

CITY OF VILLA GROVE, ILLINOIS
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the year ended April 30, 2021



CITY OF VILLA GROVE
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and City Council
City of Villa Grove, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Villa Grove, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Villa Grove, Illinois, as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Illinois Municipal Retirement Fund - Schedule of Changes in the Net Pension Liability and Related Ratios, Illinois Municipal Retirement Fund - Schedule of Employer Contributions, and budgetary comparison information on pages 34 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Villa Grove, Illinois' basic financial statements. The information labeled as Statistical Information in the table of contents on pages 41 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statistical Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

West & Company, LLC

Mattoon, Illinois
October 26, 2021

BASIC FINANCIAL STATEMENTS

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 912,761	\$ 899,990	\$ 1,812,751
Due from other governments	708,084	-	708,084
Accounts receivable	39,238	138,872	178,110
Prepaid items	45,880	28,899	74,779
Restricted cash and cash equivalents	179,914	29,484	209,398
Total current assets	<u>1,885,877</u>	<u>1,097,245</u>	<u>2,983,122</u>
Noncurrent assets:			
Capital assets, non-depreciating	1,467,696	598,195	2,065,891
Capital assets, net of accumulated depreciation	2,730,345	7,156,468	9,886,813
Total noncurrent assets	<u>4,198,041</u>	<u>7,754,663</u>	<u>11,952,704</u>
Total assets	<u>6,083,918</u>	<u>8,851,908</u>	<u>14,935,826</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	<u>161,532</u>	<u>79,561</u>	<u>241,093</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	96,950	192,374	289,324
Accrued payroll	13,464	6,086	19,550
Accrued interest	13,007	3,743	16,750
Customer deposits	-	29,976	29,976
Accrued compensated absences - current	7,823	5,646	13,469
Current portion of long-term debt	59,114	131,749	190,863
Total current liabilities	<u>190,358</u>	<u>369,574</u>	<u>559,932</u>

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Noncurrent liabilities:			
Accrued compensated absences	\$ 10,226	\$ 7,296	\$ 17,522
Net pension liability	31,298	15,415	46,713
Long-term debt	280,000	3,839,711	4,119,711
Total noncurrent liabilities	<u>321,524</u>	<u>3,862,422</u>	<u>4,183,946</u>
Total liabilities	<u>511,882</u>	<u>4,231,996</u>	<u>4,743,878</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	217,610	107,180	324,790
Deferred inflows related to property taxes	593,165	-	593,165
Total deferred inflows of resources	<u>810,775</u>	<u>107,180</u>	<u>917,955</u>
NET POSITION:			
Net investment in capital assets	3,858,927	3,609,935	7,468,862
Restricted	404,484	-	404,484
Unrestricted	659,382	982,358	1,641,740
Total net position	<u>\$ 4,922,793</u>	<u>\$ 4,592,293</u>	<u>\$ 9,515,086</u>

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Functions/Programs:						
Primary Government:						
Governmental activities:						
General government	\$ 261,180	\$ 149,346	\$ -	\$ -	\$ (111,834)	\$ (111,834)
Public safety	751,572	13,284	-	-	(738,288)	(738,288)
Public works	388,258	-	84,821	-	(303,437)	(303,437)
Culture and recreation	69,713	-	4,580	115,000	49,867	49,867
Development	136,242	-	-	-	(136,242)	(136,242)
Interest on long-term debt	14,350	-	-	-	(14,350)	(14,350)
Total governmental activities	<u>1,621,315</u>	<u>162,630</u>	<u>89,401</u>	<u>115,000</u>	<u>(1,254,284)</u>	<u>(1,254,284)</u>
Business-type activities:						
Water	503,596	576,711	-	-	73,115	73,115
Sewer	453,479	516,490	-	-	63,011	63,011
Total business-type activities	<u>957,075</u>	<u>1,093,201</u>	<u>-</u>	<u>-</u>	<u>136,126</u>	<u>136,126</u>
Total primary government	<u>\$ 2,578,390</u>	<u>\$ 1,255,831</u>	<u>\$ 89,401</u>	<u>\$ 115,000</u>	<u>(1,254,284)</u>	<u>(1,118,158)</u>
General revenues:						
Property taxes				561,661	-	561,661
Sales taxes				373,609	-	373,609
State income taxes				307,947	-	307,947
Video gaming taxes				15,025	-	15,025
Replacement taxes				22,024	-	22,024
Motor fuel taxes				90,835	-	90,835
Interest income				5,761	5,567	11,328
Miscellaneous income				80,530	55	80,585
Loss on sale of capital assets				(7,324)	-	(7,324)
Total general revenues				<u>1,450,068</u>	<u>5,622</u>	<u>1,455,690</u>
Change in net position				195,784	141,748	337,532
Net position, beginning of year				<u>4,727,009</u>	<u>4,450,545</u>	<u>9,177,554</u>
Net position, end of year				<u>\$ 4,922,793</u>	<u>\$ 4,592,293</u>	<u>\$ 9,515,086</u>

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

CITY OF VILLA GROVE, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2021

	General	Tax Increment Financing	Motor Fuel Tax	Eliminations	Total
ASSETS:					
Cash and cash equivalents	\$ 494,613	\$ 203,919	\$ 214,229	\$ -	\$ 912,761
Due from other governments	418,998	289,086	-	-	708,084
Accounts receivable	30,880	-	8,358	-	39,238
Prepaid items	45,788	92	-	-	45,880
Due from other funds	550,000	-	1,983	(551,983)	-
Restricted cash and cash equivalents	179,914	-	-	-	179,914
Total assets	\$ 1,720,193	\$ 493,097	\$ 224,570	\$ (551,983)	\$ 1,885,877
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS):					
Liabilities:					
Accounts payable	\$ 96,950	\$ -	\$ -	\$ -	\$ 96,950
Accrued payroll	13,464	-	-	-	13,464
Due to other funds	-	551,983	-	(551,983)	-
Total liabilities	110,414	551,983	-	(551,983)	110,414
Deferred inflows of resources:					
Unavailable revenue	317,931	289,086	-	-	607,017
Fund balances (deficits):					
Nonspendable	45,788	92	-	-	45,880
Restricted for:					
Restricted for public safety	9,198	-	-	-	9,198
Restricted for public works	17,432	-	-	-	17,432
Restricted for liability insurance	17,429	-	-	-	17,429
Restricted for general government	6,307	-	-	-	6,307
Restricted for playground and recreation	10,663	-	-	-	10,663
Restricted for community development	118,885	-	-	-	118,885
Restricted for transportation	-	-	224,570	-	224,570
Assigned for:					
Assigned for public safety	71,330	-	-	-	71,330
Assigned for separation benefits	18,048	-	-	-	18,048
Assigned for recreation programs	6,476	-	-	-	6,476
Assigned for public works	2,461	-	-	-	2,461
Assigned for loan reserves	67,766	-	-	-	67,766
Unassigned	900,065	(348,064)	-	-	552,001
Total fund balances (deficits)	1,291,848	(347,972)	224,570	-	1,168,446
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,720,193	\$ 493,097	\$ 224,570	\$ (551,983)	\$ 1,885,877

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

CITY OF VILLA GROVE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
APRIL 30, 2021

Total fund balances, governmental funds	\$ 1,168,446
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Some exchange transaction revenues will not be collected for several months after the City's fiscal year ends. They are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.</p>	13,852
<p>Capital assets used in governmental activities, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.</p>	4,198,041
<p>Pension-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:</p>	
Deferred outflows of resources - pensions	161,532
Deferred inflows of resources - pensions	(217,610)
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:</p>	
Accrued interest	(13,007)
Accrued compensated absences	(18,049)
Net pension liability	(31,298)
Long-term debt	<u>(339,114)</u>
Net position of governmental activities	<u><u>\$ 4,922,793</u></u>

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	General	Tax Increment Financing	Motor Fuel Tax	Total
Revenues:				
Property taxes	\$ 279,954	\$ 281,707	\$ -	\$ 561,661
State sales taxes	373,609	-	-	373,609
State income taxes	307,947	-	-	307,947
Video gaming taxes	15,025	-	-	15,025
Replacement taxes	22,024	-	-	22,024
Motor fuel taxes	-	-	90,835	90,835
Grant revenue	1,222	-	83,599	84,821
Fines and fees	13,284	-	-	13,284
Licenses and permits	9,286	-	-	9,286
Franchise fee	140,060	-	-	140,060
Interest income	3,381	1,274	1,106	5,761
Donations	119,580	-	-	119,580
Miscellaneous	71,678	-	-	71,678
Total revenues	1,357,050	282,981	175,540	1,815,571
Expenditures:				
Current				
General government	200,811	56,774	-	257,585
Public safety	709,856	-	-	709,856
Public works	217,426	-	137,059	354,485
Culture and recreation	33,281	-	-	33,281
Development	-	136,242	-	136,242
Capital outlay	192,168	-	-	192,168
Debt service:				
Principal	16,831	-	-	16,831
Interest	14,916	-	-	14,916
Total expenditures	1,385,289	193,016	137,059	1,715,364
Net change in fund balances	(28,239)	89,965	38,481	100,207
Fund balances, beginning of year	1,320,087	(437,937)	186,089	1,068,239
Fund balances, end of year	<u>\$ 1,291,848</u>	<u>\$ (347,972)</u>	<u>\$ 224,570</u>	<u>\$ 1,168,446</u>

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

CITY OF VILLA GROVE, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021

Net change in fund balances, governmental funds \$ 100,207

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

Governmental funds report capital outlays as expenditures.

In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	192,168	
Depreciation	<u>(133,130)</u>	59,038

In the statement of activities, only the loss on sale of property is reported, where as in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying amount of the assets sold.

(12,324)

Some exchange transaction revenues will not be collected for several months after the City's fiscal year ends. They are considered "unavailable" revenues and are deferred inflows of resources in the governmental funds.

Current year unavailable revenue	13,852	
Prior year unavailable revenue	<u>-</u>	13,852

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	46,567	
Cost of benefits earned, net	<u>(27,059)</u>	19,508

The repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

16,831

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds as follows:

Accrued compensated absences	(1,894)	
Accrued interest	<u>566</u>	<u>(1,328)</u>

Change in net position of governmental activities \$ 195,784

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2021

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 634,258	\$ 265,732	\$ 899,990
Accounts receivable, net	72,030	66,842	138,872
Prepaid items	16,727	12,172	28,899
Due from other funds	-	6,250	6,250
Restricted cash and cash equivalents	29,484	-	29,484
Total current assets	<u>752,499</u>	<u>350,996</u>	<u>1,103,495</u>
Noncurrent assets:			
Land	22,805	327,122	349,927
Construction in progress	248,268	-	248,268
Property, plant and equipment	6,151,678	2,835,117	8,986,795
Accumulated depreciation	<u>(769,888)</u>	<u>(1,060,439)</u>	<u>(1,830,327)</u>
Total noncurrent assets	<u>5,652,863</u>	<u>2,101,800</u>	<u>7,754,663</u>
Total assets	<u>6,405,362</u>	<u>2,452,796</u>	<u>8,858,158</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	<u>40,986</u>	<u>38,575</u>	<u>79,561</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	184,475	7,899	192,374
Accrued payroll	3,043	3,043	6,086
Accrued interest	1,993	1,750	3,743
Customer deposits	29,976	-	29,976
Accrued compensated absences - current	2,823	2,823	5,646
Notes payable - current	116,749	15,000	131,749
Due to other funds	<u>6,250</u>	<u>-</u>	<u>6,250</u>
Total current liabilities	<u>345,309</u>	<u>30,515</u>	<u>375,824</u>
Noncurrent liabilities:			
Accrued compensated absences	3,648	3,648	7,296
Net pension liability	7,941	7,474	15,415
Notes payable	<u>3,809,711</u>	<u>30,000</u>	<u>3,839,711</u>
Total noncurrent liabilities	<u>3,821,300</u>	<u>41,122</u>	<u>3,862,422</u>
Total liabilities	<u>4,166,609</u>	<u>71,637</u>	<u>4,238,246</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	<u>55,214</u>	<u>51,966</u>	<u>107,180</u>
NET POSITION:			
Net investment in capital assets	1,553,135	2,056,800	3,609,935
Unrestricted	<u>671,390</u>	<u>310,968</u>	<u>982,358</u>
Total net position	<u>\$ 2,224,525</u>	<u>\$ 2,367,768</u>	<u>\$ 4,592,293</u>

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 576,711	\$ 516,490	\$ 1,093,201
Operating expenses:			
Personnel services	153,217	155,835	309,052
Supplies and materials	58,685	52,475	111,160
Contractual services	150,232	165,311	315,543
Depreciation	88,549	77,709	166,258
Total operating expenses	<u>450,683</u>	<u>451,330</u>	<u>902,013</u>
Operating income	<u>126,028</u>	<u>65,160</u>	<u>191,188</u>
Nonoperating revenues (expenses):			
Interest income	3,994	1,573	5,567
Miscellaneous	-	55	55
Interest expense	<u>(52,913)</u>	<u>(2,149)</u>	<u>(55,062)</u>
Total nonoperating revenues (expenses)	<u>(48,919)</u>	<u>(521)</u>	<u>(49,440)</u>
Income before transfers	77,109	64,639	141,748
Transfers in	-	200,000	200,000
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Change in net position	(122,891)	264,639	141,748
Net position, beginning of the year	<u>2,347,416</u>	<u>2,103,129</u>	<u>4,450,545</u>
Net position, end of year	<u>\$ 2,224,525</u>	<u>\$ 2,367,768</u>	<u>\$ 4,592,293</u>

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Enterprise Funds		
	Water	Sewer	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 578,928	\$ 509,566	\$ 1,088,494
Payments to suppliers	(202,236)	(224,130)	(426,366)
Payments to employees	(162,288)	(166,210)	(328,498)
Net cash provided by operating activities	<u>214,404</u>	<u>119,226</u>	<u>333,630</u>
Cash flows from noncapital financing activities:			
Interfund borrowings, net	5,232	(10,703)	(5,471)
Transfers in	-	200,000	200,000
Transfers out	(200,000)	-	(200,000)
Net cash provided (used) by noncapital financing activities	<u>(194,768)</u>	<u>189,297</u>	<u>(5,471)</u>
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(58,253)	(269,579)	(327,832)
Interest paid on capital debt	(52,972)	(2,163)	(55,135)
Principal paid on capital debt	(115,224)	(23,494)	(138,718)
Net cash used by capital and related financing activities	<u>(226,449)</u>	<u>(295,236)</u>	<u>(521,685)</u>
Cash flows from investing activities:			
Investment income	<u>3,995</u>	<u>1,573</u>	<u>5,568</u>
Net cash provided by investing activities	<u>3,995</u>	<u>1,573</u>	<u>5,568</u>
Net increase (decrease) in cash and cash equivalents	(202,818)	14,860	(187,958)
Cash and cash equivalents, beginning of the year (including amount reported in restricted cash and cash equivalents)	<u>866,560</u>	<u>250,872</u>	<u>1,117,432</u>
Cash and cash equivalents, end of the year (including amount reported in restricted cash and cash equivalents)	<u>\$ 663,742</u>	<u>\$ 265,732</u>	<u>\$ 929,474</u>

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	Enterprise Funds		
	Water	Sewer	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 126,028	\$ 65,160	\$ 191,188
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	88,549	77,709	166,258
Decrease (increase) in:			
Accounts receivable	337	(6,979)	(6,642)
Prepaid items	2,031	2,761	4,792
Deferred outflows related to pensions	10,061	12,472	22,533
Increase (decrease) in:			
Accounts payable	4,650	(9,050)	(4,400)
Accrued payroll	(2,722)	(2,722)	(5,444)
Customer deposits	1,880	-	1,880
Accrued compensated absences	(987)	(987)	(1,974)
Net pension liability	(47,193)	(47,660)	(94,853)
Deferred inflows related to pensions	31,770	28,522	60,292
Net cash provided by operating activities	<u>\$ 214,404</u>	<u>\$ 119,226</u>	<u>\$ 333,630</u>
Supplemental disclosure of cash flow information			
Noncash financing activities:			
Construction of capital assets on account	<u>\$ 173,268</u>	<u>\$ -</u>	<u>\$ 173,268</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Villa Grove, Illinois, operates under an aldermanic form of government. The City's major operations include public safety, public works, recreation and parks, and general administrative services. In addition, the City owns and operates two major enterprise activities: a water plant and a local sewer system.

As required by U.S. generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In accordance with governmental accounting standards, financial accountability is determined on the basis of authoritative appointments of a voting majority of the potential component unit's board, imposition of its will on the potential component unit, the existence of a financial benefit or burden, fiscal dependency, and the designation of management. Entities may also be part of the financial reporting entity if their inclusion is necessary to prevent the financial statements from being misleading or incomplete or if the entities are closely related to or financially integrated with the primary government. Pursuant to these criteria, no component units were identified for inclusion in the accompanying financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved. Therefore, charges between the City's water and sewer functions as well as various other functions of the government are included since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities normally supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets. The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds, if any, are aggregated and presented in a single column. The City has decided all funds will be presented as major funds.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types as follows:

Major Governmental Funds

General Fund – The General Fund accounts for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following major special revenue funds:

Tax Increment Financing Fund – The Tax Increment Financing (TIF) Fund is used to account for incremental property taxes received within the TIF District that are legally restricted to expenditures for capital improvements and redevelopment within the District.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund is used to account for motor fuel taxes and Rebuild IL funds received that are legally restricted to expenditures for street maintenance.

Major Proprietary Funds

Proprietary funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The following are the City's major proprietary funds:

Water Fund – The Water Fund provides water and transmission services to City citizens and accounts for operations that are financed in a manner similar to private business enterprises.

Sewer Fund – The Sewer Fund provides sanitary sewer waste collection and transmission services to City citizens and accounts for operations that are financed in a manner similar to private business enterprises.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Revenues from taxes or assessments on exchange transactions (sales taxes, utility taxes) are recognized when the underlying exchange transaction occurs. Revenues from shared nonexchange transactions (state income taxes, motor fuel taxes, replacement taxes) are also recognized in the period when the underlying transaction occurs, provided the state is required to share the revenues under act of law. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized when the related fund liability is incurred, with the exception of principal and interest payments on general long-term debt which are recognized as liabilities when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include property taxes, franchise fees, interest, charges for services, and various taxes collected by the state or other parties on behalf of the government. In general, other revenues, such as permit revenues and miscellaneous revenues are considered to be measurable and available only when cash is received. Unearned revenues arise when resources are received prior to the government having a legal claim to them. The revenues are subsequently recognized when the government has legal claim to the resources. Revenues received after the City's availability period are reported as deferred inflows of resources in the governmental fund statements and are reported as current revenues in the statement of activities.

Property taxes are deferred in the fiscal year that they are levied and are recorded as revenue when they become measurable and available. The government considers property tax revenues to be available if they are collectible within 60 days after year-end. Taxes levied are carried as deferred inflows of the appropriate fund.

The City's property tax is levied and attached as an enforceable lien on January 1 of each year on property values assessed as of the same date. The 2019 tax levy is recorded as revenue in the year ended April 30, 2021.

Taxes levied in one year become due and payable in two installments during the following year. The first installment is due around June 1 and the second installment is due around September 1. Property taxes are collected by the Douglas County Collector, who remits to each taxing unit its respective share of the collections.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting – Concluded

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the water enterprise fund and the sewer enterprise fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services such as personnel services, supplies and materials, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

The City Council prepares its annual operating budget under the provisions of the Illinois Finance Code. In accordance with those provisions, the following process is used to adopt the annual budget:

- 1) Prior to the end of the end of each fiscal year, the budget officer submits to the City Council a proposed operating budget for the year commencing on May 1. The operating budget includes proposed expenditures and the means of financing them. The operating budget is approved by the City Council prior to the end of the fiscal year.
- 2) Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.
- 3) The budget ordinance was adopted on April 27, 2020.
- 4) The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The budget was not amended during the fiscal year.
- 5) Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
- 6) Budgets for General and Special Revenue Funds, are adopted on the modified accrual basis and lapse at year end.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand and savings accounts of the City. For purposes of the Statement of Cash Flows for proprietary funds, the City considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash deposits are reported at cost.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for uncollectibles is considered necessary at year-end.

Capital Assets – The City’s modified accrual basis of accounting reports capital assets and depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are accounted for as capital assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds’ infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are recorded at cost. Prior to May 1, 2004, donated capital assets were recorded at their estimated fair value at the date of donation. Contributed capital assets received since May 1, 2004 are recorded at acquisition value on the date donated. The City’s capitalization policy is to capitalize all asset expenditures greater than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 to 50 years
Improvements other than buildings	5 to 50 years
Machinery, furniture, and equipment	5 to 15 years
Vehicles	5 to 25 years
Streets	20 to 25 years
Storm/sanitary sewer	15 to 75 years
Water system	15 to 80 years

In the fund financial statements, capital assets acquired for use in the governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in the proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Prepaid Items

In the government-wide and fund financial statements, prepaid expenditures/expenses are deferred and expensed over the term when the services are received.

Restricted Assets

Certain resources in the governmental funds are set aside and classified as restricted because their use has been limited by donor restrictions. Certain proceeds from customer deposits recorded in the proprietary funds, as well as any resource set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited to the applicable repayment of customer deposits.

Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the City after the measurement date but before the end of the City's reporting period.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources reported in the governmental fund balance sheet represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources reported in the government-wide and proprietary fund statements of net position consist of current year taxes levied and unrecognized items related to pensions.

Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. Compensated absence obligations arise from amounts due to City employees for vested amounts of vacation pay and sick pay which will be payable in the future. In the government-wide financial statements, remaining unused compensated absences are accounted for as a liability in the Statement of Net Position. In the fund financial statements, governmental funds report compensated absences as current expenditures of the applicable governmental fund when used. Proprietary funds report compensated absences the same as the government-wide financial statements. The obligation of each fund has historically been funded by that fund.

Long-Term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Long-Term Debt – Continued

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest as expenditures.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position are available.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet:

Nonspendable Fund Balance - the portion of a governmental fund's fund balance that is not available to be spent, either short term or long term, in either form or through legal restrictions.

Restricted Fund Balance – the portion of a governmental fund's fund balance that is subject to constraints, either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – the portion of a governmental fund's fund balance with self-imposed constraints or limitations that have been imposed by action of the government's highest level of decision making.

Assigned Fund Balance – the portion of a governmental fund's fund balance to denote an intended use of resources.

Unassigned Fund Balance – the portion of a governmental fund's fund balance that is not designated for a specific purpose.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Equity Classifications (Concluded)

Fund Statements (Concluded)

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Proprietary fund equity is classified the same as in the government-wide statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Accordingly, actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The City's Board of Trustees has adopted a policy to invest in investments allowed by the Illinois Compiled Statutes (ILCS) which authorize the City to make deposits in interest-bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of governmental securities, The Illinois Funds, and annuities.

Deposits

Separate bank accounts are maintained for all City funds, which are all held at financial institutions. At April 30, 2021, the carrying amount of the City's deposits, including petty cash, was \$2,022,149. The bank balance of these deposits totaled \$2,072,161.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's investment policy requires the financial institutions utilized by the City to provide appropriate collateral for deposits in excess of FDIC insurance limits. Credit risk on investments is mitigated by limiting investments to those specified in state and local statute. As of April 30, 2021, of the City's total bank balance, \$484,921 was secured by federal depository insurance and \$1,587,240 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS (Concluded)

Restricted Cash

The City has the following restrictions at April 30, 2021:

	<u>Amount</u>
Governmental activities:	
Public Safety	\$ 9,198
Public Works	17,432
Liability Insurance	17,429
General Government	6,307
Playground and Recreation	10,663
Community Development	118,885
	<u>\$ 179,914</u>
Business-type activities:	
Customer deposits	<u>\$ 29,484</u>

Investments

The City invests in The Illinois Funds which consists of monies invested by individual participants that are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. The individual participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral; therefore, no collateral is identified with each individual participant's account. The City's balance in The Illinois Funds at April 30, 2021, was \$ -.

Concentration of Credit Risk

The City's investment policy states investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. Diversification strategies shall be determined and revised periodically by the City Treasurer.

Interest Rate Risk

Interest rate risk is the risk that the market value of portfolio securities will fall due to a decrease in general interest rates. Interest rate risk is mitigated by structuring the City's portfolio so that securities mature to meet the City's cash requirements for ongoing operations.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at April 30, 2021, were as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 550,000	\$ -
Motor Fuel Tax Fund	1,983	-
Tax Increment Financing Fund	-	551,983
Water Fund	-	6,250
Sewer Fund	6,250	-
Totals	<u>\$ 558,233</u>	<u>\$ 558,233</u>

Most of the interfund receivables and payables between funds of the City were to advance the cost of TIF eligible projects to cover expenditures before TIF funds became available. These interfund amounts will be repaid as TIF funds become available in future years.

4. CAPITAL ASSETS

Capital asset activity for the year ending April 30, 2021, consists of the following:

	<u>Balances May 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances April 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,315,111	\$ -	\$ -	\$ 1,315,111
Construction in progress	11,002	141,583	-	152,585
Total capital assets not being depreciated	<u>1,326,113</u>	<u>141,583</u>	<u>-</u>	<u>1,467,696</u>
Depreciable capital assets:				
Buildings	1,400,056	-	-	1,400,056
Land improvements	89,002	-	-	89,002
Equipment	275,465	-	-	275,465
Vehicles	556,950	44,825	15,959	585,816
Infrastructure	2,174,191	5,760	-	2,179,951
Total depreciable assets	<u>4,495,664</u>	<u>50,585</u>	<u>15,959</u>	<u>4,530,290</u>
Accumulated depreciation:				
Buildings	187,572	28,137	-	215,709
Land improvements	66,751	4,450	-	71,201
Equipment	160,781	12,156	-	172,937
Vehicles	441,641	28,916	3,635	466,922
Infrastructure	813,705	59,471	-	873,176
Total accumulated depreciation	<u>1,670,450</u>	<u>133,130</u>	<u>3,635</u>	<u>1,799,945</u>
Depreciable capital assets, net of accumulated depreciation	<u>2,825,214</u>	<u>(82,545)</u>	<u>12,324</u>	<u>2,730,345</u>
Total governmental activities capital assets, net	<u>\$ 4,151,327</u>	<u>\$ 59,038</u>	<u>\$ 12,324</u>	<u>\$ 4,198,041</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS (Concluded)

	Balances May 1, 2020	Additions	Retirements	Balances April 30, 2021
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 349,927	\$ -	\$ -	\$ 349,927
Construction in progress	217,687	231,522	200,941	248,268
Total capital assets not being depreciated	<u>567,614</u>	<u>231,522</u>	<u>200,941</u>	<u>598,195</u>
Depreciable capital assets:				
Buildings	195,091	-	-	195,091
Plant and equipment	8,068,582	299,860	-	8,368,442
Vehicles	101,422	-	-	101,422
Water tower	321,840	-	-	321,840
Total depreciable assets	<u>8,686,935</u>	<u>299,860</u>	<u>-</u>	<u>8,986,795</u>
Accumulated depreciation				
Buildings	87,087	7,769	-	94,856
Plant and equipment	1,445,311	143,272	-	1,588,583
Vehicles	29,451	6,761	-	36,212
Water tower	102,220	8,456	-	110,676
Total accumulated depreciation	<u>1,664,069</u>	<u>166,258</u>	<u>-</u>	<u>1,830,327</u>
Depreciable capital assets, net of accumulated depreciation	<u>7,022,866</u>	<u>133,602</u>	<u>-</u>	<u>7,156,468</u>
Total governmental activities capital assets, net	<u>\$ 7,590,480</u>	<u>\$ 365,124</u>	<u>\$ 200,941</u>	<u>\$ 7,754,663</u>

Depreciation expense was charged to the City's functions as follows:

Governmental activities:	
General government	\$ 4,096
Public safety	55,232
Public works	37,370
Culture and recreation	36,432
Total	<u>\$ 133,130</u>
Business-type activities:	
Water	\$ 88,549
Sewer	77,709
Total	<u>\$ 166,258</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

5. CONSTRUCTION IN PROGRESS

The City had the following construction projects in progress at April 30, 2021:

	Balance May 1, 2020	Additions	Completion/ Adjustment	Balance April 30, 2021	Estimated Completion Costs
Governmental activities:					
Downtown Streetscape	\$ 11,002	\$ -	\$ -	\$ 11,002	\$ - *
Community Center	-	141,583	-	141,583	6,858,417
Total governmental activities	<u>\$ 11,002</u>	<u>\$ 141,583</u>	<u>\$ -</u>	<u>\$ 152,585</u>	<u>\$ 6,858,417</u>
Business-type activities:					
Water System Improvements Phase II	\$ 16,746	\$ 231,522	\$ -	\$ 248,268	\$ 568,732
Bridge Replacement Utility Relocation	200,941	-	200,941	-	-
Total business-type activities	<u>\$ 217,687</u>	<u>\$ 231,522</u>	<u>\$ 200,941</u>	<u>\$ 248,268</u>	<u>\$ 568,732</u>
Total construction in progress	<u>\$ 228,689</u>	<u>\$ 373,105</u>	<u>\$ 200,941</u>	<u>\$ 400,853</u>	<u>\$ 7,427,149</u>

*This project has been delayed indefinitely and therefore completion costs cannot be estimated.

6. LONG-TERM DEBT

Governmental Activities

On May 15, 2017, the City entered into a loan agreement in the amount of \$400,000 with Villa Grove State Bank to finance the construction of the Emergency Service Center. Interest is charged at a rate of 2.75% plus the 3 year Treasury Index, currently 4.0%. The loan will be repaid in annual installments. The outstanding balance at April 30, 2021 was \$319,960. Due to concerns about the uncertainty of receipts due to COVID-19, the City negotiated a one year extension for the annual installment that was due May 2020. The extension defers all payments by one year, ultimately extending the notes' maturity date to May 15, 2028.

On August 17, 2018, the City entered into a loan agreement in the amount of \$55,351 with Villa Grove State Bank to purchase a new leaf vacuum. Interest is charged at a rate of 4.50%. The loan will be repaid in annual installments maturing on August 17, 2021. The outstanding balance at April 30, 2021 was \$19,155.

Business-Type Activities

During 2001, the City entered into an agreement with the Illinois Environmental Protection Agency for a loan to help fund improvements at the sewer treatment plant. Pertinent points of the loan agreement are as follows:

\$919,435 loan agreement with the Illinois Environmental Protection Agency, due in semi-annual installments of \$30,026 through October 22, 2020, interest at 2.535%. The final loan payment was made on October 19, 2020.

On May 15, 2017, the City entered into a loan agreement in the amount of \$75,000 with Villa Grove State Bank to finance a sludge truck. Interest is charged at a rate of 2.75% plus the 3 year Treasury Index rate, currently 4.0%. The loan will be repaid in annual installments. The outstanding balance at April 30, 2021 was \$45,000. Due to concerns about the uncertainty of receipts due to COVID-19, the City negotiated a one year extension for the annual installment that was due May 2020. The extension defers all payments by one year, ultimately extending the notes' maturity date to May 15, 2023.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Concluded)

Business-Type Activities (Concluded)

On March 28, 2018, the City entered into a loan agreement in the amount of \$4,649,500 with the Illinois Environmental Protection Agency for a loan to help fund the construction of a new water treatment plant. Interest is charged at a rate of 1.32%. The loan will be repaid in semi-annual installments of \$84,098 through April 20, 2049. The outstanding balance at April 30, 2021 was \$3,926,460.

The debt service requirements to retire all notes payable outstanding as of April 30, 2021 are as follows:

Years ending April 30,	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 59,114	\$ 13,777	\$ 131,749	\$ 53,270	\$ 190,863	\$ 67,047
2023	40,000	11,356	133,296	51,116	173,296	62,472
2024	40,000	9,733	134,863	48,941	174,863	58,674
2025	40,000	8,111	121,450	46,745	161,450	54,856
2026	40,000	6,489	123,059	45,137	163,059	51,626
2027-2031	120,000	9,733	640,175	200,801	760,175	210,534
2032-2036	-	-	683,703	157,272	683,703	157,272
2037-2041	-	-	730,192	110,784	730,192	110,784
2042-2046	-	-	779,841	61,134	779,841	61,134
2047-2049	-	-	493,132	11,454	493,132	11,454
Total	<u>\$ 339,114</u>	<u>\$ 59,199</u>	<u>\$ 3,971,460</u>	<u>\$ 786,654</u>	<u>\$ 4,310,574</u>	<u>\$ 845,853</u>

7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the current year:

	Balance May 1, 2020	Additions	Reductions	Balance April 30, 2021	Due Within One Year
Governmental activities:					
Emergency services center construction	\$ 319,960	\$ -	\$ -	\$ 319,960	\$ 39,960
Leaf vacuum loan	35,986	-	(16,831)	19,155	19,155
Net pension liability	214,049	-	(182,751)	31,298	N/A
Accrued compensated absences	16,155	1,894	-	18,049	7,823
Total governmental activities	<u>\$ 586,150</u>	<u>\$ 1,894</u>	<u>\$ (199,582)</u>	<u>\$ 388,462</u>	<u>\$ 66,938</u>
Business-type activities:					
IEPA loan 0721	\$ 23,494	\$ -	\$ (23,494)	\$ -	\$ -
Sludge truck loan	45,000	-	-	45,000	15,000
IEPA loan 5239	4,041,684	-	(115,224)	3,926,460	116,749
Net pension liability	110,268	-	(94,853)	15,415	N/A
Accrued compensated absences	14,916	-	(1,974)	12,942	5,646
Total business-type activities	<u>\$ 4,235,362</u>	<u>\$ -</u>	<u>\$ (235,545)</u>	<u>\$ 3,999,817</u>	<u>\$ 137,395</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND

Plan Description

The City'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 City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension plan. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Employees Covered by Benefit Terms

As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	13
Total	29

Contributions

As set by statute, the City’s Regular Plan Members are required to contribute 4.50 percent 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 City’s annual required contribution rate for calendar year 2020 was 10.64 percent. For the fiscal year ended April 30, 2021, the City contributed \$69,523. The City 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 City’s net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

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

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%.
- 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 pursuant to an experience study from years 2017 to 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.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Actuarial Methods and Assumptions - Continued

There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2020 Illinois Municipal Retirement Fund annual actuarial valuation report.

Long-Term Expected Rate of Return

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 as of December 31, 2020:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	37%	5.00%
International equities	18%	6.00%
Fixed income	28%	1.30%
Real estate	9%	6.20%
Alternative Investments	7%	
Private equity		6.95%
Hedge funds		N/A
Commodities		2.85%
Cash Equivalents	<u>1%</u>	0.70%
Total	<u><u>100%</u></u>	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. 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 this valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

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, 2019	\$ 2,611,953	\$ 2,287,636	\$ 324,317
Changes for the year:			
Service cost	71,612	-	71,612
Interest of the total pension liability	187,106	-	187,106
Differences between expected and actual experience of the total pension liability	(49,451)	-	(49,451)
Changes in assumptions	(25,753)		(25,753)
Contributions - employer	-	67,839	(67,839)
Contributions - employees	-	28,691	(28,691)
Net investment income	-	366,308	(366,308)
Benefit payments, including refunds of employee contributions	(133,986)	(133,986)	-
Other (net transfer)	-	(1,720)	1,720
Net changes	<u>49,528</u>	<u>327,132</u>	<u>(277,604)</u>
Balances at December 31, 2020	<u>\$ 2,661,481</u>	<u>\$ 2,614,768</u>	<u>\$ 46,713</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower <u>6.25%</u>	Current Rate <u>7.25%</u>	1% Higher <u>8.25%</u>
Net pension liability (asset)	<u>\$ 400,431</u>	<u>\$ 46,713</u>	<u>\$ (227,875)</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

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

For the year ended April 30, 2021, the City recognized pension expense of \$37,988. At April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	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	\$ 172,127	\$ 56,289
Changes of assumptions	45,057	50,827
Net difference between projected and actual earnings on pension plan investments	-	217,674
Total deferred amounts to be recognized in pension expense in future periods	217,184	324,790
Pension contributions made subsequent to the measurement date	23,909	-
Total deferred amounts related to pensions	\$ 241,093	\$ 324,790

\$23,909, reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2022.

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

Year Ending December 31,	Net Deferred Inflows of Resources
2021	\$ 30,398
2022	2,963
2023	40,023
2024	26,229
2025	1,123
Thereafter	6,870
Total	\$ 107,606

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. RISK MANAGEMENT AND UNCERTAINTIES

Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments to form the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for Illinois municipalities. The City pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the IMLRMA provides that the pool will be self-sustaining through member premiums. There have been no significant changes from the prior year and settlements have not exceeded coverage in the current year or the prior two years.

10. OTHER POSTEMPLOYMENT BENEFITS

The City evaluated its potential liability for postemployment benefits other than pensions. Former employees who choose to retain their rights to health, dental, and vision insurance through the City are required to pay 100% of the current premium. As of April 30, 2021, the City had no former employees who chose to utilize this postemployment benefit, and no current employees are expected to utilize this benefit. As a result, the City has no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Additionally, the City had no former employees for whom the City was providing an explicit subsidy, nor did the City have any current employees with agreements for future explicit subsidies upon retirement. No postemployment benefit liability has been recorded as of April 30, 2021.

11. FUND DEFICITS

The Tax Increment Financing fund had a fund deficit of \$347,972 at April 30, 2021. This deficit is expected to be reduced in the future with increased revenues.

12. COMMITMENTS AND CONTINGENCIES

Tax Increment Financing Commitments

The City initiated the development of the subdivision Pheasant Pointe in August of 2000 with a private developer. The property taxes that the TIF Fund receives from the subdivision must first be used to pay for the annual TIF Revenue Bond costs, with the remainder to be paid to the developer for costs incurred, including interest expense. The current year payment made to the developer was \$136,242. The agreement expires on April 14, 2022.

Ambulance Agreement

The City and five surrounding governmental entities entered into a multi-year ambulance contract through April 2022 with Arrow Ambulance to provide ambulance services to the City of Villa Grove and surrounding areas. The agreement called for the City to pay \$101,813 for the services provided for the year ending April 30, 2021. Five surrounding governmental entities reimbursed the City a total of \$33,251 for ambulance services during the year ended April 30, 2021. In addition, this agreement calls for the City to pay Arrow Ambulance \$116,469 for the year ending April 30, 2022. The five surrounding governmental entities will reimburse the City \$38,543 for the year ending April 30, 2022.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

13. OPERATING LEASE

The City is committed through October 15, 2022 under a lease agreement for a track loader. Annual lease payments are split equally between the General Fund, Water Fund, and Sewer Fund.

Total lease expense for the year ended April 30, 2021 was \$11,792. The following is a schedule of future minimum lease payments required under the above operating lease:

Year ending <u>April 30,</u>	
2022	<u>\$ 11,792</u>

14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the Motor Fuel Tax Fund, expenditures of \$137,059 exceeded appropriations of \$130,900.

15. TRANSFERS

The City transferred \$200,000 from the Water Fund to the Sewer Fund to help cover costs related to the bridge replacement utility relocation project.

16. SUBSEQUENT EVENTS

The City hired an engineering firm to conduct a study to determine if selling the water and sewer utilities would be advantageous. The study concluded that selling the utilities would be advantageous to both the City of Villa Grove and its residents. The board has sent the utilities out for bid and has been reviewing the bids with the engineering firm and city attorneys. No formal agreement has been made to sell the utilities.

The City made draws totaling \$344,709 on 6/16/21 and 9/22/21 from the new IEPA loan. This loan is intended to help cover the costs of the Water System Improvements Phase II project.

The City currently has the community center project out for bid. The total estimated cost of this project is approximately \$7 million with construction planning to start in Spring 2022. The City has been awarded a Parc Program grant through the Illinois Department of Natural Resources for approximately \$2.1 million that will be used to help offset costs incurred by the construction of the community center. Due to increases in estimated costs, the City plans on requesting additional funding from the Illinois Department of Natural Resources.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VILLA GROVE, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
UNAUDITED

For the year ended April 30, 2021

(Amounts presented are for the calendar year ended December 31, 2020, 2019, 2018, 2017, 2016, and 2015)

Calendar Years Ending December 31,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 71,612	\$ 72,619	\$ 63,838	\$ 61,430	\$ 51,081	\$ 54,933
Interest on the total pension liability	187,106	168,916	148,056	135,217	121,000	114,027
Difference between expected and actual experience of the total pension liability	(49,451)	107,556	110,911	68,022	27,184	(66,539)
Changes of assumption	(25,753)	-	85,107	(62,753)	(2,888)	2,661
Benefit payments, including refunds of employee contributions	(133,986)	(61,412)	(51,610)	(12,241)	(16,051)	-
Net change in total pension liability	49,528	287,679	356,302	189,675	180,326	105,082
Total pension liability - beginning	2,611,953	2,324,274	1,967,972	1,778,297	1,597,971	1,492,889
Total pension liability - ending (A)	<u>\$ 2,661,481</u>	<u>\$ 2,611,953</u>	<u>\$ 2,324,274</u>	<u>\$ 1,967,972</u>	<u>\$ 1,778,297</u>	<u>\$ 1,597,971</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 67,839	\$ 81,634	\$ 73,474	\$ 60,919	\$ 56,485	\$ 53,484
Contributions - employees	28,691	91,989	30,076	27,746	24,070	23,165
Net investment income	366,308	326,957	(60,913)	238,914	92,318	6,947
Benefit payments, including refunds of employee contributions	(133,986)	(61,412)	(51,610)	(12,241)	(16,051)	-
Other (net transfer)	(1,720)	(1,784)	34,438	(11,505)	15,232	(85,792)
Net change in plan fiduciary net position	327,132	437,384	25,465	303,833	172,054	(2,196)
Plan fiduciary net position - beginning	2,287,636	1,850,252	1,824,787	1,520,954	1,348,900	1,351,096
Plan fiduciary net position - ending (B)	<u>2,614,768</u>	<u>2,287,636</u>	<u>1,850,252</u>	<u>1,824,787</u>	<u>1,520,954</u>	<u>1,348,900</u>
Net pension liability - ending (A) - (B)	<u>\$ 46,713</u>	<u>\$ 324,317</u>	<u>\$ 474,022</u>	<u>\$ 143,185</u>	<u>\$ 257,343</u>	<u>\$ 249,071</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.24%	87.58%	79.61%	92.72%	85.53%	84.41%
Covered Valuation Payroll	\$ 637,580	\$ 798,806	\$ 681,142	\$ 616,584	\$ 534,897	\$ 514,770
Net Pension Liability as a Percentage of Covered Valuation Payroll	7.33%	40.60%	69.59%	23.22%	48.11%	48.38%

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.

CITY OF VILLA GROVE, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

For the years ended April 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution As a Percentage of Covered Payroll
2015	\$ 49,441	\$ 49,441	\$ -	\$ 487,930	10.13%
2016	52,430	52,430	-	502,032	10.44%
2017	57,597	57,597	-	557,020	10.34%
2018	62,319	62,319	-	645,754	9.65%
2019	65,773	72,018	(6,245)	716,964	10.04%
2020	75,847	84,870	(9,023)	822,186	10.32%
2021	69,523	69,523	-	658,373	10.56%

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.

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 4 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2020 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	23-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth :</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.25%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

CITY OF VILLA GROVE, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

For the years ended April 30, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Notes to Schedule: (Concluded)

Methods and Assumptions Used to Determine 2020 Contribution Rates: (Concluded)

Mortality:

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

Other Information:

There were no benefit changes during the year.

Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation; note two year lag between valuation and rate setting.

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 302,441	\$ 279,954	\$ (22,487)
State sales taxes	349,693	373,609	23,916
State income taxes	255,603	307,947	52,344
Video gaming taxes	18,317	15,025	(3,292)
Replacement taxes	15,709	22,024	6,315
Grant revenue	223,940	1,222	(222,718)
Fines and fees	11,016	13,284	2,268
Licenses and permits	6,626	9,286	2,660
Franchise fees	133,745	140,060	6,315
Interest income	8,986	3,381	(5,605)
Donations	-	119,580	119,580
Miscellaneous	79,463	71,678	(7,785)
Total revenues	<u>1,405,539</u>	<u>1,357,050</u>	<u>(48,489)</u>
Expenditures:			
Current:			
General government	359,590	200,811	158,779
Public safety	681,639	709,856	(28,217)
Public works	468,423	217,426	250,997
Culture and recreation	57,913	33,281	24,632
Capital outlay	-	192,168	(192,168)
Debt Service:			
Principal	-	16,831	(16,831)
Interest	-	14,916	(14,916)
Total expenditures	<u>1,567,565</u>	<u>1,385,289</u>	<u>182,276</u>
Net change in fund balances	<u>\$ (162,026)</u>	<u>(28,239)</u>	<u>\$ 133,787</u>
Fund balance, beginning of year		<u>1,320,087</u>	
Fund balance, end of year		<u>\$ 1,291,848</u>	

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 TAX INCREMENT FINANCING FUND
 FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 298,557	\$ 281,707	\$ (16,850)
Interest income	4,453	1,274	(3,179)
Total revenues	<u>303,010</u>	<u>282,981</u>	<u>(20,029)</u>
Expenditures:			
Current:			
General government	37,819	56,774	(18,955)
Development	89,160	136,242	(47,082)
Debt service:			
Principal	94,294	-	94,294
Interest	6,365	-	6,365
Total expenditures	<u>227,638</u>	<u>193,016</u>	<u>34,622</u>
Net change in fund balances	<u>\$ 75,372</u>	89,965	<u>\$ 14,593</u>
Fund balance, beginning of year		<u>(437,937)</u>	
Fund balance, end of year		<u>\$ (347,972)</u>	

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 MOTOR FUEL TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2021

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Motor fuel taxes	\$ 64,567	\$ 90,835	\$ 26,268
Grant revenue	-	83,599	83,599
Interest income	2,603	1,106	(1,497)
Total revenues	<u>67,170</u>	<u>175,540</u>	<u>108,370</u>
Expenditures:			
General government	550	-	550
Public works	130,350	137,059	(6,709)
Total expenditures	<u>130,900</u>	<u>137,059</u>	<u>(6,159)</u>
Net change in fund balances	<u>\$ (63,730)</u>	38,481	<u>\$ 102,211</u>
Fund balance, beginning of the year		<u>186,089</u>	
Fund balance, end of year		<u>\$ 224,570</u>	

CITY OF VILLA GROVE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 - Budgets and Budgetary Accounting

Annual budgets for governmental funds are adopted on the modified accrual basis of accounting. All annual budgets lapse at fiscal year-end.

The City follows these procedures in establishing the budget amounts:

- 1) Prior to the end of the end of each fiscal year, the budget officer submits to the City Council a proposed operating budget for the year commencing on May 1. The operating budget includes proposed expenditures and the means of financing them. The operating budget is approved by the City Council prior to the end of the fiscal year.
- 2) Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.
- 3) The budget ordinance was adopted on April 27, 2020.
- 4) The budget officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The budget was not amended during the fiscal year.
- 5) Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.

STATISTICAL INFORMATION

CITY OF VILLA GROVE
SCHEDULE OF ASSESSED VALUATION, TAX RATES,
TAXES EXTENDED AND COLLECTIONS (Unaudited)
April 30, 2021

Tax Levy Year	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Equalized Assessed Valuation (not including TIF Districts)	\$ 19,926,530	\$ 19,951,702	\$ 20,828,475	\$ 20,662,068	\$ 20,358,323
TAX RATES					
General corporate	0.2500 %	0.2500 %	0.2500 %	0.2500 %	0.2500 %
IMRF	0.2404	0.2165	0.2013	0.2063	0.1701
Fire protection	0.0750	0.0750	0.0750	0.0750	0.0750
Police protection	0.0750	0.0750	0.0750	0.0750	0.0750
Garbage	0.0226	0.0051	0.0049	0.0364	0.0050
Audit	0.1004	0.0502	0.0577	0.0388	0.0303
Liability insurance	0.1432	0.1483	0.1334	0.2233	0.2271
Road & bridge	0.0000	0.0000	0.0000	0.0000	0.0067
Street lighting	0.0500	0.0500	0.0500	0.0500	0.0500
Playground/recreation	0.0900	0.0900	0.0900	0.0900	0.0900
Social security	0.1854	0.1789	0.1611	0.1560	0.1338
Unemployment insurance	0.0301	0.0081	0.0077	0.0076	0.0082
Workmans compensation	0.1045	0.1070	0.0880	0.1253	0.1175
Medicare	0.0434	0.0419	0.0377	0.0365	0.0313
Total Tax Rate	<u>1.4100 %</u>	<u>1.2960 %</u>	<u>1.2318 %</u>	<u>1.3702 %</u>	<u>1.2700 %</u>
Equalized Assessed Valuation - TIF Districts only	<u>\$ 2,586,388</u>	<u>\$ 2,611,171</u>	<u>\$ 2,614,483</u>	<u>\$ 2,623,995</u>	<u>\$ 2,627,329</u>
TIF Districts	<u>11.1772 %</u>	<u>10.9172 %</u>	<u>11.1556 %</u>	<u>11.4836 %</u>	<u>10.9988 %</u>
TAX EXTENSIONS					
General corporate	\$ 49,816	\$ 49,879	\$ 52,071	\$ 51,655	\$ 50,896
IMRF	47,903	43,195	41,928	42,626	34,630
Fire protection	14,945	14,964	15,621	15,497	15,269
Police protection	14,945	14,964	15,621	15,497	15,269
Garbage	4,504	1,018	1,021	7,521	1,018
Audit	20,006	10,016	12,018	8,017	6,169
Liability insurance	28,535	29,588	27,785	46,138	46,234
Street & bridge	-	-	-	-	1,364
Street lighting	9,963	9,976	10,414	10,331	10,179
Playground/recreation	17,934	17,957	18,746	18,596	18,322
Social security	36,944	35,694	33,555	32,233	27,239
Unemployment insurance	5,998	1,616	1,604	1,570	1,669
Workmans compensation	20,823	21,348	18,329	25,889	23,921
Medicare	8,648	8,360	7,852	7,542	6,372
TIF Districts	289,086	285,068	291,661	301,330	288,975
Total Tax Extensions	<u>\$ 570,050</u>	<u>\$ 543,643</u>	<u>\$ 548,226</u>	<u>\$ 584,442</u>	<u>\$ 547,526</u>

CITY OF VILLA GROVE
 SCHEDULE OF ASSESSED VALUATION, TAX RATES,
 TAXES EXTENDED AND COLLECTIONS (Unaudited)
 April 30, 2021

Tax Levy Year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
TAXES COLLECTED				
General corporate	\$ 49,576	\$ 51,646	\$ 51,444	\$ 50,552
IMRF	42,933	41,585	42,452	34,395
Fire protection	14,873	15,494	15,434	15,166
Police protection	14,873	15,494	15,434	15,166
Garbage	1,011	1,012	7,490	1,011
Audit	9,955	11,920	7,984	6,127
Liability insurance	29,408	27,558	45,950	45,921
Road & bridge	-	-	-	1,355
Street lighting	9,915	10,329	10,289	10,110
Playground/recreation	17,847	18,593	18,520	18,199
Social security	35,477	33,281	32,101	27,055
Unemployment insurance	1,606	1,591	1,564	1,658
Workmans compensation	21,219	18,179	25,784	23,759
Medicare	8,309	7,788	7,511	6,329
TIF Districts	281,707	288,195	301,106	288,440
Taxes collected	<u>\$ 538,709</u>	<u>\$ 542,665</u>	<u>\$ 583,063</u>	<u>\$ 545,243</u>
Percentage of Extensions Collected	<u>99.09%</u>	<u>98.99%</u>	<u>99.76%</u>	<u>99.58%</u>

CITY OF VILLA GROVE
SCHEDULE OF LEGAL DEBT MARGIN (Unaudited)
April 30, 2021

Assessed valuation, tax levy year 2020	<u>\$ 19,926,530</u>
Debt limit - 8.625%	\$ 1,718,663
Outstanding debt subject to the debt margin	<u>(384,115)</u>
Legal debt margin	<u>\$ 1,334,548</u>