

**CITY OF HILLSBORO, ILLINOIS**

**Annual Financial Report**

**April 30, 2023**

**PATTON & COMPANY, P.C.**

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**Certified Public Accountants**

# CITY OF HILLSBORO, ILLINOIS

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# PATTON & COMPANY, P.C.

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Hillsboro, Illinois:

### Report on the Audit of the Financial Statements

#### 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 City of Hillsboro, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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 City of Hillsboro, Illinois, as of April 30, 2023, and the respective changes in financial position, where applicable, cash flows thereof for the year then ended in accordance with accounting principals 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City of Hillsboro, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 City of Hillsboro, Illinois', ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

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

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

### **Supplemental Information**

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

## Other Information

Management is responsible for the other information included in the annual report. The other information 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.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023, on our consideration of the City of Hillsboro, Illinois', internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hillsboro, Illinois', internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hillsboro, Illinois', internal control over financial reporting and compliance.

*Pattani Company, P.C.*

September 22, 2023

Hillsboro, Illinois

# PATTON & COMPANY, P.C.

*Certified Public Accountants*

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Honorable Mayor and Members of the City Council  
City of Hillsboro, Illinois:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hillsboro, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hillsboro, Illinois', financial statements and have issued our report thereon dated September 22, 2023.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Hillsboro, Illinois', internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hillsboro, Illinois', internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hillsboro, Illinois', internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the government's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we may consider to be material weaknesses. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies:

#### **Segregation of Duties**

Criteria: Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition: There is a lack of segregation of duties among City personnel.

Effect: Transactions could be mishandled.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be segregated as much as possible, and alternative controls should be used to compensate for lack of segregation. The governing board should provide some of these controls.

Management's Response: Due to limited personnel, management believes it to be unfeasible to correct this deficiency.

#### **Controls Over Financial Statement Preparation**

Criteria: A system of internal controls over the preparation of financial statements in accordance with generally accepted accounting principles is necessary to prepare the financial statements and disclosures.

Condition: As is common with organizations its size, the City does not currently prepare its own financial statements with note disclosures. Statements on Auditing Standards do not provide exceptions to financial reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditors or deficiencies for which the remedy would be cost prohibitive.

Effect: The management of the City of Hillsboro, Illinois, or its employees, in the normal course of performing their assigned functions, may not prevent or detect financial statement misstatements and disclosures in a timely manner.

Cause: The City has limited resources.

Recommendation: We recommend that the City continually monitor the cost/benefit of preparing its own financial statements and note disclosures.

Management's Response: City meets all audit reporting requirements and will continue to do so in the future. Currently the City Clerk, Mayor and other personnel review the annual financial statements. As additional resources become available, the City will review the cost/benefit involved with preparing the financial statements.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Hillsboro, Illinois', financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described above.

### **City of Hillsboro, Illinois, Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hillsboro, Illinois', response to the findings identified in our audit and described above. The City of Hillsboro, Illinois', response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Patton : Company, P.C.*  
September 22, 2023

Hillsboro, Illinois

## **BASIC FINANCIAL STATEMENTS**



**CITY OF HILLSBORO, ILLINOIS**

**Statement of Net Position  
April 30, 2023**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>Assets and Deferred Outflows of Resources</u></b>			
Assets:			
Cash and cash equivalents	\$ 5,319,667	\$ 4,183,149	\$ 9,502,816
Restricted cash and cash equivalents	-	936,602	936,602
Investments	495,000	-	495,000
Receivables (net of allowance for uncollectibles):			
Taxes	1,154,825	-	1,154,825
Notes	24,375	-	24,375
Other	12,605	640,198	652,803
Capital assets, not being depreciated	3,247,208	202,168	3,449,376
Capital assets, being depreciated (net of accumulated depreciation)	3,689,524	13,162,546	16,852,070
Net pension asset - IMRF	<u>546,599</u>	<u>-</u>	<u>546,599</u>
Total assets	<u>14,489,803</u>	<u>19,124,663</u>	<u>33,614,466</u>
Deferred Outflows of Resources:			
Unamortized loss on refunding	-	228,127	228,127
<del>Deferred amounts related to pensions</del>	<del><u>1,939,046</u></del>	<del><u>-</u></del>	<del><u>1,939,046</u></del>
Total assets and deferred outflows of resources	<u>16,428,849</u>	<u>19,352,790</u>	<u>35,781,639</u>

See notes to the financial statements.



# CITY OF HILLSBORO, ILLINOIS

## Statement of Net Position

April 30, 2023

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>Liabilities and Deferred Inflows of Resources</u></b>			
Current liabilities:			
Accounts payable	\$ 76,451	\$ 165,280	\$ 241,731
Accrued wages	52,175	2,968	55,143
Accrued interest	-	76,484	76,484
Bonds payable	-	465,000	465,000
Notes payable	-	102,322	102,322
Compensated absences	10,000	-	10,000
Total current liabilities	<u>138,626</u>	<u>812,054</u>	<u>950,680</u>
Noncurrent liabilities:			
Bonds payable	-	7,655,000	7,655,000
Refundable deposits	-	51,000	51,000
Compensated absences	59,000	-	59,000
Net pension liability - Police and Fire	1,091,843	-	1,091,843
Total noncurrent liabilities	<u>1,150,843</u>	<u>7,706,000</u>	<u>8,856,843</u>
Total liabilities	<u>1,289,469</u>	<u>8,518,054</u>	<u>9,807,523</u>
Deferred inflows of resources:			
Bond premium	-	290,190	290,190
Subsequent year's property taxes	745,000	-	745,000
Deferred amounts related to pensions	1,412,944	-	1,412,944
Total deferred inflows of resources	<u>2,157,944</u>	<u>290,190</u>	<u>2,448,134</u>
Total liabilities and deferred inflows of resources	<u>3,447,413</u>	<u>8,808,244</u>	<u>12,255,657</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	6,936,732	5,142,392	12,079,124
Restricted for public safety	85,242	-	85,242
Restricted for highways and streets	471,889	-	471,889
Restricted for debt	-	936,602	936,602
Restricted for culture and recreation	78,929	-	78,929
Restricted for economic development	1,622,170	-	1,622,170
Restricted for general government	1,161,695	-	1,161,695
Unrestricted	<u>2,624,779</u>	<u>4,465,552</u>	<u>7,090,331</u>
Total net position	<u>\$ 12,981,436</u>	<u>\$ 10,544,546</u>	<u>\$ 23,525,982</u>

# CITY OF HILLSBORO, ILLINOIS

## Statement of Activities Year Ended April 30, 2023

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 263,549	\$ 430,802	\$ 406,213
Public safety	993,476	65,233	-
Streets and roads	378,273	-	98,676
Culture and recreation	<u>274,494</u>	<u>76,775</u>	<u>-</u>
Total governmental activities	<u>1,909,792</u>	<u>572,810</u>	<u>504,889</u>
Business-type activities:			
Water	2,032,040	2,447,793	-
Sewer	<u>1,133,552</u>	<u>913,458</u>	<u>-</u>
Total business-type activities	<u>3,165,592</u>	<u>3,361,251</u>	<u>-</u>
Total primary government	\$ <u>5,075,384</u>	\$ <u>3,934,061</u>	\$ <u>504,889</u>
General revenues:			
Video gaming tax			
Motor fuel tax			
Property and replacement taxes			
Income tax			
Sales tax			
Fire tax			
Utility and telecommunication taxes			
Cannabis tax			
Investment income			
Miscellaneous			
Transfers			
Total general revenues			
Change in net position			
Net position, beginning of year (as restated)			
Net position, ending			

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Statement of Activities Year Ended April 30, 2023

<u>Program Revenues</u> <u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	
\$ -	\$ 573,466	\$ -	\$ 573,466
-	(928,243)	-	(928,243)
-	(279,597)	-	(279,597)
-	(197,719)	-	(197,719)
-	(832,093)	-	(832,093)
-	-	415,753	415,753
-	-	(220,094)	(220,094)
-	-	195,659	195,659
\$ -	(832,093)	195,659	(636,434)
	85,580	-	85,580
	245,042	-	245,042
	935,680	-	935,680
	908,268	-	908,268
	1,401,087	-	1,401,087
	8,668	-	8,668
	521,165	-	521,165
	9,292	-	9,292
	58,933	56,364	115,297
	142,033	-	142,033
	16,599	(16,599)	-
	4,332,347	39,765	4,372,112
	3,500,254	235,424	3,735,678
	9,481,182	10,309,122	19,790,304
	\$ 12,981,436	\$ 10,544,546	\$ 23,525,982

**CITY OF HILLSBORO, ILLINOIS**

**Balance Sheet  
Governmental Funds  
April 30, 2023**

	<b>General Fund</b>	<b>CDAP Revolving Loan Fund</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 3,056,022	\$ 235,819
Investments	495,000	-
Receivables:		
Taxes	1,079,602	-
Notes	-	24,375
Accounts	<u>12,605</u>	<u>-</u>
Total assets	<u>\$ 4,643,229</u>	<u>\$ 260,194</u>
<b><u>Liabilities and Deferred Inflows of Resources</u></b>		
Accounts payable	\$ 67,461	\$ -
Accrued wages	<u>52,175</u>	<u>-</u>
Total liabilities	<u>119,636</u>	<u>-</u>
Subsequent year's property taxes	<u>745,000</u>	<u>-</u>
Total deferred inflows of resources	<u>745,000</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>864,636</u>	<u>-</u>
<b><u>Fund Balances</u></b>		
Restricted	-	260,194
Committed	1,065,672	-
Unassigned	<u>2,712,921</u>	<u>-</u>
Total fund balances	<u>3,778,593</u>	<u>260,194</u>
Total liabilities and fund balances	<u>\$ 4,643,229</u>	<u>\$ 260,194</u>

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Balance Sheet Governmental Funds April 30, 2023

Motor Fuel Tax Fund	Other Nonmajor Governmental Funds	Total
\$ 453,920	\$ 1,573,906	\$ 5,319,667
-	-	495,000
20,969	54,254	1,154,825
-	-	24,375
<u>-</u>	<u>-</u>	<u>12,605</u>
\$ <u>474,889</u>	\$ <u>1,628,160</u>	\$ <u>7,006,472</u>
\$ 3,000	\$ 5,990	\$ 76,451
<u>-</u>	<u>-</u>	<u>52,175</u>
<u>3,000</u>	<u>5,990</u>	<u>128,626</u>
<u>-</u>	<u>-</u>	<u>745,000</u>
<u>-</u>	<u>-</u>	<u>745,000</u>
<u>3,000</u>	<u>5,990</u>	<u>873,626</u>
471,889	1,622,170	2,354,253
-	-	1,065,672
<u>-</u>	<u>-</u>	<u>2,712,921</u>
<u>471,889</u>	<u>1,622,170</u>	<u>6,132,846</u>
\$ <u>474,889</u>	\$ <u>1,628,160</u>	\$ <u>7,006,472</u>

**CITY OF HILLSBORO, ILLINOIS**

**Reconciliation of Fund Balances of Governmental Funds to the  
Governmental Activities in the Statement of Net Position  
April 30, 2023**

Fund balances of the governmental funds	\$ 6,132,846
Capital assets used in governmental activities of \$20,924,487, net of accumulated depreciation of \$13,987,755, are not financial resources; and therefore, are not reported in the governmental funds	6,936,732
Deferred outflows of resources are not current financial resources; and therefore, are not reported in the funds	1,939,046
Deferred inflows of resources are not current financial resources; and therefore, are not reported in the funds	(1,412,944)
Certain liabilities and deferred inflows of resources are not due and payable in the current period; and therefore, are not reported in the funds	
Net pension asset - IMRF	546,599
Compensated absences	(69,000)
Net pension liability - Police and Fire	<u>(1,091,843)</u>
Net position of governmental activities	\$ <u>12,981,436</u>

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds April 30, 2023

	General Fund	CDAP Revolving Loan Fund
<b>Revenues:</b>		
Taxes	\$ 3,255,833	\$ -
Intergovernmental	451,661	-
Charges for services	468,375	-
Fines	15,633	-
Licenses and permits	73,852	-
Investment income	30,435	6,063
Reimbursements and miscellaneous	<u>142,033</u>	<u>-</u>
Total revenues	<u>4,437,822</u>	<u>6,063</u>
<b>Expenditures:</b>		
Current:		
General government	464,070	-
Public safety	1,437,782	-
Streets and roads	698,593	-
Culture and recreation	863,707	-
Capital outlay	<u>401,518</u>	<u>-</u>
Total expenditures	<u>3,865,670</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>572,152</u>	<u>6,063</u>
<b>Other financing sources (uses):</b>		
Transfers in	<u>16,599</u>	<u>-</u>
Total other financing sources (uses)	<u>16,599</u>	<u>-</u>
Net change in fund balances	<u>588,751</u>	<u>6,063</u>
Fund balances, beginning	<u>3,189,842</u>	<u>254,131</u>
Fund balances, ending	<u>\$ 3,778,593</u>	<u>\$ 260,194</u>

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds April 30, 2023

Motor Fuel Tax Fund	Other Nonmajor Governmental Funds	<u>Total</u>
\$ 245,042	\$ 613,907	\$ 4,114,782
68,178	-	519,839
-	-	468,375
-	-	15,633
-	-	73,852
6,035	16,400	58,933
<u>-</u>	<u>-</u>	<u>142,033</u>
<u>319,255</u>	<u>630,307</u>	<u>5,393,447</u>
-	295,523	850,364
-	-	1,437,782
130,269	-	828,862
-	-	863,707
<u>208,418</u>	<u>-</u>	<u>519,165</u>
<u>338,687</u>	<u>295,523</u>	<u>4,499,880</u>
<u>(19,432)</u>	<u>334,784</u>	<u>893,567</u>
<u>-</u>	<u>-</u>	<u>16,599</u>
<u>-</u>	<u>-</u>	<u>16,599</u>
<u>(19,432)</u>	<u>334,784</u>	<u>910,166</u>
<u>491,321</u>	<u>1,287,386</u>	<u>5,222,680</u>
<u>\$ 471,889</u>	<u>\$ 1,622,170</u>	<u>\$ 6,132,846</u>



**CITY OF HILLSBORO, ILLINOIS**

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

Net change in fund balances - total governmental funds \$ 910,166

Assets reported for governmental activities on the  
statement of net position are different because:

Governmental funds report capital outlays as expenditures while  
governmental activities report depreciation expense to allocate  
those costs over the lives of the assets:

Capital assets purchased	609,936
Depreciation expense	(364,697)
Net book value of assets disposed	-

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

Compensated absences	(12,000)
Pension benefits	<u>2,356,849</u>

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<del>Change in net position of governmental activities</del>	<del><u>\$ 3,500,254</u></del>
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See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Statement of Net Position Proprietary Funds April 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
<u>Assets</u>	<u>Waterworks</u>	<u>Sewerage</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 2,042,305	\$ 2,140,844	\$ 4,183,149
Restricted cash and cash equivalents	936,602	-	936,602
Accounts receivable (net of allowance for uncollectibles)	<u>426,299</u>	<u>213,899</u>	<u>640,198</u>
Total current assets	<u>3,405,206</u>	<u>2,354,743</u>	<u>5,759,949</u>
Noncurrent assets:			
Capital assets not being depreciated	110,406	91,762	202,168
Capital assets, net of accumulated depreciation	<u>10,255,480</u>	<u>2,907,066</u>	<u>13,162,546</u>
Total noncurrent assets	<u>10,365,886</u>	<u>2,998,828</u>	<u>13,364,714</u>
Total assets	<u>13,771,092</u>	<u>5,353,571</u>	<u>19,124,663</u>
 <u>Deferred Outflows of Resources</u>			
Loss on refinancing of bonds	<u>228,127</u>	<u>-</u>	<u>228,127</u>
Total assets and deferred outflows of resources	<u>13,999,219</u>	<u>5,353,571</u>	<u>19,352,790</u>
 <u>Liabilities and Net Position</u>			
Current liabilities:			
Accounts payable	24,434	140,846	165,280
Accrued wages	1,484	1,484	2,968
Accrued interest	41,936	34,548	76,484
Bonds payable	350,000	115,000	465,000
Notes payable	<u>51,161</u>	<u>51,161</u>	<u>102,322</u>
Total current liabilities	<u>469,015</u>	<u>343,039</u>	<u>812,054</u>
Noncurrent liabilities:			
Bonds payable	5,050,000	2,605,000	7,655,000
Refundable deposits	<u>51,000</u>	<u>-</u>	<u>51,000</u>
Total noncurrent liabilities	<u>5,101,000</u>	<u>2,605,000</u>	<u>7,706,000</u>
Total liabilities	<u>5,570,015</u>	<u>2,948,039</u>	<u>8,518,054</u>
 <u>Deferred Inflows of Resources</u>			
Gain on refinancing of bonds	<u>-</u>	<u>290,190</u>	<u>290,190</u>
Total liabilities and deferred inflows of resources	<u>5,570,015</u>	<u>3,238,229</u>	<u>8,808,244</u>
Net position:			
Net investment in capital assets	4,914,725	227,667	5,142,392
Restricted for debt	936,602	-	936,602
Unrestricted	<u>2,577,877</u>	<u>1,887,675</u>	<u>4,465,552</u>
Total net position	<u>\$ 8,429,204</u>	<u>\$ 2,115,342</u>	<u>\$ 10,544,546</u>

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds Year Ended April 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Waterworks</u>	<u>Sewerage</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for service	\$ 2,285,316	\$ 801,424	\$ 3,086,740
Other	<u>162,477</u>	<u>112,034</u>	<u>274,511</u>
Total operating revenues	<u>2,447,793</u>	<u>913,458</u>	<u>3,361,251</u>
<b>Operating expenses:</b>			
Salaries	36,670	36,670	73,340
Payroll taxes and pension	4,979	4,979	9,958
Testing	-	18,500	18,500
Insurance	54,439	32,962	87,401
Administration	3,998	4,667	8,665
Utilities	90,972	85,995	176,967
Chemicals and materials	17,731	38,407	56,138
Repairs and maintenance	145,979	66,258	212,237
Miscellaneous	26,429	11,706	38,135
Professional fees	1,146,691	544,647	1,691,338
Depreciation	<u>371,793</u>	<u>218,678</u>	<u>590,471</u>
Total operating expenses	<u>1,899,681</u>	<u>1,063,469</u>	<u>2,963,150</u>
Operating income (loss)	<u>548,112</u>	<u>(150,011)</u>	<u>398,101</u>
<b>Nonoperating revenues (expenses):</b>			
Interest on investments	22,327	34,037	56,364
Interest and fees on bonds	<u>(132,359)</u>	<u>(70,083)</u>	<u>(202,442)</u>
Total nonoperating revenues (expenses)	<u>(110,032)</u>	<u>(36,046)</u>	<u>(146,078)</u>
Net income (loss) before transfers	<u>438,080</u>	<u>(186,057)</u>	<u>252,023</u>
Transfers in, net	-	49,786	49,786
Transfers out, net	<u>(66,385)</u>	<u>-</u>	<u>(66,385)</u>
Total transfers	<u>(66,385)</u>	<u>49,786</u>	<u>(16,599)</u>
Change in net position	371,695	(136,271)	235,424
Net position, beginning	<u>8,057,509</u>	<u>2,251,613</u>	<u>10,309,122</u>
Net position, ending	<u>\$ 8,429,204</u>	<u>\$ 2,115,342</u>	<u>\$ 10,544,546</u>

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Statement of Cash Flows Proprietary Funds Year Ended April 30, 2023

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Waterworks</b>	<b>Sewerage</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 2,390,457	\$ 906,041	\$ 3,296,498
Payments to suppliers	(1,476,554)	(706,486)	(2,183,040)
Payments to employees	(41,577)	(41,577)	(83,154)
Net cash provided by (used for) operating activities	<u>872,326</u>	<u>157,978</u>	<u>1,030,304</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers from (to) other funds	(66,385)	49,786	(16,599)
Net cash provided by (used for) noncapital financing activities	<u>(66,385)</u>	<u>49,786</u>	<u>(16,599)</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal paid on capital debt	(389,878)	(164,878)	(554,756)
Interest and fees paid on capital debt	(109,796)	(87,327)	(197,123)
Purchase of capital assets	(180,323)	(1,584,544)	(1,764,867)
Net cash provided by (used for) capital and related financing activities	<u>(679,997)</u>	<u>(1,836,749)</u>	<u>(2,516,746)</u>
<b>Cash flows from investing activities:</b>			
Interest	22,327	34,037	56,364
Net cash provided by (used for) investing activities	<u>22,327</u>	<u>34,037</u>	<u>56,364</u>
Change in cash and cash equivalents	148,271	(1,594,948)	(1,446,677)
Cash and cash equivalents, beginning	<u>2,830,636</u>	<u>3,735,792</u>	<u>6,566,428</u>
Cash and cash equivalents, ending	<u>\$ 2,978,907</u>	<u>\$ 2,140,844</u>	<u>\$ 5,119,751</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 548,112	\$ (150,011)	\$ 398,101
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	371,793	218,678	590,471
Change in assets and liabilities:			
Decrease (increase) in receivables	(57,336)	(7,417)	(64,753)
Increase (decrease) in payables	9,757	96,728	106,485
Net cash provided by operating activities	<u>\$ 872,326</u>	<u>\$ 157,978</u>	<u>\$ 1,030,304</u>

See notes to the financial statements.

**CITY OF HILLSBORO, ILLINOIS**

**Statement of Fiduciary Net Position  
Fiduciary Funds - Pension Trust Funds  
April 30, 2023**

	<u>Firefighters Pension</u>	<u>Police Pension</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash	\$ 262,699	\$ 553,568	\$ 816,267
Property tax receivable	144,000	221,000	365,000
Investments, at fair value:			
Illinois police officers' pension investment fund	-	2,176,067	2,176,067
Illinois firefighters' pension investment fund	<u>897,330</u>	<u>-</u>	<u>897,330</u>
Total investments at fair value	<u>897,330</u>	<u>2,176,067</u>	<u>3,073,397</u>
Total assets	<u>\$ 1,304,029</u>	<u>\$ 2,950,635</u>	<u>\$ 4,254,664</u>
<b><u>Deferred Inflows of Resources</u></b>			
Subsequent year's property taxes	\$ <u>144,000</u>	\$ <u>221,000</u>	\$ <u>365,000</u>
<b><u>Net Position</u></b>			
Net position held in trust	<u>1,160,029</u>	<u>2,729,635</u>	<u>3,889,664</u>
Total deferred inflows of resources and net position	<u>\$ 1,304,029</u>	<u>\$ 2,950,635</u>	<u>\$ 4,254,664</u>

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Statement of Changes in Fiduciary Net Position Fiduciary Funds - Pension Trust Funds Year Ended April 30, 2023

	<u>Firefighters Pension</u>	<u>Police Pension</u>	<u>Total</u>
<b>Additions:</b>			
Contributions:			
Employer	\$ 18,153	\$ 40,968	\$ 59,121
Plan members	<u>131,817</u>	<u>201,717</u>	<u>333,534</u>
Total contributions	<u>149,970</u>	<u>242,685</u>	<u>392,655</u>
Investment income:			
Interest and dividends	-	1,546	1,546
Illinois pool income	<u>6,051</u>	<u>15,671</u>	<u>21,722</u>
Net investment income	<u>6,051</u>	<u>17,217</u>	<u>23,268</u>
Total additions	<u>156,021</u>	<u>259,902</u>	<u>415,923</u>
<b>Deductions:</b>			
Benefits payments and refunds	117,818	108,263	226,081
Administration	<u>9,969</u>	<u>11,362</u>	<u>21,331</u>
Total deductions	<u>127,787</u>	<u>119,625</u>	<u>247,412</u>
Increase (decrease) in net position	28,234	140,277	168,511
Net position, beginning of year	<u>1,131,795</u>	<u>2,589,358</u>	<u>3,721,153</u>
Net position, end of year	\$ <u>1,160,029</u>	\$ <u>2,729,635</u>	\$ <u>3,889,664</u>

See notes to the financial statements.

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 1 - Summary of Significant Accounting Policies

#### 1.A. - Financial Reporting Entity

The City is a municipal corporation governed by a five-member Council consisting of four commissioners and the Mayor. The City provides the following services: general government, public safety (police), street, and water and sewer services.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based on these criteria, there are no potential component units which are required to be included in the accompanying financial statements.

#### 1.B. - Basis of Presentation

##### Government-Wide Financial Statements

The government-wide financial statements (i.e.: the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. *Business-type activities* rely to a significant extent on fees and charges to external customers for support.

##### Fund Financial Statements

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The fund financial statements provide information about the City's funds. Separate statements for each fund category - governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

##### *Governmental Funds*

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes other than debt service or capital projects. The City's special revenue funds are as follows:

The CDAP Revolving Loan Fund accounts for payments and loans disbursed per restrictions of the Revolving Fund.

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements April 30, 2023

#### Note 1 - Summary of Significant Accounting Policies, continued

The Motor Fuel Tax Fund accounts for motor fuel tax revenues and expenditures for road improvements.

#### *Proprietary Funds*

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

Water Fund provides water services to residents of the City and certain unincorporated areas.

Sewer Fund provides wastewater service to the residents of the City.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e.: the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### *Fiduciary Funds*

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City has the following fiduciary fund types:



# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements

April 30, 2023

### Note 1 - Summary of Significant Accounting Policies, continued

Police Pension Fund is used to account for the accumulation of resources needed to pay pension costs when due. Resources are contributions from police force members at rates fixed by state statutes and City contributions in the form of an annual property tax levy.

Firefighter's Pension Fund is used to account for the accumulation of resources needed to pay pension costs when due. Resources are contributions from fire department members at rates fixed by state statutes and City contributions in the form of an annual property tax levy.

#### 1.C. - Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "what" 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

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities 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.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary 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 they occur and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements

April 30, 2023

#### Note 1 - Summary of Significant Accounting Policies, continued

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 soon enough thereafter (defined as 60 days) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. All proprietary funds utilize the accrual basis of accounting.

Property taxes are recognized as revenues in the year for which they are budgeted.

#### 1.D. - Assets, Liabilities, and Equity

##### Cash and Cash Equivalents

For the purposes of financial reporting, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

##### Investments

Investments consist entirely of non-negotiable certificates of deposit whose original maturity term exceeds three months. All non-negotiable certificates of deposit whose original maturity term exceeds three months are carried at cost.

##### Receivables

In the government-wide statements, receivables consist of all revenues recognized as of year-end and not yet received. Major receivable balances for the governmental activities include sales tax and property tax. Business-type activities report utilities, net of any allowance for uncollectible accounts, as its major receivables. The allowance amount is estimated using historical experience.

##### Notes Receivable

The City has total notes receivable of \$24,375 at April 30, 2023, comprised of individual notes from various local businesses. The receivables are from a revolving loan account maintained by the City. Payments are being made monthly.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, property taxes and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if received within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 1 - Summary of Significant Accounting Policies, continued

#### Inventories

The City has chosen to record consumable materials and supplies as expenditures at the time of purchase and, due to its immaterial amount, no balances for inventory on-hand are reported on the balance sheet.

#### Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary funds and whether they are reported in the government-wide or fund financial statements.

#### *Government-Wide Statements*

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to April 30, 2004. Infrastructure assets acquired since May 1, 2004, are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Capitalization thresholds of \$5,000 on equipment, \$20,000 for buildings and improvements, and \$100,000 for infrastructure are used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Equipment and Tools - 10 years
- Vehicles under 13,000 gross vehicle weight - 5 years
- Vehicles over 13,000 gross vehicle weight - 10 years
- Other Improvements - 20 years
- Buildings - 40-50 years
- Road Improvements - 10 years
- New Infrastructure - 40 years
- Fire Trucks - 20 years
- Water and Sewer Improvements - 10-40 years
- Water and Sewer Equipment - 5 years

#### *Fund Financial Statements*

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

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements April 30, 2023

#### Note 1 - Summary of Significant Accounting Policies, continued

##### Long-Term Debt

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide statements.

Long-term debt of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for debt is the same in the proprietary fund financial statements as the treatment in the government-wide statements.

##### Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an *inflow of resources (revenue)* until that time. Unavailable revenues in governmental funds include receivables not "available" to finance the current period.

##### Equity Classification

##### *Government-Wide Statements*

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

##### *Fund Financial Statements - Fund Balance Classifications*

This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City reports the following fund balance reporting classifications in accordance with the provisions of the statement:

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 1 - Summary of Significant Accounting Policies, continued

*Nonspendable Fund Balance* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* - The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balances are reported as restricted 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* - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority.

*Assigned Fund Balance* - The assigned fund balance classification includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned Fund Balance* - The unassigned fund balance classification includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The City's policy is to spend restricted fund balance before spending unrestricted fund balance when an expenditure is paid for purposes for which both restricted and unrestricted fund balance is available except for instances where a City budget resolution specifies the fund balance.

The City's policy is that committed and assigned fund balances are considered to have been spent before unassigned balances have been spent when an expenditure is paid for purposes for which amounts in any of those unrestricted fund balance classifications could be used except for instances where a City budget ordinance specifies the fund balance.

### 1.E. - Revenues, Expenditures, and Expenses

#### Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements

April 30, 2023

#### Note 1 - Summary of Significant Accounting Policies, continued

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

#### 1.F. - Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

#### Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

#### Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.



# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 1 - Summary of Significant Accounting Policies, continued

#### 1.G. - Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

#### 1.H. - Property Taxes

The City's property tax is levied on assessed values established by the County Assessor's office at varying rates of assessed market value depending on whether the property is commercial or residential. The budget and appropriation ordinance was approved on May 24, 2022, and the tax levy was passed by the Board on December 6, 2022. Property taxes attach as an enforceable lien on property as of January 1, and are usually payable in two installments on or about June 1<sup>st</sup> and September 1<sup>st</sup>, during the following fiscal year. The City usually receives distributions from the County Collector in the months of July through November.

The assessed value upon which the 2021 levy was based totaled \$49,686,386.

The following are the tax rates applicable to the various levies per \$100.00 of assessed valuation:

	Maximum 2021 Levy	2021 Actual
General corporate	0.25000	.25000
Fire protection	0.07500	.07500
Police protection	0.07500	.07500
Audit	as needed	.03422
Liability insurance	as needed	.13706
Social security	as needed	.24152
Unemployment	as needed	.00604
Workers' compensation	as needed	.08675
IMRF	as needed	.20127
Fire Pension	as needed	.26567
Police Pension	as needed	.40655
		<u>1.77908</u>

For governmental funds, only property taxes which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end are recorded as revenue. Property tax revenue in these financial statements is from the 2021 tax year. Property taxes for the 2022 levy are payable in 2023 and intended to finance the 2024 fiscal year and are not considered available for current operations and are, therefore, shown as deferred inflows of resources.

## **CITY OF HILLSBORO, ILLINOIS**

### **Notes to the Financial Statements April 30, 2023**

#### **Note 1 - Summary of Significant Accounting Policies, continued**

##### **1.I. - Compensated Absences**

Employees are granted vacation and sick leave in varying amounts based on tenure. An expense and liability for accrued vacation and sick leave is only reported in the government-wide and proprietary fund financial statements to the extent at which it is accrued for vested employees. An expense and liability for these amounts is only reported in the governmental funds if they have matured as a result of employee resignations and retirements.

#### **Note 2 - Stewardship, Compliance, and Accountability**

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations.

##### **2.A. - Deposits and Investments**

The City's investment policy is in accordance with the Illinois Compiled Statutes. The City is authorized by statute to make deposits or investments in obligations of the U.S. Government; obligations of state or their political subdivisions; savings accounts, time deposits, certificates of deposit; or other investments which are direct obligations of banks as defined by the Illinois Banking Act; and the Illinois Funds.

The City's deposits are in checking, savings accounts and certificates of deposit and are carried at cost. The City's current investment practice is only to invest in local financial institution accounts and the State Treasurer's Investment Pool. The City maintains a cash pool for some of the resources, excluding the pension trust fund. Each fund's portion of the pool is displayed on the Statement of Net Position as deposits.

##### **Deposits and Custodial Credit Risk**

At year-end, the carrying amount of the City's deposits, net of outstanding checks, including certificates of deposit was \$10,934,343 and the bank balance was \$10,962,637. Of this balance, \$755,948 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$10,206,689 was covered by pledged collateral, which was held in the City's name and \$0 was uncollateralized.

Cash on hand of \$75 has been excluded from the amounts shown above.

##### **Interest Rate Risk**

The City does not have a formal policy that limits invested maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.



## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements

April 30, 2023

#### Note 2 - Stewardship, Compliance, and Accountability, continued

At April 30, 2023, the City's deposits were as follows:

Governmental Activities	\$ 5,814,667
Business-Type Activities	<u>5,119,751</u>
Total	<u>\$ 10,934,418</u>

#### Fiduciary Funds

At April 30, 2023, the carrying amount of the Firefighters' Pension Fund and Police Pension Fund deposits totaled \$816,267. Since flow through FDIC insurance is available for the Plans' deposits with financial contributions, the Plans do not require pledging of collateral for any bank balances in excess of federal depository insurance. The investments have been transferred to the State of Illinois Police Officers' Investment Fund and the State of Illinois Firefighters' Investment Fund.

#### Investments

*Custodial Credit Risk:* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and the pension funds do not have custodial credit risk policies for investments.

*Interest Rate Risk:* This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. ~~Generally, the longer the maturity of an investment, the greater the sensitivity~~ of its fair value to changes in market interest rates. The City and pension funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk:* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City and pension funds do not have a formal investment policy that specifically addresses credit risk.

*Concentration of Credit Risk:* This is the risk that the City has a high percentage of its investments invested in one type of investment. The City does not have a formal investment policy that specifically addresses concentration of credit risk. The pension funds' investment policies require diversification of investments to avoid unreasonable risk.

#### **2.B. - Common Bank Account**

The General Fund operating checking account writes checks for all funds and the separate bank accounts for the other funds will reimburse the General Fund.

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 3 - Detail Notes

The following notes present detail information to support the amounts in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

#### 3.A. - Capital Assets

Capital asset activity for the fiscal year ended April 30, 2023, was as follows:

	<u>Balance May 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2023</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ <u>3,247,208</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,247,208</u>
Total capital assets not being depreciated	<u>3,247,208</u>	<u>-</u>	<u>-</u>	<u>3,247,208</u>
Other capital assets:				
Buildings	2,264,257	26,156	-	2,290,413
Machinery and equipment	4,425,097	375,362	-	4,800,459
Infrastructure	<u>10,377,989</u>	<u>208,418</u>	<u>-</u>	<u>10,586,407</u>
Total other capital assets at historical cost	<u>17,067,343</u>	<u>609,936</u>	<u>-</u>	<u>17,677,279</u>
Less accumulated depreciation for:				
Buildings	1,578,239	58,066	-	1,636,305
Machinery and equipment	3,171,476	288,443	-	3,459,919
Infrastructure	<u>8,873,343</u>	<u>18,188</u>	<u>-</u>	<u>8,891,531</u>
Total accumulated depreciation	<u>13,623,058</u>	<u>364,697</u>	<u>-</u>	<u>13,978,755</u>
Other capital assets, net	<u>3,444,285</u>	<u>245,239</u>	<u>-</u>	<u>3,689,524</u>
Governmental activities capital assets, net	\$ <u><u>6,691,493</u></u>	\$ <u><u>245,239</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,936,732</u></u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
General government	\$ 81,168
Public safety	144,906
Streets and roads	<u>138,623</u>
	<u>\$ 364,697</u>

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 3 - Detail Notes, continued

	<u>Balance May 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance April 30, 2023</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ <u>121,466</u>	\$ <u>80,701</u>	\$ <u>-</u>	\$ <u>202,167</u>
Other capital assets:				
Water and sewer capital assets	<u>30,690,282</u>	<u>1,684,166</u>	<u>-</u>	<u>32,374,448</u>
Total other capital assets at historical cost	<u>30,690,282</u>	<u>1,684,166</u>	<u>-</u>	<u>32,374,448</u>
Less accumulated depreciation for:				
Water and sewer capital assets				
Total accumulated depreciation	<u>18,621,430</u>	<u>590,471</u>	<u>-</u>	<u>19,211,901</u>
Other capital assets, net	<u>12,068,852</u>	<u>1,093,695</u>	<u>-</u>	<u>13,162,547</u>
Business-type activities capital assets, net	<u>\$ 12,190,318</u>	<u>\$ 1,174,396</u>	<u>\$ -</u>	<u>\$ 13,364,714</u>

~~Depreciation expense was charged as follows in the Statement of Activities:~~

<i>Business-Type Activities:</i>	
Waterworks Fund	\$ 371,793
Sewerage Fund	<u>218,678</u>
Total depreciation expense for business-type activities	<u>\$ 590,471</u>

### 3.B. - Summary of Interfund Balances and Transfers

Transfers as of April 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Sewerage Fund	\$ 49,786	\$ -
Waterworks Fund	-	66,385
General Fund	<u>16,599</u>	<u>-</u>
	<u>\$ 66,385</u>	<u>\$ 66,385</u>

The transfers were used for loan payments.

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements April 30, 2023

#### Note 3 - Detail Notes, continued

##### 3.C. - Risk Management - Insurance

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, worker's compensation, and public official's liability. To limit the exposure to these risks, the City purchases commercial insurance as necessary. There have been no significant changes in coverage during the year. Settlements have not exceeded coverage in the past three years.

#### Note 4 - Pension Plan - IMRF

##### *IMRF Plan Description*

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

##### *Benefits Provided*

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

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

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements April 30, 2023

#### Note 4 - Pension Plan - IMRF, continued

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
- ½ of the increase in the Consumer Price Index of the original pension amount.

#### *Employees Covered by Benefit Terms*

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	52
Inactive Plan Members entitled to but not yet receiving benefits	4
Active Plan Members	<u>15</u>
Total	<u>71</u>

#### *Contributions*

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2022 was 8.73%. For the fiscal year ended April 30, 2023, the City contributed \$83,026 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

#### *Net Pension Liability*

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

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements April 30, 2023

#### Note 4 - Pension Plan - IMRF, continued

##### *Actuarial Assumptions*

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

Actuarial Cost Method	Entry Age Method
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%, including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future-mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
Other Information: Notes	There were no benefit changes during the year.

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

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 4 - Pension Plan - IMRF, continued

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

Asset Class	Target Allocation	Return 12/31/2022	Projected Returns/Risk	
			One Year Arithmetic	Ten Year Geometric
Equities	35.5%	(19.12)%	7.82%	6.50%
International Equities	18%	(17.86)%	9.23%	7.60%
Fixed Income	25.5%	(11.83)%	5.01%	4.90%
Real Estate	10.5%	12.83%	7.10%	6.20%
Alternatives	9.5%			
Private Equity		N/A	13.43%	9.90%
Hedge Funds		N/A	N/A	N/A
Commodities		N/A	7.42%	6.25%
Cash Equivalents	1.0%	3.18%	4.00%	4.00%

#### Single Discount Rate

~~A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:~~

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 4 - Pension Plan - IMRF, continued

#### *Changes in the Net Pension Liability*

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2022	\$ <u>9,224,043</u>	\$ <u>10,999,971</u>	\$ <u>(1,775,928)</u>
Change for the year:			
Service Cost	69,107	-	69,107
Interest on the Total Pension Liability	645,284	-	645,284
Differences Between Expected and Actual Experience of the Total Pension Liability	(251,065)	-	(251,065)
Changes of Assumptions	-	-	-
Contributions - Employer	-	61,321	(61,321)
Contributions - Employees	-	31,608	(31,608)
Net Investment Income	-	(1,659,513)	1,659,513
Benefit Payments, including Refunds of Employee Contributions	(716,249)	(716,249)	-
Other (Net Transfer)	<u>-</u>	<u>(292,617)</u>	<u>292,617</u>
Net Changes	<u>(252,923)</u>	<u>(2,575,450)</u>	<u>2,322,527</u>
Balances at December 31, 2023	\$ <u>8,971,120</u>	\$ <u>8,424,521</u>	\$ <u>546,599</u>

#### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

	1% Lower <u>6.25%</u>	Current Discount <u>7.25%</u>	1% Higher <u>8.25%</u>
Net Pension Liability	\$ <u>1,475,283</u>	\$ <u>546,599</u>	\$ <u>(226,773)</u>



# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 4 - Pension Plan - IMRF, continued

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

For the year ended April 30, 2023, the City recognized pension expense of \$83,026. At April 30, 2023, the City recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to Pensions		
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	\$ -	\$ 180,533
Changes in Assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	<u>1,925,440</u>	<u>1,232,411</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>1,925,440</u>	<u>1,412,944</u>
Pension Contribution made subsequent to the Measurement Date	<u>13,606</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,939,046</u>	<u>\$ 1,412,944</u>

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

Year Ending December 31	Net Deferred Outflows of Resources
2023	\$ (245,314)
2024	38,719
2025	247,937
2026	<u>484,760</u>
Total	<u>\$ 526,102</u>

**CITY OF HILLSBORO, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 5 - Long-Term Debt**

Compensated Absences

	<u>Balance May 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance April 30, 2023</u>	<u>Current Portion</u>
Compensated absences	\$ <u>57,000</u>	\$ <u>12,000</u>	\$ <u>-</u>	\$ <u>69,000</u>	\$ <u>10,000</u>

Business-Type Activities

The following is a summary of changes in long-term debt for the year ended April 30, 2021:

	<u>Balance May 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance April 30, 2023</u>	<u>Current Portion</u>
Taxable General Obligation Bonds (Alternative Revenue Source) Waterworks and Sewerage Bonds of 2021. 1.0-2.65% (original issuance \$5,475,000 due December 1, 2036. Includes one principal payment of \$ 290,000 on old bonds refinanced).	\$ 5,740,000	\$ -	\$ 340,000	\$ 5,400,000	\$ 350,000
General Obligation Bonds (Alternative Revenue Source) Sewerage Bonds of 2021 3.0% (original issuance \$2,835,000 due December 1, 2040).	<u>2,835,000</u>	<u>-</u>	<u>115,000</u>	<u>2,720,000</u>	<u>115,000</u>
Subtotal	8,575,000	-	455,000	8,120,000	465,000
Notes Payable IL EPA Loan - 2.57% (original issuance \$1,553,837 due December 3, 2023)	<u>202,078</u>	<u>-</u>	<u>99,756</u>	<u>102,322</u>	<u>102,322</u>
	\$ <u>8,777,078</u>	\$ <u>-</u>	\$ <u>554,756</u>	\$ <u>8,222,322</u>	\$ <u>567,322</u>

**CITY OF HILLSBORO, ILLINOIS**

**Notes to the Financial Statements  
April 30, 2023**

**Note 5 - Long-Term Debt, continued**

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt with interest rates applicable at April 30, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>
2024	\$ 567,322	\$ 182,909
2025	470,000	173,982
2026	480,000	166,882
2027	485,000	159,582
2028	2,595,000	660,720
2029-2033	2,890,000	344,998
2034-2038	<u>735,000</u>	<u>56,100</u>
	<u>\$ 8,222,322</u>	<u>\$ 1,745,173</u>

Gains and losses on refunding

On June 24, 2021, bonds in the Water and Sewer Funds were refinanced. This refunding resulted in a gain in the Sewer Fund and a loss in the Water Fund. These gains and losses are being amortized over the next 20 years. The amount amortized in the Water Fund each year is \$17,548 and the Sewer Fund is \$15,273.

	<u>Water Fund</u>	<u>Sewer Fund</u>
Balance, May 1, 2022	\$ 245,675	\$ 305,463
Current year amortization	(17,548)	(15,273)
Balance, April 30, 2023	228,127	290,190

**Note 6 - Defined Benefit Pension Plans**

*Police Pension Fund*

Plan Description

The Plan is established and administered as prescribed by "Article 3 Police Pension Fund - Municipalities 500,000 and Under" of the Illinois Pension Code. The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board consists of two members appointed by the City, two active Members and one retired Member elected by the Membership. The City accounts for the plan as a pension trust fund.

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements April 30, 2023

#### Note 6 - Defined Benefit Pension Plans, continued

Plan membership as of April 30, 2023, consisted of the following:

Retirees and beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not currently receiving benefits	1
Active plan members	<u>8</u>
Total	<u>12</u>

#### Benefits Provided

The Plan provides retirement, disability, death, and termination benefits. The Police Pension Plan has two tiers. Police officers hired prior to January 1, 2011, are eligible for Tier 1. Police officers hired on or after January 1, 2011, are eligible for Tier 2.

Under Tier 1, a police officer age 50 or more with 20 or more years of creditable service shall receive a pension of one-half of the salary attached to the rank held by the officer at the date of retirement. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years of service through 30 years of service, to a maximum of 75% of such salary. The minimum monthly benefit is \$1,000 per month. The monthly benefit 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% of the original pension, and 3% compounded annually thereafter. Those that retire prior to age 55 receive an increase of 1/12 of 3% for each full month from benefit commencement until age 55 is reached.

Under Tier 2, a police officer age 55 or more with 10 or more years of creditable service shall receive a pension of 2.5% per year of service times the average salary for the forty-eight consecutive months of service within the last sixty months of service in which the total salary was the highest prior to retirement times the number of years of service. The maximum benefit is 75% of average salary. The minimum monthly benefit is \$1,000 per month. The salary is capped at a rate of \$106,800 as of 2011, indexed annually at a rate of CPI-U, but not to exceed 3%. An annual cost-of-living adjustment is calculated each January 1<sup>st</sup>. The increase is equal to 3% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1<sup>st</sup>, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension state date, whichever is later.

Officers totally and permanently disabled as determined by the Board of Trustees are eligible to receive a disability benefit. Officers disabled in the performance of an act of duty are entitled to 65% of the salary attached to the rank held on the date of service and the monthly retirement pension that the member is entitled to receive if he or she retired immediately. If the disability occurs while the officer is not in performance of an act of duty, the officer is entitled to a disability benefit of 50% of the salary attached to the rank on the last day of service.

## CITY OF HILLSBORO, ILLINOIS

### Notes to the Financial Statements April 30, 2023

#### Note 6 - Defined Benefit Pension Plans, continued

If an officer dies in the line of service, the named beneficiary is entitled to a death benefit equal to 100% of the officer's salary attached to the rank held by the officer on the last day of service. For a non-service death, the beneficiary would received a maximum of 54% of the salary attached to the rank held by the officer on the last day of service, and the monthly retirement pension earned by the deceased officer at the time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

After termination of service, an officer in Tier 1 with less than 8 years of service or an officer in Tier 2 with less than 10 years of service will receive a refund of their contributions. If an officer in Tier 1 has 8 or more years of service or an officer in Tier 2 has 10 or more years of service, the officer will receive either a refund of their contributions, or the termination benefit, payable upon reaching age 60 (55 for Tier 2), provided contributions are not withdrawn. The termination benefit is 2.50% of the annual salary held in the year prior to termination times years of creditable service.

#### Contributions

Plan members are required to contribute 9.91% of their base salary to the Police Pension Plan. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

#### Investment Policy

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~~The investments were all transferred to the Illinois Police Officers' Investment Fund during the 2022 fiscal year.~~

All investments in the plan are stated at fair value and are recorded as of the trade date.

#### *Firefighters Pension Fund*

#### Plan Description

Fire sworn personnel are covered by the Firefighters Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. Separate financial statements are not issued for this pension plan.

The Firefighters Pension Plan is administered by a five member board of trustees. The Board consists of two trustees elected by and from the active members, one trustee elected by and from the retired/disabled members of the fund, and two trustees appointed by the mayor. Appointed trustees' terms are not mandated, but typically serve three years.

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements

April 30, 2023

### Note 6 - Defined Benefit Pension Plans, continued

#### Benefits Provided

Employees hired before January 1, 2011 are eligible for Tier 1 benefits. The Firefighters Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years, to a maximum of 75% of such salary.

Employees hired after January 1, 2011 are eligible for Tier 2 benefits. The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 55 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of an average of their highest 8 of last 10 years of salary. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The pension is increased on January 1 every year after retirement, by the lesser of 3% of the original pension amount or ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms - At April 30, 2023, Firefighters Pension Plan membership consisted of:

Active members	4
Retirees and beneficiaries	4
Inactive, non-retired members	<u>1</u>
Total	<u>9</u>

#### Contributions

As set by statute, covered employees are required to contribute 8.455% of their base salary to the Firefighters' 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 City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

#### Investment Policy

The investments were all transferred to the Illinois Firefighters' Investment Fund during the 2022 fiscal year.

#### Vesting

Less than 10 years: Refund of Member contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions.

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 6 - Defined Benefit Pension Plans, continued

Funding Status and Progress - as of May 1, 2022

	<u>Police</u>	<u>Firefighters</u>
Accrued liability	\$ 3,610,438	\$ 1,895,130
Actuarial value of assets	<u>3,044,584</u>	<u>1,369,141</u>
Unfunded liability	<u>\$ 565,854</u>	<u>\$ 525,989</u>
Funded ratio	<u>84%</u>	<u>72%</u>

### Note 7 - Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general and major special revenue funds are presented on the modified accrual basis. The major differences between the budget and the GAAP basis are as follows:

- Revenues are recorded when received in cash (budget basis) as opposed to accrual (GAAP basis).
- Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to reconcile the budgetary basis and GAAP statements of the General Fund are as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
Budgetary basis	\$ 4,469,484	\$ 3,857,954	\$ 3,551,022
Receivables			
April 30, 2023	347,207	-	347,207
April 30, 2022	(378,869)	-	-
Payables			
April 30, 2023	-	119,636	(119,636)
April 30, 2022	-	(111,920)	-
	<u>\$ 4,437,822</u>	<u>\$ 3,865,670</u>	<u>\$ 3,778,593</u>

# CITY OF HILLSBORO, ILLINOIS

## Notes to the Financial Statements April 30, 2023

### Note 8 - Legal Debt Margin

Assessed valuation - 2022 tax year	\$ 49,686,386
Statutory debt limitation	<u>.08625</u>
	4,285,451
Less any general obligation debt	<u>-</u>
Legal debt margin	<u>\$ 4,285,451</u>

### Note 9 - Tax Increment Financing District

Tax Increment Financing (TIF) is a way to help finance the redevelopment of certain areas of the City. Municipalities can form TIF districts in areas that meet a number of requirements specified by Illinois law. Once an area is established as a TIF district, any property tax revenues generated by an increase in the assessed valuation of the district is collected into a special TIF Fund for use by that TIF district for qualified redevelopment costs.

The City of Hillsboro, Illinois, has the following TIF district:

<u>Name</u>	<u>Year Created</u>	<u>District Area</u>
Hillsboro Downtown TIF	9/10/2013	Hillsboro Downtown

### Note 10 - Subsequent Events

Management has evaluated subsequent events through the date of this report, the date on which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (Covid-19) pandemic. As a result, economic uncertainties have arisen, which are likely to negatively impact the operating revenues. Other financial impact could occur, though such potential impact is unknown at this time.

### Note 11 - Restated Net Position

The beginning net position of the Governmental Activities has been restated to reflect a change to the net pension liabilities and Deferred Outflows of Resources.

	<u>Governmental Activities</u>
Net position, beginning as previously reported	\$ 5,958,459
Reduction in net pension liability	3,551,856
Reduction in Deferred Outflows of Resources	<u>(29,133)</u>
Net position, beginning, as restated	<u>\$ 9,481,182</u>



## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HILLSBORO, ILLINOIS**

**Balance Sheet  
General Fund  
April 30, 2023**

<u>Assets</u>	<u>General Account</u>	<u>Fire Subscription Account</u>	<u>Solomon Harkey House Account</u>	<u>Youth Sports Account</u>
Cash and cash equivalents	\$ 2,891,851	\$ 45,226	\$ -	\$ 50,221
Investments	495,000	-	-	-
Receivables:				
Taxes	1,079,602	-	-	-
Accounts	<u>12,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,479,058</u>	<u>\$ 45,226</u>	<u>\$ -</u>	<u>\$ 50,221</u>
 <u>Liabilities and Deferred Inflows of Resources</u>				
Liabilities:				
Accounts payable	\$ 67,461	\$ -	\$ -	\$ -
Accrued wages	<u>52,175</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>119,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
<hr/>				
Deferred inflows of resources:				
Subsequent year's property taxes	<u>745,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>745,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>864,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>Fund Balances</u>				
Committed	901,501	45,226	-	50,221
Unassigned	<u>2,712,921</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,614,422</u>	<u>45,226</u>	<u>-</u>	<u>50,221</u>
Total liabilities and fund balances	<u>\$ 4,479,058</u>	<u>\$ 45,226</u>	<u>\$ -</u>	<u>\$ 50,221</u>

# CITY OF HILLSBORO, ILLINOIS

## Balance Sheet General Fund April 30, 2023

<u>Lake Lot Deposit Account</u>	<u>School Resource D.A.R.E. Account</u>	<u>DUI Equipment Account</u>	<u>Police Dept. Rural Account</u>	<u>Police Vehicle Account</u>	<u>Total</u>
\$ 28,708	\$ 7,034	\$ 3,992	\$ 25,613	\$ 3,377	\$ 3,056,022
-	-	-	-	-	495,000
-	-	-	-	-	1,079,602
-	-	-	-	-	12,605
<u>\$ 28,708</u>	<u>\$ 7,034</u>	<u>\$ 3,992</u>	<u>\$ 25,613</u>	<u>\$ 3,377</u>	<u>\$ 4,643,229</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,461
-	-	-	-	-	52,175
-	-	-	-	-	119,636
-	-	-	-	-	745,000
-	-	-	-	-	745,000
-	-	-	-	-	864,636
28,708	7,034	3,992	25,613	3,377	1,065,672
-	-	-	-	-	2,712,921
<u>28,708</u>	<u>7,034</u>	<u>3,992</u>	<u>25,613</u>	<u>3,377</u>	<u>3,778,593</u>
<u>\$ 28,708</u>	<u>\$ 7,034</u>	<u>\$ 3,992</u>	<u>\$ 25,613</u>	<u>\$ 3,377</u>	<u>\$ 4,643,229</u>

# CITY OF HILLSBORO, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances General Fund Year Ended April 30, 2023

	General Account	Fire Subscription Account	Solomon Harkey House Account	Youth Sports Account
<b>Revenues:</b>				
Taxes	\$ 3,247,165	\$ 8,668	\$ -	\$ -
Intergovernmental	436,711	-	-	-
Charges for services	356,950	34,650	-	76,775
Fines	14,633	-	-	-
License and permits	73,852	-	-	-
Investment income	29,739	617	-	-
Reimbursements and miscellaneous	<u>139,244</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,298,294</u>	<u>43,935</u>	<u>-</u>	<u>76,775</u>
<b>Expenditures:</b>				
Current:				
General	464,070	-	-	-
Public safety	1,425,349	6	-	-
Highway and streets	698,593	-	-	-
Culture and recreation	795,473	-	2,582	63,927
Capital outlay	<u>401,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,785,003</u>	<u>6</u>	<u>2,582</u>	<u>63,927</u>
Excess (deficiency) of revenues over expenditures	<u>513,291</u>	<u>43,929</u>	<u>(2,582)</u>	<u>12,848</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>16,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>16,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	529,890	43,929	(2,582)	12,848
Fund balances, beginning	<u>3,084,532</u>	<u>1,297</u>	<u>2,582</u>	<u>37,373</u>
Fund balances, ending	<u>\$ 3,614,422</u>	<u>\$ 45,226</u>	<u>\$ -</u>	<u>\$ 50,221</u>

# CITY OF HILLSBORO, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances General Fund Year Ended April 30, 2023

<u>Lake Lot Deposit Account</u>	<u>School Resource D.A.R.E. Account</u>	<u>DUI Equipment Account</u>	<u>Police Dept. Rural Account</u>	<u>Police Vehicle Account</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,255,833
-	-	-	14,950	-	451,661
-	-	-	-	-	468,375
-	-	1,000	-	-	15,633
-	-	-	-	-	73,852
38	-	-	35	6	30,435
<u>1,600</u>	<u>1,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,033</u>
<u>1,638</u>	<u>1,189</u>	<u>1,000</u>	<u>14,985</u>	<u>6</u>	<u>4,437,822</u>
-	-	-	-	-	464,070
-	533	-	11,894	-	1,437,782
-	-	-	-	-	698,593
1,725	-	-	-	-	863,707
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,518</u>
<u>1,725</u>	<u>533</u>	<u>-</u>	<u>11,894</u>	<u>-</u>	<u>3,865,670</u>
<u>(87)</u>	<u>656</u>	<u>1,000</u>	<u>3,091</u>	<u>6</u>	<u>572,152</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,599</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,599</u>
(87)	656	1,000	3,091	6	588,751
<u>28,795</u>	<u>6,378</u>	<u>2,992</u>	<u>22,522</u>	<u>3,371</u>	<u>3,189,842</u>
<u>\$ 28,708</u>	<u>\$ 7,034</u>	<u>\$ 3,992</u>	<u>\$ 25,613</u>	<u>\$ 3,377</u>	<u>\$ 3,778,593</u>

# CITY OF HILLSBORO, ILLINOIS

## General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP) Budget and Actual Year Ended April 30, 2023

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget <u>Positive (Negative)</u>
<b>Revenues:</b>			
Property taxes	\$ 600,000	\$ 633,068	\$ 33,068
Intergovernmental:			
State sales taxes	1,000,000	1,021,275	21,275
State income taxes	875,000	908,268	33,268
Replacement taxes	50,000	68,517	18,517
Utility taxes	375,000	464,438	89,438
Telecommunication taxes	57,000	56,727	(273)
Video gaming taxes	80,000	85,580	5,580
Cannabis taxes	9,500	9,292	(208)
Recreation fee	231,550	356,950	125,400
Licenses and permits	121,900	73,852	(48,048)
Fines	7,200	14,633	7,433
Reimbursements and insurance	90,000	76,388	(13,612)
Miscellaneous	150,891	62,856	(88,035)
Interest	3,325	29,739	26,414
Intergovernmental	-	<u>436,711</u>	<u>436,711</u>
Total revenues	<u>3,651,366</u>	<u>4,298,294</u>	<u>646,928</u>
<b>Expenditures:</b>			
Current:			
General	460,896	464,070	(3,174)
Public safety	1,467,580	1,425,349	42,231
Highway and streets	721,495	698,593	22,902
Culture and recreation	740,878	795,473	(54,595)
Capital outlay	<u>203,600</u>	<u>401,518</u>	<u>(197,918)</u>
Total expenditures	<u>3,594,449</u>	<u>3,785,003</u>	<u>(190,554)</u>
Excess (deficiency) of revenues over expenditures	<u>56,917</u>	<u>513,291</u>	<u>456,374</u>
<b>Other financing sources (uses):</b>			
Transfers in	<u>87,000</u>	<u>16,599</u>	<u>(70,401)</u>
Total other financing sources (uses)	<u>87,000</u>	<u>16,599</u>	<u>(70,401)</u>
Net change in fund balance	\$ <u>143,917</u>	529,890	\$ <u>385,973</u>
Fund balance, beginning		<u>3,084,532</u>	
Fund balance, ending		\$ <u>3,614,422</u>	

**CITY OF HILLSBORO, ILLINOIS**

**CDAP Revolving Loan Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
(Non-GAAP) Budget and Actual  
Year Ended April 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Interest	\$ <u>250</u>	\$ <u>6,063</u>	\$ <u>5,813</u>
Total revenues	<u>250</u>	<u>6,063</u>	<u>5,813</u>
<b>Expenditures:</b>			
Administration	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>250</u>	6,063	\$ <u>5,813</u>
Fund balance, beginning		<u>254,131</u>	
Fund balance, ending		\$ <u>260,194</u>	

# CITY OF HILLSBORO, ILLINOIS

## Motor Fuel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP) Budget and Actual Year Ended April 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Motor fuel tax allotments	\$ 240,000	\$ 245,042	\$ 5,042
Interest	1,000	6,035	5,035
Rebuild Illinois grant	<u>-</u>	<u>68,178</u>	<u>68,178</u>
Total revenues	<u>241,000</u>	<u>319,255</u>	<u>78,255</u>
<b>Expenditures:</b>			
Engineering fees	14,000	163	13,837
Maintenance of streets	272,000	130,106	141,894
Capital outlay	<u>-</u>	<u>208,418</u>	<u>(208,418)</u>
Total expenditures	<u>286,000</u>	<u>338,687</u>	<u>(52,687)</u>
Net change in fund balance	\$ <u>(45,000)</u>	(19,432)	\$ <u>25,568</u>
Fund balance, beginning		<u>491,321</u>	
Fund balance, ending		<u>\$ 471,889</u>	



# CITY OF HILLSBORO, ILLINOIS

## Notes to Required Supplementary Information Year Ended April 30, 2023

### Note 1 - Budget, Appropriation Ordinance and Budgetary Accounting

The City adopts its budget in accordance with a basis of accounting utilized by that fund. The City utilizes the following procedures in establishing budgetary data, appropriations and tax levy:

1. City officials discuss the expenditures.
2. The appropriation ordinance is published to obtain taxpayers comments and requests.
3. The appropriations and levy are reviewed and legally enacted by a vote of the Council.
4. Supplemental appropriation ordinances may be passed by the Council should a new unanticipated source of revenue develop for a specific purpose.
5. All unexpended appropriations lapse at year end.
6. Appropriations are prepared on the accrual basis.
7. All governmental and proprietary funds are budgeted.
8. The legal level of expenditures is the total fund expenditures.

The budget and appropriation ordinance was approved on May 24, 2022.

### Note 2 - Excess of Expenditures Over Appropriations

For the year ended April 30, 2023, expenditures exceeded budget at the legal level of control in the individual fund as follows:

	<u>Budget</u>	<u>Expenditures</u>
Motor Fuel Tax Fund	\$ 286,000	\$ 338,687
General Fund	3,594,449	3,785,003

## **SUPPLEMENTARY INFORMATION**

# CITY OF HILLSBORO, ILLINOIS

## Combining Balance Sheet Nonmajor Governmental Funds April 30, 2023

	<u>Business District Tax Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash	\$ 1,201,841	\$ 372,065	\$ 1,573,906
Taxes receivable	<u>54,254</u>	<u>-</u>	<u>54,254</u>
Total assets	\$ <u>1,256,095</u>	\$ <u>372,065</u>	\$ <u>1,628,160</u>
<b><u>Liabilities</u></b>			
Accounts payable	\$ <u>5,990</u>	\$ <u>-</u>	\$ <u>5,990</u>
Total liabilities	<u>5,990</u>	<u>-</u>	<u>5,990</u>
<b><u>Fund Balances</u></b>			
Restricted 1,250,105	<u>372,065</u>	<u>1,622,170</u>	
Total fund balances	<u>1,250,105</u>	<u>372,065</u>	<u>1,622,170</u>
Total liabilities and fund balances	\$ <u>1,256,095</u>	\$ <u>372,065</u>	\$ <u>1,628,160</u>

# CITY OF HILLSBORO, ILLINOIS

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended April 30, 2023

	<b>Business District Tax Fund</b>	<b>Tax Increment Financing Fund</b>	<b>Total</b>
<b>Revenues:</b>			
Property taxes	\$ -	\$ 234,095	\$ 234,095
Sales taxes	379,812	-	379,812
Investment income	<u>16,400</u>	<u>-</u>	<u>16,400</u>
Total revenues	<u>396,212</u>	<u>234,095</u>	<u>630,307</u>
<b>Expenditures:</b>			
Current:			
General government	<u>136,147</u>	<u>159,376</u>	<u>295,523</u>
Total expenditures	<u>136,147</u>	<u>159,376</u>	<u>295,523</u>
Net change in fund balances	260,065	74,719	334,784
Fund balances, beginning	<u>990,040</u>	<u>297,346</u>	<u>1,287,386</u>
Fund balances, ending	<u>\$ 1,250,105</u>	<u>\$ 372,065</u>	<u>\$ 1,622,170</u>

**CITY OF HILLSBORO, ILLINOIS**

**Hillsboro Downtown TIF District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Year Ended April 30, 2023**

	<b><u>Year Ended</u> <u>April 30, 2022</u></b>	<b><u>Cumulative</u></b>
<b>Revenues:</b>		
Property taxes	\$ 234,095	\$ 1,497,808
Interest	<u>-</u>	<u>34</u>
Total revenues	<u>234,095</u>	<u>1,497,842</u>
<b>Expenditures:</b>		
Administration and legal	5,272	85,652
Distribution to taxing bodies	<u>154,104</u>	<u>1,040,125</u>
Total expenditures	<u>159,376</u>	<u>1,125,777</u>
Net change in fund balance	74,719	\$ <u><u>372,065</u></u>
Fund balance, beginning	<u>297,346</u>	
Fund balance, ending	\$ <u><u>372,065</u></u>	

## **OTHER INFORMATION**

# CITY OF HILLSBORO, ILLINOIS

## Multiyear Schedule of Changes in Net Pension Liability and Related Ratios Illinois Municipal Retirement Fund April 30, 2023 (Unaudited)

Calendar year ending December 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 69,107	\$ 61,448	\$ 59,669
Interest on the Total Pension Liability	645,284	674,130	675,276
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	(251,065)	(396,129)	62,391
Assumption Changes	-	-	(28,773)
Benefit Payments and Refunds	<u>(716,249)</u>	<u>(766,060)</u>	<u>(804,462)</u>
<b>Net Change in Total Pension Liability</b>	<b>(252,923)</b>	<b>(426,611)</b>	<b>(35,899)</b>
<b>Total Pension Liability Beginning</b>	<b><u>9,224,043</u></b>	<b><u>9,650,654</u></b>	<b><u>9,686,553</u></b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ <u>8,971,120</u></b>	<b>\$ <u>9,224,043</u></b>	<b>\$ <u>9,650,654</u></b>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	\$ 61,321	\$ 100,873	\$ 313,721
Employee Contributions	31,608	28,675	28,791
Pension Plan Net Investment Income	(1,659,513)	1,885,215	1,418,080
Benefit Payments and Refunds	(716,249)	(766,060)	(804,462)
Other	<u>(292,617)</u>	<u>(474,607)</u>	<u>120,826</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(2,575,450)</b>	<b>774,096</b>	<b>1,076,956</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b><u>10,999,971</u></b>	<b><u>10,225,875</u></b>	<b><u>9,148,919</u></b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ <u>8,424,521</u></b>	<b>\$ <u>10,999,971</u></b>	<b>\$ <u>10,225,875</u></b>
<b>Net Pension Liability/(Asset) - Ending (a)-(b)</b>	<b>\$ 546,599</b>	<b>\$ (1,775,928)</b>	<b>\$ (575,221)</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.91%	119.25%	105.96%
Covered Valuation Payroll	\$ 702,406	\$ 637,228	\$ 639,802
Net Pension Liability as a Percentage of Covered Valuation Payroll	77.82%	(278.70)%	89.91%

# CITY OF HILLSBORO, ILLINOIS

## Schedule of Funding Progress April 30, 2023 (Unaudited)

### Schedule of Net Position - Police and Firefighters

The latest actuarial report available - May 1, 2022

	Police	Firefighters	Total
Accrued liability	\$ 3,610,438	\$ 1,895,130	\$ 5,505,568
Net position, May 1, 2022	<u>3,044,584</u>	<u>1,369,141</u>	<u>4,413,725</u>
Net pension liability, May 1, 2022	<u>\$ 565,854</u>	<u>\$ 525,989</u>	<u>\$ 1,091,843</u>

#### Hillsboro Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
May 1, 2022	\$ 3,044,584	\$ 3,610,438	\$ 565,854	84.30%	\$ 396,552	142.69%
May 1, 2021	2,880,704	4,134,500	1,253,796	69.67%	396,136	316.51%
May 1, 2020	2,587,051	3,854,994	1,267,943	67.11%	396,261	319.98%
May 1, 2019	2,301,720	4,177,306	1,875,586	55.10%	395,429	474.32%
May 1, 2018	2,058,722	3,677,682	1,618,960	55.98%	389,834	415.29%
May 1, 2017	1,841,718	3,400,331	1,558,613	45.84%	382,117	407.89%
May 1, 2016	1,638,550	3,053,414	1,414,864	53.66%	354,661	398.93%
May 1, 2015	1,429,212	2,852,072	1,422,860	50.11%	312,458	455.38%
May 1, 2014	1,284,098	2,723,812	1,439,714	47.14%	305,178	471.76%
May 1, 2013	1,121,617	2,346,998	1,225,381	47.80%	289,619	423.10%

#### Hillsboro Firefighters Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
May 1, 2022	\$1,369,141	\$ 1,895,130	\$ 525,989	72.2%	\$ 264,867	198.59%
May 1, 2021	1,329,802	2,433,556	1,103,754	54.64%	221,416	498.50%
May 1, 2020	1,229,163	2,331,875	1,102,712	52.71%	217,880	506.11%
May 1, 2019	1,155,375	2,228,572	1,073,197	51.84%	205,254	522.86%
May 1, 2018	1,088,426	2,177,283	1,088,857	50.01%	211,120	515.75%
May 1, 2017	1,018,946	2,056,048	1,037,102	50.44%	206,440	502.37%
May 1, 2016	948,049	1,800,646	852,597	52.65%	200,824	424.55%
May 1, 2015	860,106	1,736,365	876,259	49.53%	201,926	433.95%
May 1, 2014	782,342	1,546,402	764,060	50.59%	197,454	386.96%
May 1, 2013	699,706	1,366,605	666,899	51.20%	192,940	345.65%



## Sherwood Forest Campground [#13]

Wufoo <no-reply@wufoo.com>

Tue 10/3/2023 10:02 AM

To:treasurer hillsboroillinois.net <treasurer@hillsboroillinois.net>

Name *	Michelle Fineshriber
Address *	3 Devon Hill Lane Granite City, IL 62040 United States
Email *	<a href="mailto:michelle.fineshriber@gmail.com">michelle.fineshriber@gmail.com</a>
Phone Number *	(618) 980-1975
Site Number *	10
Camper License Plate Number *	604570 RT
Payment Type *	<ul style="list-style-type: none"><li>• Winter Camper Storage</li><li>• Winter Trailer Storage</li></ul>
Winter Camper Storage	Camper Storage - \$300
Winter Trailer Storage	Under 16' - \$85
Trailer license Plate Number	4022NE TA
Camper license Plate Number	604570 RT