

CITY OF VILLA GROVE, ILLINOIS
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the year ended April 30, 2023

CITY OF VILLA GROVE
TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report.....	1 - 3
Basic Financial Statements	
Statement of Net Position.....	4 - 5
Statement of Activities	6
Balance Sheet – Governmental Funds.....	7
Reconciliation of the Total Governmental Funds Balances to the Net Position of Governmental Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	12
Statement of Cash Flows – Proprietary Funds.....	13 - 14
Notes to Financial Statements	15 - 37
Required Supplementary Information	
Illinois Municipal Retirement Fund – Schedule of Changes in the Net Pension Liability and Related Ratios.....	38
Illinois Municipal Retirement Fund – Schedule of Employer Contributions	39 - 40
Budgetary Comparison Schedule – General Fund.....	41
Budgetary Comparison Schedule – Tax Increment Financing Fund.....	42
Budgetary Comparison Schedule – Motor Fuel Tax Fund.....	43
Notes to Required Supplementary Information.....	44
Statistical Information	
Schedule of Assessed Valuation, Tax Rates, Taxes Extended and Collections (Unaudited)	45 - 46
Schedule of Legal Debt Margin (Unaudited)	47



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Villa Grove and to meet our other ethical responsibilities, in accordance with the 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.

New Accounting Principle

As discussed in Note 15 in the notes to the financial statements, for the year ended April 30, 2023, the City of Villa Grove adopted new accounting guidance Governmental Accounting Standards Board (GASB) Statement #87 – *Leases*. Our opinions are not modified with respect to this matter.

Sale of Utility Operations

As discussed in Note 16 in the notes to the financial statements, the City of Villa Grove sold the water and sewer facilities, including the related rights to provide those services, on September 22, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Villa Grove's management is responsible for the preparation and fair presentation of the 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. 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 City'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.

Auditors' Responsibilities 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 auditors' 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 GAAS 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 GAAS, 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 City of Villa Grove'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 City of Villa Grove'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

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 opinions on the basic financial statements are 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 38 through 44 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.

Other Information

Management is responsible for the statistical information on pages 45 through 47 which does not include the financial statements and our auditors’ report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

West & Company, LLC

Mattoon, Illinois
December 28, 2023

BASIC FINANCIAL STATEMENTS

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 7,132,895	\$ -	\$ 7,132,895
Investments	65,951	-	65,951
Due from other governments	831,118	-	831,118
Accounts receivable	70,263	-	70,263
Prepaid items	78,616	-	78,616
Total current assets	<u>8,178,843</u>	<u>-</u>	<u>8,178,843</u>
Noncurrent assets:			
Capital assets, non-depreciating	7,598,583	-	7,598,583
Capital assets, net of accumulated depreciation	2,998,241	-	2,998,241
Right-of-use asset, net of accumulated amortization	53,709	-	53,709
Total noncurrent assets	<u>10,650,533</u>	<u>-</u>	<u>10,650,533</u>
Total assets	<u>18,829,376</u>	<u>-</u>	<u>18,829,376</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	<u>458,677</u>	<u>-</u>	<u>458,677</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	766,042	-	766,042
Accrued payroll	23,521	-	23,521
Accrued interest	19,751	-	19,751
Accrued compensated absences - current	16,927	-	16,927
Current portion of long-term debt	129,000	-	129,000
Current portion of lease liability	18,455	-	18,455
Unearned revenue	258,016	-	258,016
Total current liabilities	<u>1,231,712</u>	<u>-</u>	<u>1,231,712</u>

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

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION (CONCLUDED)
APRIL 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Noncurrent liabilities:			
Accrued compensated absences	\$ 18,680	\$ -	\$ 18,680
Net pension liability	393,621	-	393,621
Long-term debt, net of current portion	3,111,000	-	3,111,000
Lease liability, net of current portion	35,431	-	35,431
Total noncurrent liabilities	<u>3,558,732</u>	<u>-</u>	<u>3,558,732</u>
Total liabilities	<u>4,790,444</u>	<u>-</u>	<u>4,790,444</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	101,519	-	101,519
Deferred inflows related to property taxes	680,551	-	680,551
Total deferred inflows of resources	<u>782,070</u>	<u>-</u>	<u>782,070</u>
NET POSITION:			
Net investment in capital assets	6,695,045	-	6,695,045
Restricted	501,477	-	501,477
Unrestricted	<u>6,519,017</u>	<u>-</u>	<u>6,519,017</u>
Total net position	<u>\$ 13,715,539</u>	<u>\$ -</u>	<u>\$ 13,715,539</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, 2023

	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	Total
Functions/Programs:						
Primary Government:						
Governmental activities:						
General government	\$ 463,978	\$ 246,367	\$ 72,037	\$ -	\$ (145,574)	\$ (145,574)
Public safety	899,736	23,949	-	-	(875,787)	(875,787)
Public works	533,812	-	27,866	-	(505,946)	(505,946)
Culture and recreation	117,760	-	2,098	51,000	(64,662)	(64,662)
Interest on lease liability	21,397	-	-	-	(21,397)	(21,397)
Total governmental activities	<u>2,036,683</u>	<u>270,316</u>	<u>102,001</u>	<u>51,000</u>	<u>(1,613,366)</u>	<u>(1,613,366)</u>
Business-type activities:						
Water	255,091	231,614	-	-	(23,477)	(23,477)
Sewer	266,043	211,130	-	-	(54,913)	(54,913)
Total business-type activities	<u>521,134</u>	<u>442,744</u>	<u>-</u>	<u>-</u>	<u>(78,390)</u>	<u>(78,390)</u>
Total primary government	<u>\$ 2,557,817</u>	<u>\$ 713,060</u>	<u>\$ 102,001</u>	<u>\$ 51,000</u>	<u>(1,613,366)</u>	<u>(1,691,756)</u>
General revenues:						
Property taxes				608,940	-	608,940
Sales taxes				462,111	-	462,111
State income taxes				380,419	-	380,419
Video gaming taxes				30,308	-	30,308
Replacement taxes				54,263	-	54,263
Motor fuel taxes				101,784	-	101,784
Interest income				128,723	12,579	141,302
Miscellaneous income				117,198	18	117,216
Gain on sale of capital assets				-	2,876,265	2,876,265
Transfers				7,971,494	(7,971,494)	-
Total general revenues				<u>9,855,240</u>	<u>(5,082,632)</u>	<u>4,772,608</u>
Change in net position				8,241,874	(5,161,022)	3,080,852
Net position, beginning of year				<u>5,473,665</u>	<u>5,161,022</u>	<u>10,634,687</u>
Net position, end of year				<u>\$ 13,715,539</u>	<u>\$ -</u>	<u>\$ 13,715,539</u>

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

CITY OF VILLA GROVE, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2023

	General	Tax Increment Financing	Motor Fuel Tax	Eliminations	Total
ASSETS:					
Cash and cash equivalents	\$ 6,350,998	\$ 559,216	\$ 222,681	\$ -	\$ 7,132,895
Investments	65,951	-	-	-	65,951
Due from other governments	484,746	346,372	-	-	831,118
Accounts receivable	61,480	-	8,783	-	70,263
Prepaid items	78,524	92	-	-	78,616
Due from other funds	500,000	-	693	(500,693)	-
Total assets	\$ 7,541,699	\$ 905,680	\$ 232,157	\$ (500,693)	\$ 8,178,843
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS):					
Liabilities:					
Accounts payable	\$ 759,218	\$ 6,824	\$ -	\$ -	\$ 766,042
Accrued payroll	23,521	-	-	-	23,521
Due to other funds	-	500,693	-	(500,693)	-
Unearned revenue	258,016	-	-	-	258,016
Total liabilities	1,040,755	507,517	-	(500,693)	1,047,579
Deferred inflows of resources:					
Unavailable revenue	378,107	346,372	-	-	724,479
Fund balances (deficits):					
Nonspendable	78,524	92	-	-	78,616
Restricted for:					
Restricted for public safety	10,133	-	-	-	10,133
Restricted for public works	3,679	-	-	-	3,679
Restricted for liability insurance	15,381	-	-	-	15,381
Restricted for employee benefits	4,651	-	-	-	4,651
Restricted for community development	183,777	-	-	-	183,777
Restricted for TIF capital improvements	-	51,699	-	-	51,699
Restricted for transportation	-	-	232,157	-	232,157
Assigned for:					
Assigned for public safety	1,125,769	-	-	-	1,125,769
Assigned for separation benefits	35,607	-	-	-	35,607
Assigned for recreation programs	739	-	-	-	739
Assigned for public works	28,010	-	-	-	28,010
Assigned for loan reserves	49,787	-	-	-	49,787
Unassigned	4,586,780	-	-	-	4,586,780
Total fund balances (deficits)	6,122,837	51,791	232,157	-	6,406,785
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 7,541,699	\$ 905,680	\$ 232,157	\$ (500,693)	\$ 8,178,843

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, 2023

Total fund balances, governmental funds		\$ 6,406,785
Amounts reported for governmental activities in the statement of net position are different because:		
Some 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.		
	43,928	
Capital assets used in governmental activities, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.		
	10,596,824	
Lease related asset and liability are recorded net of their associated costs on the statement of net position:		
Right-of-use asset	53,709	
Liability	<u>(53,886)</u>	(177)
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:		
Deferred outflows of resources - pensions	458,677	
Deferred inflows of resources - pensions	(101,519)	
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:		
Accrued interest	(19,751)	
Accrued compensated absences	(35,607)	
Net pension liability	(393,621)	
Long-term debt	<u>(3,240,000)</u>	
Net position of governmental activities		<u>\$ 13,715,539</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, 2023

	General	Tax Increment Financing	Motor Fuel Tax	Total
Revenues:				
Property taxes	\$ 303,239	\$ 305,701	\$ -	\$ 608,940
State sales taxes	462,111	-	-	462,111
State income taxes	380,419	-	-	380,419
Video gaming taxes	30,308	-	-	30,308
Replacement taxes	54,263	-	-	54,263
Motor fuel taxes	-	-	101,784	101,784
Grant revenue	72,037	-	27,866	99,903
Fines and fees	23,949	-	-	23,949
Licenses and permits	10,917	-	-	10,917
Franchise fee	191,522	-	-	191,522
Interest income	116,519	8,259	3,945	128,723
Donations	53,098	-	-	53,098
Miscellaneous	118,352	-	-	118,352
Total revenues	<u>1,816,734</u>	<u>313,960</u>	<u>133,595</u>	<u>2,264,289</u>
Expenditures:				
Current				
General government	394,912	42,794	-	437,706
Public safety	833,578	-	-	833,578
Public works	361,123	-	96,644	457,767
Culture and recreation	82,275	-	-	82,275
Capital outlay	6,371,224	-	-	6,371,224
Lease right-of-use asset	58,592	-	-	58,592
Debt service:				
Principal	40,000	-	-	40,000
Repayment of lease liability	4,706	-	-	4,706
Interest	12,536	-	-	12,536
Total expenditures	<u>8,158,946</u>	<u>42,794</u>	<u>96,644</u>	<u>8,298,384</u>
Excess (deficiency) of revenues over (under) expenditures	(6,342,212)	271,166	36,951	(6,034,095)
Other financing sources (uses)				
Loan proceeds	3,000,000	-	-	3,000,000
Lease liability	58,592	-	-	58,592
Transfers in (out)	7,827,749	-	-	7,827,749
Total other financing sources (uses)	<u>10,886,341</u>	<u>-</u>	<u>-</u>	<u>10,886,341</u>
Net change in fund balances	4,544,129	271,166	36,951	4,852,246
Fund balances (deficits), beginning of year	<u>1,578,708</u>	<u>(219,375)</u>	<u>195,206</u>	<u>1,554,539</u>
Fund balances (deficits), end of year	<u>\$ 6,122,837</u>	<u>\$ 51,791</u>	<u>\$ 232,157</u>	<u>\$ 6,406,785</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, 2023

Net change in fund balances, governmental funds \$ 4,852,246

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.

Capital outlay	6,371,224	
Depreciation	(152,314)	
Amortization - lease	<u>(4,883)</u>	6,214,027

Some 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	43,928	
Prior year unavailable revenue	<u>-</u>	43,928

Transfer of capital assets, net of accumulated depreciation, from the business-type activities to governmental activities.

143,745

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 (benefit).

Pension contributions	54,575	
Cost of benefits earned, net	<u>(90,124)</u>	(36,703)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

(2,960,000)

Governmental funds report lease payments as expenditures. However, in the Statement of Activities, the lease payments reduce the remaining lease liability recorded on the statement of net position.

4,706

For leases used in governmental funds in which the City is the lessee, an expenditure is recorded in the governmental funds for the amount of the present value of the future lease; however, in the Statement of Net Position and Statement of Activities, the present value of the future lease is recognized as a capital asset and amortized over the life of the lease. In addition, the lease liability provides current financial resources to governmental funds; however, the transaction does not have any effects on net position.

Lease right-of-use asset (expenditure)	58,592	
Lease liability (other financing source)	<u>(58,592)</u>	-

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	(11,214)	
Accrued interest	<u>(8,861)</u>	<u>(20,075)</u>

Change in net position of governmental activities \$ 8,241,874

CITY OF VILLA GROVE, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2023

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Restricted cash and cash equivalents	-	-	-
Total current assets	-	-	-
Noncurrent assets:			
Land	-	-	-
Construction in progress	-	-	-
Property, plant and equipment	-	-	-
Accumulated depreciation	-	-	-
Total noncurrent assets	-	-	-
Total assets	-	-	-
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	-	-	-
LIABILITIES:			
Current liabilities:			
Accounts payable	-	-	-
Accrued payroll	-	-	-
Accrued interest	-	-	-
Customer deposits	-	-	-
Accrued compensated absences - current	-	-	-
Notes payable - current	-	-	-
Due to other funds	-	-	-
Total current liabilities	-	-	-
Noncurrent liabilities:			
Accrued compensated absences	-	-	-
Net pension liability	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	-	-	-
NET POSITION:			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	-	-	-
Total net position	\$ -	\$ -	\$ -

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, 2023

	Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 231,614	\$ 211,130	\$ 442,744
Operating expenses:			
Personnel services	69,769	74,669	144,438
Supplies and materials	38,008	8,892	46,900
Contractual services	102,808	146,406	249,214
Depreciation	39,320	34,863	74,183
Total operating expenses	249,905	264,830	514,735
Operating income (loss)	(18,291)	(53,700)	(71,991)
Nonoperating revenues (expenses):			
Interest income	7,388	5,191	12,579
Miscellaneous	-	18	18
Gain on disposal of capital assets	943,493	1,932,772	2,876,265
Interest expense	(5,186)	(1,213)	(6,399)
Total nonoperating revenues (expenses)	945,695	1,936,768	2,882,463
Income before transfers	927,404	1,883,068	2,810,472
Transfers out	(3,493,662)	(4,477,832)	(7,971,494)
Change in net position	(2,566,258)	(2,594,764)	(5,161,022)
Net position, beginning of the year	2,566,258	2,594,764	5,161,022
Net position, end of year	\$ -	\$ -	\$ -

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, 2023

	Enterprise Funds		
	Water	Sewer	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 268,001	\$ 279,748	\$ 547,749
Payments to suppliers	(131,229)	(153,991)	(285,220)
Payments to employees	(79,561)	(84,447)	(164,008)
Net cash provided by operating activities	<u>57,211</u>	<u>41,310</u>	<u>98,521</u>
Cash flows from noncapital financing activities:			
Interfund borrowings, net	4	(4)	-
Transfers out	(3,448,688)	(4,379,060)	(7,827,748)
Net cash used by noncapital financing activities	<u>(3,448,684)</u>	<u>(4,379,064)</u>	<u>(7,827,748)</u>
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(113,443)	(156,899)	(270,342)
Proceeds from sale of capital assets	6,981,191	3,986,578	10,967,769
Interest paid on capital debt	(7,150)	(2,380)	(9,530)
Principal paid on capital debt	(4,227,135)	(30,007)	(4,257,142)
Proceeds from long-term debt	77,649	-	77,649
Net cash provided by capital and related financing activities	<u>2,711,112</u>	<u>3,797,292</u>	<u>6,508,404</u>
Cash flows from investing activities:			
Investment income	7,388	5,191	12,579
Net cash provided by investing activities	<u>7,388</u>	<u>5,191</u>	<u>12,579</u>
Net decrease in cash and cash equivalents	(672,973)	(535,271)	(1,208,244)
Cash and cash equivalents, beginning of the year (including amount reported in restricted cash and cash equivalents)	<u>672,973</u>	<u>535,271</u>	<u>1,208,244</u>
Cash and cash equivalents, end of the year (including amount reported in restricted cash and cash equivalents)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2023

	Enterprise Funds		
	Water	Sewer	Totals
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (18,291)	\$ (53,700)	\$ (71,991)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	39,320	34,863	74,183
Decrease (increase) in:			
Accounts receivable	65,713	68,618	134,331
Prepaid items	16,270	11,950	28,220
Net pension asset	55,444	52,183	107,627
Deferred outflows related to pensions	30,128	28,356	58,484
Increase (decrease) in:			
Accounts payable	(6,683)	(10,643)	(17,326)
Accrued payroll	(3,361)	(3,361)	(6,722)
Customer deposits	(29,326)	-	(29,326)
Accrued compensated absences	(6,198)	(6,198)	(12,396)
Deferred inflows related to pensions	(85,805)	(80,758)	(166,563)
Net cash provided by operating activities	<u>\$ 57,211</u>	<u>\$ 41,310</u>	<u>\$ 98,521</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 owned and operated two major enterprise activities: a water plant and a local sewer system. The water plant and sewer systems were sold on September 22, 2022; therefore, the city is no longer affiliated with these utility services.

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 collected. 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 2021 tax levy is recorded as revenue in the year ended April 30, 2023.

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 June 13, 2022.
- 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, Cash Equivalents, and Investments

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.

Investments are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses included in interest income. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Investments consist of common stock.

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.

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 statement of net position consist of current year taxes levied and unrecognized items related to pensions.

Leases

The City of Villa Grove determines if an arrangement is a lease at the inception of the contract. If a lease is present and the City of Villa Grove is the lessee, a right-of-use asset and lease liability should be recognized, unless the lease is a short-term lease. The right-of-use assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Short-term leases have a maximum term of 12 months or less, including options to extend, regardless of whether the extension is expected to be exercised. If a lease is cancelable by either the lessee or lessor, the lease term is the noncancelable period of the lease, including any notice periods. Short-term leases do not require the reporting of a right-of-use asset or lease liability. Instead, the lease payments are reported as expenditures based on the payments provided for in the lease contract.

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.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Long-Term Debt

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

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, 2023, the carrying amount of the City's deposits, including petty cash, was \$2,161,249. The bank balance of these deposits totaled \$2,648,487.

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, 2023, of the City's total bank balance, \$501,000 was secured by federal depository insurance and \$2,147,487 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

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. At April 30, 2023, the City's investment in the Illinois Funds account had a carrying value and bank balance of \$4,971,646.

At April 30, 2023, the City had an investment in common stock with a fair value of \$65,951. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data; Level 3 are unobservable inputs that reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The investments held in common stock are valued using level 1 inputs.

Investments are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses included in interest income. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The net appreciation in fair value of investments for the year ended April 30, 2023 totaled \$5,783.

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, 2023, were as follows:

Fund	Due from other funds	Due to other funds
General Fund	\$ 500,000	\$ -
Motor Fuel Tax Fund	693	-
Tax Increment Financing Fund	-	500,693
Totals	\$ 500,693	\$ 500,693

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. TRANSERS

Transfers between funds during the year ended April 30, 2023 were as follows:

Transfers Out	Transfers In		
	Governmental Activities (Capital Assets Only)	General Fund	Total
Water Fund	\$ 71,645	\$ 3,422,017	\$ 3,493,662
Sewer Fund	72,100	4,405,732	4,477,832
Total	\$ 143,745	\$ 7,827,749	\$ 7,971,494

The General Fund received transfers of cash totaling \$7,827,749 from the Water and Sewer Funds as a result of the sale of the utility operations. In addition, capital asset, net of accumulated depreciation, of \$143,745 were transferred from the Water and Sewer Funds to the Governmental Activities. The capital assets transferred to the governmental activities will now be used by City's various governmental departments.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ending April 30, 2023, consists of the following:

	<u>Balances</u> <u>May 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2023</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,315,111	\$ 1,057,588	\$ -	\$ 2,372,699
Construction in progress	281,298	4,944,586	-	5,225,884
Total capital assets not being depreciated	<u>1,596,409</u>	<u>6,002,174</u>	<u>-</u>	<u>7,598,583</u>
Depreciable capital assets:				
Buildings	1,400,056	267,537	-	1,667,593
Land improvements	89,002	-	-	89,002
Equipment	322,650	123,413	(32,296)	413,767
Vehicles	585,816	214,324	-	800,140
Infrastructure	2,179,951	-	-	2,179,951
Total depreciable assets	<u>4,577,475</u>	<u>605,274</u>	<u>(32,296)</u>	<u>5,150,453</u>
Accumulated depreciation:				
Buildings	243,846	52,760	-	296,606
Land improvements	75,651	4,450	-	80,101
Equipment	188,370	53,682	32,296	209,756
Vehicles	497,949	75,486	-	573,435
Infrastructure	932,745	59,569	-	992,314
Total accumulated depreciation	<u>1,938,561</u>	<u>245,947</u>	<u>32,296</u>	<u>2,152,212</u>
Depreciable capital assets, net of accumulated depreciation	<u>2,638,914</u>	<u>359,327</u>	<u>(64,592)</u>	<u>2,998,241</u>
Total governmental activities capital assets, net	<u>\$ 4,235,323</u>	<u>\$ 6,361,501</u>	<u>\$ (64,592)</u>	<u>\$ 10,596,824</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS – Continued

	Balances May 1, 2022	Additions	Retirements	Balances April 30, 2023
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 349,927	\$ -	\$ 349,927	\$ -
Construction in progress	760,962	23,166	784,128	-
Total capital assets not being depreciated	<u>1,110,889</u>	<u>23,166</u>	<u>1,134,055</u>	<u>-</u>
Depreciable capital assets:				
Buildings	195,091	-	195,091	-
Plant and equipment	8,389,703	957,021	9,346,724	-
Vehicles	101,422	-	101,422	-
Water tower	321,840	-	321,840	-
Total depreciable assets	<u>9,008,056</u>	<u>957,021</u>	<u>9,965,077</u>	<u>-</u>
Accumulated depreciation				
Buildings	102,625	3,237	105,862	-
Plant and equipment	1,733,691	64,604	1,798,295	-
Vehicles	42,973	2,817	45,790	-
Water tower	119,132	3,523	122,655	-
Total accumulated depreciation	<u>1,998,421</u>	<u>74,181</u>	<u>2,072,602</u>	<u>-</u>
Depreciable capital assets, net of accumulated depreciation	<u>7,009,635</u>	<u>882,840</u>	<u>7,892,475</u>	<u>-</u>
Total governmental activities capital assets, net	<u>\$ 8,120,524</u>	<u>\$ 906,006</u>	<u>\$ 9,026,530</u>	<u>\$ -</u>

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

Governmental activities:	
General government	\$ 5,923
Public safety	46,077
Public works	64,830
Culture and recreation	35,485
Total	<u>\$ 152,315</u>
Business-type activities:	
Water	\$ 39,320
Sewer	34,863
Total	<u>\$ 74,183</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS – Concluded

The following table provides a summary of changes in right-of-use assets for the year ended April 30, 2023.

	Balance May 1, 2022	Additions	Retirements	Balance April 30, 2023
Governmental activities	\$ -	\$ 58,592	\$ -	\$ 58,592
Less: Accumulated amortization	-	4,883	-	4,883
Investment in Right-Of-Use Assets, Net Governmental Activities	<u>\$ -</u>	<u>\$ 53,709</u>	<u>\$ -</u>	<u>\$ 53,709</u>

6. CONSTRUCTION IN PROGRESS

The City had the following construction projects in progress at April 30, 2023:

	Balance May 1, 2022	Additions	Completion/ Adjustment	Balance April 30, 2023	Estimated Completion Costs
Governmental activities:					
Downtown Streetscape	\$ 18,682	\$ -	\$ -	\$ 18,682	\$ - *
Community Center	261,230	4,944,586	-	5,205,816	1,844,184
Ruby Street Drainage	1,386	-	-	1,386	-
Total governmental activities	<u>\$ 281,298</u>	<u>\$ 4,944,586</u>	<u>\$ -</u>	<u>\$ 5,225,884</u>	<u>\$ 1,844,184</u>
Business-type activities:					
Water System Improvements Phase II	\$ 489,859	\$ 9,195	\$ 499,054	\$ -	\$ -
Water Treatment Plant Scrubber	271,103	13,971	285,074	-	-
Total business-type activities	<u>\$ 760,962</u>	<u>\$ 23,166</u>	<u>\$ 784,128</u>	<u>\$ -</u>	<u>\$ -</u>
Total construction in progress	<u>\$ 1,042,260</u>	<u>\$ 4,967,752</u>	<u>\$ 784,128</u>	<u>\$ 5,225,884</u>	<u>\$ 1,844,184</u>

*These projects are in the preliminary planning stage and therefore completion costs cannot be estimated.

7. 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, which is currently 2.87%. The loan will be repaid in annual installments. The outstanding balance at April 30, 2023 was \$240,000. The note's maturity date is May 15, 2028.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

7. LONG-TERM DEBT - Concluded

Governmental Activities - Concluded

On April 6, 2023, the City issued Series 2022 General Obligation bonds totaling \$3,000,000 for the building of the new community center. Interest is charged at a rate beginning at 4.75% and increasing to a maximum rate of 5.25%. The bonds were purchased by the Villa Grove State Bank and are repaid in two annual installments. The City has pledged future income and sales tax revenues to pay the debt service. The outstanding balance at April 30, 2023 was \$3,000,000. The bond's maturity date is December 1, 2042.

Business-Type Activities

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 2.87%. The loan was repaid in annual installments. The loan was paid off during the year ended April 30, 2023 as a result of the sale of the utilities.

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 was repaid in semi-annual installments. The loan was paid off during the year ended April 30, 2023 as a result of the sale of the utilities.

On June 16, 2021, the City entered into a loan agreement in the amount of \$739,776 with the Illinois Environmental Protection Agency for a loan to help fund improvements to the City's water mains. Interest is charged at a rate of 1.01%. The loan was paid off during the year ended April 30, 2023 as a result of the sale of the utilities.

The debt service requirements to retire all notes payable outstanding as of April 30, 2023 are as follows:

Years ending <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	129,000	111,622
2025	133,000	159,843
2026	138,000	153,328
2027	143,000	146,986
2028	148,000	140,404
2029-2033	669,000	601,587
2034-2038	816,000	418,375
2039-2043	1,064,000	176,020
 Total	 <u>\$3,240,000</u>	 <u>\$ 1,908,165</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. CHANGES IN LONG-TERM LIABILITIES

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

	Balance May 1, 2022	Additions	Reductions	Balance April 30, 2023	Due Within One Year
Governmental activities:					
Emergency services center construction	\$ 280,000	\$ -	\$ (40,000)	\$ 240,000	\$ 40,000
G.O. Bonds	-	3,000,000	-	3,000,000	89,000
Lease liability	-	58,592	(4,706)	53,886	18,455
Net pension liability	-	393,621	-	393,621	N/A
Accrued compensated absences	24,393	11,214	-	35,607	16,927
Total governmental activities	\$ 304,393	\$ 3,463,427	\$ (44,706)	\$ 3,723,114	\$ 164,382
Business-type activities:					
Sludge truck loan	\$ 30,007	\$ -	\$ (30,007)	\$ -	\$ -
IEPA loan 5239	3,809,710	-	(3,809,710)	-	-
IEPA loan 5568	339,776	77,649	(417,425)	-	-
Accrued compensated absences	12,396	-	(12,396)	-	-
Total business-type activities	\$ 4,191,889	\$ 77,649	\$ (4,269,538)	\$ -	\$ -

9. 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 Annual Comprehensive 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).

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Benefits Provided – Concluded

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2022, 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	17
Active plan members	13
Total	34

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 2022 was 9.41 percent. For the fiscal year ended April 30, 2023, the City contributed \$64,255. 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Actuarial Methods and 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%.
- 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.
- The mortality assumptions for non-disabled retirees were from 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.
- The mortality assumptions for disabled retirees were from 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.
- The mortality assumptions for active members were from 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.

There were no benefit changes during the year.

There were no changes in the investment rate of return since the December 31, 2021 valuation. There were no other changes to the methods and assumptions used to determine the total pension liability.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2022 Illinois Municipal Retirement Fund annual actuarial valuation report.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

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, 2022:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	36%	6.50%
International equities	18%	7.60%
Fixed income	26%	4.90%
Real estate	11%	6.20%
Alternative Investments	10%	9.90%
Private equity		N/A
Hedge funds		N/A
Commodities		N/A
Cash Equivalents	<u>1%</u>	4.00%
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, 2022. The projection of cash flow used to determine this 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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 4.05%, and the resulting single discount rate is 7.25%.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2021	\$ 2,701,744	\$ 3,027,888	\$ (326,144)
Changes for the year:			
Service cost	63,564	-	63,564
Interest of the total pension liability	189,971	-	189,971
Differences between expected and actual experience of the total pension liability	248,889	-	248,889
Changes in assumptions	-	-	-
Contributions - employer	-	69,885	(69,885)
Contributions - employees	-	33,420	(33,420)
Net investment income	-	(319,155)	319,155
Benefit payments, including refunds of employee contributions	(226,461)	(226,461)	-
Other (net transfer)	-	(1,491)	1,491
	<u>-</u>	<u>(1,491)</u>	<u>1,491</u>
Net changes	<u>275,963</u>	<u>(443,802)</u>	<u>719,765</u>
Balances at December 31, 2022	<u>\$ 2,977,707</u>	<u>\$ 2,584,086</u>	<u>\$ 393,621</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 or 1% higher:

	1% Lower <u>6.25%</u>	Current Rate <u>7.25%</u>	1% Higher <u>8.25%</u>
Net pension liability	<u>\$ 807,140</u>	<u>\$ 393,621</u>	<u>\$ 82,383</u>

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. 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, 2023, the City recognized a pension expense of \$99,352. At April 30, 2023, 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	\$ 270,806	\$ 76,628
Changes of assumptions	17,402	24,891
Net difference between projected and actual earnings on pension plan investments	155,154	-
Total deferred amounts to be recognized in pension expense in future periods	443,362	101,519
Pension contributions made subsequent to the measurement date	15,315	-
Total deferred amounts related to pensions	\$ 458,677	\$ 101,519

\$15,315, 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, 2024.

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 Outflows of Resources
2023	\$ 55,185
2024	68,979
2025	94,085
2026	123,594
2027	-
Total	\$ 341,843

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

10. 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.

11. 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, 2023, 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, 2023.

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 being used to repay loans from the General Fund and construction projects within the TIF district. The agreement expires on April 14, 2034.

Ambulance Agreement

The City and five surrounding governmental entities entered into a multi-year ambulance contract through April 2025 with Arrow Ambulance to provide ambulance services to the City of Villa Grove and surrounding areas. The agreement called for the City to pay \$128,116 for the services provided for the year ending April 30, 2023. Five surrounding governmental entities reimbursed the City a total of \$12,605 for ambulance services during the year ended April 30, 2023.

Firetruck Agreement

The City entered into a contract with Kovatch Mobile Equipment Corporation for the purchase of a new firetruck. The contract calls for the City to pay \$1,324,080 when the new firetruck is delivered. It is anticipated that the firetruck will be delivered to the City in January 2025.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

13. LEASES

The lease arrangement for the City’s compact track loader with Wells Fargo calls for a monthly lease payment of \$1,822.56 through January 2026.

The City’s cost of the right-of-use asset as of April 30, 2023 for the governmental activities was \$58,592. The right-of-use asset consist of \$58,592 of equipment. The accumulated amortization of the right-of-use asset as of April 30, 2023 for the governmental activities was \$4,883. Interest expense of \$1,212 was attributable to lease payments on the right-of-use asset for the governmental for the year ended April 30, 2023.

Following is a maturity analysis of annual undiscounted cash flows for lease liability as of April 30, 2023:

For the Year Ending April 30,	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 21,871	\$ 18,455	\$ 3,416
2025	21,871	19,888	1,983
2026	16,022	15,543	479
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 59,764	<u>\$ 53,886</u>	<u>\$ 5,878</u>
Interest expense	<u>\$ (5,878)</u>		
Amounts recognized in the Statement of Net Position	<u>\$ 53,886</u>		

14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the General Fund, expenditures of \$8,158,946 exceeded appropriations of \$2,249,395.

15. NEW ACCOUNTING PRONOUNCEMENT

For the fiscal year ended April 30, 2023, the City of Villa Grove implemented Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases*. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The implementation of GASB No. 87 required changes to the City of Villa Grove’s financial statement reporting related to their leases as further described in Note 1. Various other GASB Statements that became effective under the audited period ended April 30, 2023 did not affect the financial statements of the City of Villa Grove.

CITY OF VILLA GROVE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

16. SALE OF UTILITIES FACILITIES

The City of Villa Grove sold the water and sewer facilities, including the rights to provide those services, to Illinois American Water on September 22, 2022. The total proceeds of \$11,000,000 from the utilities sale were allocated \$7,000,000 to the water facility and \$4,000,000 for the sewer facility. The capital assets remaining in the Water and Sewer Funds after this sale were then transferred to the Governmental Activities as these capital assets will now be used by the City's various governmental departments. The total balance of capital assets, net of accumulated depreciation, that were transferred from the water and sewer funds to the Governmental Activities was \$143,745.

17. SUBSEQUENT EVENTS

The City purchased 20.87 acres of land for \$386,095 on July 14, 2023. The City intends on developing the land as a residential subdivision.

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, 2023

(Amounts presented are for the calendar year ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015)

Calendar Years Ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 63,564	\$ 57,841	\$ 71,612	\$ 72,619	\$ 63,838	\$ 61,430	\$ 51,081	\$ 54,933
Interest on the total pension liability	189,971	190,507	187,106	168,916	148,056	135,217	121,000	114,027
Difference between expected and actual experience of the total pension liability	248,889	(82,656)	(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	(226,461)	(125,429)	(133,986)	(61,412)	(51,610)	(12,241)	(16,051)	-
Net change in total pension liability	275,963	40,263	49,528	287,679	356,302	189,675	180,326	105,082
Total pension liability - beginning	2,701,744	2,661,481	2,611,953	2,324,274	1,967,972	1,778,297	1,597,971	1,492,889
Total pension liability - ending (A)	<u>\$ 2,977,707</u>	<u>\$ 2,701,744</u>	<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	\$ 69,885	\$ 68,321	\$ 67,839	\$ 81,634	\$ 73,474	\$ 60,919	\$ 56,485	\$ 53,484
Contributions - employees	33,420	29,534	28,691	91,989	30,076	27,746	24,070	23,165
Net investment income	(319,155)	442,164	366,308	326,957	(60,913)	238,914	92,318	6,947
Benefit payments, including refunds of employee contributions	(226,461)	(125,429)	(133,986)	(61,412)	(51,610)	(12,241)	(16,051)	-
Other (net transfer)	(1,491)	(1,470)	(1,720)	(1,784)	34,438	(11,505)	15,232	(85,792)
Net change in plan fiduciary net position	(443,802)	413,120	327,132	437,384	25,465	303,833	172,054	(2,196)
Plan fiduciary net position - beginning	3,027,888	2,614,768	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>2,584,086</u>	<u>3,027,888</u>	<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>\$ 393,621</u>	<u>\$ (326,144)</u>	<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	86.78%	112.07%	98.24%	87.58%	79.61%	92.72%	85.53%	84.41%
Covered Valuation Payroll	\$ 742,664	\$ 648,818	\$ 637,580	\$ 798,806	\$ 681,142	\$ 616,584	\$ 534,897	\$ 514,770
Net Pension Liability as a Percentage of Covered Valuation Payroll	53.00%	-50.27%	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, 2023, 2022, 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%
2022	65,320	65,320	-	648,818	10.07%
2023	64,255	64,255	-	746,303	8.61%

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 2022 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 2022 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>	21-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth :</i>	2.75%
<i>Price Inflation:</i>	2.25%
<i>Salary Increases:</i>	2.85% to 13.75%, 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 2020 valuation pursuant to an experience study of the period 2017 to 2019.

CITY OF VILLA GROVE, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
UNAUDITED

For the years ended April 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

Notes to Schedule: - Concluded

Methods and Assumptions Used to Determine 2022 Contribution Rates: (Concluded)

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. 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.

Other Information:

There were no benefit changes during the year.

Based on Valuation Assumptions used in the December 31, 2020 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, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property taxes	\$ 337,640	\$ 303,239	\$ (34,401)
State sales taxes	399,655	462,111	62,456
State income taxes	327,046	380,419	53,373
Video gaming taxes	18,620	30,308	11,688
Replacement taxes	33,944	54,263	20,319
Grant revenue	-	72,037	72,037
Fines and fees	13,179	23,949	10,770
Licenses and permits	9,174	10,917	1,743
Franchise fees	140,984	191,522	50,538
Interest income	269	116,519	116,250
Donations	-	53,098	53,098
Miscellaneous	132,505	118,352	(14,153)
Total revenues	1,413,016	1,816,734	403,718
Expenditures:			
Current:			
General government	436,161	394,912	41,249
Public safety	935,560	833,578	101,982
Public works	594,900	361,123	233,777
Culture and recreation	282,774	82,275	200,499
Capital outlay	-	6,371,224	(6,371,224)
Lease right-of-use asset	-	58,592	(58,592)
Debt Service:			-
Principal	-	40,000	(40,000)
Repayment of lease liability	-	4,706	(4,706)
Interest	-	12,536	(12,536)
Total expenditures	2,249,395	8,158,946	(5,909,551)
Excess (deficiency) of revenues over (under) expenditures	(836,379)	(6,342,212)	(5,505,833)
Other financing sources (uses):			
Loan proceeds	-	3,000,000	3,000,000
Lease liability	-	58,592	58,592
Transfers in	-	7,827,749	7,827,749
Proceeds from the sale of capital assets	7,000,000	-	(7,000,000)
Total other financing sources (uses)	7,000,000	10,886,341	3,886,341
Net change in fund balances	\$ 6,163,621	4,544,129	\$ (1,619,492)
Fund balance, beginning of year		1,578,708	
Fund balance, end of year		\$ 6,122,837	

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 TAX INCREMENT FINANCING FUND
 FOR THE YEAR ENDED APRIL 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Property taxes	\$ 317,904	\$ 305,701	\$ (12,203)
Interest income	136	8,259	8,123
Total revenues	<u>318,040</u>	<u>313,960</u>	<u>(4,080)</u>
Expenditures:			
Current:			
General government	17,815	42,794	(24,979)
Development	43,825	-	43,825
Total expenditures	<u>61,640</u>	<u>42,794</u>	<u>18,846</u>
Net change in fund balances	<u>\$ 256,400</u>	271,166	<u>\$ 14,766</u>
Fund balance, beginning of year		<u>(219,375)</u>	
Fund balance, end of year		<u>\$ 51,791</u>	

CITY OF VILLA GROVE
 BUDGETARY COMPARISON SCHEDULE
 MOTOR FUEL TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Motor fuel taxes	\$ 55,733	\$ 101,784	\$ 46,051
Grant revenue	100,751	27,866	(72,885)
Interest income	79	3,945	3,866
Total revenues	<u>156,563</u>	<u>133,595</u>	<u>(22,968)</u>
Expenditures:			
General government	550	-	550
Public works	130,350	96,644	33,706
Total expenditures	<u>130,900</u>	<u>96,644</u>	<u>34,256</u>
Net change in fund balances	<u>\$ 25,663</u>	36,951	<u>\$ 11,288</u>
Fund balance, beginning of the year		<u>195,206</u>	
Fund balance, end of year		<u>\$ 232,157</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 June 13, 2022.
- 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, 2023

Tax Levy Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Equalized Assessed Valuation (not including TIF Districts)	\$ 22,312,809	\$ 20,943,932	\$ 19,926,530	\$ 19,951,702	\$ 20,828,475
TAX RATES					
General corporate	0.2500 %	0.2500 %	0.2500 %	0.2500 %	0.2500 %
IMRF	0.2356	0.2225	0.2404	0.2165	0.2013
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	0.0202	0.0215	0.0226	0.0051	0.0049
Audit	0.0676	0.1051	0.1004	0.0502	0.0577
Liability insurance	0.1284	0.1091	0.1432	0.1483	0.1334
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	0.2014	0.1701	0.1854	0.1789	0.1611
Unemployment insurance	0.0520	0.0260	0.0301	0.0081	0.0077
Workmans compensation	0.0933	0.0994	0.1045	0.1070	0.0880
Medicare	0.0471	0.0398	0.0434	0.0419	0.0377
Total Tax Rate	<u>1.3856 %</u>	<u>1.3335 %</u>	<u>1.4100 %</u>	<u>1.2960 %</u>	<u>1.2318 %</u>
Equalized Assessed Valuation - TIF Districts only	\$ 2,673,662	\$ 2,633,490	\$ 2,586,388	\$ 2,611,171	\$ 2,614,483
TIF Districts	<u>12.9550 %</u>	<u>11.9263 %</u>	<u>11.1772 %</u>	<u>10.9172 %</u>	<u>11.1556 %</u>
TAX EXTENSIONS					
General corporate	\$ 55,782	\$ 52,360	\$ 49,816	\$ 49,879	\$ 52,071
IMRF	52,569	46,600	47,903	43,195	41,928
Fire protection	16,735	15,708	14,945	14,964	15,621
Police protection	16,735	15,708	14,945	14,964	15,621
Garbage	4,507	4,503	4,504	1,018	1,021
Audit	15,083	22,012	20,006	10,016	12,018
Liability insurance	28,650	22,850	28,535	29,588	27,785
Street lighting	11,156	10,472	9,963	9,976	10,414
Playground/recreation	20,082	18,850	17,934	17,957	18,746
Social security	44,938	35,626	36,944	35,694	33,555
Unemployment insurance	11,603	5,445	5,998	1,616	1,604
Workmans compensation	20,818	20,818	20,823	21,348	18,329
Medicare	10,509	8,336	8,648	8,360	7,852
TIF Districts	<u>346,372</u>	<u>314,079</u>	<u>289,086</u>	<u>285,068</u>	<u>291,661</u>
Total Tax Extensions	<u>\$ 655,539</u>	<u>\$ 593,367</u>	<u>\$ 570,050</u>	<u>\$ 543,643</u>	<u>\$ 548,226</u>

CITY OF VILLA GROVE
 SCHEDULE OF ASSESSED VALUATION, TAX RATES,
 TAXES EXTENDED AND COLLECTIONS (Unaudited)
 April 30, 2023

Tax Levy Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TAXES COLLECTED				
General corporate	\$ 52,162	\$ 49,128	\$ 49,576	\$ 51,646
IMRF	46,424	47,241	42,933	41,585
Fire protection	15,649	14,738	14,873	15,494
Police protection	15,649	14,738	14,873	15,494
Garbage	4,486	4,441	1,011	1,012
Audit	21,929	19,730	9,955	11,920
Liability insurance	22,764	28,140	29,408	27,558
Street lighting	10,432	9,825	9,915	10,329
Playground/recreation	18,778	17,686	17,847	18,593
Social security	35,491	36,433	35,477	33,281
Unemployment insurance	5,245	5,915	1,606	1,591
Workmans compensation	20,740	20,525	21,219	18,179
Medicare	8,304	8,528	8,309	7,788
TIF Districts	305,720	285,278	281,707	288,195
Taxes collected	<u>\$ 583,773</u>	<u>\$ 562,346</u>	<u>\$ 538,709</u>	<u>\$ 542,665</u>
Percentage of Extensions Collected	<u>98.38%</u>	<u>98.65%</u>	<u>99.09%</u>	<u>98.99%</u>

CITY OF VILLA GROVE
SCHEDULE OF LEGAL DEBT MARGIN (Unaudited)
April 30, 2023

Assessed valuation, tax levy year 2022	<u>\$ 22,312,809</u>
Debt limit - 8.625%	\$ 1,924,480
Outstanding debt subject to the debt margin	<u>(240,000)</u>
Legal debt margin	<u>\$ 1,684,480</u>