	23,000	17,258	(5,742)
Telephone	3,526	4,826	4,576	(250)
Electricity	40,000	40,000	43,315	3,315
Supplies	3,500	3,200	2,984	(216)
Gas and oil	12,000	15,000	17,232	2,232
Tree removal	8,000	8,000	7,600	(400)
Liability insurance	11,000	11,000	10,333	(667)

(Continued)

## VILLAGE OF WINNEBAGO, ILLINOIS

### Schedule of Detailed Revenues and Expenditures – Budget and Actual

#### General Fund

For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Over (Under) Budget
Highways and streets (continued):				
WINGIS	625	625	588	(37)
Street projects	230,000	230,000	194,485	(35,515)
Capital outlay – equipment	–	–	–	–
Total highways and streets	627,544	651,344	569,866	(81,478)
Public safety:				
Office salaries	\$ 5,300	7,920	2,292	(5,628)
Police chief	87,300	87,300	96,062	8,762
Full time officers	297,000	297,000	296,518	(482)
Part time officers	10,000	2,500	–	(2,500)
Police overtime	20,000	27,500	25,200	(2,300)
Payroll taxes	32,606	32,680	32,473	(207)
Employee benefits	133,420	133,498	103,436	(30,062)
Uniforms	5,000	5,000	4,643	(357)
Computers and equipment	3,000	3,000	3,155	155
Records management	7,872	7,872	–	(7,872)
Professional services	18,908	18,908	21,575	2,667
Vehicle maintenance	12,500	12,500	9,150	(3,350)
911 dispatch service	17,970	17,970	17,969	(1)
Legal	13,000	13,000	8,788	(4,212)
Postage	250	250	128	(122)
Telephone	5,422	6,022	6,596	574
Publishing and printing	450	450	198	(252)
Dues	700	700	340	(360)
Travel	300	300	216	(84)
Liability insurance	25,000	25,000	23,495	(1,505)
Water	125	125	144	19
Gas and oil	16,000	18,000	16,860	(1,140)
Miscellaneous	1,600	1,600	1,894	294
Police garage maintenance	3,000	3,000	2,350	(650)
Pre-employment physical	1,200	1,200	1,240	40
Small equipment	34,000	34,000	39,735	5,735
WINGIS	300	300	294	(6)
Training	8,500	8,500	9,334	834
Capital outlay - equipment	54,000	109,000	103,543	(5,457)
Total public safety	814,723	875,095	827,628	(47,467)
Total expenditures	\$ 1,982,733	2,073,382	1,731,742	(341,640)

**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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Operating revenues</b>				
Water service income	\$ 428,350	428,350	450,143	21,793
Capital charge – sewer hook-up	472,000	472,000	483,125	11,125
Water hook-up fees	11,000	11,000	–	(11,000)
Sewer hook-up fees	12,000	12,000	–	(12,000)
Water deposit revenue	2,000	2,000	711	(1,289)
Garbage charges	208,000	208,000	212,088	4,088
Recapture and impact fees	18,981	18,981	–	(18,981)
Intergovernmental income	710,462	710,462	85,284	(625,178)
Miscellaneous revenue	<u>51,000</u>	<u>51,000</u>	<u>2,641</u>	<u>(48,359)</u>
Total operating revenues	<u>1,913,793</u>	<u>1,913,793</u>	<u>1,233,992</u>	<u>(679,801)</u>
<b>Operating expenses</b>				
Office salary	46,740	51,980	51,149	(831)
Rock 39 salary	–	–	–	–
Part-time wages	5,000	12,895	3,933	(8,962)
Meter reader	24,567	24,567	30,561	5,994
Plant operator	67,212	67,212	70,082	2,870
Public works wages	33,730	33,730	35,643	1,913
Health insurance	21,260	21,260	12,455	(8,805)
Payroll taxes	13,900	15,003	14,753	(250)
Employee benefits	16,300	17,544	17,455	(89)
IMRF – GASB 68	–	–	2,076	2,076
Building water usage	500	800	836	36
Alarm system	5,300	6,505	7,750	1,245
Chemicals	6,000	6,000	4,674	(1,326)
Engineering	132,000	132,000	24,818	(107,182)
Cellular meter monthly fees	3,500	5,300	5,697	397
Garbage expense	203,588	203,588	205,032	1,444
Liability insurance	15,200	15,200	15,185	(15)
Equipment maintenance	15,000	24,075	21,709	(2,366)
Office and computer equipment	2,500	3,425	4,279	854
Operating supplies	45,000	60,000	64,326	4,326
Postage	4,400	7,400	5,514	(1,886)
Pre-employment physical	500	500	–	(500)
Printing	2,000	2,000	2,014	14

(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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Operating expenses (continued)</b>				
Professional fees	\$ 3,000	5,000	6,129	1,129
Publishing/advertising	1,000	1,000	–	(1,000)
WINGIS	1,520	1,520	1,469	(51)
Rental and small equipment	11,500	19,478	15,568	(3,910)
Telephone	2,500	2,500	2,087	(413)
Travel and training	3,000	3,000	235	(2,765)
Utilities	22,500	23,500	22,219	(1,281)
Water analysis	6,000	6,000	3,893	(2,107)
EPA permit fees	1,500	1,500	–	(1,500)
Fuel, grease and oil	12,000	15,000	17,232	2,232
Recapture fees	18,000	18,000	–	(18,000)
Water sewer upgrade	743,000	886,200	112,256	(773,944)
Sullivan's payback agreement	13,000	13,000	13,139	139
IEPA – interest expense	97,940	97,940	22,651	(75,289)
Four Rivers – interest expense	421,607	421,607	109,393	(312,214)
Equipment sinking fund	–	–	–	–
Depreciation	300,000	300,000	242,827	(57,173)
Contingency	245,717	65,439	5,604	(59,835)
Capital outlay	–	–	–	–
Total operating expenses	<u>2,567,981</u>	<u>2,591,668</u>	<u>1,174,643</u>	<u>(1,417,025)</u>
Operating income	<u>(654,188)</u>	<u>(677,875)</u>	<u>59,349</u>	<u>737,224</u>
<b>Non-operating revenues (expenses)</b>				
Interest income	1,000	1,000	22,450	21,450
Gain (loss) on disposal of assets	–	–	–	–
Miscellaneous income	4,500	4,500	4,875	375
1% sales tax income	250,000	250,000	470,030	220,030
Grant revenue	–	–	–	–
Total non-operating revenues (expenses)	<u>255,500</u>	<u>255,500</u>	<u>497,355</u>	<u>241,855</u>
Income before other financing sources (uses)	<u>(398,688)</u>	<u>(422,375)</u>	<u>556,704</u>	<u>979,079</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Other financing sources (uses) –</b>				
Operating transfers	\$ <u>398,688</u>	<u>398,688</u>	<u>18,311</u>	<u>(380,377)</u>
Total other financing sources (uses)	<u>398,688</u>	<u>398,688</u>	<u>18,311</u>	<u>(380,377)</u>
<b>Net change in net position</b>	\$ <u>–</u>	<u>(23,687)</u>	<u>575,015</u>	<u>598,702</u>
Net deficit, January 1			<u>(591,294)</u>	
<b>Net deficit, December 31</b>			\$ <u><u>(16,279)</u></u>	

**VILLAGE OF WINNEBAGO, ILLINOIS**

Assessed Valuations, Property Tax Rates, Extensions and Collections

**December 31, 2022**

	Tax Years					
	2022	2021	2020	2019	2018	2017
Assessed valuations	\$ 57,921,896	54,963,537	52,165,958	49,329,699	47,548,879	45,667,251
Property tax rates (per \$100 of assessed valuation):	<u>Max</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
General	0.4375	0.3796	0.3808	0.3932	0.4086	0.4214
General – Audit	–	0.0005	0.0005	0.0007	0.0007	0.0005
General – Liability	–	0.0005	0.0005	0.0007	0.0007	0.0005
Police	0.6000	0.4528	0.4544	0.4717	0.4838	0.4939
Revenue Recapture	–	0.0044	0.0024	–	–	–
IMRF	–	0.0005	0.0005	0.0007	0.0007	0.0005
Total tax rate		<u>0.8383</u>	<u>0.8391</u>	<u>0.8670</u>	<u>0.8945</u>	<u>0.9089</u>
Property tax extensions:						
General		219,871	209,301	205,117	201,561	196,615
General – Audit		290	275	365	345	238
General – Liability		290	275	365	345	238
Police		262,270	249,754	246,067	238,657	234,844
Revenue Recapture		2,548	1,319	–	–	–
IMRF		290	275	365	345	238
	\$	<u>485,559</u>	<u>461,199</u>	<u>452,279</u>	<u>441,253</u>	<u>432,173</u>
Property tax collections:**						
General		–	208,243	204,526	201,236	195,944
General – Audit		–	273	364	345	237
General – Liability		–	273	364	345	237
Police		–	248,492	245,357	238,272	234,043
Debt Service		–	–	–	–	–
Sewer Chlorination		–	–	–	–	–
Revenue Recapture		–	1,312	–	–	–
IMRF		–	273	364	345	237
	\$	<u>–</u>	<u>458,866</u>	<u>450,975</u>	<u>440,543</u>	<u>430,698</u>
Percentage of extensions collected		<u>–</u>	<u>99.49</u>	<u>99.71</u>	<u>99.84</u>	<u>99.66</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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assessed Valuation	\$ <u>57,921,896</u>	<u>54,963,537</u>	<u>52,165,958</u>	<u>49,329,699</u>
Statutory Debt Limitation (8.625 % of Assessed Valuation)	4,995,764	4,740,605	4,499,314	4,254,687
Outstanding debt subject to debt limitation – None	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Legal Debt Margin	\$ <u>4,995,764</u>	<u>4,740,605</u>	<u>4,499,314</u>	<u>4,254,687</u>