

VILLAGE OF ROCHESTER, ILLINOIS

**ANNUAL FINANCIAL REPORT
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
APRIL 30, 2023**

Village of Rochester, Illinois
For the Year Ended April 30, 2023

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1-3
 BASIC FINANCIAL STATEMENTS:	
	<u>Statement</u>
Statement of Net Position	1 4-5
Statement of Activities	2 6
Balance Sheet – Governmental Funds	3 7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	4 9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Funds	5 11
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	6 12
Statement of Cash Flows – Proprietary Funds	7 13
Notes to the Basic Financial Statements	14-29
 REQUIRED SUPPLEMENTARY INFORMATION:	
	<u>Schedule</u>
Schedule of Changes in the Net Pension Liability and Related Ratios	1 30
Schedule of Employer Contributions	2 31
Schedule of Funding Progress	3 32
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund	4 33-36
TIF Fund	5 37
Motor Fuel Tax Fund	6 38
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Non-GAAP)	
Water Utility Fund	7 39
Sewer Utility Fund	8 40

Village of Rochester, Illinois
For the Year Ended April 30, 2023

Table of Contents

		<u>Page</u>
SUPPLEMENTARY INFORMATION:		
	<u>Schedule</u>	
<u>Combining Non-Major Fund Statements:</u>		
Combining Balance Sheet – Special Revenue Funds	9	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Special Revenue Funds	10	42
OTHER INFORMATION:		
<u>Additional Schedules:</u>		
Schedule of Assessed Valuations, Rates, Extensions and Collections	11	43
Schedule of Legal Debt Margin	12	44
Independent Auditor’s Report on Compliance with Subsection (q) of Section 11-74.4.4-3 of the Illinois Tax Increment Redevelopment Allocation Act		45

Estes, Bridgewater & Ogden

LORI K. MILOSEVICH-LAHR, C.P.A.
TERRI L. PHELPS, C.P.A.
JAMES C. LEGG, C.P.A.
DANIEL J. CODY, C.P.A.
RICHARD W. OGDEN, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

901 South Second Street, Suite 300
Springfield, Illinois 62704
217/528-8473
Fax 217/528-8506



Independent Auditor's Report

To the President and Board of Trustees
Village of Rochester, Illinois

Opinion

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 Rochester, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village of Rochester, Illinois' 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 Rochester, 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 Opinion

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 of Rochester, Illinois, 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 opinion.

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 of Rochester, Illinois' 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 opinion. 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 of Rochester, Illinois' 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 of Rochester, Illinois' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Rochester, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Certified Public Accountants
Springfield, Illinois

September 29, 2023

Village of Rochester, Illinois
STATEMENT OF NET POSITION
 April 30, 2023

Statement 1

<u>Assets and Deferred Outflows</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,268,364	\$ 2,168,652	\$ 5,437,016
Restricted cash	830	-	830
Receivable, net			
Accounts	-	241,593	241,593
Taxes	391,032	-	391,032
Other	267,215	-	267,215
Prepaid expenses.....	<u>24,352</u>	<u>25,027</u>	<u>49,379</u>
Total current assets	<u>3,951,793</u>	<u>2,435,272</u>	<u>6,387,065</u>
NONCURRENT ASSETS			
Capital assets			
Capital assets not being depreciated.....	116,434	422,435	538,869
Capital assets being depreciation, net.....	<u>776,322</u>	<u>5,393,799</u>	<u>6,170,121</u>
Total capital assets	<u>892,756</u>	<u>5,816,234</u>	<u>6,708,990</u>
Deferred charges			
Connection fees.....	<u>-</u>	<u>92,221</u>	<u>92,221</u>
Total noncurrent assets	<u>892,756</u>	<u>5,908,455</u>	<u>6,801,211</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	<u>681,643</u>	<u>318,259</u>	<u>999,902</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS.....	<u>\$ 5,526,192</u>	<u>\$ 8,661,986</u>	<u>\$14,188,178</u>

(Continued)

Village of Rochester, Illinois
STATEMENT OF NET POSITION, Continued
 April 30, 2023

Statement 1

<u>Liabilities, Deferred Inflows and Net Position</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
CURRENT LIABILITIES			
Accounts payable.....	\$ 33,990	\$ 80,273	\$ 114,263
Customer deposits payable.....	-	150,465	150,465
Accrued payroll.....	55,220	20,524	75,744
Accrued compensated absences payable.....	78,685	22,446	101,131
Accrued interest payable.....	-	11,450	11,450
Unearned revenue.....	391,032	-	391,032
Bonds payable, current portion.....	-	120,000	120,000
Notes payable, current portion.....	<u>16,557</u>	<u>51,714</u>	<u>68,271</u>
Total current liabilities.....	<u>575,484</u>	<u>456,872</u>	<u>1,032,356</u>
NONCURRENT LIABILITIES			
Bonds payable, net of current portion.....	-	680,000	680,000
Notes payable, net of current portion.....	17,405	133,246	150,651
Net pension liability.....	<u>717,976</u>	<u>315,931</u>	<u>1,033,907</u>
Total noncurrent liabilities.....	<u>735,381</u>	<u>1,129,177</u>	<u>1,864,558</u>
TOTAL LIABILITIES	<u>1,310,865</u>	<u>1,586,049</u>	<u>2,896,914</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	<u>300,799</u>	<u>108,696</u>	<u>409,495</u>
NET POSITION			
Net investment in capital assets.....	858,794	4,831,274	5,690,068
Restricted for			
Highways and streets.....	786,402	-	786,402
Public safety.....	830	-	830
Economic development.....	793,379	-	793,379
Unrestricted.....	<u>1,475,123</u>	<u>2,135,967</u>	<u>3,611,090</u>
TOTAL NET POSITION	<u>\$ 3,914,528</u>	<u>\$ 6,967,241</u>	<u>\$10,881,769</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2023

Statement 2

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
Primary Government:		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities:						
General government.....	(\$ 223,152)	\$ 26,992	\$ 252,369	\$ 56,209	\$ -	\$ 56,209
Culture and recreation.....	(79,250)	-	-	(79,250)	-	(79,250)
Public safety.....	(1,086,920)	15,115	6,274	(1,065,531)	-	(1,065,531)
Highway and streets.....	(330,868)	-	-	(330,868)	-	(330,868)
Economic development.....	(419,989)	-	-	(419,989)	-	(419,989)
Total governmental activities	(<u>2,140,179</u>)	<u>42,107</u>	<u>258,643</u>	(<u>1,839,429</u>)	<u>-</u>	(<u>1,839,429</u>)
Business-type activities:						
Water utility.....	(962,113)	1,256,689	-	-	294,576	294,576
Sewer utility.....	(1,005,471)	976,077	-	-	(29,394)	(29,394)
Interest expense.....	(38,651)	-	-	-	(38,651)	(38,651)
Total business-type activities.	(<u>2,006,235</u>)	<u>2,232,766</u>	<u>-</u>	<u>-</u>	<u>226,531</u>	<u>226,531</u>
Total Primary Government	(<u>\$ 4,146,414</u>)	\$ <u>2,274,873</u>	\$ <u>258,643</u>	(<u>1,839,429</u>)	<u>226,531</u>	(<u>1,612,898</u>)
General Revenues and Transfers:						
Income taxes				602,035	-	602,035
Sales tax				226,799	-	226,799
Use tax				164,486	-	164,486
Property tax				1,011,923	-	1,011,923
Motor Fuel tax				196,073	-	196,073
Other taxes				90,585	-	90,585
Utility taxes				277,339	-	277,339
Investment income				55,727	5,454	61,181
Miscellaneous				81,896	47,624	129,520
Net transfers				(252,369)	252,369	-
Gain on sale of assets				<u>4,850</u>	<u>8,500</u>	<u>13,350</u>
Total general revenues				<u>2,459,344</u>	<u>313,947</u>	<u>2,773,291</u>
Change in net position				619,915	540,478	1,160,393
Net position at beginning of year				<u>3,294,613</u>	<u>6,426,763</u>	<u>9,721,376</u>
Net position at end of year				<u>\$ 3,914,528</u>	<u>\$ 6,967,241</u>	<u>\$10,881,769</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2023

Statement 3

	<u>General Fund</u>	<u>TIF Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
ASSETS					
Cash and cash equivalents.....	\$1,710,653	\$ 793,379	\$ 754,536	\$ 9,796	\$3,268,364
Restricted cash	830	-	-	-	830
Receivables, net					
Property taxes	391,032	-	-	-	391,032
Other	253,491	-	13,724	-	267,215
Due from other funds	-	-	18,142	-	18,142
Prepaid insurance	<u>24,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,352</u>
TOTAL ASSETS.....	<u>\$2,380,358</u>	<u>\$ 793,379</u>	<u>\$ 786,402</u>	<u>\$ 9,796</u>	<u>\$3,969,935</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
LIABILITIES					
Due to other funds.....	\$ 18,142	\$ -	\$ -	\$ -	\$ 18,142
Accounts payable.....	33,990	-	-	-	33,990
Accrued payroll.....	<u>133,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,905</u>
Total liabilities	<u>186,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,037</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied in current year.....	391,032	-	-	-	391,032
Tax revenue.....	<u>17,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,924</u>
Total deferred inflows of resources	<u>408,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,956</u>
Total liabilities and deferred inflows of resources	<u>594,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>594,993</u>
FUND BALANCES					
Nonspendable for prepaid items	24,352	-	-	-	24,352
Restricted.....	830	793,379	786,402	-	1,580,611
Assigned.....	-	-	-	9,796	9,796
Unassigned.....	<u>1,760,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,760,183</u>
Total fund balances.....	<u>1,785,365</u>	<u>793,379</u>	<u>786,402</u>	<u>9,796</u>	<u>3,374,942</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$2,380,358</u>	<u>\$ 793,379</u>	<u>\$ 786,402</u>	<u>\$ 9,796</u>	<u>\$3,969,935</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF NET POSITION**
 April 30, 2023

Total fund balances - governmental funds	\$3,374,942
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 governmental funds	892,756
Receivables applicable to governmental activities are not due and collectible in the current period and therefore are deferred in the governmental funds.....	17,924
Deferred outflows of resources related to pensions	681,643
Deferred inflows of resources related to pensions	(300,799)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, is not reported as liabilities in the governmental funds. These activities consist of:	
Net pension liability.....	(717,976)
Notes payable	(33,962)
Total net position - governmental activities.....	<u>\$3,914,528</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2023

Statement 4

	General Fund	TIF Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 674,607	\$ 643,153	\$ 196,073	\$ -	\$1,513,833
Intergovernmental	1,056,776	-	-	-	1,056,776
Fines and fees	32,040	-	-	-	32,040
Licenses and permits	10,067	-	-	-	10,067
Interest income	40,343	1	15,373	10	55,727
Miscellaneous	<u>81,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,895</u>
Total revenues	<u>1,895,728</u>	<u>643,154</u>	<u>211,446</u>	<u>10</u>	<u>2,750,338</u>
EXPENDITURES					
Current operations:					
General government	160,872	-	-	-	160,872
Culture and recreation	79,250	-	-	-	79,250
Public safety	1,004,415	-	-	-	1,004,415
Economic development	-	419,989	-	-	419,989
Highways and streets	287,744	-	1,677	-	289,421
Capital outlay	36,710	-	-	-	36,710
Debt service:					
Principal	15,748	-	-	-	15,748
Interest	<u>2,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,555</u>
Total expenditures	<u>1,587,294</u>	<u>419,989</u>	<u>1,677</u>	<u>-</u>	<u>2,008,960</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)....					
	<u>308,434</u>	<u>223,165</u>	<u>209,769</u>	<u>10</u>	<u>741,378</u>
OTHER FINANCING SOURCES (USES)					
Gain on sale of equipment	4,850	-	-	-	4,850
Grants	258,643	-	-	-	258,643
Net transfers	(252,369)	<u>-</u>	<u>-</u>	<u>-</u>	(252,369)
Total other financing sources (uses)	<u>11,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,124</u>
NET CHANGE IN FUND BALANCES	319,558	223,165	209,769	10	752,502
FUND BALANCES AT BEGINNING OF YEAR	<u>1,465,807</u>	<u>570,214</u>	<u>576,633</u>	<u>9,786</u>	<u>2,622,440</u>
FUND BALANCES AT END OF YEAR	<u>\$1,785,365</u>	<u>\$ 793,379</u>	<u>\$ 786,402</u>	<u>\$ 9,796</u>	<u>\$3,374,942</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended April 30, 2023

Total net change in fund balances - governmental funds	\$ 752,502
Amounts reported for governmental activities in the statement of net position are different because:	
<p>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. The following is the amount by which capital outlays exceeded depreciation in the current year:</p>	
Capital outlays	36,710
Depreciation	(122,523)
<p>Loan proceeds provide current financial resources to governmental funds, but issuing Debt increases long-term liabilities in the statement of net assets. This is the amount By which repayments exceeded proceeds</p>	
	15,748
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund. This is the change in deferred revenue</p>	
	(1,368)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds</p>	
	(61,154)
Change in the net position - governmental activities	<u>\$ 619,915</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2023

Statement 5

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
<u>Assets and Deferred Outflows</u>			
CURRENT ASSETS			
Cash and cash equivalents.....	\$1,529,739	\$ 638,913	\$2,168,652
Accounts receivable	123,254	118,339	241,593
Prepaid expenses	14,934	10,093	25,027
Due from other funds	34,224	-	34,224
Total current assets	<u>1,702,151</u>	<u>767,345</u>	<u>2,469,496</u>
NONCURRENT ASSETS			
Capital assets not being depreciated	219,911	202,524	422,435
Capital assets being depreciated, net.....	2,446,935	2,946,864	5,393,799
Deferred charges:			
Connection fees	-	92,221	92,221
Total noncurrent assets	<u>2,666,846</u>	<u>3,241,609</u>	<u>5,908,455</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	159,115	159,144	318,259
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>4,528,112</u>	<u>4,168,098</u>	<u>8,696,210</u>
<u>Liabilities, Deferred Inflows and Net Position</u>			
CURRENT LIABILITIES			
Accounts payable	34,531	45,742	80,273
Customer deposits payable	150,465	-	150,465
Accrued payroll.....	10,262	10,262	20,524
Accrued compensated absences.....	11,223	11,223	22,446
Accrued interest payable.....	11,450	-	11,450
Due to other funds.....	-	34,224	34,224
Bonds payable, current portion	120,000	-	120,000
Notes payable, current portion	5,459	46,255	51,714
Total current liabilities.....	<u>343,390</u>	<u>147,706</u>	<u>491,096</u>
NONCURRENT LIABILITIES			
Bonds payable, net of current portion	680,000	-	680,000
Notes payable, net of current portion.....	5,740	127,506	133,246
Net pension liability	157,971	157,960	315,931
Total noncurrent liabilities.....	<u>843,711</u>	<u>285,466</u>	<u>1,129,177</u>
Total liabilities	<u>1,187,101</u>	<u>433,172</u>	<u>1,620,273</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	54,324	54,372	108,696
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>1,241,425</u>	<u>487,544</u>	<u>1,728,969</u>
NET POSITION			
Net investment in capital assets.....	1,855,647	2,975,627	4,831,274
Unrestricted	1,431,040	704,927	2,135,967
TOTAL NET POSITION	<u>\$3,286,687</u>	<u>\$3,680,554</u>	<u>\$6,967,241</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 PROPRIETARY FUNDS**
 For the Year Ended April 30, 2023

Statement 6

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
OPERATING REVENUES			
Metered water sales.....	\$1,049,337	\$ -	\$1,049,337
Sewer service	-	936,260	936,260
Water bond revenue	161,854	-	161,854
Connection fees.....	33,105	26,132	59,237
Penalty revenue.....	12,393	13,685	26,078
Miscellaneous.....	<u>1,824</u>	<u>45,800</u>	<u>47,624</u>
Total operating revenues	<u>1,258,513</u>	<u>1,021,877</u>	<u>2,280,390</u>
OPERATING EXPENSES			
Water purchased.....	439,371	-	439,371
Sewer flow charges	-	420,827	420,827
Salaries, taxes and benefits	258,081	254,758	512,839
Materials and supplies.....	39,946	7,900	47,846
Gas and oil.....	10,088	9,531	19,619
Depreciation and amortization.....	106,645	173,197	279,842
Office supplies and expense.....	6,581	6,574	13,155
Insurance	13,963	9,898	23,861
Ordinance codification	167	167	334
Audit fees	6,125	6,125	12,250
Professional fees.....	5,665	16,575	22,240
Computer maintenance	5,527	5,527	11,054
Uniforms	1,005	808	1,813
Testing.....	1,497	-	1,497
Utilities and telephone.....	12,222	31,049	43,271
Training.....	4,228	3,045	7,273
Dues.....	3,217	3,260	6,477
Publications and subscriptions	27	234	261
Repairs and maintenance	40,435	55,279	95,714
Drug screening	308	308	616
Miscellaneous.....	<u>7,015</u>	<u>409</u>	<u>7,424</u>
Total operating expenses	<u>962,113</u>	<u>1,005,471</u>	<u>1,967,584</u>
INCOME FROM OPERATIONS	<u>296,400</u>	<u>16,406</u>	<u>312,806</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,133	3,321	5,454
Gain on sale of assets	8,500	-	8,500
Interest (expense).....	(33,677)	(4,974)	(38,651)
Net transfers	<u>252,369</u>	<u>-</u>	<u>252,369</u>
Total nonoperating revenues (expenses)	<u>229,325</u>	<u>(1,653)</u>	<u>227,672</u>
CHANGE IN NET POSITION.....	525,725	14,753	540,478
NET POSITION AT BEGINNING OF YEAR.....	<u>2,760,962</u>	<u>3,665,801</u>	<u>6,426,763</u>
NET POSITION AT END OF YEAR.....	<u>\$3,286,687</u>	<u>\$3,680,554</u>	<u>\$6,967,241</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2023

Statement 7

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.....	\$1,255,943	\$1,008,875	\$2,264,818
Payments for goods and services.....	(593,718)	(592,742)	(1,186,460)
Payments to employees and benefits.....	(253,753)	(250,430)	(504,183)
Net cash provided by (used for) operating activities.....	<u>408,472</u>	<u>165,703</u>	<u>574,175</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds.....	<u>252,369</u>	-	<u>252,369</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.....	(198,308)	(271,996)	(470,304)
Sale of Fixed Assets.....	8,500	-	8,500
Principal paid on revenue bonds and notes.....	(120,193)	(47,759)	(167,952)
Interest paid on revenue bonds and notes.....	(35,057)	(4,974)	(40,031)
Net cash provided by (used for) capital and related financing activities.....	(345,058)	(324,729)	(669,787)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received.....	<u>2,133</u>	<u>3,321</u>	<u>5,454</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	317,916	(155,705)	162,211
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>1,211,823</u>	<u>794,618</u>	<u>2,006,441</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$1,529,739</u>	<u>\$ 638,913</u>	<u>\$2,168,652</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss) from operations.....	\$ 296,400	\$ 16,406	\$ 312,806
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization.....	106,645	173,197	279,842
Pension adjustment other than contributions.....	13,405	13,405	26,810
(Increase) decrease in assets:			
Accounts receivable.....	(2,570)	(13,002)	(15,572)
Prepaid expenses.....	(214)	(344)	(558)
(Decrease) increase in liabilities:			
Accounts payable.....	(15,342)	(28,287)	(43,629)
Customer deposits payable.....	5,820	-	5,820
Accrued liabilities.....	<u>4,328</u>	<u>4,328</u>	<u>8,656</u>
Net cash provided by (used for) operating activities.....	<u>\$ 408,472</u>	<u>\$ 165,703</u>	<u>\$ 574,175</u>

The accompanying notes are an integral part of the financial statements.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Rochester, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

A. – Reporting Entity

The Village is a body corporate and politic established under Illinois Compiled Statutes (ILCS). The Village is considered to be a primary government as defined by GASB Statement No. 14, since it is legally separate and fiscally independent.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government. The Village has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Village's financial statements.

B. – Fund Accounting

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. – Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, telecommunications taxes, licenses and permits, charges for services, fines and forfeits, miscellaneous revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The Motor Fuel Tax Fund is used to account for revenues and expenditures related to street improvements and projects provided by motor fuel taxes received from the State of Illinois.

The TIF Fund is used to account for the activities relating to the Tax Increment Financing District.

The Village reports the following non-major special revenue fund:

The Capital Improvement Fund is used to account for contributions and specific revenues and transfers from other Village funds and expenditures for various capital projects as the Trustees may designate.

The Village reports the following proprietary funds, which are major funds:

The Water Utility Fund is used to account for the revenues and expenses related to operating and maintaining the Village's water operations.

The Sewer Utility Fund is used to account for the revenues and expenses related to operating and maintaining the Village's sewer operations.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. – Basis of Accounting and Financial Statement Presentation - Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for water and sewer sales and service. Operating expenses for the proprietary 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is generally the Village's policy to use restricted resources first, then unrestricted resources as they are needed. See the policy for use of resources in governmental funds.

E. – Fund Balances

Effective May 1, 2011, the Village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. In addition, GASB Statement No. 54 modified certain fund type definitions and provided guidance for classification of stabilization amounts on the face of the balance sheet.

Within the governmental fund types, the Village's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either 1) not in a spendable form; or 2) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village's highest level of decision-making authority rests with the Village's Board of Trustees. The Village passes formal resolutions to commit their fund balances. At April 30, 2023, the Village has no committed fund balances.

Assigned – includes amounts that are constrained by the Village's intent to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by: 1) the Village's Board of Trustees itself; or 2) 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 Board of Trustees has not authorized any other body or official to assign amounts for specific purpose within the General Fund. Within the other governmental fund types (special revenue, debt service, capital projects), resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned. Within these same funds, a residual deficit, if any, is reported as unassigned.

Unassigned – includes the residual fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. – Fund Balances - Continued

It is the Village’s policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

At April 30, 2023, the Village’s fund balance restrictions were for the following purposes:

Restricted purpose	
Highways and streets	\$ 786,402
Public safety	830
TIF	<u>793,379</u>
	<u>\$1,580,611</u>

F. – Budgets and Budgetary Accounting

Annual budgets were adopted for all governmental and proprietary funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. The budget is prepared by fund, department, division and object for the general fund and the department/division level for other funds, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. The budget may be amended by the governing body. The Board of Trustees approves all transfer amounts between departments for all funds. Expenditures may not legally exceed budgeted appropriations at the fund level.

G. – Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Village considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

H. – Capital Assets

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The Village records all capital items, which are individually greater than \$5,000, with a useful life of greater than one year, as capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. – Capital Assets - Continued

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements	20 to 40 years
Equipment	3 to 7 years
Utility property and improvements	5 to 40 years
Infrastructure	10 to 40 years

I. – Investments

Investments are stated at fair value based on quoted market prices at April 30, 2023. Non-negotiable certificates of deposit are reported at cost.

J. – Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until that time. The Village's deferred outflows relate to deferred amounts to be recognized in pension expenses in future periods. This amount will be recognized over the next five years.

K. – Deferred Charges

Deferred charges include connection fees related to connecting the Village's sewer system to the Springfield Metro Sanitary District. The connection fees are being amortized over the life of the sewer extension project.

L. – Compensated Absences

Vested or accumulated vacation leave and vested sick leave are accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees.

M. – Deferred Inflows of Resources

The Village reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Village will not recognize the related revenue until a future event occurs. The Village has two types of deferred inflows: net pension liability and property tax receivables recorded in the current year, but the revenue will be recorded in the subsequent year, as it is meant to finance the next fiscal year, and will be recognized in a future period.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. – Long-term Obligations

In the government-wide financial statements and proprietary funds 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 statements of net position.

In the fund financial statements, governmental funds recognized 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.

O. – Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds. Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In" by the recipient fund, and "Transfers Out" by the disbursing fund.

P. – Property Tax Calendar

The following information gives significant dates on the property tax calendar of the Village:

- The property tax lien date is January 1 of each year.
- The annual tax levy ordinance for taxes received during fiscal year 2023 was passed May 9, 2022.
- The first installment of property taxes is due to the County Collector in June and the second installment is due in September of each year.
- Significant amounts of property taxes for 2021 were distributed to the Village in June and September of 2022.

Property taxes receivable at April 30 that are intended to finance the subsequent fiscal year are appropriately recorded as deferred inflows of resources, in the government-wide and fund financial statements.

Q. – Concentration of Suppliers

The Village has an agreement with the City of Springfield, whereby the City of Springfield will supply water to and process sewage from the Village. The Village pays for actual water usage and sewage processed and is not required to purchase a minimum amount of water or process a minimum amount of sewage.

R. – Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village’s Board of Trustees have adopted an investment policy to invest in instruments allowed by the Illinois Compiled Statutes (ILCS), which authorize the Village to make deposits/investments in insured commercial banks, saving and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds.

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 objectives of the policy, in order of priority, are conformance with legal requirements, safety of principal, liquidity and return on investment.

A. – Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Currently the Village has a policy to not directly invest in securities maturing more than two years from the date of purchase.

The average maturities of investments in Illinois Funds as of April 30, 2023 were less than one year.

B. – Credit Risk

It is the policy of the Village to diversify its investments to the best of its availability based on the type of funds invested and cash flow needs of those funds. As of April 30, 2023, the Village is invested in a non-negotiable certificate of deposit and Illinois Funds.

The Illinois Funds (Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poor’s upon the request of the Fund’s management. The most recent money market rating issued by Standard and Poor’s was AAAM. The fair value of the position in the Illinois Funds is the same as the value of the Fund shares. Illinois state statutes provide the Illinois state treasurer with regulatory oversight over the Fund.

C. – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of the depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party.

It is the policy of the Village to require collateralization on all funds held in banks or savings and loans above the insured limits provided by the FDIC. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be a minimum of 102 percent of market value of principal and accrued interest.

As of April 30, 2023, none of the Village’s bank or investment balance of \$5,472,653 was exposed to custodial credit risk.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital asset for the year ended April 30, 2023 is as follows:

	<u>Balances</u> <u>May 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>April 30, 2023</u>
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ <u>116,434</u>	\$ _____ -	\$ _____ -	\$ <u>116,434</u>
Total capital assets, not being depreciated	<u>116,434</u>	_____ -	_____ -	<u>116,434</u>
Capital assets, being depreciated:				
Buildings and improvements	1,217,594	-	-	1,217,594
Equipment	1,252,889	36,710	-	1,289,599
Other improvements	773,428	-	-	773,428
Infrastructure	<u>383,740</u>	_____ -	_____ -	<u>383,740</u>
Total capital assets being depreciated	<u>3,627,651</u>	<u>36,710</u>	_____ -	<u>3,664,361</u>
Less accumulated depreciation:				
Buildings and improvements	(789,711)	(28,078)	-	(817,789)
Equipment	(1,139,470)	(65,680)	-	(1,205,150)
Other improvements	(654,010)	(18,358)	-	(672,368)
Infrastructure	<u>(182,325)</u>	<u>(10,407)</u>	_____ -	<u>(192,732)</u>
Total accumulated depreciation	<u>(2,765,516)</u>	<u>(122,523)</u>	_____ -	<u>(2,888,039)</u>
Total capital assets being depreciated, net	<u>862,135</u>	<u>(85,813)</u>	_____ -	<u>776,322</u>
Total capital assets, net	\$ <u>978,569</u>	(\$ <u>85,813</u>)	\$ _____ -	\$ <u>892,756</u>

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 3 – CAPITAL ASSETS - Continued

	<u>Balances</u> May 1, 2022	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> April 30, 2023
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 44,335	\$ -	\$ -	\$ 44,335
Construction in progress	<u>251,495</u>	<u>126,605</u>	<u>-</u>	<u>378,100</u>
Total capital assets not being depreciated	<u>295,830</u>	<u>126,605</u>	<u>-</u>	<u>422,435</u>
Capital assets, being depreciated:				
Building	964,730	-	-	964,730
Water and sewer system	8,114,231	141,090	-	8,255,321
Water tower	829,403	-	-	829,403
Other improvements	258,580	-	-	258,580
Equipment	<u>528,704</u>	<u>202,611</u>	(<u>25,430</u>)	<u>705,885</u>
Total capital assets being depreciated	<u>10,695,648</u>	<u>343,701</u>	(<u>25,430</u>)	<u>11,013,919</u>
Less accumulated depreciation:				
Buildings	(306,590)	(23,841)	-	(330,431)
Water and sewer system	(4,175,435)	(188,447)	-	(4,363,882)
Water tower	(506,096)	(20,735)	-	(526,831)
Other improvements	(10,779)	(6,300)	-	(17,079)
Equipment	(<u>374,492</u>)	(<u>32,835</u>)	<u>25,430</u>	(<u>381,897</u>)
Total accumulated depreciation	(<u>5,373,392</u>)	(<u>272,158</u>)	<u>25,430</u>	(<u>5,620,120</u>)
Total capital assets being depreciated, net	<u>5,322,256</u>	<u>71,543</u>	<u>-</u>	<u>5,393,799</u>
Total capital assets, net	<u>\$ 5,618,086</u>	<u>\$ 198,148</u>	<u>\$ -</u>	<u>\$ 5,816,234</u>

Depreciation expense was charged to functions/programs of the Village for the fiscal year ended April 30, 2023 as follows:

Governmental activities:	
General government	\$ 58,959
Public safety	32,842
Highways and streets	<u>30,722</u>
	<u>\$ 122,523</u>
Business-type activities:	
Water utility	\$ 106,645
Sewer utility	<u>165,513</u>
	<u>\$ 272,158</u>

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 4 – LONG-TERM OBLIGATIONS

Business-Type Activities

The Village has pledged future water utility revenue to repay \$1,700,000 in General Obligation Bonds issued in 2013 for the purpose of improving the Village’s existing waterworks system. The bonds are payable from the water utility revenue collected by the Water Fund.

Total principal and interest payments	\$ <u>149,214</u>
Total water revenue	\$ <u>1,258,513</u>
<p>\$1,700,000 General Obligations Bonds (alternative revenue source), Series 2013, payable through December 2028, interest is payable semiannually based on a 360- day year of twelve 30-day months, principal payments paid annually.</p>	
	\$ <u>800,000</u>

Future principal and interest payments on general obligation bonds (alternate revenue source) are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 120,000	\$ 30,534	\$ 150,534
2025	125,000	26,490	151,490
2026	130,000	22,052	152,052
2027	135,000	17,204	152,204
2028	140,000	11,925	151,925
2029	<u>150,000</u>	<u>6,255</u>	<u>156,255</u>
	\$ <u>800,000</u>	\$ <u>114,460</u>	\$ <u>914,460</u>

The Village borrowed \$400,000 for the purpose of building a pump station.

<p>\$400,000 (Pump Station) note payable, annual payments including interest of 2.49%, through June 2026.</p>	\$ <u>162,562</u>
---	-------------------

Future principal and interest payments on this note payable are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 40,796	\$ 3,323	\$ 44,119
2025	41,014	2,506	43,520
2026	41,446	1,470	42,916
2027	<u>39,306</u>	<u>431</u>	<u>39,737</u>
	\$ <u>162,562</u>	\$ <u>7,730</u>	\$ <u>170,292</u>

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 4 – LONG-TERM OBLIGATIONS - Continued

During the year ending April 30, 2023, the Village purchased a truck for Public Works.

\$82,993 (Ford F550) note payable,
annual payments of \$18,303 including
interest of 5.14%, through February 2025. \$ 33,962

Future principal and interest payments on this note payable are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 16,557	\$ 1,746	\$ 18,303
2025	<u>17,405</u>	<u>898</u>	<u>18,303</u>
	<u>\$ 33,962</u>	<u>\$ 2,644</u>	<u>\$ 36,606</u>

In addition, a truck was purchased to be shared between the Water and Sewer Fund.

\$54,730 (Ford F350) note payable,
annual payments of \$12,069 including
interest of 5.14%, through February 2025. \$ 22,399

Future principal and interest payments on this note payable are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,919	\$ 1,151	\$ 12,070
2025	<u>11,480</u>	<u>590</u>	<u>12,070</u>
	<u>\$ 22,399</u>	<u>\$ 1,741</u>	<u>\$ 24,140</u>

Following is a summary of the changes that occurred to the liabilities reported in the business-type activities of the Village for the year ended April 30, 2023.

	<u>Balance</u> <u>May 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>April 30, 2023</u>
General obligation bonds	\$ 915,000	\$ -	\$ 115,000	\$ 800,000
Pump station note payable	205,127	-	42,565	162,562
Truck note payable – F550	49,712	-	15,750	33,962
Truck note payable – F350	<u>32,785</u>	<u>-</u>	<u>10,386</u>	<u>22,399</u>
	<u>\$1,202,624</u>	<u>\$ -</u>	<u>\$ 183,701</u>	<u>\$1,018,923</u>

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLAN

IMRF Plan Description

The Village’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of their final rate of earnings for the first 15 years of service credited, 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 their 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
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	20
Active plan members	<u>20</u>
Total	<u>52</u>

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLAN - Continued

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2022 was 10.80%. For the fiscal year ended April 30, 2023, the Village contributed \$114,614 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

Actuarial Assumptions

The following are methods and assumptions used to determine total pension liability at December 31, 2022:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Price Inflation** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Retirement Age** was from the Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
- **Mortality** –
 - For **Non-Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
 - For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
 - 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 Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLAN - 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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	6.50%
International Equity	18%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternative Investments	9.5%	4.0-9.9%
Cash Equivalents	<u>1%</u>	4.00%
Total	100%	

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 4.05% (based on the daily rate closest to but not later than the measurement date of the “20-Year Municipal GO AA Index”), and the resulting Single Discount Rate is 7.25%.

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLAN - Continued

Changes in the Net Pension Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Position Liability <u>(a) – (b)</u>
Balances at December 31, 2021	\$ <u>4,210,593</u>	\$ <u>4,154,656</u>	\$ <u>55,937</u>
Changes for the year:			
Service cost	84,214	-	84,214
Interest on the Total Pension Liability	297,091	-	297,091
Difference between expected and actual experience of the Total Pension Liability	178,067	-	178,067
Changes in assumptions	-	-	-
Contributions – employer	-	115,671	(115,671)
Contributions – employee	-	48,196	(48,196)
Net investment income	-	(580,818)	580,818
Benefit payments, including refunds of employee contributions	(309,786)	(309,786)	-
Other (Net Transfers)	<u>-</u>	(<u>1,647</u>)	<u>1,647</u>
Net changes	<u>249,586</u>	(<u>728,384</u>)	<u>977,970</u>
Balances at December 31, 2022	\$ <u>4,460,179</u>	\$ <u>3,426,272</u>	\$ <u>1,033,907</u>

Sensitivity of Net Pension Liability to Changes in the Discount Rate

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

	1% Lower <u>6.25%</u>	Current Discount <u>7.25%</u>	1% Higher <u>8.25%</u>
Net pension liability	\$ <u>1,557,179</u>	\$ <u>1,033,907</u>	\$ <u>622,685</u>

Village of Rochester, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

NOTE 5 – RETIREMENT PLAN - 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 \$114,614. At April 30, 2023, the Village reported net deferred outflows of resources related to pensions from the following sources:

Deferred amounts to be recognized in pension expense in the future periods		
Differences between expected and actual experience	\$	275,954
Assumption changes		5,474
Net difference between projected and actual earnings on pension plan investments		<u>308,168</u>
Total deferred amounts to be recognized in pension expense in future periods		589,596
Pension contributions made subsequent to the measurement date		<u>33,279</u>
Total deferred amounts related to pensions	\$	<u>622,875</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u> <u>December 31,</u>		
2023	\$	78,753
2024		131,967
2025		163,696
2026		215,180
2027		-
Thereafter		<u>-</u>
Total	\$	<u>589,596</u>

NOTE 6 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. To insure against these losses, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool with transverse of risk. The Village pays an annual premium to IMLRMA for its coverage. The Village has not had significant reductions in insurance coverage during the year. Settled claims have not exceeded this coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Rochester, Illinois
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 April 30, 2023

Calendar year ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost	\$ 84,214	\$ 80,168	\$ 72,856	\$ 78,199	\$ 75,959	\$ 71,851	\$ 76,899	\$ 66,057	\$ -	\$ -
Interest on the Total Pension Liability	297,091	287,200	274,748	263,956	256,984	247,722	225,739	203,110	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	178,067	67,382	135,030	66,193	10,081	117,957	155,853	156,660	-	-
Assumption Changes	-	-	(33,139)	-	100,932	(111,494)	(11,443)	-	-	-
Benefit Payments and Refunds	(309,786)	(290,893)	(271,927)	(241,702)	(219,819)	(189,376)	(137,626)	(119,012)	-	-
Net Change in Total Pension Liability	249,586	143,857	177,568	166,646	224,137	136,660	309,422	306,815	-	-
Total Pension Liability - Beginning	4,210,593	4,066,736	3,889,168	3,722,522	3,498,385	3,361,725	3,052,303	2,745,488	-	-
Total Pension Liability - Ending (a)	4,460,179	4,210,593	4,066,736	3,889,168	3,722,522	3,498,385	3,361,725	3,052,303	-	-
Plan Fiduciary Net Position										
Employer Contributions	115,671	126,102	118,691	157,634	173,958	102,607	112,442	100,847	-	-
Employee Contributions	48,196	45,179	40,219	38,686	10,164	36,501	37,069	33,393	-	-
Pension Plan Net Investment Income	(580,818)	639,482	482,105	515,554	(173,025)	420,296	129,449	10,397	-	-
Benefit Payments and Refunds	(309,786)	(290,893)	(271,927)	(241,702)	(219,819)	(189,376)	(137,626)	(119,012)	-	-
Other	(1,647)	10,953	41,592	54,740	86,000	(48,310)	114,553	105,913	-	-
Net Change in Plan Fiduciary Net Position	(728,384)	530,823	410,680	524,912	(92,722)	321,718	255,887	131,538	-	-
Plan Fiduciary Net Position - Beginning	4,154,656	3,623,833	3,213,153	2,688,241	2,780,963	2,459,245	2,203,358	2,071,820	-	-
Plan Fiduciary Net Position - Ending (b)	3,426,272	4,154,656	3,623,833	3,213,153	2,688,241	2,780,963	2,459,245	2,203,358	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 1,033,907	\$ 55,937	\$ 442,903	\$ 676,015	\$ 1,034,281	\$ 717,422	\$ 902,480	\$ 848,945	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability Covered Valuation Payroll	76.82%	98.67%	89.11%	82.62%	72.22%	79.49%	73.15%	72.19%		
Net Pension Liability as a Percentage of Covered Valuation Payroll	96.53%	5.57%	49.56%	78.65%	115.88%	88.45%	109.56%	114.40%		

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

Village of Rochester, Illinois
SCHEDULE OF CONTRIBUTIONS
 April 30, 2023

Calendar year ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 115,672	\$ 126,101	\$ 118,691	\$ 107,633	\$ 120,136	\$ 102,607	\$ 112,443	\$ 100,847	\$ -	\$ -
Contribution Deficiency (Excess)	\$ 115,671	\$ 126,102	\$ 118,691	\$ 157,634	\$ 173,958	\$ 102,607	\$ 112,442	\$ 100,847	\$ -	\$ -
	\$ 1,071,033	\$ 1,003,986	\$ 893,759	\$ 859,692	\$ 892,544	\$ 811,126	\$ 823,755	\$ 742,070	\$ -	\$ -
Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	10.80%	12.56%	13.28%	12.52%	13.46%	12.65%	13.65%	13.59%		

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate*

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2022 Contribution Rates:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period.
	Taxing bodies (Regular, SLEP and ECO groups): 21-year closed period
	Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
	SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; one employer was financed over 20 years; three employers were financed over 25 years; and four employers were financed over 26 years and one employer was financed over 27 years).
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.85% to 13.75% including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017 to 2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub 2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes
 There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation.

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

Village of Rochester, Illinois
SCHEDULE OF FUNDING PROGRESS
Employer Number: 06716R
Required Supplemental Information
April 30, 2023

Schedule 3

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/22	\$ 390,943	\$1,118,299	\$ 727,356	34.96%	\$1,071,033	67.91%
12/31/21	\$ 414,344	\$ 978,235	\$ 563,891	42.36%	\$1,003,986	56.17%
12/31/20	\$ 86,698	\$ 826,430	\$ 739,732	10.49%	\$ 893,758	82.77%

On a market value basis, the actuarial value of assets as of December 31, 2022 is \$126,284. On a market basis, the funded ratio would be 11.29%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Village of Rochester. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 GENERAL FUND
 For the Year Ended April 30, 2023

Schedule 4

	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES		
TAXES		
Property	\$ 383,000	\$ 368,770
Road and bridge.....	28,000	28,498
Utility.....	200,000	214,300
Cable television	<u>70,000</u>	<u>63,039</u>
Total taxes	<u>681,000</u>	<u>674,607</u>
INTERGOVERNMENTAL		
Income tax	450,000	602,035
Video gaming tax	55,000	54,728
Sales tax	175,000	228,168
Use tax	135,000	158,404
Cannabis use tax	4,500	6,082
Replacement tax	<u>3,500</u>	<u>7,359</u>
Total intergovernmental.....	<u>823,000</u>	<u>1,056,776</u>
FINES AND FEES		
Police fines.....	14,100	13,515
Building inspection fees	5,000	5,925
Park reservation fees.....	1,000	1,925
Athletic field reservation fees.....	4,000	875
Athletic field electricity reimbursement.....	100	-
DUI Equipment fines.....	1,000	1,400
Gas franchise fees.....	-	6,000
Other fines and fees	<u>2,000</u>	<u>2,400</u>
Total fines and fees	<u>27,200</u>	<u>32,040</u>
LICENSES AND PERMITS	<u>12,000</u>	<u>10,067</u>
MISCELLANEOUS		
Police receipts.....	2,600	200
School security	5,000	4,015
School resource officer revenue	45,000	-
July 4 th revenue	20,000	27,035
Library		
Utilities reimbursements	4,500	6,908
Library maintenance reimbursements.....	6,000	5,092
Traffic signal reimbursements.....	6,500	13,773
Ice Deli lease payment.....	1,000	750
Other miscellaneous	<u>12,800</u>	<u>24,122</u>
Total miscellaneous.....	<u>103,400</u>	<u>81,895</u>
INVESTMENT INCOME.....	<u>1,000</u>	<u>40,343</u>
Total revenues.....	<u>1,647,600</u>	<u>1,895,728</u>

(Continued)

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 GENERAL FUND
 For the Year Ended April 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>
EXPENDITURES		
GENERAL GOVERNMENT		
Salaries.....	\$ 78,750	\$ 51,887
Health insurance	13,000	6,271
Other payroll expenditures	17,900	8,625
Travel and training.....	1,000	419
Legal fees.....	13,000	16,218
Professional services.....	40,100	20,510
Ordinance codification	1,000	167
Accounting and auditing fees	6,500	5,250
Building and grounds maintenance	11,250	6,574
Utilities and telephone	18,300	20,528
Office expenditures.....	9,100	5,936
General insurance	-	918
Computer administration and maintenance.....	5,200	5,178
Publications and subscriptions.....	1,050	1,210
Dues	500	150
Animal control.....	500	130
Drug screening.....	1,000	234
Equipment purchase	3,000	6,722
Grant expenditures.....	252,348	-
Miscellaneous	<u>5,450</u>	<u>3,945</u>
Total general government	<u>478,948</u>	<u>160,872</u>
CULTURE AND RECREATION		
Salaries.....	-	530
Building and grounds maintenance	1,500	3,854
Program expenditures	8,000	3,014
Fourth of July.....	20,000	28,107
Vehicle and equipment maintenance.....	6,000	3,879
General insurance	3,750	3,338
Legal	500	263
Gas and oil.....	7,000	9,144
Uniforms and supplies	2,250	1,628
Operating supplies.....	-	100
Portable sanitation	3,500	5,127
Park improvements.....	100	6,840
Utilities	9,500	13,426
Capital outlay.....	13,600	-
Miscellaneous	<u>500</u>	<u>-</u>
Total culture and recreation	<u>76,200</u>	<u>79,250</u>
PUBLIC SAFETY		
Salaries.....	611,000	670,737
Health insurance	65,000	64,140
Other payroll expenditures	128,000	131,999
Travel and training.....	17,000	13,207
Legal	2,000	-

(Continued)

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 GENERAL FUND
 For the Year Ended April 30, 2023

Schedule 4

	<u>Original and Final Budget</u>	<u>Actual</u>
EXPENDITURES, Continued		
PUBLIC SAFETY, Continued		
Vehicle and equipment maintenance.....	\$ 12,000	\$ 13,634
Building maintenance.....	9,000	3,102
Office expenditures.....	3,000	1,380
General insurance.....	15,000	9,870
Gas and oil.....	18,000	23,106
Computer administration and maintenance.....	14,750	13,775
Publications and subscriptions.....	500	4
Dues.....	17,000	16,529
Utilities and telephone.....	11,500	14,352
Drug screening.....	1,500	1,014
Capital outlay.....	64,100	36,710
Police candidate hiring.....	1,000	570
Uniforms and supplies.....	10,500	20,944
Crime prevention.....	3,700	3,432
K9 Unit.....	4,100	2,193
Miscellaneous.....	<u>600</u>	<u>427</u>
Total public safety.....	<u>1,009,250</u>	<u>1,041,125</u>
HIGHWAYS AND STREETS		
Salaries.....	110,000	105,608
Health insurance.....	15,000	14,056
Other payroll expenditures.....	27,500	24,328
Travel and training.....	500	-
Building and grounds maintenance.....	3,000	2,877
Vehicle and equipment maintenance.....	9,000	11,689
Capital outlay.....	100	-
Equipment rental.....	2,500	2,812
Uniforms and supplies.....	10,700	14,459
Street maintenance.....	72,000	61,289
Sidewalks.....	5,000	-
Traffic signal maintenance.....	46,000	1,733
Professional fees.....	2,500	1,266
General insurance.....	5,000	3,797
Gas and oil.....	7,000	8,293
Utilities.....	35,000	35,507
Miscellaneous.....	200	30
Debt Service:		
Principal.....	18,305	15,748
Interest.....	<u>-</u>	<u>2,555</u>
Total highways and streets.....	<u>369,305</u>	<u>306,047</u>
Total expenditures.....	<u>1,933,703</u>	<u>1,587,294</u>

(Continued)

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 GENERAL FUND
 For the Year Ended April 30, 2023

Schedule 4

	<u>Original and Final Budget</u>	<u>Actual</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(\$ <u>286,103</u>)	\$ <u>308,434</u>
OTHER FINANCING SOURCES (USES)		
Grants	257,148	258,643
Gain on sale of equipment	100	4,850
Net transfers	<u> -</u>	(<u>252,369</u>)
Total other financing sources (uses).....	<u>257,248</u>	<u>11,124</u>
NET CHANGE IN FUND BALANCE	(\$ <u>28,855</u>)	319,558
FUND BALANCE AT BEGINNING OF YEAR.....		<u>1,465,807</u>
FUND BALANCE AT END OF YEAR		<u>\$1,785,365</u>

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 TIF FUND
 For the Year Ended April 30, 2023

Schedule 5

	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES		
Taxes	\$ 647,211	\$ 643,153
Investment income	10	1
Miscellaneous.....	<u>10</u>	<u>-</u>
Total revenues.....	<u>647,231</u>	<u>643,154</u>
EXPENDITURES		
Surplus Funds.....	189,695	187,617
Professional fees.....	32,254	31,253
Miscellaneous.....	30,000	27,193
TIF Agreements	<u>180,000</u>	<u>173,926</u>
Total expenditures	<u>431,949</u>	<u>419,989</u>
NET CHANGE IN FUND BALANCE	<u>\$ 215,282</u>	223,165
FUND BALANCE AT BEGINNING OF YEAR.....		<u>570,214</u>
FUND BALANCE AT END OF YEAR.....		<u>\$ 793,379</u>

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**
 MOTOR FUEL TAX FUND
 For the Year Ended April 30, 2023

Schedule 6

	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES		
Taxes	\$ 465,400	\$ 196,073
Investment income	<u>500</u>	<u>15,373</u>
Total revenues.....	<u>465,900</u>	<u>211,446</u>
EXPENDITURES		
Highway and street.....	<u>262,500</u>	<u>1,677</u>
NET CHANGE IN FUND BALANCE	<u>\$ 203,400</u>	209,769
FUND BALANCE AT BEGINNING OF YEAR.....		<u>577,633</u>
FUND BALANCE AT END OF YEAR		<u>\$ 787,402</u>

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL**
 (NON-GAAP)
 WATER UTILITY FUND
 For the Year Ended April 30, 2023

Schedule 7

	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATING REVENUES		
Metered water sales.....	\$1,100,000	\$1,049,337
Connection fees.....	15,000	33,105
Penalty revenue.....	10,000	12,393
Water bond revenue.....	160,000	161,854
Miscellaneous.....	<u>1,000</u>	<u>1,824</u>
Total operating revenues.....	<u>1,286,000</u>	<u>1,258,513</u>
OPERATING EXPENSES		
Water purchased.....	460,000	439,371
Salaries, taxes and benefits.....	294,250	258,081
Materials and supplies.....	45,000	39,946
Gas and oil.....	10,000	10,088
Office supplies and expense.....	7,800	6,581
Insurance.....	17,000	13,963
Ordinance codification.....	3,000	167
Audit fees.....	6,000	6,125
Professional fees.....	55,000	5,665
Computer maintenance.....	12,500	5,527
Uniforms.....	1,200	1,005
Testing.....	3,500	1,497
Utilities and telephone.....	10,000	12,222
Training.....	9,000	4,228
Dues.....	3,300	3,217
Publications and subscriptions.....	500	27
Repairs and maintenance.....	69,000	40,435
Drug screening.....	400	308
Miscellaneous.....	294,650	7,015
Capital Outlay.....	<u>81,500</u>	<u>-</u>
Total operating expenses.....	<u>1,383,600</u>	<u>855,468</u>
Income (loss) from operations.....	(<u>97,600</u>)	<u>403,045</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income.....	1,000	2,133
Interest expense.....	(39,000)	(33,677)
Gain on disposal of fixes assets.....	-	8,500
Net Transfers.....	<u>-</u>	<u>252,369</u>
Total nonoperating revenues (expenses).....	(<u>38,000</u>)	<u>229,325</u>
Change in net position, budgetary basis.....	(<u>\$ 135,600</u>)	632,370
<u>Reconciliation to statement of revenues, expenses and changes in net position</u>		
Depreciation and amortization.....		(106,645)
Net position at beginning of year.....		<u>2,760,962</u>
Net position at end of year.....		<u>\$3,286,687</u>

Village of Rochester, Illinois
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION – BUDGET AND ACTUAL**
 (NON-GAAP)
 SEWER UTILITY FUND
 For the Year Ended April 30, 2023

Schedule 8

	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATING REVENUES		
Sewer service	\$ 970,000	\$ 936,260
Connection fees	1,000	26,132
Penalty revenue	12,000	13,685
Miscellaneous	<u>-</u>	<u>45,800</u>
Total operating revenues	<u>983,000</u>	<u>1,021,877</u>
OPERATING EXPENSES		
Sewer flow charges	435,000	420,827
Salaries, taxes and benefits	291,250	254,758
Materials and supplies	8,000	7,900
Office supplies and expense	7,800	6,574
Gasoline and oil	8,500	9,531
Insurance	10,500	9,898
Ordinance codification	3,000	167
Audit fees	6,000	6,125
Professional fees	37,000	16,575
Computer maintenance	12,500	5,527
Uniforms	1,200	808
Testing	1,000	-
Utilities and telephone	20,000	31,049
Training	8,000	3,045
Dues	3,300	3,260
Publications and subscriptions	100	234
Repairs and maintenance	216,948	55,279
Drug screening	400	308
Miscellaneous	244,500	409
Capital outlay	<u>16,400</u>	<u>-</u>
Total operating expenses	<u>1,331,398</u>	<u>832,274</u>
Income (loss) from operations	(<u>348,398</u>)	<u>189,603</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	500	3,321
Interest (expense)	(<u>6,000</u>)	(<u>4,974</u>)
Total nonoperating revenues (expenses)	(<u>5,500</u>)	(<u>1,653</u>)
Change in net position, budgetary basis	(<u>\$ 353,898</u>)	187,950
<u>Reconciliation to statement of revenues, expenses and changes in net position</u>		
Depreciation and amortization		(173,197)
Net position at beginning of year		<u>3,665,801</u>
Net position at end of year		<u>\$3,680,554</u>

SUPPLEMENTARY INFORMATION

Village of Rochester, Illinois
COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 April 30, 2023

Schedule 9

	<u>Capital Improvement</u>
ASSETS	
Cash and cash equivalents.....	\$ <u>9,796</u>
TOTAL ASSETS	\$ <u>9,796</u>
 <u>Liabilities and Fund Balances</u>	
LIABILITIES	\$ <u> -</u>
FUND BALANCES	
Assigned.....	<u>9,796</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>9,796</u>

Village of Rochester, Illinois
**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2023

Schedule 10

	<u>Capital Improvement</u>
REVENUES	
Interest income	\$ <u>10</u>
EXPENDITURES	
Current operation:	
Highway and streets	-
NET CHANGE IN FUND BALANCES	10
FUND BALANCES – BEGINNING	<u>9,786</u>
FUND BALANCES – ENDING	<u>\$ 9,796</u>

OTHER INFORMATION

Village of Rochester, Illinois
ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS
 Tax Years 2022, 2020 and 2019

Schedule 11

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSESSED VALUATION	<u>\$93,817,664</u>	<u>\$90,235,719</u>	<u>\$88,722,951</u>
TAX RATES			
General corporate	0.1758	0.1727	0.1741
Social Security	0.0877	0.0869	0.0870
Insurance.....	0.0773	0.0762	0.0767
Police Protection.....	0.0561	0.0560	0.0557
Audit	0.0187	0.0198	0.0186
Levy Recapture.....	<u>0.0012</u>	<u>0.0005</u>	<u>0.0000</u>
	<u>0.4168</u>	<u>0.4121</u>	<u>0.4121</u>
TAX EXTENSIONS			
General corporate	\$ 164,931	\$ 155,837	\$ 154,467
Social Security	82,278	78,415	77,189
Insurance.....	72,521	68,760	68,051
Police Protection.....	52,632	50,532	49,419
Audit	17,544	17,867	16,502
Levy Recapture.....	<u>1,126</u>	<u>450</u>	<u>-</u>
Total extended	<u>\$ 391,032</u>	<u>\$ 371,861</u>	<u>\$ 365,628</u>
Total collected		<u>\$ 368,770</u>	<u>\$ 362,890</u>
Percentage collected		<u>99.17%</u>	<u>99.25%</u>
Collection of Village share of road and bridge tax		<u>\$ 28,498</u>	<u>\$ 27,724</u>

Village of Rochester, Illinois
SCHEDULE OF LEGAL DEBT MARGIN
 April 30, 2023

Schedule 12

ASSESSED VALUATION - 2022 TAX LEVY		<u>\$93,817,664</u>
STATUTORY DEBT LIMITATION (8.625% OF VALUATION)		\$ 8,091,774
Total debt		
General obligation (alternative revenue source) bonds.....	\$ 800,000	
Pump station note payable.....	162,562	
Truck note payable – F550.....	33,962	
Truck note payable – F350.....	<u>22,399</u>	
	1,018,923	
Less alternate revenue source bonds	(800,000)	<u>218,923</u>
TOTAL LEGAL DEBT MARGIN		<u>\$ 7,872,851</u>

Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

901 South Second Street, Suite 300
Springfield, Illinois 62704
217/528-8473
Fax 217/528-8506



LORI K. MILOSEVICH-LAHR, C.P.A.
TERRI L. PHELPS, C.P.A.
JAMES C. LEGG, C.P.A.
DANIEL J. CODY, C.P.A.
RICHARD W. OGDEN, C.P.A.

Independent Auditor's Report on Compliance With Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act

To the President and Board of Trustees
Village of Rochester, Illinois

We have audited the balance sheet of the Incremental Tax Fund of the Village of Rochester, Illinois as of April 30, 2023, and the related statement of revenue, expenditures, and changes in fund balance for the year then ended, and have issued our report thereon dated September 29, 2023. The financial statements present only the Incremental Tax Fund and are not intended to present fairly the financial position and results of operations and the cash flows of the proprietary fund types of the Village of Rochester, Illinois in conformity with accounting principles generally accepted in the United States of America.

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

Compliance with laws, regulations, contracts, and grants applicable to the Village of Rochester, Illinois is the responsibility of the Village of Rochester, Illinois' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village of Rochester, Illinois' compliance with Subsection (q) of Section 11-74.4-3 (65 ILCS 5/11-74.4-3 (q) of the Illinois Tax Increment Redevelopment Allocation Act. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

However, the results of our tests disclosed no instances of noncompliance with Subsection (q) of Section 11-74.4-3 (65 ILCS 5/11-74.4-3(q)) of the Illinois Tax Increment Redevelopment Allocation Act.

This report is intended for the information and use of management, State of Illinois Department of Revenue, and to taxing districts overlapping the Village of Rochester, Illinois Tax Increment Redevelopment Project Areas administered by the Village of Rochester, Illinois and is not intended to be and should not be used by anyone other than these specified parties.

Estes, Bridgewater & Ogden

Certified Public Accountants
Springfield, Illinois

September 29, 2023