

VILLAGE OF HINCKLEY,
ILLINOIS

ANNUAL FINANCIAL REPORT

Village of
Hinckley

Proud Past. Bright Future.

FOR THE FISCAL YEAR ENDED
APRIL 30, 2023

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Hinckley, IL 60520
Phone: 815.286.3836
www.hinckleyil.com

VILLAGE OF HINCKLEY, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village:

- List of Principal Officials

VILLAGE OF HINCKLEY, ILLINOIS

List of Principal Officials

April 30, 2023

BOARD OF TRUSTEES

Michael Constant, Trustee

Russell Kula, Trustee

Steve Gayhart, Trustee

Walter Rainford, Trustee

Michele Greene-Larsen, Trustee

Sarah Quirk, Trustee

ADMINISTRATION

Elizabeth Losiniecki, Village Clerk

Dave Maroo, Treasurer

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Village's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

September 12, 2023

The Honorable Village President
Members of the Board of Trustees
Village of Hinckley, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hinckley, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hinckley, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, 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.

Responsibilities of Management for the Financial Statements

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 Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

Required Supplementary Information

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

Village of Hinckley, Illinois
September 12, 2023

Supplementary Information

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

Our discussion and analysis of the Village of Hinckley's financial performance provides an overview of the Village of Hinckley's financial activities for the year ended April 30, 2023. Please read it in conjunction with Village's financial statements, which can be found in the basic financial section of this report.

FINANCIAL HIGHLIGHTS

- The Village of Hinckley's net position increased as a result of this year's operations. Net position of governmental activities increased by \$740,312, or 37.3 percent and net position of the business-type activities increased by \$139,475, or 3.1 percent.
- During the year, government-wide revenues totaled \$2,925,038, while expenses totaled \$2,045,251, resulting in the increase to net position of \$879,787.
- The Village of Hinckley's net position totaled \$7,398,128 on April 30, 2023, which includes a \$4,844,665 net investment in capital assets, \$979,889 subject to external restrictions, and \$1,573,574 in unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a surplus this year of \$709,229, resulting in an ending fund balance of \$1,422,261, an increase of 99.5 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village of Hinckley as a whole and present a longer-term view of the Village's finances. Fund financial statements are immediately following. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village of Hinckley's finances, in a manner similar to a private-sector business. The government wide financial statements can be found in the basic financial statements.

The Statement of Net Position reports information on all of the Village of Hinckley's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Hinckley is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village of Hinckley's property tax base and the condition of the Village of Hinckley's infrastructure, is needed to assess the overall health of the Village of Hinckley.

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements - Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Hinckley include general government, public safety, culture and recreation, and highways and streets. The business-type activities of the Village include water and sewer operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Hinckley, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Village of Hinckley can be classified as either governmental funds or proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Village of Hinckley's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

USING THIS ANNUAL REPORT - Continued

Governmental Funds - Continued

The Village of Hinckley maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge Fund, and Motor Fuel Tax Fund, all of which are considered major funds.

The Village of Hinckley adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

Proprietary Funds

The Village of Hinckley maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village utilizes enterprise funds to account for its water and sewer operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund, which is considered to be a major fund of the Village.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the Village of Hinckley's I.M.R.F. employee pension obligations, budgetary comparison schedules, and combining statements for the Village's funds.

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Hinckley, assets/deferred outflows exceeded liabilities/deferred inflows by \$7,398,128.

	Summary Statement of Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$ 2,248,735	1,679,058	830,219	715,640	3,078,954	2,394,698
Capital Assets	973,056	1,031,348	8,529,713	8,946,312	9,502,769	9,977,660
Total Assets	3,221,791	2,710,406	9,359,932	9,661,952	12,581,723	12,372,358
Deferred Outflows	169,103	14,648	193,958	200,000.00	363,061	214,648
Total Assets and Deferred Outflows	3,390,894	2,725,054	9,553,890	9,861,952	12,944,784	12,587,006
Liabilities						
Current Liabilities	29,767	204,515	455,423	474,915	485,190	679,430
Long-Term Liabilities	52,330	19,150	4,427,861	4,855,906	4,480,191	4,875,056
Total Liabilities	82,097	223,665	4,883,284	5,330,821	4,965,381	5,554,486
Deferred Inflows	581,275	514,179	—	—	581,275	514,179
Total Liabilities and Deferred Inflows	663,372	737,844	4,883,284	5,330,821	5,546,656	6,068,665
Net Position						
Net Investment in Capital Assets	970,860	1,020,716	3,873,805	3,868,926	4,844,665	4,889,642
Restricted	228,089	110,704	751,800	647,091	979,889	757,795
Unrestricted (Deficit)	1,528,573	855,790	45,001	15,114	1,573,574	870,904
Total Net Position	2,727,522	1,987,210	4,670,606	4,531,131	7,398,128	6,518,341

A large portion of the Village of Hinckley's net position, \$4,844,665 or 65.5 percent, reflects its investment in capital assets (for example, land, construction in progress, buildings and improvements, machinery and equipment, water system, plant and building, elevated tank, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Hinckley uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Hinckley's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$979,889 or 13.2 percent, of the Village of Hinckley's net position represents resources that are subject to external restrictions on how they may be used. The remaining 21.3 percent, or \$1,573,574, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Summary of Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$ 76,064	42,412	1,123,437	1,335,023	1,199,501	1,377,435
Operating Grants and Contributions	105,486	127,994	—	124,609	105,486	252,603
General Revenues:						
Property Taxes	317,129	312,746	—	—	317,129	312,746
Utility	136,601	129,321	—	—	136,601	129,321
Video Gaming	43,912	37,533	—	—	43,912	37,533
Replacement Taxes	22,069	16,834	—	—	22,069	16,834
Income Taxes	324,127	294,042	—	—	324,127	294,042
Sales and Use Taxes	739,977	405,978	—	—	739,977	405,978
Other General Revenues	33,977	6,294	2,259	258	36,236	6,552
Total Revenues	1,799,342	1,373,154	1,125,696	1,459,890	2,925,038	2,833,044
Expenses						
General Government	647,944	549,147	—	—	647,944	549,147
Public Safety	365,293	310,482	—	—	365,293	310,482
Culture and Recreation	2,428	3,868	—	—	2,428	3,868
Highways and Streets	42,926	283,401	—	—	42,926	283,401
Interest on Long-Term Debt	439	355	—	—	439	355
Water and Sewer	—	—	986,221	881,985	986,221	881,985
Total Expenses	1,059,030	1,147,253	986,221	881,985	2,045,251	2,029,238
Increase in Net Position before Transfers	740,312	225,901	139,475	577,905	879,787	803,806
Transfers In (Out)	—	83,325	—	(83,325)	—	—
Change in Net Position	740,312	309,226	139,475	494,580	879,787	803,806
Net Position-Beginning	1,987,210	1,677,984	4,531,131	4,036,551	6,518,341	5,714,535
Net Position-Ending	2,727,522	1,987,210	4,670,606	4,531,131	7,398,128	6,518,341

Net position of the Village of Hinckley increased by \$879,787 or 13.5 percent compared to a \$803,806 increase for the year ended April 30, 2022. Overall operations have seen improvement over the last few years and a positive change in net position indicates an improving overall financial position for the Village.

VILLAGE OF HINCKLEY, ILLINOIS

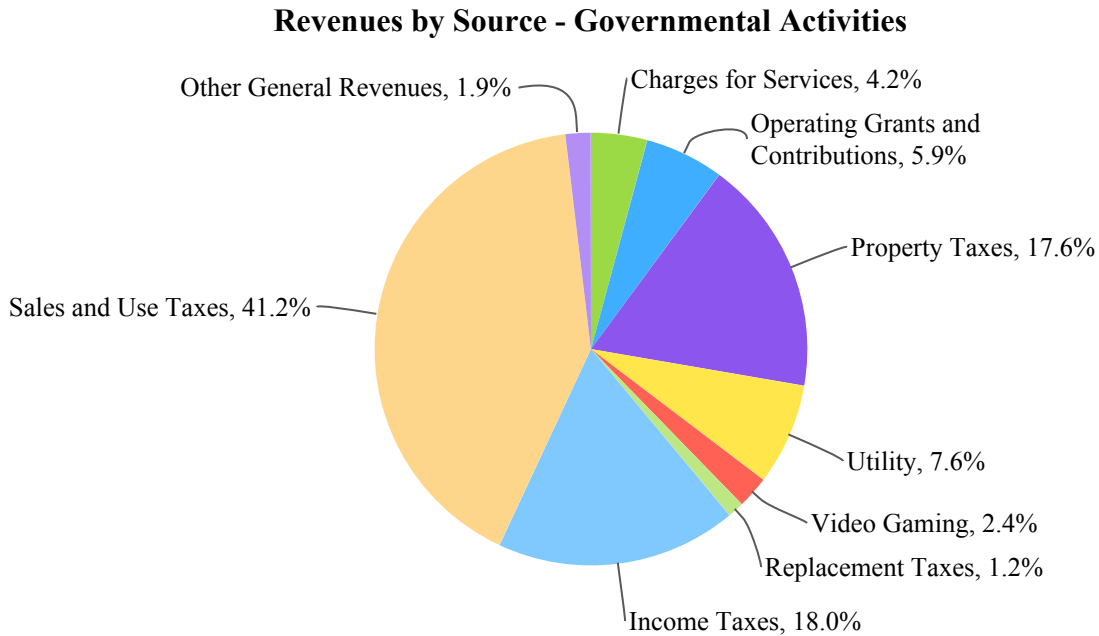
**Management's Discussion and Analysis
April 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

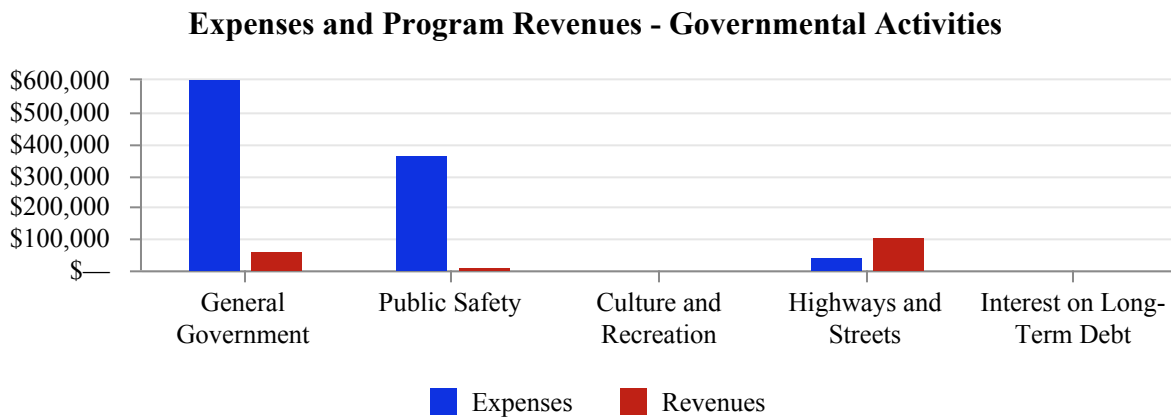
Governmental Activities

Revenues for governmental activities totaled \$1,799,342, while the cost of all governmental functions totaled \$1,059,030. This results in an increase of \$740,312. For the year ended April 30, 2022, revenues totaled \$1,373,154 with expenses of \$1,147,253, resulting in an increase of \$225,901, prior to a transfer in of \$83,325.

The following table graphically depicts the major revenue sources of the Village of Hinckley. It depicts very clearly the reliance on charges for services and property taxes to fund governmental activities.



Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.



VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

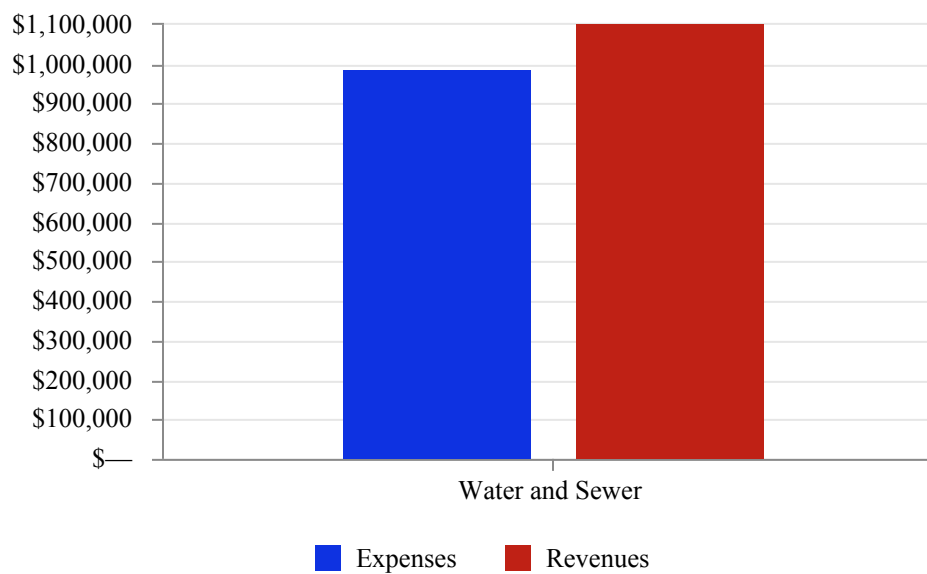
April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Business-Type Activities

Business-Type activities reported total revenues of \$1,125,696, while the cost of all business-type activities totaled \$986,221. This results in an increase of \$139,475. In 2022, revenues of \$1,459,890 were more than expenses of \$881,985, resulting in an increase of \$577,905, prior to a transfer out of \$83,325

Expenses and Program Revenues - Business-Type Activities



The above graph compares program revenues to expenses for Water and Sewer operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As noted earlier, the Village of Hinckley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Village of Hinckley's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Village of Hinckley's governmental funds reported combining ending fund balances of \$1,644,069, which is \$825,589, or 100.9 percent, higher than last year's total of \$818,480.

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS - Continued

Governmental Funds - Continued

The General Fund reported a surplus in fund balance for the year of \$709,229, an increase of 99.5 percent. This was due in large part to expenditures of \$949,198 being \$511,402 lower than budgeted in the current fiscal year.

At April 30, 2023, unassigned fund balance in the General Fund was \$1,377,273, which represents 96.8 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents 145.1 percent of total General Fund expenditures.

The fund balance in the Road and Bridge Fund increased by \$29,274, while the fund balance in the Motor Fuel Tax Fund increased by \$87,086. The Road and Bridge Fund increased due to utility taxes revenues coming in slightly higher than expenditures during the fiscal year. The Motor Fuel Tax Fund increased due to less spending of expenditures during the fiscal year. Motor Fuel Tax Fund was budgeted to spend \$90,000 but only \$19,215 was actually spent due to road work not being completed until fall of 2023.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Water and Sewer as a major proprietary fund. The Water and Sewer Fund accounts for the provision of potable water and wastewater treatment services to the residents of the Village.

The net gain in the Water and Sewer Fund during the current fiscal year was \$139,475, but excluding non-cash depreciation expense of \$416,599, the Water and Sewer Fund would report an operating surplus of \$556,074. Unrestricted net position in the Water and Sewer Fund totaled a surplus of \$45,001 at April 30, 2023.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village of Hinckley Board of Trustees made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$1,658,427, compared to budgeted revenues of \$1,237,450. The General Fund actual expenditures for the year were \$511,402 lower than budgeted, primarily due to significantly less spending in general government, public safety, and culture and recreation functions due to various recreation programs not being implemented and vehicle not being purchased as planned. (\$1,460,600 was budgeted and \$949,198 was actually spent in these functions). Tax revenues decreased \$11,652 from the previous year. This decrease along with the lower than budgeted expenses in the current year contributed to the increase in the General Fund fund balance of \$709,229.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village of Hinckley's investment in capital assets for its governmental activities as of April 30, 2023 was \$973,056 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis

April 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Capital Assets - Continued

The Village of Hinckley's investment in capital assets for its business-type activities as of April 30, 2023 was \$8,529,713 (net of accumulated depreciation). This investment in capital assets includes land, water system, plant and building, elevated tank, and machinery and equipment.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 212,645	212,645	14,170	14,170	226,815	226,815
Buildings and Improvements	209,572	221,211	—	—	209,572	221,211
Machinery and Equipment	26,906	55,188	—	—	26,906	55,188
Infrastructure	523,933	542,304	—	—	523,933	542,304
Water System	—	—	5,835,967	6,151,299	5,835,967	6,151,299
Plant and Building	—	—	2,153,583	2,231,405	2,153,583	2,231,405
Elevated Tank	—	—	525,993	549,438	525,993	549,438
Total	973,056	1,031,348	8,529,713	8,946,312	9,502,769	9,977,660

There were no major additions during the fiscal year.

Additional information on the Village's capital assets can be found in Note 3 of this report.

VILLAGE OF HINCKLEY, ILLINOIS

Management's Discussion and Analysis April 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Debt Administration

At April 30, 2023, the Village of Hinckley had total outstanding debt of \$4,658,104 as compared to \$5,088,018 for the April 30, 2022 year end. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment Contracts Payable	\$ 2,196	10,632	—	—	2,196	10,632
Debt Certificates Payable	—	—	33,000	65,000	33,000	65,000
Loans Payable	—	—	149,788	165,000	149,788	165,000
IEPA Loans Payable	—	—	4,473,120	4,847,386	4,473,120	4,847,386
Totals	2,196	10,632	4,655,908	5,077,386	4,658,104	5,088,018

State statutes limit the amount of general obligation debt a Village may issue to 8.625% of its Equalized Assessed Valuation. The current debt limit for the Village of Hinckley is \$4,558,469.

Additional information on the Village of Hinckley's long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village of Hinckley's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. The Village will continue to tightly monitor budgets in light of the current economic environment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Hinckley's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Village Office at 720 James St, Hinckley, Illinois 60520.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

- Governmental Funds
- Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF HINCKLEY, ILLINOIS

Statement of Net Position

April 30, 2023

See Following Page

VILLAGE OF HINCKLEY, ILLINOIS

Statement of Net Position

April 30, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 1,769,811	501,939	2,271,750
Receivables - Net of Allowances	440,217	300,213	740,430
Prepays	38,707	28,067	66,774
Total Current Assets	<u>2,248,735</u>	<u>830,219</u>	<u>3,078,954</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	212,645	14,170	226,815
Depreciable	1,661,907	14,463,412	16,125,319
Accumulated Depreciation	(901,496)	(5,947,869)	(6,849,365)
Total Capital Assets	<u>973,056</u>	<u>8,529,713</u>	<u>9,502,769</u>
Total Assets	<u>3,221,791</u>	<u>9,359,932</u>	<u>12,581,723</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	169,103	—	169,103
Deferred Items - ARO	—	193,958	193,958
Total Deferred Outflows of Resources	<u>169,103</u>	<u>193,958</u>	<u>363,061</u>
Total Assets and Deferred Outflows of Resources	<u>3,390,894</u>	<u>9,553,890</u>	<u>12,944,784</u>

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

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 10,268	2,468	12,736
Accrued Payroll	13,123	1,450	14,573
Accrued Interest Payable	—	23,458	23,458
Current Portion of Long-Term Debt	6,376	428,047	434,423
Total Current Liabilities	<u>29,767</u>	<u>455,423</u>	<u>485,190</u>
Noncurrent Liabilities			
Compensated Absences	16,722	—	16,722
Net Pension Liability - IMRF	35,608		35,608
Loans Payable	—	134,105	134,105
IEPA Loan Payable	—	4,093,756	4,093,756
Asset Retirement Obligation	—	200,000	200,000
Total Noncurrent Liabilities	<u>52,330</u>	<u>4,427,861</u>	<u>4,480,191</u>
Total Liabilities	<u>82,097</u>	<u>4,883,284</u>	<u>4,965,381</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	279,237	—	279,237
Grants	302,038		302,038
Total Deferred Inflows of Resources	<u>581,275</u>	<u>—</u>	<u>581,275</u>
Total Liabilities and Deferred Inflows of Resources	<u>663,372</u>	<u>4,883,284</u>	<u>5,546,656</u>
NET POSITION			
Net Investment in Capital Assets	970,860	3,873,805	4,844,665
Restricted - Special Levies - Special Service Areas	6,281	—	6,281
Restricted - Highways and Streets	221,808	—	221,808
Restricted - Capital Projects	—	462,590	462,590
Restricted - Debt Service	—	289,210	289,210
Unrestricted (Deficit)	1,528,573	45,001	1,573,574
Total Net Position	<u>2,727,522</u>	<u>4,670,606</u>	<u>7,398,128</u>

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

VILLAGE OF HINCKLEY, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2023

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 647,944	65,677	—	—
Public Safety	365,293	10,387	—	—
Culture and Recreation	2,428	—	—	—
Highways and Streets	42,926	—	105,486	—
Interest on Long-Term Debt	439	—	—	—
Total Governmental Activities	1,059,030	76,064	105,486	—
Business-Type Activities				
Water and Sewer	986,221	1,123,437	—	—
Total Primary Government	2,045,251	1,199,501	105,486	—

General Revenues

Taxes

Property Taxes

Utility

Video Gaming

Intergovernmental - Unrestricted

Replacement Taxes

Income Taxes

Sales Taxes

State Use Taxes

Interest Income

Miscellaneous

Transfers - Internal Activities

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/Revenues		
Total Primary Government		
Governmental Activities	Business-Type Activities	Totals
(582,267)	—	(582,267)
(354,906)	—	(354,906)
(2,428)	—	(2,428)
62,560	—	62,560
(439)	—	(439)
(877,480)	—	(877,480)
—	137,216	137,216
(877,480)	137,216	(740,264)
317,129	—	317,129
136,601	—	136,601
43,912	—	43,912
22,069	—	22,069
324,127	—	324,127
657,474	—	657,474
82,503	—	82,503
11,059	2,259	13,318
22,918	—	22,918
1,617,792	2,259	1,620,051
740,312	139,475	879,787
1,987,210	4,531,131	6,518,341
2,727,522	4,670,606	7,398,128

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

VILLAGE OF HINCKLEY, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2023

	General	Special Revenue		Totals
		Road and Bridge	Motor Fuel Tax	
ASSETS				
Cash and Investments	\$ 1,554,391	55,601	159,819	1,769,811
Receivables				
Property Taxes	302,038	—	—	302,038
Other Taxes	123,258	1,484	7,127	131,869
Accounts	6,310	—	—	6,310
Due from Other Governments	—	—	—	—
Prepays	38,707	—	—	38,707
Total Assets	<u>2,024,704</u>	<u>57,085</u>	<u>166,946</u>	<u>2,248,735</u>
LIABILITIES				
Accounts Payable	8,045	—	2,223	10,268
Accrued Payroll	13,123	—	—	13,123
Total Liabilities	<u>21,168</u>	<u>—</u>	<u>2,223</u>	<u>23,391</u>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	279,237	—	—	279,237
Grants	302,038	—	—	302,038
Total Deferred Inflows of Resources	<u>581,275</u>	<u>—</u>	<u>—</u>	<u>581,275</u>
Total Liabilities and Deferred Inflows of Resources	<u>602,443</u>	<u>—</u>	<u>2,223</u>	<u>604,666</u>
FUND BALANCES				
Nonspendable	38,707	—	—	38,707
Restricted	6,281	57,085	164,723	228,089
Unassigned	1,377,273	—	—	1,377,273
Total Fund Balances	<u>1,422,261</u>	<u>57,085</u>	<u>164,723</u>	<u>1,644,069</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>2,024,704</u>	<u>57,085</u>	<u>166,946</u>	<u>2,248,735</u>

The notes to the financial statements are integral part this statement.

VILLAGE OF HINCKLEY, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

April 30, 2023

Total Governmental Fund Balances	\$ 1,644,069
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	973,056
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	169,103
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(20,902)
Net Pension Liability - IMRF	(35,608)
Installment Contracts Payable	<u>(2,196)</u>
Net Position of Governmental Activities	<u><u>2,727,522</u></u>

The notes to the financial statements are integral part this statement.

VILLAGE OF HINCKLEY, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2023

	General	Special Revenue		Totals
		Road and Bridge	Motor Fuel Tax	
Revenues				
Taxes	\$ 463,028	34,614	—	497,642
Intergovernmental	1,086,173	—	105,486	1,191,659
Licenses and Permits	46,630	—	—	46,630
Charges for Services	19,047	—	—	19,047
Fines and Forfeits	10,387	—	—	10,387
Interest Income	10,244	—	815	11,059
Miscellaneous	22,918	—	—	22,918
Total Revenues	1,658,427	34,614	106,301	1,799,342
Expenditures				
General Government	586,686	—	—	586,686
Public Safety	351,209	—	—	351,209
Culture and Recreation	2,428	—	—	2,428
Highways and Streets	—	5,340	19,215	24,555
Debt Service				
Principal Retirement	8,436	—	—	8,436
Interest and Fiscal Charges	439	—	—	439
Total Expenditures	949,198	5,340	19,215	973,753
Net Change in Fund Balances	709,229	29,274	87,086	825,589
Fund Balances - Beginning	713,032	27,811	77,637	818,480
Fund Balances - Ending	1,422,261	57,085	164,723	1,644,069

The notes to the financial statements are integral part this statement.

VILLAGE OF HINCKLEY, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended April 30, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ 825,589
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(58,292)
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	381,970
The issuance of long-term debt provides current financial resources to governmental funds, While the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Compensated Absences	291
Change in Net Pension Liability/(Asset) - IMRF	(417,682)
Retirement of Debt	<u>8,436</u>
Changes in Net Position of Governmental Activities	<u><u>740,312</u></u>

VILLAGE OF HINCKLEY, ILLINOIS

Statement of Net Position - Proprietary Fund

April 30, 2023

	Business-Type Activities
	<u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 501,939
Receivables	
Accounts	300,213
Prepays	28,067
Total Current Assets	<u>830,219</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	14,170
Depreciable	14,463,412
Accumulated Depreciation	<u>(5,947,869)</u>
Total Noncurrent Assets	<u>8,529,713</u>
Total Assets	9,359,932
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - ARO	<u>193,958</u>
Total Assets and Deferred Outflows of Resources	<u>9,553,890</u>

The notes to the financial statements are integral part this statement.

	Business-Type Activities <u>Water and Sewer</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 2,468
Accrued Payroll	1,450
Accrued Interest Payable	23,458
Debt Certificates Payable	33,000
Loans Payable	15,683
IEPA Loans Payable	379,364
Total Current Liabilities	<u>455,423</u>
Noncurrent Liabilities	
Loans Payable	134,105
IEPA Loans Payable	4,093,756
Asset Retirement Obligation	200,000
Total Noncurrent Liabilities	<u>4,427,861</u>
Total Liabilities	<u>4,883,284</u>
NET POSITION	
Net Investment in Capital Assets	3,873,805
Restricted	
Capital Improvements	462,590
Debt Service	289,210
Unrestricted	<u>45,001</u>
Total Net Position	<u><u>4,670,606</u></u>

The notes to the financial statements are integral part this statement.

VILLAGE OF HINCKLEY, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended April 30, 2023

	Business-Type Activities
	<u>Water and Sewer</u>
Operating Revenues	
Charges for Services	\$ 1,104,682
Operating Expenses	
Operations	492,353
Depreciation	416,599
Total Operating Expenses	<u>908,952</u>
Operating Income	<u>195,730</u>
Nonoperating Revenues (Expenses)	
Cell Tower Rental	18,755
Interest Income	2,259
Interest Expense	(77,269)
	<u>(56,255)</u>
Change in Net Position	139,475
Net Position - Beginning	<u>4,531,131</u>
Net Position - Ending	<u><u>4,670,606</u></u>

The notes to the financial statements are integral part this statement.

VILLAGE OF HINCKLEY, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended April 30, 2023

	Business-Type Activities Water and Sewer
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,076,876
Payments to Suppliers	(444,949)
Payments to Employees	(50,819)
	<u>581,108</u>
Cash Flows from Capital and Related Financing Activities	
Principal Retirement	(421,478)
Interest Expense	(77,269)
	<u>(498,747)</u>
Cash Flows from Investing Activities	
Interest Recieved	2,259
	<u>2,259</u>
Net Change in Cash and Cash Equivalents	84,620
Cash and Cash Equivalents - Beginning	<u>417,319</u>
Cash and Cash Equivalents - Ending	<u><u>501,939</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	195,730
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	416,599
Other Income	18,755
(Increase) Decrease in Current Assets	(27,806)
Increase (Decrease) in Current Liabilities	(22,170)
	<u>(22,170)</u>
Net Cash Provided by Operating Activities	<u><u>581,108</u></u>

The notes to the financial statements are integral part this statement.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Hinckley, Illinois (Village), is incorporated under the laws of the State of Illinois. The Village operates under a Board-President form of government, providing recreation and other services to the residents of Hinckley. The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, culture and recreation, highways and streets, and general are all classified as governmental activities. The Village's water and sewer operations are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Village's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, culture and recreation, highways and streets, etc.). The functions are supported by general government revenues (property and replacement taxes, certain intergovernmental revenues, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property and replacement taxes, certain intergovernmental revenues, interest income, etc.).

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental category. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General Fund is the general operating fund of the Village. It accounts for all revenues and expenditures of the Village which are not accounted for in other funds. The General Fund is a major fund.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Governmental Funds - Continued

Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditures for specified purposes. The Village maintains two special revenue funds. The Road and Bridge Fund, treated as a major fund, is used to account for resources restricted or committed to road and bridge projects. Financing is provided primarily from an annual restricted property tax levy, and from utility taxes. The Motor Fuel Tax Fund, treated as a major fund, is used to account for resources restricted or committed to road projects approved by the Illinois Department of Transportation. Financing is provided primarily from motor fuel tax allotments.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Water and Sewer Fund accounts for the revenues and expenses relative to the operation of the water utility.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus - Continued

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 Village’s enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds' Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village 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 significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Village's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes and sales and use taxes. Business-type activities report water and sewer charges as their major receivables.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Capital Assets

Capital assets purchased or acquired with an original cost of more than \$1 or more for land; \$25,000 or more for building and improvements; \$10,000 or more for machinery and equipment; and \$50,000 or more for infrastructure and water distribution system, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Building and Improvements	10 - 45 Years
Machinery and Equipment	3 - 20 Years
Infrastructure	50 Years
Water System	50 Years
Plant and Building	50 Years
Elevated Tank	50 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY - Continued

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted for all funds. Budgets are adopted on the cash basis of accounting and represent the estimated receipts, transfers and disbursements for each fund contained in the annual budget and appropriation ordinance passed by the Board of Trustees. The budget may be amended by the Board of Trustees. The appropriation is presented in the appropriation column. There were no supplemental appropriations adopted during the year. The legal level of control is at the fund level. All appropriations lapse at fiscal year-end.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the Village's funds.

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in both Funds are valued at the share price, the price for which the investment could be sold.

Interest Rate Risk, Credit Risk, Concentration of Credit Risk, and Custodial Credit Risk

At year-end, the carrying amount of the Village's deposits totaled \$2,219,949 and the bank balances totaled \$2,233,765. In addition, the Village has \$51,801 invested in the Illinois Funds.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield. At year-end, the Village's investment in the Illinois Funds has an average maturity of less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in FDIC insured CD's. As of April 30, 2023, the Village's investment in the Illinois Funds was rated AAAM by Standard & Poor's.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Interest Rate Risk, Credit Risk, Concentration of Credit Risk, and Custodial Credit Risk - Continued

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy requires diversification of investments to avoid unreasonable risk. At year-end, the Village does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by an independent third party. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy does not address custodial credit risk for investments and the Illinois Funds is not subject to custodial credit risk.

PROPERTY TAXES

Property taxes for the 2022 levy attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by June of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments on or about June 1 and September 1. Significant amounts of property taxes for 2022 will be distributed to the Village during June, July and August of 2023. The remaining significant distribution will normally be expected in November 2023.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 212,645	—	—	212,645
Depreciable Capital Assets				
Building and Improvements	465,563	—	—	465,563
Machinery and Equipment	461,519	—	—	461,519
Infrastructure	734,825	—	—	734,825
	<u>1,661,907</u>	<u>—</u>	<u>—</u>	<u>1,661,907</u>
Less Accumulated Depreciation				
Building and Improvements	244,352	11,639	—	255,991
Machinery and Equipment	406,331	28,282	—	434,613
Infrastructure	192,521	18,371	—	210,892
	<u>843,204</u>	<u>58,292</u>	<u>—</u>	<u>901,496</u>
Total Net Depreciable Capital Assets	<u>818,703</u>	<u>(58,292)</u>	<u>—</u>	<u>760,411</u>
Total Net Capital Assets	<u>1,031,348</u>	<u>(58,292)</u>	<u>—</u>	<u>973,056</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 25,837
Public Safety	14,084
Highways and Streets	<u>18,371</u>
	<u>58,292</u>

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 14,170	—	—	14,170
Depreciable Capital Assets				
Machinery and Equipment	32,175	—	—	32,175
Water System	8,911,153	—	—	8,911,153
Plant and Building	4,582,285	—	—	4,582,285
Elevated Tank	937,799	—	—	937,799
	<u>14,463,412</u>	<u>—</u>	<u>—</u>	<u>14,463,412</u>
Less Accumulated Depreciation				
Machinery and Equipment	32,175	—	—	32,175
Water System	2,759,854	315,332	—	3,075,186
Plant and Building	2,350,880	77,822	—	2,428,702
Elevated Tank	388,361	23,445	—	411,806
	<u>5,531,270</u>	<u>416,599</u>	<u>—</u>	<u>5,947,869</u>
Total Net Depreciable Capital Assets	<u>8,932,142</u>	<u>(416,599)</u>	<u>—</u>	<u>8,515,543</u>
Total Net Capital Assets	<u>8,946,312</u>	<u>(416,599)</u>	<u>—</u>	<u>8,529,713</u>

Depreciation expense was charged to business-type activities as follows:

Water and Sewer	<u><u>\$ 416,599</u></u>
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VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT

Asset Retirement Obligation

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells and demolition of the Village's water tower and standpipe at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells and water tower varies between 29 and 39 years.

Installment Contracts Payable

The Village issues installment contracts payable to provide funds for the purchase of capital assets. Installment contracts currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$38,049 Installment Contract Payable of 2018 - Due in monthly installments of \$740, including interest at 6.45% through July 15, 2023.	\$ 10,632	—	8,436	2,196

Debt Certificates Payable

The Village enters into debt certificates to provide funds for the acquisition of capital assets. Debt certificates currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$129,000 General Obligation (Limited Tax) Debt Certificates of 2016 - Due in annual installments of \$32,000 to \$33,000 plus interest at 3.00% through December 1, 2023.	\$ 65,000	—	32,000	33,000

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Loans Payable

The Village enters into loans payable for the acquisition of capital equipment. Loans payable are direct obligations and pledge the full faith and credit of the Village. Loans payable currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Loan Payable of 2021, due in semi-annual installments of \$10,075, including interest at 3.02%, through June 18, 2031.	\$ 165,000	—	15,212	149,788

IEPA Loans Payable

The Village has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. IEPA loans currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan Payable of 2011 (L17-3036), due in annual installments of \$111,363, with no interest, through December 20, 2030.	\$ 1,002,266	—	111,363	890,903
IEPA Loan Payable of 2013 (L17-1421), due in semi-annual installments of \$335,851, including interest of 1.93%, through January 8, 2035.	3,845,120	—	262,903	3,582,217
	<u>4,847,386</u>	<u>—</u>	<u>374,266</u>	<u>4,473,120</u>

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts within One Year
Governmental Activities					
Compensated Absences	\$ 21,193	291	582	20,902	4,180
Net Pension Liability/(Asset) - IMRF	(382,074)	417,682	—	35,608	—
Installment Contracts Payable	10,632	—	8,436	2,196	2,196
	<u>(350,249)</u>	<u>417,973</u>	<u>9,018</u>	<u>58,706</u>	<u>6,376</u>
Business-Type Activities					
Debt Certificates Payable	65,000	—	32,000	33,000	33,000
Loans Payable	165,000	—	15,212	149,788	15,683
IEPA Loans Payable	4,847,386	—	374,266	4,473,120	379,364
Asset Retirement Obligation	200,000	—	—	200,000	—
	<u>5,277,386</u>	<u>—</u>	<u>421,478</u>	<u>4,855,908</u>	<u>428,047</u>

For governmental activities, payments on the compensated absences, net pension liability, and installment contracts payable are made by the General Fund. For business-type activities, payments on the debt certificates payable, the loans payable, and the IEPA loans payable are made by the Water and Sewer Fund.

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979." The Village's outstanding loans payable through IEPA and the Village's outstanding debt certificates do not apply to the legal debt limit.

Assessed Valuation - 2022 Tax Levy	<u>\$ 52,851,815</u>
Legal Debt Limit - 8.625% of Assessed Value	4,558,469
Amount of Debt Applicable to Limit	<u>—</u>
Legal Debt Margin	<u>4,558,469</u>

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities				Business-Type Activities				
	Installment		Debt		Loans Payable		IEPA		
	Contracts Payable		Certificates Payable		Loans Payable		Loans Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 2,196	24	33,000	990	15,683	4,467	379,364	67,850	
2025	—	—	—	—	16,155	3,995	384,562	62,652	
2026	—	—	—	—	16,665	3,485	389,860	57,354	
2027	—	—	—	—	17,180	2,970	395,261	51,953	
2028	—	—	—	—	17,710	2,440	400,766	46,448	
2029	—	—	—	—	18,251	1,899	406,379	40,835	
2030	—	—	—	—	18,819	1,331	412,100	35,114	
2031	—	—	—	—	19,400	750	417,931	29,282	
2032	—	—	—	—	9,925	152	312,515	23,336	
2033	—	—	—	—	—	—	318,575	17,276	
2034	—	—	—	—	—	—	324,754	11,097	
2035	—	—	—	—	—	—	331,053	4,798	
Totals	2,196	24	33,000	990	149,788	21,489	4,473,120	447,995	

FUND BALANCE CLASSIFICATIONS

In the governmental fund financial statements, the Village considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Village first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The Village's policy manual states that the General Fund should maintain a minimum fund balance equal to two months of budgeted operating expenditures.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue		Totals
		Road and Bridge	Motor Fuel Tax	
Fund Balances				
Nonspendable				
Prepays	\$ 38,707	—	—	38,707
Restricted				
Special Service Areas	6,281	—	—	6,281
Highways and Streets	—	57,085	164,723	221,808
	6,281	57,085	164,723	228,089
Unassigned	1,377,273	—	—	1,377,273
Total Fund Balances	1,422,261	57,085	164,723	1,644,069

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of April 30, 2023:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 973,056
Less Capital Related Debt:	
Installment Contracts Payable	<u>(2,196)</u>
Net Investment in Capital Assets	<u>970,860</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	8,529,713
Less Capital Related Debt:	
Debt Certificates Payable	(33,000)
Loans Payable	(149,788)
IEPA Loans Payable	<u>(4,473,120)</u>
Net Investment in Capital Assets	<u>3,873,805</u>

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. The Village has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

COMMITMENTS

The Village has a maintenance contract for the Hinckley water and wastewater treatment systems that was entered into during calendar year 2014 and amended in calendar year 2018. The contract calls for monthly payments of \$15,533 and is set to expire on April 30, 2024. Expenses of \$186,396 were incurred under the contract in the year ended April 30, 2023. Future payments for 2024 are expected to be \$186,396.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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).

IMRF provides two tiers of pension benefits. 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.

Plan Membership. As of December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	9
Inactive Plan Members Entitled to but not yet Receiving Benefits	10
Active Plan Members	<u>6</u>
Total	<u><u>25</u></u>

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.50% 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. For the year-ended April 30, 2023, the Village's contribution was 3.40% of covered payroll.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For nondisabled 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.

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.50%	4.90%
Domestic Equities	35.50%	6.50%
International Equities	18.00%	7.60%
Real Estate	10.50%	6.20%
Blended	9.50%	6.25% - 9.90%
Cash and Cash Equivalents	1.00%	4.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the Village calculated using the discount rate as well as what the Village's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate Sensitivity - Continued

	Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 237,258	35,608	(127,282)

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/ (Asset) (A) - (B)
Balances at December 31, 2021	\$ 1,464,623	1,846,697	(382,074)
Changes for the Year:			
Service Cost	25,760	—	25,760
Interest	103,672	—	103,672
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	63,384	—	63,384
Changes of Assumptions	—	—	—
Contributions - Employer	—	12,190	(12,190)
Contributions - Employees	—	13,680	(13,680)
Net Investment Income	—	(258,726)	258,726
Benefit Payments, Including Refunds of Employee Contributions	(95,090)	(95,090)	—
Other (Net Transfer)	—	7,990	(7,990)
Net Changes	97,726	(319,956)	417,682
Balances at December 31, 2022	1,562,349	1,526,741	35,608

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended April 30, 2023, the Village recognized pension expense of \$46,347. At April 30, 2023, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 30,596	—	30,596
Change in Assumptions	—	—	—
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	136,023	—	136,023
Total Pension Expense to be Recognized in Future Periods	166,619	—	166,619
Pension Contributions Made Subsequent to Measurement Date	2,484	—	2,484
Total Deferred Amounts Related to IMRF	169,103	—	169,103

\$2,484 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2024.

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:

Fiscal Year	Deferred Outflows Resources
2024	\$ 24,930
2025	20,277
2026	43,332
2027	78,080
2028	—
Thereafter	—
Total	166,619

VILLAGE OF HINCKLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2023

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

The Village has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, there is minimal participation. As the Village provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the Village has not recorded a liability as of April 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions
 Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
 Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
 General Fund
 Road and Bridge - Special Revenue Fund
 Motor Fuel Tax - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF HINCKLEY, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
April 30, 2023**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 29,894	\$ 29,894	\$ —	\$ 291,368	10.26%
2017	28,870	28,870	—	282,771	10.21%
2018	33,437	33,437	—	347,370	9.63%
2019	26,013	26,013	—	298,966	8.70%
2020	19,715	19,715	—	298,967	6.59%
2021	22,215	22,215	—	280,838	7.91%
2022	13,504	13,504	—	284,370	4.75%
2023	10,635	10,635	—	312,631	3.40%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	21 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
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.

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

VILLAGE OF HINCKLEY, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

April 30, 2023

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 38,863
Interest	81,770
Change in Benefit Terms	—
Differences Between Expected and Actual Experience	(62,112)
Change of Assumptions	915
Benefit Payments, Including Refunds of Member Contributions	<u>(40,137)</u>
Net Change in Total Pension Liability	19,299
Total Pension Liability - Beginning	<u>1,090,904</u>
 Total Pension Liability - Ending	 <u><u>1,110,203</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 29,894
Contributions - Members	13,112
Net Investment Income	5,170
Benefit Payments, Including Refunds of Member Contributions	(40,137)
Other (Net Transfer)	<u>(24,758)</u>
Net Change in Plan Fiduciary Net Position	(16,719)
Plan Net Position - Beginning	<u>1,032,501</u>
 Plan Net Position - Ending	 <u><u>1,015,782</u></u>
 Employer's Net Pension Liability/(Asset)	 <u><u>\$ 94,421</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 91.50%
 Covered Payroll	 \$ 291,368
 Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	 32.41%

Note: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017.

2016	2017	2018	2019	2020	2021	2022
23,312	32,228	32,121	29,377	19,174	28,576	25,760
82,953	92,116	93,673	98,617	94,348	99,897	103,672
—	—	—	—	—	—	—
41,037	(26,460)	12,676	(105,192)	58,951	15,120	63,384
(1,039)	(33,427)	37,400	—	(16,734)	—	—
(28,693)	(31,345)	(55,945)	(70,515)	(82,652)	(85,154)	(95,090)
117,570	33,112	119,925	(47,713)	73,087	58,439	97,726
1,110,203	1,227,773	1,260,885	1,380,810	1,333,097	1,406,184	1,464,623
1,227,773	1,260,885	1,380,810	1,333,097	1,406,184	1,464,623	1,562,349
28,870	33,160	30,842	17,663	26,122	14,304	12,190
12,725	15,495	14,640	11,553	12,736	12,977	13,680
71,585	171,680	(69,314)	217,950	217,808	288,744	(258,726)
(28,693)	(31,345)	(55,945)	(70,515)	(82,652)	(85,154)	(95,090)
4,903	(13,996)	19,407	35,630	8,535	1,200	7,990
89,390	174,994	(60,370)	212,281	182,549	232,071	(319,956)
1,015,782	1,105,172	1,280,166	1,219,796	1,432,077	1,614,626	1,846,697
1,105,172	1,280,166	1,219,796	1,432,077	1,614,626	1,846,697	1,526,741
122,601	(19,281)	161,014	(98,980)	(208,442)	(382,074)	35,608
90.01%	101.53%	88.34%	107.42%	114.82%	126.09%	97.72%
282,771	344,340	325,337	256,742	283,013	288,379	303,992
43.36%	(5.60%)	49.49%	(38.55%)	(73.65%)	(132.49%)	11.71%

VILLAGE OF HINCKLEY, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 463,950	463,950	463,028
Intergovernmental	630,000	630,000	1,086,173
Licenses and Permits	26,000	26,000	46,630
Charges for Services	—	—	19,047
Fines and Forfeits	8,800	8,800	10,387
Interest Income	700	700	10,244
Miscellaneous	108,000	108,000	22,918
Total Revenues	<u>1,237,450</u>	<u>1,237,450</u>	<u>1,658,427</u>
Expenditures			
General Government	867,800	867,800	586,686
Public Safety	441,000	441,000	351,209
Culture and Recreation	44,800	44,800	2,428
Capital Outlay	20,000	20,000	—
Debt Service			
Principal Retirement	52,000	52,000	8,436
Interest and Fiscal Charges	35,000	35,000	439
Total Expenditures	<u>1,460,600</u>	<u>1,460,600</u>	<u>949,198</u>
Net Change in Fund Balance	<u>(223,150)</u>	<u>(223,150)</u>	709,229
Fund Balance - Beginning			<u>713,032</u>
Fund Balance - Ending			<u><u>1,422,261</u></u>

VILLAGE OF HINCKLEY, ILLINOIS

Road and Bridge - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property	\$ —	—	30,198
Utility	5,000	5,000	4,416
Miscellaneous	1,000	1,000	—
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>34,614</u>
Expenditures			
Highways and Streets			
Contractual Services	17,000	17,000	—
Supplies	20,000	20,000	1,024
Maintenance and Repairs	62,000	62,000	4,316
Capital Outlay	70,000	70,000	—
Debt Service			
Principal Retirement	11,000	11,000	—
Total Expenditures	<u>180,000</u>	<u>180,000</u>	<u>5,340</u>
Net Change in Fund Balance	<u>(174,000)</u>	<u>(174,000)</u>	29,274
Fund Balance - Beginning			<u>27,811</u>
Fund Balance - Ending			<u><u>57,085</u></u>

VILLAGE OF HINCKLEY, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
Motor Fuel Taxes	\$ 102,000	102,000	105,486
Interest Income	100	100	815
Total Revenues	<u>102,100</u>	<u>102,100</u>	<u>106,301</u>
Expenditures			
Highways and Streets			
Salaries	10,000	10,000	2,360
Contractual Services	20,000	20,000	(7,670)
Supplies	10,000	10,000	12,091
Repairs and Maintenance	—	—	12,434
Capital Outlay	50,000	50,000	—
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>19,215</u>
Net Change in Fund Balance	<u>12,100</u>	<u>12,100</u>	87,086
Fund Balance - Beginning			<u>77,637</u>
Fund Balance - Ending			<u><u>164,723</u></u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

Budgetary Comparison Schedules - Major Governmental Funds

Combining Statements - Water and Sewer Fund - by Accounts

Budgetary Comparison Schedules - Enterprise Funds

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Road and Bridge Fund

The Road and Bridge Fund is used to account for resources restricted or committed to road and bridge projects. Financing is provided primarily from an annual restricted property tax levy, and from utility taxes.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for resources restricted or committed to road projects approved by the Illinois Department of Transportation. Financing is provided primarily from motor fuel tax allotments.

ENTERPRISE FUND

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been 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 purpose.

Water and Sewer Fund

The Water and Sewer Fund is used to account for the revenues and expenses relative to the operation of the water utility.

VILLAGE OF HINCKLEY, ILLINOIS

**General Fund
Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

	Budget		Actual Amounts
	Original	Final	
Taxes			
Property Taxes	\$ 310,950	310,950	286,931
Utility	115,000	115,000	132,185
Video Gaming	38,000	38,000	43,912
	<u>463,950</u>	<u>463,950</u>	<u>463,028</u>
Intergovernmental			
Replacement Taxes	10,000	10,000	22,069
Income Taxes	290,000	290,000	324,127
Sales Taxes	260,000	260,000	657,474
State Use Taxes	70,000	70,000	82,503
	<u>630,000</u>	<u>630,000</u>	<u>1,086,173</u>
Licenses and Permits	<u>26,000</u>	<u>26,000</u>	<u>46,630</u>
Charges for Services	<u>—</u>	<u>—</u>	<u>19,047</u>
Fines and Forfeits	<u>8,800</u>	<u>8,800</u>	<u>10,387</u>
Interest Income	<u>700</u>	<u>700</u>	<u>10,244</u>
Miscellaneous	<u>108,000</u>	<u>108,000</u>	<u>22,918</u>
Total Revenues	<u><u>1,237,450</u></u>	<u><u>1,237,450</u></u>	<u><u>1,658,427</u></u>

VILLAGE OF HINCKLEY, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		Actual Amounts
	Original	Final	
General Government			
Salaries	\$ 220,000	220,000	217,854
Benefits	151,800	151,800	116,360
Contractual Services	225,000	225,000	207,656
Supplies	22,000	22,000	15,333
Dues, Fees, Subscriptions, and Permits	39,000	39,000	9,943
Maintenance and Repairs	105,000	105,000	19,540
Equipment	105,000	105,000	—
Total General Government	867,800	867,800	586,686
Public Safety			
Salaries	260,000	260,000	213,801
Benefits	63,000	63,000	55,923
Contractual Services	73,500	73,500	62,540
Supplies	20,000	20,000	12,564
Dues, Fees, Subscriptions, and Permits	4,000	4,000	6,578
Maintenance and Repairs	8,500	8,500	1,003
Equipment	12,000	12,000	(1,200)
Total Public Safety	441,000	441,000	351,209
Culture and Recreation			
Salaries	15,000	15,000	—
Contractual Services	21,800	21,800	1,978
Supplies	2,500	2,500	450
Dues, Fees, Subscriptions, and Permits	5,500	5,500	—
Total Culture and Recreation	44,800	44,800	2,428
Capital Outlay	20,000	20,000	—
Debt Service			
Principal Retirement	52,000	52,000	8,436
Interest and Fiscal Charges	35,000	35,000	439
Total Debt Service	87,000	87,000	8,875
Total Expenditures	1,460,600	1,460,600	949,198

VILLAGE OF HINCKLEY, ILLINOIS

Water and Sewer - by Accounts - Enterprise Fund

Combining Statement of Net Position

April 30, 2023

See Following Page

VILLAGE OF HINCKLEY, ILLINOIS

Water and Sewer - by Accounts - Enterprise Fund

Combining Statement of Net Position

April 30, 2023

	Water and Sewer	Capital Improvement	Debt Service	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ —	353,209	148,730	501,939
Receivables				
Accounts	131,466	28,267	140,480	300,213
Prepays	28,067	—	—	28,067
Due from Intrafunds	—	81,114	—	81,114
Total Current Assets	<u>159,533</u>	<u>462,590</u>	<u>289,210</u>	<u>911,333</u>
Noncurrent Assets				
Capital Assets				
Nondepreciable	14,170	—	—	14,170
Depreciable	14,463,412	—	—	14,463,412
Accumulated Depreciation	(5,947,869)	—	—	(5,947,869)
Total Noncurrent Assets	<u>8,529,713</u>	<u>—</u>	<u>—</u>	<u>8,529,713</u>
Total Assets	<u>8,689,246</u>	<u>462,590</u>	<u>289,210</u>	<u>9,441,046</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - ARO	193,958	—	—	193,958
Total Assets and Deferred Outflows of Resources	<u>8,883,204</u>	<u>462,590</u>	<u>289,210</u>	<u>9,635,004</u>

	Water and Sewer	Capital Improvement	Debt Service	Totals
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 2,468	—	—	2,468
Accrued Payroll	1,450	—	—	1,450
Due to Intrafunds	81,114	—	—	81,114
Accrued Interest Payable	23,458	—	—	23,458
Debt Certificates Payable	33,000	—	—	33,000
Loans Payable	15,683	—	—	15,683
IEPA Loans Payable	379,364	—	—	379,364
Total Current Liabilities	536,537	—	—	536,537
Noncurrent Liabilities				
Loans Payable	134,105	—	—	134,105
IEPA Loans Payable	4,093,756	—	—	4,093,756
Asset Retirement Obligation	200,000	—	—	200,000
Total Noncurrent Liabilities	4,427,861	—	—	4,427,861
Total Liabilities	4,964,398	—	—	4,964,398
NET POSITION				
Net Investment in Capital Assets	3,873,805	—	—	3,873,805
Restricted				
Capital Improvements	—	462,590	—	462,590
Debt Service	—	—	289,210	289,210
Unrestricted	45,001	—	—	45,001
Total Net Position	3,918,806	462,590	289,210	4,670,606

VILLAGE OF HINCKLEY, ILLINOIS

Water and Sewer - by Accounts - Enterprise Fund

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended April 30, 2023

	Water and Sewer	Capital Improvement	Debt Service	Totals
Operating Revenues				
Charges for Services	\$ 552,759	92,353	459,570	1,104,682
Operating Expenses				
Operations	492,353	—	—	492,353
Depreciation	416,599	—	—	416,599
Total Operating Expenses	908,952	—	—	908,952
Operating Income (Loss)	(356,193)	92,353	459,570	195,730
Nonoperating Revenues (Expenses)				
Cell Tower Rental	18,755	—	—	18,755
Interest Income	2,259	—	—	2,259
Interest Expense	(77,269)	—	—	(77,269)
	(56,255)	—	—	(56,255)
Income (Loss) Before Transfers	(412,448)	92,353	459,570	139,475
Intrafund Transfers	447,214	—	(447,214)	—
Change in Net Position	34,766	92,353	12,356	139,475
Net Position - Beginning	3,884,040	370,237	276,854	4,531,131
Net Position - Ending	3,918,806	462,590	289,210	4,670,606

VILLAGE OF HINCKLEY, ILLINOIS

Water and Sewer Account - Water and Sewer Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services	\$ 567,000	567,000	552,759
Operating Expenses			
Salaries	68,000	68,000	50,819
Benefits	35,000	35,000	28,812
Contractual Services	359,200	359,200	274,803
Supplies	62,000	62,000	53,134
Dues, Fees, Subscriptions, and Permits	13,000	13,000	12,150
Maintenance and Repairs	237,500	237,500	46,204
Equipment	231,000	231,000	26,431
Depreciation	—	—	416,599
Total Operating Expenses	1,005,700	1,005,700	908,952
Operating (Loss)	(438,700)	(438,700)	(356,193)
Nonoperating Revenues (Expenses)			
Cell Tower Rental	20,400	20,400	18,755
Interest Income	250	250	2,259
Interest Expense	(36,000)	(36,000)	(77,269)
	(15,350)	(15,350)	(56,255)
(Loss) Before Transfers	(454,050)	(454,050)	(412,448)
Intrafund Transfers	—	—	447,214
Change in Net Position	<u>(454,050)</u>	<u>(454,050)</u>	34,766
Net Position - Beginning			<u>3,884,040</u>
Net Position - Ending			<u><u>3,918,806</u></u>

VILLAGE OF HINCKLEY, ILLINOIS

Capital Improvement Account - Water and Sewer Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services	\$ 90,000	90,000	92,353
Operating Expenses			
Repairs and Maintenance	10,000	10,000	—
Change in Net Position	<u>80,000</u>	<u>80,000</u>	92,353
Net Position - Beginning			<u>370,237</u>
Net Position - Ending			<u>462,590</u>

VILLAGE OF HINCKLEY, ILLINOIS

Debt Service Account - Water and Sewer Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2023

	Budget		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services	\$ 445,000	445,000	459,570
Operating Expenses			
Contractual Services	1,000	1,000	—
Income Before Transfers	444,000	444,000	459,570
Intrafund Transfers	(447,400)	(447,400)	(447,214)
Change in Net Position	<u>(3,400)</u>	<u>(3,400)</u>	12,356
Net Position - Beginning			<u>276,854</u>
Net Position - Ending			<u><u>289,210</u></u>

SUPPLEMENTAL SCHEDULES

VILLAGE OF HINCKLEY, ILLINOIS

Schedule of Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Last Ten Tax Years

April 30, 2023

See Following Page

VILLAGE OF HINCKLEY, ILLINOIS

Schedule of Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Last Ten Tax Years

April 30, 2023

	2012	2013	2014
Assessed Valuations	\$ 40,680,975	36,027,913	35,893,706
Tax Rates			
General	0.2938	0.3491	0.3561
IMRF	0.0802	0.0690	0.0703
Police Protection	0.0996	0.1178	0.1200
Audit	0.0214	0.0247	0.0252
Liability Insurance	0.0364	0.0420	0.0427
Social Security	0.0748	0.0947	0.0966
School Crossing	0.0146	0.0167	0.0168
Workers' Compensation	0.0216	0.0249	0.0254
Total Tax Rates	0.6424	0.7389	0.7531
Tax Extensions			
General	\$ 119,521	125,773	127,817
IMRF	32,626	24,859	25,233
Police Protection	40,518	42,441	43,072
Audit	8,706	8,899	9,045
Liability Insurance	14,808	15,132	15,327
Social Security	30,429	34,118	34,673
School Crossing	5,939	6,017	6,030
Workers' Compensation	8,787	8,971	9,117
Total Tax Extensions	261,334	266,210	270,314
Tax Collections			
General	\$ 119,490	124,894	127,706
IMRF	32,596	24,691	25,219
Police Protection	40,498	42,120	43,060
Audit	8,695	8,815	9,019
Liability Insurance	14,820	15,011	15,324
Social Security	30,424	33,892	34,625
School Crossing	5,930	6,006	6,018
Workers' Compensation	8,793	8,911	9,116
Total Tax Collections	261,246	264,340	270,087
Percent Collected	99.97%	99.30%	99.92%

Data Source: Office of the County Clerk

Note: Rates are per \$1,000 of Assessed Value

The amounts above do not include special service areas #1 or #2.

2015	2016	2017	2018	2019	2020	2021
36,377,753	39,555,807	42,535,566	45,381,388	47,373,881	52,851,815	52,851,815
0.3585	0.3353	0.3094	0.2915	0.2786	0.2811	0.2954
0.0720	0.0758	0.0700	0.0659	0.0633	0.0638	0.0628
0.1214	0.1100	0.1016	0.0956	0.0908	0.0916	0.0902
0.0259	0.0245	0.0226	0.0212	0.0203	0.0204	0.0201
0.0438	0.0249	0.0230	0.0216	0.0207	0.0209	0.0204
0.0850	0.0733	0.0677	0.0639	0.0612	0.0617	0.0606
0.0164	0.0171	0.0159	0.0150	0.0144	0.0143	0.0140
0.0264	0.0333	0.0308	0.0291	0.0272	0.0274	0.0269
0.7494	0.6942	0.6410	0.6038	0.5765	0.5812	0.5904
130,414	132,631	131,605	132,287	131,984	136,106	139,122
26,192	29,983	29,775	29,906	29,988	30,866	31,404
44,163	43,511	43,216	43,385	43,015	44,325	45,131
9,422	9,691	9,613	9,621	9,617	9,895	10,052
15,933	9,849	9,783	9,802	9,806	10,093	10,249
30,921	28,994	28,797	28,999	28,993	29,879	30,348
5,966	6,764	6,763	6,807	6,822	6,928	7,010
9,604	13,172	13,101	13,206	12,905	13,260	13,438
272,615	274,595	272,653	274,013	273,130	281,352	286,754
130,371	132,649	131,594	132,058	131,287	136,071	138,754
26,196	29,979	29,752	29,847	29,839	30,858	31,321
44,137	43,516	43,201	43,323	42,768	44,312	45,012
9,405	9,677	9,600	9,585	9,551	9,892	10,025
15,930	9,866	9,791	9,785	9,749	10,091	10,222
30,895	29,014	28,791	28,950	28,845	29,871	30,268
5,954	6,773	6,750	6,790	6,766	6,926	6,991
9,598	13,154	13,100	13,177	12,834	13,257	13,313
272,486	274,628	272,579	273,515	271,639	281,278	285,906
99.95%	100.01%	99.97%	99.82%	99.45%	99.97%	99.70%

VILLAGE OF HINCKLEY, ILLINOIS

Schedule of Long-Term Debt Requirements

Installment Contract Payable of 2018

April 30, 2023

Date of Issue	August 13, 2018
Date of Maturity	July 15, 2023
Authorized Issue	\$38,049
Interest Rate	6.45%
Interest Dates	Monthly
Principal Maturity Dates	Monthly
Payable at	Ford Motor Credit Company, LLC

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2024	\$ 2,196	24	2,220

VILLAGE OF HINCKLEY, ILLINOIS

**Schedule of Long-Term Debt Requirements
General Obligation (Limited Tax) Debt Certificates of 2016
April 30, 2023**

Date of Issue	September 21, 2016
Date of Maturity	December 1, 2023
Authorized Issue	\$129,000
Interest Rate	3.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	The Atlanta National Bank

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 1	Amount	Dec. 1	Amount
2024	\$ 33,000	990	33,990	2024	495	2024	495

VILLAGE OF HINCKLEY, ILLINOIS

Schedule of Long-Term Debt Requirements

Loan Payable of 2021

April 30, 2023

Date of Issue	June 16, 2021
Date of Maturity	June 18, 2031
Authorized Issue	\$165,000
Interest Rate	3.02%
Interest Date	June 18 and December 18
Principal Maturity Dates	June 18 and December 18
Payable at	Resource Bank, N.A.

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2024	\$ 15,683	4,467	20,150
2025	16,155	3,995	20,150
2026	16,665	3,485	20,150
2027	17,180	2,970	20,150
2028	17,710	2,440	20,150
2029	18,251	1,899	20,150
2030	18,819	1,331	20,150
2031	19,400	750	20,150
2032	9,925	152	10,077
	<u>149,788</u>	<u>21,489</u>	<u>171,277</u>

VILLAGE OF HINCKLEY, ILLINOIS

Schedule of Long-Term Debt Requirements

IEPA Loan Payable of 2011 (L17-3036)

April 30, 2023

Date of Issue	June 12, 2011
Date of Maturity	December 20, 2030
Authorized Issue	\$2,863,585
Interest Rate	No Interest
Interest Date	No Interest
Principal Maturity Dates	June 20 and December 20
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2024	\$ 111,363	—	111,363
2025	111,363	—	111,363
2026	111,363	—	111,363
2027	111,363	—	111,363
2028	111,363	—	111,363
2029	111,363	—	111,363
2030	111,363	—	111,363
2031	111,362	—	111,362
	<u>890,903</u>	<u>—</u>	<u>890,903</u>

VILLAGE OF HINCKLEY, ILLINOIS

Schedule of Long-Term Debt Requirements

IEPA Loan Payable of 2013 (L17-1421)

April 30, 2023

Date of Issue	August 1, 2013
Date of Maturity	January 8, 2035
Authorized Issue	\$5,544,470
Interest Rate	1.93%
Interest Dates	July 8 and January 8
Principal Maturity Dates	July 8 and January 8
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements		Totals
	Principal	Interest	
2024	\$ 268,001	67,850	335,851
2025	273,199	62,652	335,851
2026	278,497	57,354	335,851
2027	283,898	51,953	335,851
2028	289,403	46,448	335,851
2029	295,016	40,835	335,851
2030	300,737	35,114	335,851
2031	306,569	29,282	335,851
2032	312,515	23,336	335,851
2033	318,575	17,276	335,851
2034	324,754	11,097	335,851
2035	331,053	4,798	335,851
	<u>3,582,217</u>	<u>447,995</u>	<u>4,030,212</u>