

# VILLAGE OF CHERRY VALLEY, ILLINOIS

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2022

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## TABLE OF CONTENTS

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### PAGE

#### INTRODUCTORY SECTION

List of Principal Officials	<a href="#">1</a>
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#### FINANCIAL SECTION

<b>INDEPENDENT AUDITORS' REPORT</b>	<a href="#">2</a>
-------------------------------------	-------------------

<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<a href="#">6</a>
---	-------------------

#### **BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements	
Statement of Net Position	<a href="#">19</a>
Statement of Activities	<a href="#">21</a>
Fund Financial Statements	
Balance Sheet - Governmental Funds	<a href="#">23</a>
Reconciliation of Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities	<a href="#">24</a>
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<a href="#">25</a>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Activities	<a href="#">26</a>
Statement of Net Position - Proprietary Fund	<a href="#">27</a>
Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Fund	<a href="#">28</a>
Statement of Cash Flows - Proprietary Fund	<a href="#">29</a>
Statement of Fiduciary Net Position	<a href="#">30</a>
Statement of Changes in Fiduciary Net Position	<a href="#">31</a>
Notes to Financial Statements	<a href="#">32</a>

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	<a href="#">66</a>
Police Pension Fund	<a href="#">67</a>
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	<a href="#">69</a>
Police Pension Fund	<a href="#">71</a>
Schedule of Investment Returns	
Police Pension Fund	<a href="#">73</a>

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**TABLE OF CONTENTS**

---

**PAGE**

**FINANCIAL SECTION - Continued**

Schedule of Changes in the Employer's Total OPEB Liability	
Retiree Benefit Plan	<a href="#">74</a>
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	<a href="#">75</a>

**OTHER SUPPLEMENTARY INFORMATION**

Schedule of Revenues - Budget and Actual - General Fund	<a href="#">79</a>
Schedule of Expenditures - Budget and Actual - General Fund	<a href="#">80</a>
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Capital Projects Fund	<a href="#">84</a>
Motor Fuel Tax – Special Revenue Fund	<a href="#">85</a>
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual	
Water – Enterprise Fund	<a href="#">86</a>
Schedule of Operating Expenses and Capital Outlay - Budget and Actual	
Waterworks - Enterprise Fund	<a href="#">87</a>

**SUPPLEMENTAL SCHEDULE**

Schedule of Legal Debt Margin - Last Six Fiscal Years	<a href="#">91</a>
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## **INTRODUCTORY SECTION**

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**List of Principal Officials**

**April 30, 2022**

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**David Schroeder, Village President**

**BOARD OF TRUSTEES**

Brandi Pearse, Trustee

Nancy Belt, Trustee

Jeffrey Fustin, Trustee

Sally Hollembeak, Trustee

Mike Neville, Trustee

Carl Wedig, Trustee

**ADMINISTRATION**

Jim E. Claeysen, Village Administrator

Maureen Gumowski, Village Treasurer

Roy Bethge, Village Police Chief

## **FINANCIAL SECTION**

This section includes:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Supplemental Schedule

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

August 1, 2022

The Honorable Village President  
Members of the Board of Trustees  
Village of Cherry Valley, Illinois

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cherry Valley, Illinois as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cherry Valley, Illinois as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

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

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Management's Discussion and Analysis

April 30, 2022

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The Management Discussion and Analysis (MD&A) of the Village of Cherry Valley's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2022. We recommend that the MD&A be read in conjunction with the financial statements and notes to the financial statements that follow.

### FINANCIAL HIGHLIGHTS

- The Village of Cherry Valley's total governmental and business-type net position increased by \$1,966,305 from \$20,917,483 to \$22,883,788.
- During the year, governmental and business-type revenues totaled \$8,568,022 which was more than total expenses of \$6,601,717 by \$1,966,305.
- Revenues for governmental activities totaled \$7,646,054 while expenses totaled \$5,708,865 resulting in an increase in net position from a balance of \$17,124,739 to \$19,061,928, an increase of 11.3 percent.
- Revenues for business-type activities totaled \$921,968 while expenses totaled \$892,852, increasing business-type net position by \$29,116, from a balance of \$3,792,744 to \$3,821,860, an increase of 0.8 percent.

### USING THIS ANNUAL REPORT

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

#### Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Village of Cherry Valley's finances, in a matter similar to a private-sector business.

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

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Management's Discussion and Analysis

April 30, 2022

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### USING THIS ANNUAL REPORT

#### Government-Wide Financial Statements - Continued

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

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Cherry Valley, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### Governmental Funds

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

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

The Village of Cherry Valley maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, both of which are considered major funds and the Motor Fuel Tax Fund, a nonmajor fund.

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

#### Proprietary Funds

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

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Management's Discussion and Analysis

April 30, 2022

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### USING THIS ANNUAL REPORT - Continued

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village of Cherry Valley's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds.

#### **Notes to the Financial Statements**

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

#### **Required Supplemental Information (RSI)**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's I.M.R.F., Illinois Downstate police employee pension obligations, and retire benefits plan, as well as the budgetary comparison schedule for the General Fund.

#### **Other Supplemental Information**

Combining statements for the nonmajor funds and budgetary comparison schedules for the funds not presented in the required supplementary information.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Management's Discussion and Analysis

April 30, 2022

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Village of Cherry Valley, assets/deferred outflows exceeded liabilities/deferred inflows by \$22,883,788 at the close of the most recent fiscal year.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current Assets	\$ 14,052,236	12,844,745	2,810,216	2,691,322	16,862,452	15,536,067
Capital Assets	13,264,576	13,080,845	1,712,245	1,641,503	14,976,821	14,722,348
Total Assets	27,316,812	25,925,590	4,522,461	4,332,825	31,839,273	30,258,415
Deferred Outflows	1,136,691	1,122,819	40,016	75,860	1,176,707	1,198,679
Total Assets/ Def. Outflows	28,453,503	27,048,409	4,562,477	4,408,685	33,015,980	31,457,094
Long-Term Debt Outstanding	8,594,111	8,647,098	147,247	447,279	8,741,358	9,094,377
Current Liabilities	168,322	138,016	231,443	30,252	399,765	168,268
Total Liabilities	8,762,433	8,785,114	378,690	477,531	9,141,123	9,262,645
Deferred Inflows	629,142	1,138,556	361,927	138,410	991,069	1,276,966
Total Liabilities/Def. Inflows	9,391,575	9,923,670	740,617	615,941	10,132,192	10,539,611
Net Position						
Investment in Capital Assets	13,264,576	13,080,845	1,712,245	1,641,503	14,976,821	14,722,348
Restricted	402,616	363,853	—	—	402,616	363,853
Unrestricted	5,394,736	3,680,041	2,109,615	2,151,241	7,504,351	5,831,282
Total Net Position	19,061,928	17,124,739	3,821,860	3,792,744	22,883,788	20,917,483

A large portion of the Village's net position, \$14,976,821 or 65.4 percent, reflects its investment in capital assets (for example, land improvements, infrastructure, buildings and improvements, machinery and equipment, vehicles and fleet, and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$402,616 or 1.8 percent, of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining 32.8%, or \$7,504,351, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Management's Discussion and Analysis**

**April 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued**

Total revenues for both governmental and business-type activities totaled \$8,568,022, while the total cost of all programs and services was \$6,601,717, resulting in an increase to total net position of \$1,966,305.

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 322,829	263,839	912,866	917,391	1,235,695	1,181,230
Operating Grants/Contrib.	238,343	377,337	—	—	238,343	377,337
Capital Grants/Contrib.	207,414	—	—	—	207,414	—
General Revenues						
Property Taxes	49,690	49,735	—	—	49,690	49,735
Other Taxes	335,232	229,778	—	—	335,232	229,778
Income Taxes	439,382	362,482	—	—	439,382	362,482
Sales Taxes	5,639,698	4,820,053	—	—	5,639,698	4,820,053
Local Use	121,496	144,834	—	—	121,496	144,834
Personal Property Taxes	56,791	24,691	—	—	56,791	24,691
Interest Income	32,694	58,869	9,102	14,861	41,796	73,730
Miscellaneous	202,485	228,927	—	—	202,485	228,927
Total Revenues	7,646,054	6,560,545	921,968	932,252	8,568,022	7,492,797
Expenses						
General Government	905,958	667,770	—	—	905,958	667,770
Public Safety	3,169,996	2,586,701	—	—	3,169,996	2,586,701
Public Works	1,632,911	1,737,334	—	—	1,632,911	1,737,334
Water	—	—	892,852	990,663	892,852	990,663
Total Expenses	5,708,865	4,991,805	892,852	990,663	6,601,717	5,982,468
Change in Net Position	1,937,189	1,568,740	29,116	(58,411)	1,966,305	1,510,329
Net Position - Beginning	17,124,739	15,555,999	3,792,744	3,851,155	20,917,483	19,407,154
Net Position - Ending	19,061,928	17,124,739	3,821,860	3,792,744	22,883,788	20,917,483

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Management's Discussion and Analysis**

**April 30, 2022**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued**

**Governmental Activities**

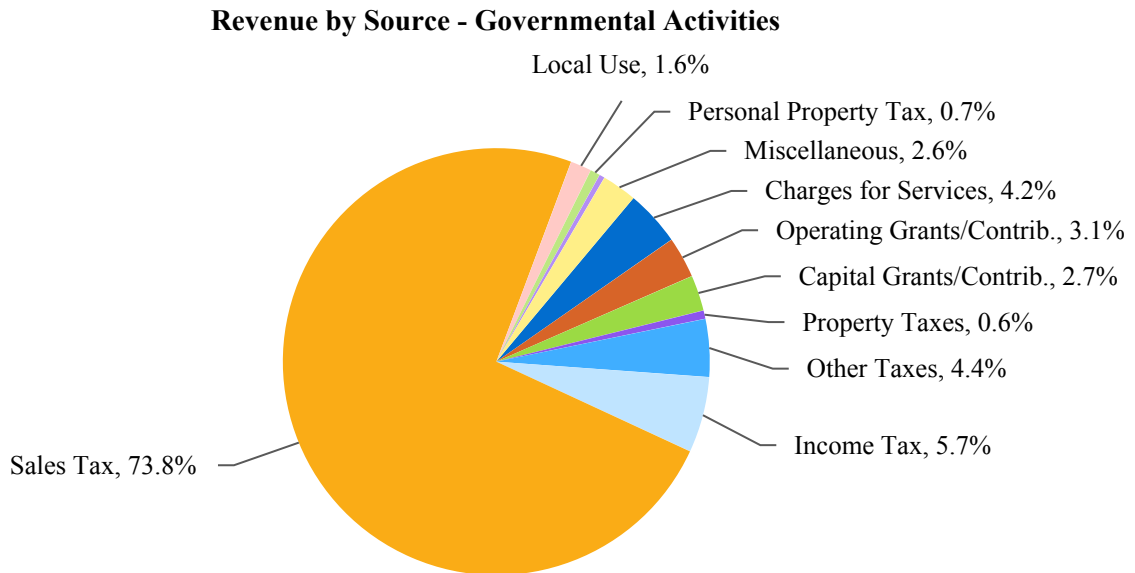
Revenues for governmental activities totaled \$7,646,054 while expenses totaled \$5,708,865. The difference in revenues compared to expenses resulted in an increase to governmental net position of \$1,937,189.

During the current year, total revenues increased \$1,085,509 primarily due to the increases in other taxes and sales taxes of \$105,454 and \$819,645, respectively, from the previous fiscal year. This increase in sales tax was due to easing restrictions related to the COVID-19 shutdown.

Sales taxes for the year accounted for \$5,639,698 or 73.8 percent of governmental activities total revenue and increased by 17.0 percent from the prior year.

Income taxes account for 5.7 percent of total revenue, and have increased 21.2 percent, or \$76,900 from the prior year.

The following table graphically depicts the major revenue sources of the Village of Cherry Valley and shows the reliance of sales taxes and charges for services to fund governmental activities.



VILLAGE OF CHERRY VALLEY, ILLINOIS

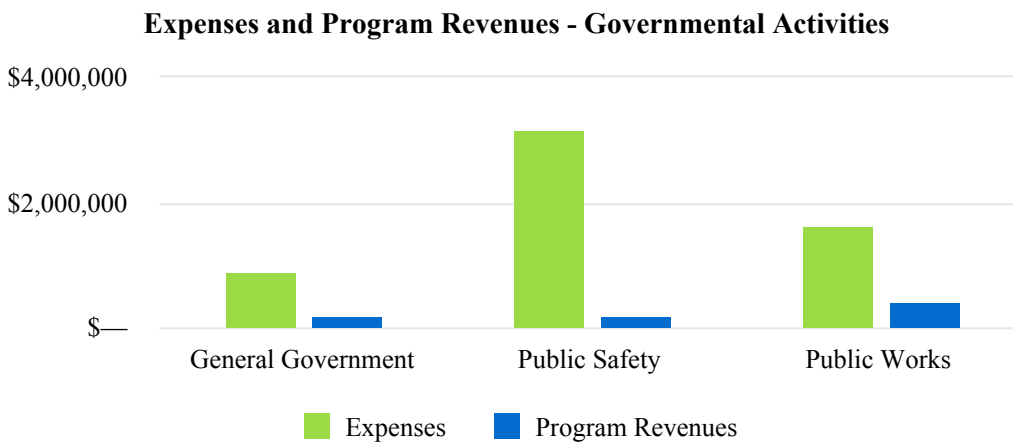
Management's Discussion and Analysis  
April 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Governmental Activities - Continued

Overall, expenses increased by 14.4 percent, or \$717,060 from the prior year primarily due to the increased public safety and public works operational expenses in the funds.

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

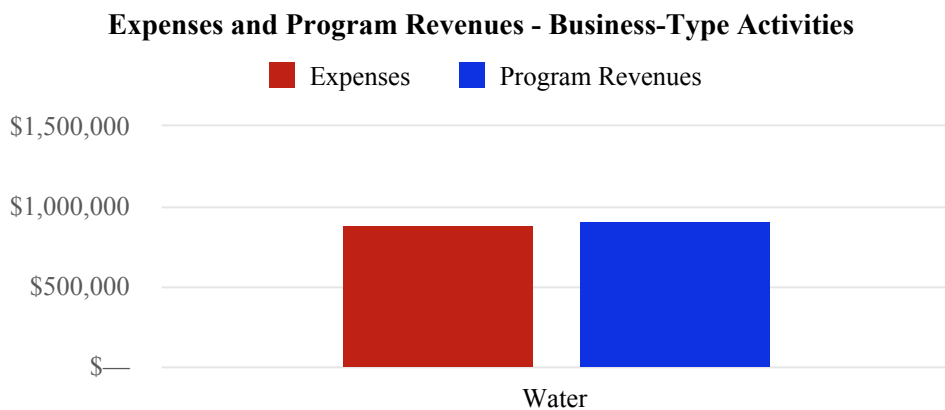


Business-Type Activities

Business-Type activities posted total revenues of \$921,968, while the cost of all business-type activities totaled \$892,852. This results in a surplus of \$29,116. In 2021, revenues of \$932,252 were less than expenses of 990,663, resulting in a deficit of \$58,411.

Overall, 85.2 percent of water revenue is collected mainly from water usage. Water meter replacement and service, along with hookup fees account for the remaining 14.8 percent.

This graph compares program revenues to expenses for the water operations.



# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Management's Discussion and Analysis

April 30, 2022

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

#### Governmental Funds

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

The Village's governmental funds reported combining ending fund balances of \$13,900,381, which is \$1,175,910, or 9.2 percent, higher than last year's restated total of \$12,724,471. Of the \$13,900,381 total, \$7,801,467, or approximately 56.1 percent, of the fund balance constitutes unassigned fund balance.

The General Fund is the chief operating fund of the Village. As mentioned earlier, the General Fund reported a surplus in fund balance for the year of \$7,914,624, an increase of 7.0 percent from previous year. This was due largely in part to sales tax revenue increasing by \$425,521 (\$4,030,748 in 2022 and \$3,605,227 in 2021).

At April 30, 2022, unassigned fund balance in the General Fund was \$7,801,467, which represents 98.6 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 153.4 percent of total General Fund expenditures and transfers.

The Capital Projects Fund reported an increase in fund balance of \$618,041. This surplus is mainly due to increased sales tax revenue and donations received in the current year.

#### Proprietary Fund

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

The Village reports the Water Fund as a major proprietary fund. The Water Fund accounts for all financial activities associated with the municipal water service. Fees from consumption of water (utility billing) and tap on fees from building activities provide the primary source of revenue for the fund. Revenues are used to purchase water and to maintain the water delivery infrastructure.

The Water Fund had a surplus in the current fiscal year of \$29,116. Unrestricted net position in the Water Fund totaled \$2,109,615 at April 30, 2022.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The Village Members of the Board of Trustees made budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$5,613,857, exceeding budgeted revenues of \$5,054,930, primarily due to higher than anticipated revenues from intergovernmental functions. Actual expenditures for the General Fund totaled \$5,086,573, while budgeted expenditures totaled \$5,611,860. Expenditures for the year were \$525,287 lower than budgeted due to all expenditure functions coming in lower than budgeted.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Management's Discussion and Analysis

April 30, 2022

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The Village's investment in capital assets for its governmental activities as of April 30, 2022 was \$14,976,821 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, machinery and equipment, vehicles and fleet, and furniture and fixtures.

	Capital Assets - Net of Depreciation					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 1,675,373	1,725,273	53,575	53,575	1,728,948	1,778,848
Land Improvements	849,646	829,476	—	—	849,646	829,476
Infrastructure	5,493,405	5,041,227	1,452,784	1,343,066	6,946,189	6,384,293
Buildings and Improvements	4,403,497	4,576,073	—	—	4,403,497	4,576,073
Machinery and Equipment	455,839	499,514	81,139	88,472	536,978	587,986
Vehicles and Fleet	329,596	320,262	48,739	58,046	378,335	378,308
Furniture and Fixtures	57,220	89,020	76,008	98,344	133,228	187,364
Totals	<u>13,264,576</u>	<u>13,080,845</u>	<u>1,712,245</u>	<u>1,641,503</u>	<u>14,976,821</u>	<u>14,722,348</u>

This year's major additions included:

Land Improvements	\$ 76,741
Infrastructure	777,568
Machinery and Equipment	13,499
Vehicles and Fleet	<u>114,171</u>
	<u>981,979</u>

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

#### Debt Administration

At the end of the fiscal year the Village has no outstanding long-term debt.

## VILLAGE OF CHERRY VALLEY, ILLINOIS

### Management's Discussion and Analysis

April 30, 2022

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#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's main source of revenue is retail sales tax, which accounts for the major portion of the Village's overall revenue stream. The additional 1% sales tax has been used to fund the Capital Improvements Plan which has helped to lessen the strain that these projects previously had on the Village's General Fund. The 1% additional sales tax has also been used last year and is projected to be used again this year to decrease the Village's liability for the Police Pension Plan. Since the Village's last remaining bond issuance, the 2012 Water Bond, was paid off in January 2017, this is the only major liability that exists. On March 17, 2020, the Village of Cherry Valley asked the residents of the village to vote on a referendum authorizing the Village to renew the 1% additional sales tax beyond its expiration date of June 30, 2021 for a period of nine years until June 30, 2030. This referendum question was overwhelmingly approved by the residents of the village. The Village of Cherry Valley is one of the few communities that does not levy a property tax. A lack of property tax has kept the Village competitive with attracting business and allows residents to pay less in taxes for a higher standard of living when compared to area communities.

The village continues to participate in community and regional programs that encourage economic development. The Village of Cherry Valley is an on-going member of the Rockford Area Economic Development Council (RAEDC), is also a member of the Regional 1 Planning Council for Boone and Winnebago Counties and retains the services of a professional retail services consultant (Retail Strategies, LLC Birmingham, AL) to develop a retail recruitment strategic plan to assist the village as it works to increase its retail base. The village works continually to become a development-friendly community and strives to generate the revenues needed to fund the programs that provide for the health, safety and welfare of the citizens of Cherry Valley.

The village, as with most municipalities, is still dealing with the effects of the pandemic. Our core stores such as Menards, Schnucks, Collier RV and Lou Bachrodt Auto Mall continue to provide the village with substantial revenues this past period. Menards Super Store recently finished a large addition to their store to accommodate a much larger Garden Center and a larger renovated Building Materials Area. Galleria Furniture opened in July 2021 in the west end of the mall and is providing revenues as well. Tilt Studio/Tilt Ten, the premier entertainment and dining destination at CherryVale Mall, continues to attract more and more visitors and business has been fairly steady. As always CBL Mall Management will be working diligently to fill any other voids in the near future, continuing to secure their high occupancy level in one of their most productive malls.

In other areas of the village, Sweet Basil Café opened in mid-year. They serve breakfast, lunch and dinner with a wide ranging menu at affordable prices. The small Grill & Bar in the old downtown area of the village called Doc Holiday's has been delayed however plans are underway to still open sometime before mid-July 2022. The owners of the successful "Hometown Grocery Store" called Cattle & Cream purchased the Cherry Valley Fire Protection District's former administration building in the downtown area and are renovating this building as a Wine and Fine Chocolates Gift Shop. They will sell wine and associated gift items and have wine-tasting events as well. Due to the pandemic their plans for opening were pushed back to late July 2022. The old Acme Screw Building, an empty light industrial building which sits right on the 100 block of East State Street in Cherry Valley, has been completely renovated into a multi-use facility which includes a new 4900 square foot restaurant (which overlooks the village's premier softball field), seven new store fronts each being 1200 square foot units, one back store front of 800 square feet, plus a 32-car parking area and a Stand-alone Market Place / Special Event Venue Facility, with a venue capacity of 350 people at the corner of Walnut and Genoa Streets. This new facility will change the face of the village's downtown forever. The Stand-Alone Market Place/Special Event Venue Facility opened in May 2022 and has already hosted multiple events. They have been working diligently to have the East State Street Store Fronts open by late June 2022 but supply chain issues regarding various electrical components have delayed this date. However, they already have signed tenant agreements for some of these store fronts secured at this time.

## VILLAGE OF CHERRY VALLEY, ILLINOIS

### Management's Discussion and Analysis

April 30, 2022

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - Continued**

Lastly, the Village of Cherry Valley in recent years has experienced a number of issues pertaining to the village's Water System. The village's water system, established in the mid-1980s, consisted of two wells at that time, one water tower and a third well to be used as a backup well only. Now the village's water system has increased to four wells, operating on a rotational basis and two water towers. At the same time, the Village of Cherry Valley supplies water not only to village residents but many of the neighboring subdivisions around the village's borders. The village's water distribution system has been experiencing unexpected water main breaks and or leaks which cannot always be addressed by our Public Works and Water Department. Larger water main issues are repaired by licensed third party companies. The village also has had production issues with some of its wells, resulting in recently having Well #1 and Well #2 completely rebuilt. Also, like other municipalities, demand for water is increasing from our customer base to the point where the village is moving forward with plans to drill another well and build another well house. This well and well house will be built on village property and this project will be funded through a Bond Issuance. Municipal Water Systems are a utility and need to be self-supporting, funded by the water customers in both water rates and in facility charges. The Village of Cherry Valley passed and approved a change (by ordinance) to its water rates in May 2022 to increase water rates over the next 5 years (no increases have occurred since 2012) and will follow up in the near future with an increase in facility charges for funding to pay the bond payments.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village of Cherry Valley's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Maureen Gumowski, Treasurer, Village of Cherry Valley, 806 East State Street, Cherry Valley, Illinois, 61016.

## **BASIC FINANCIAL STATEMENTS**

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

Fiduciary Fund

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

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Statement of Net Position**

**April 30, 2022**

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**See Following Page**

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Statement of Net Position**

**April 30, 2022**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 12,969,813	2,728,995	15,698,808
Receivables - Net of Allowances			
Other Taxes	931,206	—	931,206
Accounts	38,060	81,221	119,281
Prepays	113,157	—	113,157
Total Current Assets	<u>14,052,236</u>	<u>2,810,216</u>	<u>16,862,452</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable	1,675,373	53,575	1,728,948
Depreciable	16,448,006	2,952,289	19,400,295
Accumulated Depreciation	<u>(4,858,803)</u>	<u>(1,293,619)</u>	<u>(6,152,422)</u>
Total Noncurrent Assets	<u>13,264,576</u>	<u>1,712,245</u>	<u>14,976,821</u>
Total Assets	<u>27,316,812</u>	<u>4,522,461</u>	<u>31,839,273</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Items - IMRF	92,792	40,016	132,808
Deferred Items - Police	1,043,899	—	1,043,899
Total Deferred Outflows of Resources	<u>1,136,691</u>	<u>40,016</u>	<u>1,176,707</u>
Total Assets and Deferred Outflows of Resources	<u>28,453,503</u>	<u>4,562,477</u>	<u>33,015,980</u>

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

	Governmental Activities	Business-Type Activities	Totals
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 112,398	225,688	338,086
Accrued Payroll	39,457	3,047	42,504
Compensated Absences	16,467	2,708	19,175
Total Current Liabilities	<u>168,322</u>	<u>231,443</u>	<u>399,765</u>
Noncurrent Liabilities			
Compensated Absences Payable	65,867	10,834	76,701
Net Pension Liability - IMRF	88,018	37,958	125,976
Net Pension Liability - Police	7,851,983	—	7,851,983
Total OPEB Liability - RBP	588,243	98,455	686,698
Total Noncurrent Liabilities	<u>8,594,111</u>	<u>147,247</u>	<u>8,741,358</u>
Total Liabilities	<u>8,762,433</u>	<u>378,690</u>	<u>9,141,123</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grants	—	195,758	195,758
Deferred Items - IMRF	385,320	166,169	551,489
Deferred Items - Police	243,822	—	243,822
Total Deferred Inflows of Resources	<u>629,142</u>	<u>361,927</u>	<u>991,069</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,391,575</u>	<u>740,617</u>	<u>10,132,192</u>
<b>NET POSITION</b>			
Investment in Capital Assets	13,264,576	1,712,245	14,976,821
Restricted			
Highways and Streets	402,616	—	402,616
Unrestricted	<u>5,394,736</u>	<u>2,109,615</u>	<u>7,504,351</u>
Total Net Position	<u>19,061,928</u>	<u>3,821,860</u>	<u>22,883,788</u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2022

	Expenses	Program Revenues		
		Program Revenues	Operating Grants/Contributions	Capital Grants/Contributions
Governmental Activities				
General Government	\$ 905,958	187,440	—	—
Public Safety	3,169,996	135,389	42,828	—
Public Works	1,632,911	—	195,515	207,414
Total Governmental Activities	5,708,865	322,829	238,343	207,414
Business-Type Activities				
Water	892,852	912,866	—	—
Total Primary Government	6,601,717	1,235,695	238,343	207,414

General Revenues  
 Taxes  
   Property  
   Other Taxes  
 Intergovernmental - Unrestricted  
 Income Taxes  
 Sales Taxes  
 Local Use  
 Personal Property Taxes  
 Interest  
 Miscellaneous

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(718,518)	—	(718,518)
(2,991,779)	—	(2,991,779)
(1,229,982)	—	(1,229,982)
(4,940,279)	—	(4,940,279)
—	20,014	20,014
(4,940,279)	20,014	(4,920,265)
49,690	—	49,690
335,232	—	335,232
439,382	—	439,382
5,639,698	—	5,639,698
121,496	—	121,496
56,791	—	56,791
32,694	9,102	41,796
202,485	—	202,485
6,877,468	9,102	6,886,570
1,937,189	29,116	1,966,305
17,124,739	3,792,744	20,917,483
19,061,928	3,821,860	22,883,788

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

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Balance Sheet - Governmental Funds**

**April 30, 2022**

	General	Capital Projects	Nonmajor Motor Fuel Tax	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 6,939,624	5,640,778	389,411	12,969,813
Receivables - Net of Allowances				
Other Taxes	920,596	—	10,610	931,206
Accounts	31,232	4,233	2,595	38,060
Prepays	113,157	—	—	113,157
<b>Total Assets</b>	<b>8,004,609</b>	<b>5,645,011</b>	<b>402,616</b>	<b>14,052,236</b>
<b>LIABILITIES</b>				
Accounts Payable	50,528	61,870	—	112,398
Accrued Payroll	39,457	—	—	39,457
<b>Total Liabilities</b>	<b>89,985</b>	<b>61,870</b>	<b>—</b>	<b>151,855</b>
<b>FUND BALANCES</b>				
Nonspendable	113,157	—	—	113,157
Restricted	—	—	402,616	402,616
Committed	—	5,583,141	—	5,583,141
Unassigned	7,801,467	—	—	7,801,467
<b>Total Fund Balances</b>	<b>7,914,624</b>	<b>5,583,141</b>	<b>402,616</b>	<b>13,900,381</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>8,004,609</b>	<b>5,645,011</b>	<b>402,616</b>	<b>14,052,236</b>

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

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

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

**April 30, 2022**

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<b>Total Governmental Fund Balances</b>	\$ 13,900,381
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	13,264,576
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(292,528)
Deferred Items - Police Pension	800,077
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(82,334)
Net Pension Liability - IMRF	(88,018)
Net Pension Liability - Police	(7,851,983)
Total OPEB Liability - RBP	<u>(588,243)</u>
<b>Net Position of Governmental Activities</b>	<u><u>19,061,928</u></u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Fiscal Year Ended April 30, 2022

	General	Capital Projects	Nonmajor Motor Fuel Tax	Totals
<b>Revenues</b>				
Taxes	\$ 384,922	—	—	384,922
Intergovernmental	4,691,245	1,816,364	195,515	6,703,124
Charges for Services	48,532	—	—	48,532
Licenses and Permits	138,908	—	—	138,908
Fines and Forfeitures	135,389	—	—	135,389
Interest Income	18,915	10,951	2,828	32,694
Miscellaneous	195,946	1,539	5,000	202,485
Total Revenues	5,613,857	1,828,854	203,343	7,646,054
<b>Expenditures</b>				
General Government	600,254	—	—	600,254
Public Safety	3,556,492	—	—	3,556,492
Public Works	887,364	441,909	—	1,329,273
Capital Outlay	42,463	795,774	164,580	1,002,817
Total Expenditures	5,086,573	1,237,683	164,580	6,488,836
Excess (Deficiency) of Revenues Over (Under) Expenditures	527,284	591,171	38,763	1,157,218
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	6,822	11,870	—	18,692
Transfers In	—	15,000	—	15,000
Transfers Out	(15,000)	—	—	(15,000)
	(8,178)	26,870	—	18,692
Net Change in Fund Balances	519,106	618,041	38,763	1,175,910
Fund Balances - Beginning	7,395,518	4,965,100	363,853	12,724,471
Fund Balances - Ending	7,914,624	5,583,141	402,616	13,900,381

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the  
Governmental Funds to the Statement of Activities - Governmental Activities  
For the Fiscal Year Ended April 30, 2022**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 1,175,910</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	811,250
Depreciation Expense	(577,619)
Disposals - Cost	(101,759)
Disposals - Accumulated Depreciation	51,859

The net effect of deferred outflows (inflows) of resources related  
to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(206,558)
Change in Deferred Items - Police Pension	729,844

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences Payable	6,376
Change in Net Pension Liability - IMRF	267,783
Change in Net Pension Liability - Police Pension	(236,335)
Change in Total OPEB Liability - RBP	16,438

<b>Changes in Net Position of Governmental Activities</b>	<b><u>1,937,189</u></b>
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VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Net Position - Proprietary Fund

April 30, 2022

	Business-Type Activities
	<u>Water</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 2,728,995
Receivables - Net of Allowances	
Accounts	81,221
Total Current Assets	<u>2,810,216</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	53,575
Depreciable	2,952,289
Accumulated Depreciation	<u>(1,293,619)</u>
Total Noncurrent Assets	<u>1,712,245</u>
Total Assets	4,522,461
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>40,016</u>
Total Assets and Deferred Outflows of Resources	<u>4,562,477</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	225,688
Accrued Payroll	3,047
Compensated Absences Payable	<u>2,708</u>
Total Current Liabilities	<u>231,443</u>
Noncurrent Liabilities	
Compensated Absences Payable	10,834
Net Pension Assets - IMRF	37,958
Total OPEB Liability - RBP	<u>98,455</u>
Total Noncurrent Liabilities	<u>147,247</u>
Total Liabilities	<u>378,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Grants	195,758
Deferred Items - IMRF	<u>166,169</u>
Total Deferred Inflows of Resources	<u>361,927</u>
Total Liabilities and Deferred Inflows of Resources	<u>740,617</u>
<b>NET POSITION</b>	
Investment in Capital Assets	1,712,245
Unrestricted	<u>2,109,615</u>
Total Net Position	<u>3,821,860</u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
For the Fiscal Year Ended April 30, 2022

	Business-Type Activities
	<u>Water</u>
Operating Revenues	
Charges for Services	\$ 912,761
Miscellaneous	105
Total Operating Revenues	<u>912,866</u>
Operating Expenses	
Personnel Services	52,504
Contractual Services	396,019
Commodities	57,785
Other	47,115
Depreciation	99,987
Total Operating Expenses	<u>653,410</u>
Operating Income	<u>259,456</u>
Nonoperating Revenues (Expenses)	
Interest Income	9,102
Capital Outlay	(239,442)
	<u>(230,340)</u>
Change in Net Position	29,116
Net Position - Beginning	<u>3,792,744</u>
Net Position - Ending	<u><u>3,821,860</u></u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Cash Flows - Proprietary Fund  
For the Fiscal Year Ended April 30, 2022

	Business-Type Activities
	<u>Water</u>
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 948,690
Payments to Suppliers	(420,290)
Payments to Employees	(247,899)
	<u>280,501</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(170,729)</u>
Cash Flows from Investing Activities	
Interest Income	<u>9,102</u>
Net Change in Cash and Cash Equivalents	118,874
Cash and Cash Equivalents - Beginning	<u>2,610,121</u>
Cash and Cash Equivalents - Ending	<u><u>2,728,995</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	259,456
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	99,987
Other Expense	(239,442)
(Increase) Decrease in Current Assets	35,824
Increase (Decrease) in Current Liabilities	<u>124,676</u>
Net Cash Provided by Operating Activities	<u><u>280,501</u></u>

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

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Statement of Fiduciary Net Position**

**April 30, 2022**

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	<u>Police Pension Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 565,437
Investments	
U.S. Treasury Obligations	485,767
U.S. Agency Obligations	2,063,424
Municipal Bonds	777,119
Corporate Bonds	723,637
Mutual Funds	3,372,622
Common Stock	329,617
Receivables - Net of Allowance	
Accrued Interest	26,332
Prepays	<u>5,119</u>
Total Assets	8,349,074
<b>LIABILITIES</b>	
Accounts Payable	<u>3,146</u>
<b>NET POSITION</b>	
Net Position Restricted for Pensions	<u><u>8,345,928</u></u>

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

VILLAGE OF CHERRY VALLEY, ILLINOIS

Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended April 30, 2022

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	Police Pension Trust
Additions	
Contributions - Employer	\$ 1,423,537
Contributions - Plan Members	85,561
Total Contributions	<u>1,509,098</u>
Investment Earnings	
Interest Earned	(370,036)
Net Change in Fair Value	(298,509)
	<u>(668,545)</u>
Less Investment Expenses	(22,617)
Net Investment Income	<u>(691,162)</u>
Total Additions	<u>817,936</u>
Deductions	
Administration	30,255
Benefits and Refunds	748,719
	<u>778,974</u>
Change in Fiduciary Net Position	38,962
Net Position Restricted for Pensions	
Beginning	<u>8,306,966</u>
Ending	<u><u>8,345,928</u></u>

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Cherry Valley (the Village), Illinois, is a municipal corporation located in Winnebago and Boone Counties, Illinois, which is governed by an elected president and a six-member board of trustees. The Village provides services to the residents of the Village that include maintenance of streets and parks, police protection and water services.

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Village's accounting policies are described below.

#### REPORTING ENTITY

The Village's financial reporting entity comprises the following:

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

#### Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

#### BASIS OF PRESENTATION

##### Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police, street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The Village's water services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a modified cash basis. The Village's net position is reported in three parts: investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### BASIS OF PRESENTATION - Continued

##### Government-Wide Statements - Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund.

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

##### Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### BASIS OF PRESENTATION - Continued

##### Fund Financial Statements - Continued

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

##### Governmental Funds

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

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

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one nonmajor special revenue fund.

*Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village reports the Capital Projects Fund as a major fund.

##### Proprietary Funds

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

*Enterprise funds* are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund, the Water Fund, which is used to account for the provision of water service.

##### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

*Pension trust funds* are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

##### Measurement Focus

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

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

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

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

##### Basis of Accounting

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

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

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

##### Basis of Accounting - Continued

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise fund is charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

##### Cash and Investments

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

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### Receivables

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

##### Prepays

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

##### Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 to \$250,000, depending on asset class, or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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

Land Improvements	20 Years
Infrastructure	20 - 50 Years
Buildings and Improvements	10 - 45 Years
Machinery and Equipment	5 - 20 Years
Vehicles and Fleet	3 - 10 Years
Furniture and Fixtures	5 - 10 Years

##### Compensated Absences

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

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

##### Deferred Outflows/Inflows of Resources

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

##### Long-Term Obligations

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

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

##### Net Position

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

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

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

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

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

The term budget used throughout the financial statements represents the estimated revenues and expenses as set forth in the Village’s annual budget ordinance adopted for all funds, except for the Police Pension Fund.

Budgets are prepared for these Village funds on the same basis and using the same accounting practices as are used to account and prepare financial reports for the funds. Reported budget amounts represent the originally adopted budget as well as the final approved budget as amended. Any budget amendments require Village Board approval. There were several budget amendments for the fiscal year ended April 30, 2022.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

#### BUDGETARY INFORMATION - Continued

On or before April 1 of each year, all departments of the Village submit requests for budgets to the Budget Director so that a budget may be prepared. 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 the budget, but may not change the form of the budget. A final budget must be prepared and adopted before the beginning of the fiscal year to which it applies.

The budget is prepared by fund, department and program and includes information on the past year, current year, estimates, and requested appropriations for the next fiscal year. The Administrator is authorized to transfer budgeted amounts within any department, however, transfers between departments or any revisions that alter the total expenditures of any department or any fund must be approved by the governing body. The amounts reflected in the financial statements represent the original and the final amended budget.

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted (at the department level) for the governmental, proprietary, and the fiduciary funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level. All annual budgets lapse at fiscal year-end.

### NOTE 3 - DETAIL NOTES ON ALL FUNDS

#### DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, life insurance company contracts, money market mutual funds, common and preferred stocks, and the Illinois Funds.

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### DEPOSITS AND INVESTMENTS - Continued

The deposits and investments of the Pension Fund are held separately from those of other Village funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds.

Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

#### **Village - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$14,798,125 and the bank balances totaled \$15,069,066. The Village also had \$900,683 invested in the Illinois Funds, which is measured at net asset value per share as determined by the pool.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy mitigates interest rate risk by structuring the portfolio so that securities or other allowable investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity; and by investing operating funds primarily in shorter-term securities, money market mutual funds, or other similar allowable investments and limiting the average maturity of the portfolio in accordance with this policy. The Village's investment in the Illinois Funds has an average maturity of less than one year.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### DEPOSITS AND INVESTMENTS - Continued

##### Village - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments authorized under State Statute, the Village's investment policy mitigates credit risk by limiting investments to the safest types of securities, prequalifying the financial institutions, brokers/dealers, intermediaries, and diversifying the investment portfolio so that potential losses on individual securities or other investments will be minimized. At year-end, the Illinois Funds is rated AAAM by Standard & Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village will be restricted from maintaining funds in any financial institution that is not a member of the F.D.I.C. or F.S.L.I.C. systems or eligible for coverage under the State of Illinois deposit guarantee program. Additionally, the Village will not maintain funds in any financial institution not willing or capable of posting required collateral for funds in excess of insured or guaranteed limits. At year-end, the entire bank balance of deposits is collateralized or insured.

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

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that not more than 50% of the Village's total investment portfolio will be invested in a single security type or with a single financial institution. Monies deposited at a financial institution shall not exceed 25% of the capital stock and surplus of that institution. Commercial paper shall not exceed 10% of the Village's investment portfolio. At year-end, the Village does not have any investments over 5 percent of cash and investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$565,437 and the bank balances totaled \$569,183.

*Investments.* The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Obligations	\$ 485,767	50,034	269,611	166,122	—
U.S. Agency Obligations	2,063,424	75,004	753,812	1,234,608	—
Municipal Bonds	777,119	20,050	294,571	452,011	10,487
Corporate Bonds	723,637	45,243	254,441	423,953	—
Totals	4,049,947	190,331	1,572,435	2,276,694	10,487

The Fund has the following recurring fair value measurements as of April 30, 2022:

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasury Obligations	\$ 485,767	485,767	—	—
U.S. Agency Obligations	2,063,424	—	2,063,424	—
Municipal Bonds	777,119	—	777,119	—
Corporate Bonds	723,637	—	723,637	—
Equity Securities				
Mutual Funds	3,372,622	3,372,622	—	—
Common Stock	329,617	329,617	—	—
Total Investments Measured at Fair Value	7,752,186	4,188,006	3,564,180	—

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

**Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued**

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment policy states assets shall be sufficiently liquid to meet the Fund's disbursement requirements for the payment of operating expenses and benefits

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund's investment policy limits credit risk by investing within the guidelines of the Illinois Compiled Statutes, Chapter 40. The U.S. Agency Obligations are rated Aaa/AA+ by Moody's/Standard & Pools. The Municipal Bonds are rated A1 to Aaa / AA- to AA+ by Moody's/Standard & Pools's. The Corporate Bonds are rated Baa3 to Aa1 / BBB+ to AA+ by Moody's/Standard & Pools.

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy limits custodial credit risk for deposits by investing within the guidelines of the Illinois Pension Code, Article 3. At year-end, all of the Fund's bank balances were fully collateralized or insured.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Fund's investment policy limits custodial credit risk for investments by investing within the guidelines of the Illinois Pension Code, Article 3.

*Concentration Risk.* This is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Funds policy states that no single security should comprise more than 10% of the portfolio's overall allocation after accounting for price appreciation. In addition to the securities and fair values listed above, the Fund also has \$3,372,622 invested in mutual funds and \$329,617 in common stock. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	55.0%	1.00%
Equities	45.0%	6.3% - 7.9%
Cash and Cash Equivalents	0.0%	0.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2022**

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**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**DEPOSITS AND INVESTMENTS - Continued**

**Police Pension Fund - Interest Rate Risk, Credit Risk, Custodial Credit Risk, and Concentration Risk - Continued**

*Concentration Risk – Continued.* The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in March 2022 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of April 30, 2022 are listed in the table above.

**Rate of Return**

For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative 7.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**INTERFUND TRANSFERS**

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Capital Projects	General	<u>\$ 15,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**PROPERTY TAXES**

Property taxes for 2021 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Winnebago County and are payable in two installments, on or about June 1 and September 1. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,725,273	—	49,900	1,675,373
Depreciable Capital Assets				
Land Improvements	1,121,072	76,741	—	1,197,813
Infrastructure	5,931,693	606,839	—	6,538,532
Buildings and Improvements	6,483,896	—	—	6,483,896
Machinery and Equipment	879,821	13,499	10,200	883,120
Vehicles and Fleet	992,386	114,171	41,659	1,064,898
Furniture and Fixtures	279,747	—	—	279,747
	<u>15,688,615</u>	<u>811,250</u>	<u>51,859</u>	<u>16,448,006</u>
Less Accumulated Depreciation				
Land Improvements	291,596	56,571	—	348,167
Infrastructure	890,466	154,661	—	1,045,127
Buildings and Improvements	1,907,823	172,576	—	2,080,399
Machinery and Equipment	380,307	57,174	10,200	427,281
Vehicles and Fleet	672,124	104,837	41,659	735,302
Furniture and Fixtures	190,727	31,800	—	222,527
	<u>4,333,043</u>	<u>577,619</u>	<u>51,859</u>	<u>4,858,803</u>
Total Net Depreciable Capital Assets	<u>11,355,572</u>	<u>233,631</u>	<u>—</u>	<u>11,589,203</u>
Total Net Capital Assets	<u>13,080,845</u>	<u>233,631</u>	<u>49,900</u>	<u>13,264,576</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 408,435
Public Safety	107,013
Public Works	<u>62,171</u>
	<u>577,619</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 53,575	—	—	53,575
Depreciable Capital Assets				
Infrastructure	2,411,974	170,729	—	2,582,703
Machinery and Equipment	143,037	—	—	143,037
Vehicles and Fleet	114,867	—	—	114,867
Furniture and Fixtures	111,682	—	—	111,682
	<u>2,781,560</u>	<u>170,729</u>	<u>—</u>	<u>2,952,289</u>
Less Accumulated Depreciation				
Infrastructure	1,068,908	61,011	—	1,129,919
Machinery and Equipment	54,565	7,333	—	61,898
Vehicles and Fleet	56,821	9,307	—	66,128
Furniture and Fixtures	13,338	22,336	—	35,674
	<u>1,193,632</u>	<u>99,987</u>	<u>—</u>	<u>1,293,619</u>
Total Net Depreciable Capital Assets	<u>1,587,928</u>	<u>70,742</u>	<u>—</u>	<u>1,658,670</u>
Total Net Capital Assets	<u>1,641,503</u>	<u>70,742</u>	<u>—</u>	<u>1,712,245</u>

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

Water \$ 99,987

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2022**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued**

**LONG-TERM DEBT**

**Legal Debt Margin**

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Assessed Valuation - 2021	<u>\$ 95,932,154</u>
Legal Debt Limit - 8.625% of Assessed Value	8,274,148
Amount of Debt Applicable to Limit	<u>—</u>
Legal Debt Margin	<u>8,274,148</u>

**Long-Term Liabilities Activity**

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 88,710	6,376	12,752	82,334	16,467
Net Pension Liability - IMRF	355,801	—	267,783	88,018	—
Net Pension Liability - Police Pension	7,615,648	236,335	—	7,851,983	—
Total OPEB Liability - RBP	604,681	—	16,438	588,243	—
	<u>8,664,840</u>	<u>242,711</u>	<u>296,973</u>	<u>8,610,578</u>	<u>16,467</u>
<b>Business-Type Activities</b>					
Compensated Absences	21,332	7,790	15,580	13,542	2,708
Net Pension Liability - IMRF	258,876	—	220,918	37,958	—
Total OPEB Liability - RBP	171,337	—	72,882	98,455	—
	<u>451,545</u>	<u>7,790</u>	<u>309,380</u>	<u>149,955</u>	<u>2,708</u>

For governmental activities, the compensated absences, the net pension liabilities, and the total OPEB liability are liquidated by the General Fund. For business-type activities, the Water Fund liquidates the compensated absences, the net pension liability for IMRF and the total OPEB liability.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

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

	General	Capital Projects	Nonmajor Motor Fuel Tax	Totals
Fund Balances				
Nonspendable				
Prepays	\$ 113,157	—	—	113,157
Restricted				
Highways and Streets	—	—	402,616	402,616
Committed				
Capital Projects	—	5,583,141	—	5,583,141
Unassigned	7,801,467	—	—	7,801,467
Total Fund Balances	7,914,624	5,583,141	402,616	13,900,381

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

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

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

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

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

#### FUND BALANCE CLASSIFICATIONS - Continued

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

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

*Minimum Fund Balance Policy.* The Village's policy manual states that the General Fund should maintain a minimum fund balance equal to 35% of operating expenditures.

### NOTE 4 - OTHER INFORMATION

#### RISK MANAGEMENT

##### Illinois Municipal League

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction to assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in the Illinois Municipal League (IML), which is an organization of municipalities and special Villages throughout the state of Illinois, which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The Village pays annual premiums to IML for its workers' compensation, general liability, property coverage and other coverage deemed necessary by the Village.

The Village assumes the first \$500 for each occurrence (except of losses as a result of flood or earthquake, for which the Village assumes the first \$25,000), and IML has a mix of self-insurance and commercial insurance at various amounts above that level. The Village appoints one delegate, along with an alternate delegate, to represent the Village in voting delegates to the Board of Directors. The Village does not exercise any control over the activities of IML beyond its power to vote delegates to the Board of Directors.

The Village, along with IML's other members, has a contractual obligation to fund any deficit of IML attributable to a membership year during which it was a member. Supplemental contributions may be required to fund these deficits.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 4 - OTHER INFORMATION - Continued

#### CONTINGENT LIABILITIES

##### Litigation

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

##### Grants

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

##### Financial Impacts from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Village's operations and financial position cannot be determined.

#### COMMITMENTS

##### Intergovernmental Agreements

On February 14, 2017 the Village entered into an Intergovernmental Agreement with the Rockford Board of Education, School District No. 205. The agreement states that the Village will provide to the District a total of \$407,460 to be utilized for the construction of the new school. These funds will be paid in five annual installments of \$81,492 from May 1, 2017 to May 1, 2021. As of April 30, 2022, the Village has paid \$407,460 to the District.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system and the Illinois Downstate Police Pension Plan which is a single-employer pension plan. A separate report is issued for the Illinois Downstate Police Pension Plan and may be obtained by writing to the Village at 806 East State Street, Cherry Valley, Illinois 61016. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amounts recognized for the pension plans are:

	Pension Expense/ (Revenue)	Net Pension Liability	Deferred Outflows	Deferred Inflows
IMRF	\$ (118,231)	125,976	132,808	551,489
Police Pension	930,028	7,851,983	1,043,899	243,822
	<u>811,797</u>	<u>7,977,959</u>	<u>1,176,707</u>	<u>795,311</u>

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

*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).

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

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

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

*Plan Membership.* As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	8
Inactive Plan Members Entitled to but not yet Receiving Benefits	15
Active Plan Members	<u>11</u>
Total	<u><u>34</u></u>

*Contributions.* As set by statute, the Village's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2022, the Village's contribution was 16.57% of covered payroll.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

*Actuarial Assumptions.* The total pension liabilities were determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

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

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.00%	2.00%
Domestic Equities	39.00%	4.50%
International Equities	15.00%	5.75%
Real Estate	10.00%	5.90%
Blended	10.00%	4.30% - 8.10%
Cash and Cash Equivalents	1.00%	1.70%

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 611,281	125,976	(230,596)

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2020	\$ 3,908,307	3,293,630	614,677
Changes for the Year:			
Service Cost	58,285	—	58,285
Interest	277,140	—	277,140
Differences Between Expected and Actual Experience	(101,823)	—	(101,823)
Change of Assumptions	—	—	—
Contributions - Employer	—	103,464	(103,464)
Contributions - Members	—	27,195	(27,195)
Net Investment Income	—	563,286	(563,286)
Benefit Payments, Including Refunds of Employee Contributions	(229,655)	(229,655)	—
Other (Net Transfer)	—	28,358	(28,358)
Net Changes	3,947	492,648	(488,701)
Balances at December 31, 2021	3,912,254	3,786,278	125,976

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

For the year ended April 30, 2022, the Village recognized pension revenue of \$118,231. At April 30, 2022, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 71,543	(86,445)	(14,902)
Change in Assumptions	26,853	(31,940)	(5,087)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		(433,104)	(433,104)
Total Pension Expense to be Recognized in Future Periods	98,396	(551,489)	(453,093)
Pension Contributions Made Subsequent to the Measurement Date	34,412	—	34,412
Total Deferred Amounts Related to IMRF	132,808	(551,489)	(418,681)

\$34,412 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (93,371)
2024	(157,649)
2025	(117,911)
2026	(84,162)
2027	—
Thereafter	—
Totals	(453,093)

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

*Plan Administration.* The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Village President, one member is elected by pension beneficiaries and two members are elected by active police employees.

*Plan Membership.* At April 30, 2022, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	16
Inactive Plan Members Entitled to but not yet Receiving Benefits	8
Active Plan Members	<u>10</u>
Total	<u><u>34</u></u>

*Benefits Provided.* The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of  $\frac{1}{2}$  of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

# VILLAGE OF CHERRY VALLEY, ILLINOIS

## Notes to the Financial Statements

April 30, 2022

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### NOTE 4 - OTHER INFORMATION - Continued

#### EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

##### Police Pension Plan - Continued

##### Plan Descriptions - Continued

*Benefits Provided - Continued.* Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e.,  $\frac{1}{2}$  percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of  $\frac{1}{2}$  of the change in the Consumer Price Index for the preceding calendar year.

*Contributions.* Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended April 30, 2022, the Village's contribution was 164.88% of covered payroll.

*Concentrations.* At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of April 30, 2022, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	5.75%
Salary Increases	3.75% - 7.25%
Cost of Living Adjustments	2.25%
Inflation	2.25%

Mortality rates were based on the sex distinct raw rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 improvement rates applied on a fully generational basis.

Discount Rate

The discount rate used to measure the total pension liability was 5.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Net Pension Liability \$	10,153,193	7,851,983	5,974,336

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2021	\$ 15,922,614	8,306,966	7,615,648
Changes for the Year:			
Service Cost	256,548	—	256,548
Interest on the Total Pension Liability	888,530	—	888,530
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(121,062)	—	(121,062)
Changes of Assumptions	—	—	—
Contributions - Employer	—	1,423,537	(1,423,537)
Contributions - Employees	—	85,561	(85,561)
Net Investment Income	—	(691,162)	691,162
Benefit Payments, Including Refunds of Employee Contributions	(748,719)	(748,719)	—
Other (Net Transfer)	—	(30,255)	30,255
Net Changes	275,297	38,962	236,335
Balances at April 30, 2022	16,197,911	8,345,928	7,851,983

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2022**

**NOTE 4 - OTHER INFORMATION - Continued**

**EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued**

**Police Pension Plan - Continued**

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

For the year ended April 30, 2022, the Village recognized pension expense of \$930,028. At April 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 125,277	(243,822)	(118,545)
Change in Assumptions	507,492	—	507,492
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	411,130	—	411,130
Total Deferred Amounts Related to Police Pension	<u>1,043,899</u>	<u>(243,822)</u>	<u>800,077</u>

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

Fiscal Year	Net Deferred Outflows of Resources
2023	\$ 320,548
2024	141,840
2025	80,784
2026	256,905
2027	—
Thereafter	—
Total	<u>800,077</u>

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

*Plan Description.* The Village's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Village. RBP is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided.* RBP provides healthcare and dental insurance benefits for retirees and their dependents. The retiree pays for the full cost of coverage except for disabled police officers who qualify for PSEBA benefits. Coverage becomes secondary to Medicare once eligible.

*Plan Membership.* As of April 30, 2022, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	4
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>24</u>
Total	<u><u>28</u></u>

**Total OPEB Liability**

The Village's total OPEB liability was measured as of April 30, 2022, and was determined by an actuarial valuation as of May 1, 2021.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the April 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

VILLAGE OF CHERRY VALLEY, ILLINOIS

Notes to the Financial Statements

April 30, 2022

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NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

*Actuarial Assumptions and Other Inputs - Continued.*

Inflation	2.25%
Salary Increases	3.00%
Discount Rate	3.21%
Healthcare Cost Trend Rates	7.70% initial trend, decreasing to an ultimate rate of 5.0% for 2031 and later years
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees.

The discount rate assumption is based on The Bond Buyer 20-Bond GO Index

Mortality rates were based on the IMRF Mortality which follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates.

Change in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at April 30, 2021	<u>\$ 776,018</u>
Changes for the Year:	
Service Cost	33,814
Interest on the Total OPEB Liability	17,318
Changes of Benefit Terms	—
Difference Between Expected and Actual Experience	—
Changes of Assumptions or Other Inputs	(114,290)
Benefit Payments	(26,162)
Other Changes	—
Net Changes	<u>(89,320)</u>
Balance at April 30, 2022	<u><u>686,698</u></u>

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Notes to the Financial Statements**

**April 30, 2022**

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**NOTE 4 - OTHER INFORMATION - Continued**

**OTHER POST-EMPLOYMENT BENEFITS - Continued**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The discount rate used to measure the total pension liability was 3.21%, while the prior valuation used 2.27%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

		Current Discount Rate	
	1% Decrease (2.21%)	(3.21%)	1% Increase (4.21%)
Total OPEB Liability	\$ 783,900	686,698	607,389

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

		Healthcare Cost Trend Rates	
	1% Decrease (Varies)	(Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 595,358	686,698	798,679

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended April 30, 2022, the Village recognized OPEB revenue of \$63,158. Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB.

**SUBSEQUENT EVENT**

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This act provides \$350 billion in funding for local governments. The Village has been allocated \$391,516 to be received in two installments. On September 1, 2021 the Village received their first installment of \$195,758. As of the date of these financial statements, the Village has not received their second installment.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

- Schedule Employer Contributions  
Illinois Municipal Retirement Fund  
Police Pension Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund  
Police Pension Fund
- Schedule of Investment Returns  
Police Pension Fund
- Schedule of Changes in the Employer's Total OPEB Liability  
Retiree Benefit Plan
- Budgetary Comparison Schedule  
General Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a cash basis.

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Illinois Municipal Retirement Fund  
Schedule of Employer Contributions  
April 30, 2022**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 96,921	\$ 99,558	\$ 2,637	\$ 582,809	17.08%
2017	105,481	105,481	—	614,334	17.17%
2018	99,064	99,064	—	669,020	14.81%
2019	99,941	99,941	—	682,809	14.64%
2020	106,656	106,656	—	713,502	14.95%
2021	102,531	102,531	—	634,807	16.15%
2022	100,309	100,309	—	605,497	16.57%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

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

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Police Pension Fund**

**Schedule of Employer Contributions**

**April 30, 2022**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 423,142	\$ 423,142	\$ —	\$ 909,618	46.52%
2016	426,743	426,743	—	803,075	53.14%
2017	524,485	1,149,485	625,000	934,707	122.98%
2018	627,160	1,252,160	625,000	782,441	160.03%
2019	614,445	1,239,445	625,000	807,870	153.42%
2020	648,110	1,347,541	699,431	841,924	160.05%
2021	825,949	1,450,959	625,010	778,032	186.49%
2022	798,537	1,423,537	625,000	863,378	164.88%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	19 Years
Asset Valuation Method	Fair Value
Inflation	2.25%
Salary Increases	3.25%
Investment Rate of Return	5.75%
Retirement Age	See the Notes to the Financial Statements
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

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

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Schedule of Changes in the Employer's Net Pension Liability**

**April 30, 2022**

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**See Following Page**

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Illinois Municipal Retirement Fund  
Schedule of Changes in the Employer's Net Pension Liability  
April 30, 2022**

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 65,246
Interest	223,223
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	(126,119)
Change of Assumptions	(18,131)
Benefit Payments, Including Refunds of Member Contributions	<u>(73,248)</u>
Net Change in Total Pension Liability	70,971
Total Pension Liability - Beginning	<u>3,008,349</u>
Total Pension Liability - Ending	<u><u>3,079,320</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 99,558
Contributions - Members	26,226
Net Investment Income	10,817
Benefit Payments, Including Refunds of Member Contributions	(73,248)
Other (Net Transfer)	<u>27,093</u>
Net Change in Plan Fiduciary Net Position	90,446
Plan Net Position - Beginning	<u>2,137,092</u>
Plan Net Position - Ending	<u><u>2,227,538</u></u>
Employer's Net Pension Liability	<u><u>\$ 851,782</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.34%
Covered Payroll	\$ 582,809
Employer's Net Pension Liability as a Percentage of Covered Payroll	146.15%

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2021. Changes in assumptions related to the demographics were made in 2017.

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

12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
63,148	66,051	65,027	68,925	58,137	58,285
229,288	243,536	241,922	252,772	268,101	277,140
—	—	—	—	—	—
7,731	(92,483)	(1,051)	74,374	60,193	(101,823)
(11,446)	(97,171)	98,733	—	(43,564)	—
(82,875)	(142,086)	(139,794)	(151,598)	(206,883)	(229,655)
205,846	(22,153)	264,837	244,473	135,984	3,947
3,079,320	3,285,166	3,263,013	3,527,850	3,772,323	3,908,307
3,285,166	3,263,013	3,527,850	3,772,323	3,908,307	3,912,254
105,481	96,409	98,568	112,844	100,122	103,464
27,645	29,156	30,298	31,807	28,808	27,195
156,339	368,818	(133,205)	447,432	426,022	563,286
(82,875)	(142,086)	(139,794)	(151,598)	(206,883)	(229,655)
5,710	(226,312)	59,834	(4,235)	27,787	28,358
212,300	125,985	(84,299)	436,250	375,856	492,648
2,227,538	2,439,838	2,565,823	2,481,524	2,917,774	3,293,630
2,439,838	2,565,823	2,481,524	2,917,774	3,293,630	3,786,278
845,328	697,190	1,046,326	854,549	614,677	125,976
74.27%	78.63%	70.34%	77.35%	84.27%	96.78%
614,334	647,911	673,285	706,820	640,171	604,345
137.60%	107.61%	155.41%	120.90%	96.02%	20.85%

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Police Pension Fund**

**Schedule of Changes in the Employer's Net Pension Liability**

**April 30, 2022**

	<u>4/30/2015</u>
Total Pension Liability	
Service Cost	\$ 202,526
Interest	533,365
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	620,358
Change of Assumptions	730,218
Benefit Payments, Including Refunds of Member Contributions	<u>(406,658)</u>
Net Change in Total Pension Liability	1,679,809
Total Pension Liability - Beginning	<u>9,092,741</u>
Total Pension Liability - Ending	<u><u>10,772,550</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 423,142
Contributions - Members	91,995
Contributions - Other	—
Net Investment Income	99,942
Benefit Payments, Including Refunds of Member Contributions	(406,657)
Administrative Expenses	<u>(19,999)</u>
Net Change in Plan Fiduciary Net Position	188,423
Plan Net Position - Beginning	<u>2,498,610</u>
Plan Net Position - Ending	<u><u>2,687,033</u></u>
Employer's Net Pension Liability	<u><u>\$ 8,085,517</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.94%
Covered Payroll	\$ 909,618
Employer's Net Pension Liability as a Percentage of Covered Payroll	888.89%

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

4/30/2016	4/30/2017	4/30/2018	4/30/2019	4/30/2020	4/30/2021	4/30/2022
244,015	230,968	257,217	311,492	297,809	275,722	256,548
631,996	746,841	745,655	738,940	817,351	871,894	888,530
—	—	—	—	66,594	—	—
470,054	20,914	(216,645)	119,397	189,310	(305,684)	(121,062)
1,073,566	(463,241)	289,804	907,115	206,489	393,155	—
(478,555)	(532,557)	(586,848)	(709,218)	(717,333)	(746,153)	(748,719)
1,941,076	2,925	489,183	1,367,726	860,220	488,934	275,297
10,772,550	12,713,626	12,716,551	13,205,734	14,573,460	15,433,680	15,922,614
12,713,626	12,716,551	13,205,734	14,573,460	15,433,680	15,922,614	16,197,911
426,743	1,149,485	1,252,160	1,239,445	1,347,541	1,450,959	1,423,537
92,030	88,481	81,026	81,276	85,522	75,582	85,561
—	—	—	—	—	—	—
(4,227)	240,716	175,914	262,446	175,052	1,383,147	(691,162)
(478,555)	(532,557)	(586,848)	(709,218)	(717,333)	(746,153)	(748,719)
(61,503)	(24,249)	(34,127)	(30,907)	(30,059)	(31,856)	(30,255)
(25,512)	921,876	888,125	843,042	860,723	2,131,679	38,962
2,687,033	2,661,521	3,583,397	4,471,522	5,314,564	6,175,287	8,306,966
2,661,521	3,583,397	4,471,522	5,314,564	6,175,287	8,306,966	8,345,928
10,052,105	9,133,154	8,734,212	9,258,896	9,258,393	7,615,648	7,851,983
20.93%	28.18%	33.86%	36.47%	40.01%	52.17%	51.52%
803,075	934,707	782,441	807,870	841,924	778,032	863,378
1251.70%	977.11%	1116.28%	1146.09%	1099.67%	978.83%	909.45%

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Police Pension Fund**

**Schedule of Investment Returns**

**April 30, 2022**

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Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	3.66%
2016	(0.44%)
2017	9.21%
2018	4.63%
2019	5.55%
2020	3.00%
2021	20.62%
2022	(7.80%)

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

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Retiree Benefit Plan**

**Schedule of Changes in the Employer's Total OPEB Liability**

**April 30, 2022**

	4/30/19	4/30/20	4/30/21	4/30/22
Total OPEB Liability				
Service Cost	\$ 23,417	25,006	32,630	33,814
Interest	34,758	33,545	25,529	17,318
Changes in Benefit Terms	—	—	—	—
Differences Between Expected and Actual Experience	—	—	(342,164)	—
Change of Assumptions or Other Inputs	14,487	120,399	97,376	(114,290)
Benefit Payments	(60,989)	(64,827)	(69,185)	(26,162)
Net Change in Total OPEB Liability	11,673	114,123	(255,814)	(89,320)
Total OPEB Liability - Beginning	906,036	917,709	1,031,832	776,018
Total OPEB Liability - Ending	917,709	1,031,832	776,018	686,698
Covered-Employee Payroll	\$ 1,592,576	1,704,651	1,324,581	1,744,312
Total OPEB Liability as a Percentage of Covered Payroll	57.62%	60.53%	58.59%	39.37%

Notes:

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

*Changes of Benefit Terms.* There was no change in the retirees' share of health insurance premiums.

*Changes of Assumptions.* Changes in assumptions related to the discount rate were made in 2019 through 2022.

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**General Fund**

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

**For the Fiscal Year Ended April 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 272,659	357,000	384,922	27,922
Intergovernmental	4,035,100	4,348,400	4,691,245	342,845
Charges for Services	46,400	46,400	48,532	2,132
Licenses and Permits	89,614	86,430	138,908	52,478
Fines and Forfeitures	75,000	75,000	135,389	60,389
Interest Income	12,000	12,000	18,915	6,915
Miscellaneous	114,035	129,700	195,946	66,246
Total Revenues	4,644,808	5,054,930	5,613,857	558,927
<b>Expenditures</b>				
General Government	540,144	671,024	600,254	70,770
Public Safety	3,575,350	3,655,066	3,556,492	98,574
Public Works	966,988	1,169,170	887,364	281,806
Capital Outlay	121,000	116,600	42,463	74,137
Total Expenditures	5,203,482	5,611,860	5,086,573	525,287
Excess (Deficiency) of Revenues Over (Under) Expenditures	(558,674)	(556,930)	527,284	1,084,214
<b>Other Financing Sources (Uses)</b>				
Disposal of Capital Assets	—	—	6,822	6,822
Transfers Out	(5,000)	(15,000)	(15,000)	—
	(5,000)	(15,000)	(8,178)	6,822
Net Change in Fund Balance	(563,674)	(571,930)	519,106	1,091,036
Fund Balance - Beginning			7,395,518	
Fund Balance - Ending			7,914,624	

## **OTHER SUPPLEMENTARY INFORMATION**

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

Such schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
- Budgetary Comparison Schedule - Nonmajor Governmental Fund
- Budgetary Comparison Schedules - Major Enterprise Fund
- Consolidated Year-End Financial Report

## **INDIVIDUAL FUND SCHEDULES**

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### **GENERAL FUND**

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

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### **SPECIAL REVENUE FUNDS**

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

#### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund is used to account for motor fuel taxes and street repairs.

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### **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

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### **ENTERPRISE FUND**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

#### **Water Fund**

The Water Fund is used to account for the operations of the Village's water system. This water system supplies potable water to the residents of the Village and the surrounding subdivisions which were designed to meet Village standards. The principal operating revenues of the Village's Water Fund are charges to customers for services. This water system is operated as a public utility by the Village.

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## **INDIVIDUAL FUND SCHEDULES - Continued**

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### **PENSION TRUST FUND**

#### **Police Pension Fund**

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. The fund does not account for the administrative costs of the system, which are borne by the General Fund. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

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**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual**

**For the Fiscal Year Ended April 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Taxes</b>				
Property Taxes	\$ 50,000	50,000	49,690	(310)
Hotel Tax	32,560	40,000	41,732	1,732
Video Gaming Tax	171,029	250,000	278,003	28,003
Auto Rental Tax	19,070	17,000	15,497	(1,503)
<b>Total Taxes</b>	<b>272,659</b>	<b>357,000</b>	<b>384,922</b>	<b>27,922</b>
<b>Intergovernmental</b>				
Illinois State Income Tax	334,000	375,000	439,382	64,382
State Sales Tax	3,566,000	3,800,000	4,030,748	230,748
State Use Tax	110,400	110,400	121,496	11,096
Illinois State Replacement Tax	19,300	33,000	56,791	23,791
Grants	5,400	30,000	42,828	12,828
<b>Total Intergovernmental</b>	<b>4,035,100</b>	<b>4,348,400</b>	<b>4,691,245</b>	<b>342,845</b>
<b>Charges for Services</b>				
Franchise Fees	46,400	46,400	48,532	2,132
<b>Licenses and Permits</b>				
	89,614	86,430	138,908	52,478
<b>Fines and Forfeitures</b>				
Police Fines	75,000	75,000	135,389	60,389
<b>Interest Income</b>				
	12,000	12,000	18,915	6,915
<b>Miscellaneous</b>				
Rentals	34,335	50,000	69,200	19,200
Reimbursements	79,100	79,100	125,518	46,418
Miscellaneous	600	600	1,228	628
<b>Total Miscellaneous</b>	<b>114,035</b>	<b>129,700</b>	<b>195,946</b>	<b>66,246</b>
<b>Total Revenues</b>	<b>4,644,808</b>	<b>5,054,930</b>	<b>5,613,857</b>	<b>558,927</b>

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual**

**For the Fiscal Year Ended April 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
Salaries	\$ 112,316	152,000	146,979	5,021
Salaries - Overtime	7,684	9,000	6,938	2,062
Salaries - Part Time	68,150	68,150	63,476	4,674
Special Committee	5,400	5,400	4,200	1,200
Social Security and Medicare	14,400	17,530	15,737	1,793
Employee Insurance	40,400	43,500	38,062	5,438
Deductible Management Fee	5,500	9,000	6,541	2,459
Pension Benefits	20,000	28,000	25,001	2,999
Unemployment Insurance	700	700	672	28
Maintenance - Vehicles	250	250	—	250
Maintenance - Equipment	250	250	—	250
Office Supplies	4,000	4,000	3,222	778
Professional Services	42,000	42,000	39,823	2,177
Legal Services	90,000	132,000	138,736	(6,736)
Postage	1,750	2,000	1,759	241
Printing, Advertising, and Publishing	10,500	11,250	6,711	4,539
Insurance - General	8,244	8,400	4,134	4,266
Rentals	1,700	1,700	1,461	239
Telephone	7,000	7,000	4,254	2,746
Utilities	4,500	8,000	7,485	515
Memberships	900	900	870	30
Travel	3,300	3,300	—	3,300
Training and Seminars	4,025	4,025	1,351	2,674
Fuel and Oil	200	900	—	900
Audit and Accounting Services	6,300	6,300	6,200	100
Corporate Replacement Taxes	6,800	15,000	14,767	233
Real Estate Taxes	8,000	8,000	7,591	409
Tax Rebate	12,000	16,000	10,585	5,415
Tourism	31,550	31,550	15,030	16,520
Community Welfare	2,075	2,075	1,534	541
Miscellaneous	250	26,000	25,189	811
Contingency	20,000	6,844	1,946	4,898
Total General Government	540,144	671,024	600,254	70,770

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**For the Fiscal Year Ended April 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Safety				
Salaries	\$ 1,046,823	1,063,267	1,059,168	4,099
Salaries - Overtime	165,900	165,900	155,445	10,455
Salaries - Part Time	85,000	55,000	50,365	4,635
Social Security and Medicare	99,276	97,474	91,101	6,373
Employee Insurance	247,454	260,000	238,112	21,888
Deductible Management Fee	47,100	37,100	30,419	6,681
Pension Benefits	1,423,537	1,455,000	1,449,364	5,636
Unemployment Insurance	5,210	5,210	3,871	1,339
Maintenance - Vehicles	20,000	20,000	19,931	69
Maintenance - Equipment	2,000	2,000	1,532	468
Supplies	8,600	15,100	13,005	2,095
Professional Services	130,606	173,971	163,592	10,379
Legal Services	85,000	85,000	76,077	8,923
Postage	3,000	3,000	1,853	1,147
Printing, Advertising, and Publishing	1,900	1,900	1,204	696
Insurance - General	94,704	94,704	93,614	1,090
Rentals	3,000	3,000	2,646	354
Telephone	10,500	10,500	8,739	1,761
Utilities	4,800	8,000	7,485	515
Travel	6,000	6,000	3,158	2,842
Training and Seminars	20,215	20,215	16,997	3,218
Memberships	1,625	1,625	1,580	45
Fuel and Oil	35,000	40,000	41,609	(1,609)
Uniforms	22,000	22,000	18,089	3,911
Special Events	2,500	2,500	2,425	75
Other Supplies	3,000	3,000	2,264	736
Community Welfare	600	600	599	1
Miscellaneous	—	3,000	2,248	752
Total Public Safety	3,575,350	3,655,066	3,556,492	98,574

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**For the Fiscal Year Ended April 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Works				
Administration				
Salaries	\$ 225,538	234,966	211,158	23,808
Salaries - Overtime	32,529	31,828	8,576	23,252
Salaries - Part Time	73,480	80,500	49,232	31,268
Social Security and Medicare	23,642	26,081	19,284	6,797
Employee Insurance	66,015	91,234	77,202	14,032
Deductible Management Fee	6,850	16,850	12,587	4,263
Pension Benefits	48,533	54,137	37,662	16,475
Unemployment Insurance	1,737	1,954	742	1,212
Mosquito Control	44,660	44,660	38,358	6,302
Office Supplies	500	750	543	207
Professional Services	36,850	35,850	30,286	5,564
Legal Services	7,500	30,000	26,780	3,220
Engineering Services	20,000	20,000	18,242	1,758
Printing and Publishing	600	1,100	788	312
Insurance - General	11,141	11,141	11,013	128
Rentals	10,000	6,000	1,535	4,465
Travel	1,500	1,500	1,735	(235)
Training and Seminars	7,700	7,950	5,251	2,699
Memberships	1,500	1,500	370	1,130
Fuel and Oil	17,500	17,500	15,599	1,901
Uniforms	5,700	6,200	5,231	969
Other Supplies	1,500	1,800	816	984
Community Welfare	350	400	156	244
Miscellaneous	—	400	356	44
Streets and Alleys				
Maintenance - Equipment	25,000	25,000	12,514	12,486
Maintenance - Vehicles	20,000	22,000	19,890	2,110
Maintenance - Streets	18,500	36,500	1,968	34,532
Supplies	9,000	9,000	1,339	7,661
Professional Services	27,700	97,300	64,604	32,696
Engineering Services	15,000	21,000	4,095	16,905
Insurance - General	29,780	29,780	29,437	343
Telephone	4,200	4,200	2,868	1,332
Utilities	1,600	2,000	1,788	212
Other Supplies	800	1,300	989	311

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual - Continued**

**For the Fiscal Year Ended April 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Works - Continued				
Streets and Alleys - Continued				
Street Lighting	\$ 42,000	55,000	54,048	952
Miscellaneous	—	100	47	53
Buildings and Grounds				
Maintenance - Equipment	1,000	2,800	2,035	765
Maintenance - Buildings	31,500	34,706	27,490	7,216
Maintenance - Grounds	5,500	5,500	4,872	628
Professional Services	63,558	68,758	59,983	8,775
Rentals	—	400	—	400
Utilities	12,000	14,000	13,617	383
Supplies	7,000	8,000	7,185	815
Special Events	7,525	7,525	5,093	2,432
Total Public Works	966,988	1,169,170	887,364	281,806
Capital Outlay				
General Government				
Equipment	3,400	3,600	3,566	34
Public Safety				
Equipment	14,800	14,800	13,818	982
Public Works				
Administration				
Equipment	3,000	3,000	—	3,000
Streets and Alleys				
Improvements	55,000	55,000	5,573	49,427
Traffic	8,000	8,000	5,146	2,854
Equipment	8,000	5,400	1,560	3,840
Buildings and Grounds				
Improvements	5,000	3,000	575	2,425
Equipment	2,000	2,000	26	1,974
Parks	21,800	21,800	12,199	9,601
Total Capital Outlay	121,000	116,600	42,463	74,137
Total Expenditures	5,203,482	5,611,860	5,086,573	525,287

VILLAGE OF CHERRY VALLEY, ILLINOIS

Capital Projects Fund

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

For the Fiscal Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental				
Sales Tax	\$ 1,286,650	1,400,000	1,608,950	208,950
Donations	—	—	207,414	207,414
Interest Income	10,666	10,666	10,951	285
Miscellaneous	—	—	1,539	1,539
Total Revenues	<u>1,297,316</u>	<u>1,410,666</u>	<u>1,828,854</u>	<u>418,188</u>
Expenditures				
Public Works				
Contractual Services				
Engineering	50,700	127,200	115,667	11,533
Insurance	10,384	10,384	10,265	119
Maintenance	—	17,000	16,382	618
Contingency	50,000	350,000	299,595	50,405
Total Public Works	<u>111,084</u>	<u>504,584</u>	<u>441,909</u>	<u>62,675</u>
Capital Outlay				
Improvements	1,220,112	826,578	778,119	48,459
Parks	13,000	28,500	17,655	10,845
Total Capital Outlay	<u>1,233,112</u>	<u>855,078</u>	<u>795,774</u>	<u>59,304</u>
Total Expenditures	<u>1,344,196</u>	<u>1,359,662</u>	<u>1,237,683</u>	<u>(121,979)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(46,880)</u>	<u>51,004</u>	<u>591,171</u>	<u>540,167</u>
Other Financing Sources				
Disposal of Capital Assets	—	—	11,870	11,870
Transfers In	5,000	15,000	15,000	—
	<u>5,000</u>	<u>15,000</u>	<u>26,870</u>	<u>11,870</u>
Net Change in Fund Balance	<u>(41,880)</u>	<u>66,004</u>	618,041	<u>552,037</u>
Fund Balance - Beginning			<u>4,965,100</u>	
Fund Balance - Ending			<u>5,583,141</u>	

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Motor Fuel Tax - Special Revenue Fund**

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

**For the Fiscal Year Ended April 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental				
Motor Fuel Taxes	\$ 183,463	183,463	195,515	12,052
Interest Income	100	100	2,828	2,728
Miscellaneous	—	—	5,000	5,000
Total Revenues	<u>183,563</u>	<u>183,563</u>	<u>203,343</u>	<u>19,780</u>
Expenditures				
Capital Outlay				
Improvements	244,835	212,728	164,580	48,148
Net Change in Fund Balance	<u>(61,272)</u>	<u>(29,165)</u>	38,763	<u>67,928</u>
Fund Balance - Beginning			<u>363,853</u>	
Fund Balance - Ending			<u>402,616</u>	

VILLAGE OF CHERRY VALLEY, ILLINOIS

Water - Enterprise Fund

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

For the Fiscal Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Revenues				
Charges for Services				
User Fees	\$ 764,000	764,000	777,910	13,910
Hookup Fees	5,000	—	21,246	21,246
Service Initiation/Meter Replacement	113,000	112,000	113,605	1,605
Miscellaneous	—	195,556	105	(195,451)
Total Operating Revenues	882,000	1,071,556	912,866	(158,690)
Operating Expenses				
Personnel Services	466,280	477,735	52,504	425,231
Contractual Services	350,896	526,370	396,019	130,351
Commodities	81,600	81,850	57,785	24,065
Other	100,000	72,600	47,115	25,485
Depreciation	—	—	99,987	(99,987)
Total Operating Expenses	998,776	1,158,555	653,410	505,145
Operating Income (Loss)	(116,776)	(86,999)	259,456	(663,835)
Nonoperating Revenues (Expenses)				
Interest Income	4,100	4,100	9,102	5,002
Capital Outlay	(680,500)	(1,195,000)	(239,442)	(955,558)
	(676,400)	(1,190,900)	(230,340)	(950,556)
Change in Net Position	(793,176)	(1,277,899)	29,116	1,307,015
Net Position - Beginning			3,792,744	
Net Position - Ending			3,821,860	

VILLAGE OF CHERRY VALLEY, ILLINOIS

Waterworks - Enterprise Fund

Schedule of Operating Expenses and Capital Outlay - Budget and Actual

For the Fiscal Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Expenses				
Personnel Services				
Salaries	\$ 265,668	274,169	163,239	110,930
Salaries - Overtime	15,079	15,725	9,649	6,076
Salaries - Part-Time	—	—	—	—
Social Security and Medicare	21,477	22,177	13,007	9,170
Employee Insurance	104,066	104,066	(13,737)	117,803
Deductible Management Fee	9,550	9,550	6,920	2,630
Retirement Fund	49,355	50,963	30,244	20,719
Unemployment Insurance	1,085	1,085	497	588
IMRF and OPEB Pension Expense	—	—	(157,315)	157,315
	466,280	477,735	52,504	425,231
Contractual Services				
Maintenance - Buildings	28,000	28,000	2,334	25,666
Maintenance - Equipment	34,500	69,500	46,869	22,631
Maintenance - System	27,500	143,624	139,197	4,427
Engineering	80,000	80,000	61,833	18,167
Postage	14,000	14,000	7,893	6,107
Printing	1,700	7,100	3,547	3,553
Professional Fees	48,750	52,550	35,730	16,820
Community Welfare and Development	—	150	112	38
Memberships	1,000	1,000	448	552
Audit	2,800	2,800	2,800	—
Insurance	15,746	15,746	15,565	181
Legal	2,500	17,500	11,724	5,776
Rentals	1,250	1,250	1,200	50
Telephone	16,400	16,400	6,829	9,571
Training	5,250	5,250	187	5,063
Travel	1,500	1,500	—	1,500
Utilities	70,000	70,000	59,751	10,249
	350,896	526,370	396,019	130,351

VILLAGE OF CHERRY VALLEY, ILLINOIS

Waterworks - Enterprise Fund

Schedule of Operating Expenses and Capital Outlay - Budget and Actual - Continued

For the Fiscal Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Expenses - Continued				
Commodities				
Gas and Oil	\$ 14,000	14,000	10,285	3,715
Office Supplies	1,000	1,250	1,137	113
Operating Supplies	600	600	(688)	1,288
Chemicals	60,000	60,000	44,200	15,800
Other Supplies	6,000	6,000	2,851	3,149
	<u>81,600</u>	<u>81,850</u>	<u>57,785</u>	<u>24,065</u>
Other				
Miscellaneous	—	13,000	12,436	564
Contingency	100,000	59,600	34,679	24,921
	<u>100,000</u>	<u>72,600</u>	<u>47,115</u>	<u>25,485</u>
Depreciation	—	—	99,987	(99,987)
Total Operating Expenses	<u>998,776</u>	<u>1,158,555</u>	<u>653,410</u>	<u>505,145</u>
Capital Outlay				
Equipment	568,500	588,500	10,749	577,751
Meters	35,000	40,000	35,474	4,526
Non-Buildings	10,000	495,500	193,219	302,281
Vehicles	67,000	71,000	—	71,000
Total Capital Outlay	<u>680,500</u>	<u>1,195,000</u>	<u>239,442</u>	<u>955,558</u>

## **SUPPLEMENTAL SCHEDULE**

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Schedule of Legal Debt Margin - Last Six Fiscal Years**

**April 30, 2022**

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**See Following Page**

**VILLAGE OF CHERRY VALLEY, ILLINOIS**

**Schedule of Legal Debt Margin - Last Six Fiscal Years  
April 30, 2022**

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	2017	2018
Assessed Valuation	\$ 77,870,286	79,332,536
Legal Debt Limit - 8.625% of Assessed Value	6,716,312	6,842,431
Amount of Debt Applicable to Limit General Obligation Debt	—	—
Legal Debt Margin	6,716,312	6,842,431

2019	2020	2021	2022
83,276,124	87,673,902	92,028,467	95,932,154
7,182,566	7,561,874	7,937,455	8,274,148
—	—	—	—
7,182,566	7,561,874	7,937,455	8,274,148