

# Village of Stockton

## Stockton, Illinois

Financial Report

Year Ended April 30, 2023



**Village of Stockton, Illinois**  
**Financial Statements and Supplementary Information**  
Year Ended April 30, 2023

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**Village of Stockton, Illinois**  
**Financial Statements and Supplementary Information**  
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## **Independent Auditor's Report**

Board of Trustees  
Village of Stockton, Illinois  
Stockton, 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 Village of Stockton, Illinois (the "Village"), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Stockton, Illinois as of April 30, 2023, and respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village of Stockton, 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.

#### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, in 2023, the Village adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

### ***Auditor's Responsibility 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Stockton, Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Stockton, 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 budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the

limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements as listed in the table of contents, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2023 on our consideration of the Village's 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 Village of Stockton, 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 the Village's internal control over financial reporting and compliance.



Wipfli LLP

Rockford, Illinois  
August 18, 2023

# **Basic Financial Statements**

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# Village of Stockton, Illinois

## Statement of Net Position

<i>April 30, 2023</i>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and deposits	\$ 1,787,356	\$ 1,683,046	\$ 3,470,402
Prepays	57,378	-	57,378
Receivables	915,461	518,676	1,434,137
Lease receivables	29,071	20,556	49,627
<b>Total current assets</b>	<b>2,789,266</b>	<b>2,222,278</b>	<b>5,011,544</b>
Noncurrent assets:			
Accounts receivable	-	6,813,846	6,813,846
Capital assets:			
Capital assets not being depreciated	250,502	7,828,338	8,078,840
Capital assets, net of accumulated depreciation	620,248	5,733,742	6,353,990
<b>Total capital assets</b>	<b>870,750</b>	<b>13,562,080</b>	<b>14,432,830</b>
<b>Total noncurrent assets</b>	<b>870,750</b>	<b>20,375,926</b>	<b>21,246,676</b>
<b>Total assets</b>	<b>3,660,016</b>	<b>22,598,204</b>	<b>26,258,220</b>
<b>Deferred Outflow of Resources</b>			
Deferred outflows - IMRF	219,343	71,066	290,409
<b>Total deferred outflow of resources</b>	<b>219,343</b>	<b>71,066</b>	<b>290,409</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Liabilities			
Current liabilities			
Accounts payable	64,009	437,246	501,255
Accrued payroll and withholding	15,311	3,801	19,112
Accrued interest	-	2,536	2,536
Deposits	-	34,525	34,525
Accrued compensated absences	51,192	28,525	79,717
Current portion IEPA loans payable	-	141,370	141,370
Current portion other loans payable	-	43,668	43,668
<b>Total current liabilities</b>	<b>130,512</b>	<b>691,671</b>	<b>822,183</b>
Noncurrent liabilities			
IEPA loans payable	-	3,271,953	3,271,953
Other loans payable	-	43,667	43,667
Net pension liability	596,272	193,188	789,460
<b>Total noncurrent liabilities</b>	<b>596,272</b>	<b>3,508,808</b>	<b>4,105,080</b>
<b>Total liabilities</b>	<b>726,784</b>	<b>4,200,479</b>	<b>4,927,263</b>



# Village of Stockton, Illinois

## Statement of Net Position (Continued)

<i>April 30, 2023</i>	Primary Government		Total
	Governmental Activities	Business-type Activities	
Deferred inflow of resources			
Deferred inflows - IMRF	65,396	21,188	86,584
Unavailable property tax revenue	590,112	502	590,614
Deferred contractual agreement revenue	-	7,062,628	7,062,628
Deferred revenue - Other	28,965	20,480	49,445
Unavailable grant revenue	165,930	-	165,930
Total deferred inflow of resources	850,403	7,104,798	7,955,201
<b>Net Position</b>			
Net investment in capital assets	870,750	10,061,422	10,932,172
Restricted for:			
General control and administration	1,335	-	1,335
Motor fuel tax	245,577	-	245,577
Emergency services	649	-	649
American Rescue Plan grant	2,540	-	2,540
Business Development District	299,043	-	299,043
TIF District	256,036	-	256,036
Unrestricted	626,242	1,302,571	1,928,813
Total net position	\$ 2,302,172	\$ 11,363,993	\$ 13,666,165

# Village of Stockton, Illinois

## Statement of Activities

Year Ended April 30, 2023	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities
<b>Functions/Programs</b>							
Governmental activities:							
General government	\$ 600,262	\$ 22,970	\$ -	\$ -	(577,292)	\$ -	(577,292)
Public safety	626,361	18,089	1,387	-	(606,885)	-	(606,885)
Public works	471,083	-	93,347	-	(377,736)	-	(377,736)
Total governmental activities	1,697,706	41,059	94,734	-	(1,561,913)	-	(1,561,913)
Business-type activities:							
Water	505,583	497,357	-	-	-	(8,226)	(8,226)
Sewer	593,954	704,023	-	84,706	-	194,775	194,775
Garbage	192,862	189,891	-	-	-	(2,971)	(2,971)
Total business-type activities	1,292,399	1,391,271	-	84,706	-	183,578	183,578
Total government	2,990,105	1,432,330	94,734	84,706	(1,561,913)	183,578	(1,378,335)
General revenues:							
Property taxes					540,618	950	541,568
Other taxes					1,464,280	-	1,464,280
Rent farm ground					-	13,655	13,655
Interest					26,168	21,252	47,420
Miscellaneous					110,388	8,280	118,668
Loan forgiveness					-	1,000,801	1,000,801
Gain (loss) sale of capital assets					775	29,363	30,138
Transfers					(11,123)	11,123	-
Total general revenues					2,131,106	1,085,424	3,216,530
Change in net position					569,193	1,269,002	1,838,195
Net position, beginning of year					1,732,979	10,094,991	11,827,970
Net position, end of year					\$ 2,302,172	\$ 11,363,993	\$ 13,666,165

# Village of Stockton, Illinois

## Balance Sheet - Governmental Funds

<i>April 30, 2023</i>	General Fund	TIF Fund	Business Development District Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 824,587	\$ 303,413	\$ 237,124	\$ 422,232	\$ 1,787,356
Receivables:					
Property taxes	118,935	309,525	-	161,652	590,112
State of Illinois	250,313	-	63,779	6,139	320,231
Other	1,868	3,250	-	-	5,118
Due from other funds	50,000	-	-	-	50,000
Prepays	-	-	-	57,378	57,378
Lease receivables	29,071	-	-	-	29,071
<b>Total assets</b>	<b>\$ 1,274,774</b>	<b>\$ 616,188</b>	<b>\$ 300,903</b>	<b>\$ 647,401</b>	<b>\$ 2,839,266</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	41,282	627	1,860	20,240	64,009
Accrued payroll and withholdings payable	15,013	-	-	298	15,311
Due to other funds	-	50,000	-	-	50,000
<b>Total liabilities</b>	<b>56,295</b>	<b>50,627</b>	<b>1,860</b>	<b>20,538</b>	<b>129,320</b>
<b>Deferred inflow of resources</b>					
Unavailable grant revenue	-	-	-	165,930	165,930
Deferred lease revenue	28,965	-	-	-	28,965
Unavailable property taxes	118,935	309,525	-	161,652	590,112
<b>Total deferred inflow of resources</b>	<b>147,900</b>	<b>309,525</b>	<b>-</b>	<b>327,582</b>	<b>785,007</b>
<b>Fund balances</b>					
Non-spendable	-	-	-	57,378	57,378
Restricted for:					
General control and administration	-	-	-	1,335	1,335
Motor fuel tax	-	-	-	245,577	245,577
Emergency services	-	-	-	649	649
American rescue plan grant	-	-	-	2,540	2,540
Business development district	-	-	299,043	-	299,043
TIF district	-	256,036	-	-	256,036
Committed for vehicles or equipment	81,490	-	-	-	81,490
Unassigned	989,089	-	-	(8,198)	980,891
<b>Total fund balances</b>	<b>1,070,579</b>	<b>256,036</b>	<b>299,043</b>	<b>299,281</b>	<b>1,924,939</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,274,774</b>	<b>\$ 616,188</b>	<b>\$ 300,903</b>	<b>\$ 647,401</b>	<b>\$ 2,839,266</b>

**Village of Stockton, Illinois**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**For the Year Ended April 30, 2023**

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Total fund balances - governmental funds	\$	1,924,939
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation</p>		870,750
<p>Accrued long-term employee benefits are not due and payable in the current period and therefore are not reported as liabilities of the funds, but are included as liabilities and deferred items in the statement of net position</p>		
Pensions related deferred outflows		219,343
Pensions related deferred inflows		(65,396)
Net pension liability		(596,272)
Compensated absences payable		(51,192)
<hr/>		
Net position of governmental activities	\$	2,302,172

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# Village of Stockton, Illinois

## Statements of Revenues, Expenditures and Changes In Fund Balance - Governmental Funds

<i>Year Ended April 30, 2023</i>	General Fund	TIF Fund	Business Development District Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 76,968	\$ 284,267	\$ -	\$ 142,438	\$ 503,673
Street taxes	36,945	-	-	-	36,945
Intergovernmental	1,029,032	-	280,161	-	1,309,193
Other local resources	189,641	-	-	-	189,641
State motor fuel tax allotments	-	-	-	92,801	92,801
Other taxes - Business Development	-	-	8,438	-	8,438
Interest earnings	13,563	4,674	2,501	5,430	26,168
Miscellaneous	47,187	3,250	-	59,951	110,388
<b>Total revenues</b>	<b>1,393,336</b>	<b>292,191</b>	<b>291,100</b>	<b>300,620</b>	<b>2,277,247</b>
<b>Expenditures:</b>					
Current:					
General government	293,024	165,855	11,073	123,560	593,512
Public safety	513,823	-	-	60,276	574,099
Public works & streets	318,223	-	-	45,746	363,969
Capital outlay	53,505	-	74,400	43,563	171,468
<b>Total expenditures</b>	<b>1,178,575</b>	<b>165,855</b>	<b>85,473</b>	<b>273,145</b>	<b>1,703,048</b>
Excess (deficiency) of revenues over (under) expenditures	214,761	126,336	205,627	27,475	574,199
<b>Other financing sources (uses):</b>					
Transfers in	72,582	19,667	-	55,995	148,244
Transfers out	(139,700)	-	(19,667)	-	(159,367)
Gain (loss) sale of capital assets	775	-	-	-	775
<b>Total other financing sources (uses)</b>	<b>(66,343)</b>	<b>19,667</b>	<b>(19,667)</b>	<b>55,995</b>	<b>(10,348)</b>
Net change in fund balances	148,418	146,003	185,960	83,470	563,851
Fund balances, beginning of year	922,161	110,033	113,083	215,811	1,361,088
<b>Fund balances, end of year</b>	<b>\$ 1,070,579</b>	<b>\$ 256,036</b>	<b>\$ 299,043</b>	<b>\$ 299,281</b>	<b>\$ 1,924,939</b>

# Village of Stockton, Illinois

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

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Net change in fund balance - governmental funds	\$	563,851
Amounts reported for governmental activities in the statement of net position are different because:		
Compensated absences		3,162
Pension related expenses		(42,702)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which the capitalized assets exceeded the depreciation expense in the period.		
		<u>44,882</u>
<u>Change in net position - statement of activities</u>	<u>\$</u>	<u>569,193</u>

# Village of Stockton, Illinois

## Combining Statement of Net Position - Proprietary Funds

<i>April 30, 2023</i>	Business-Type Activities			
	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 795,744	\$ 772,846	\$ 114,456	\$ 1,683,046
Receivables - net:				
Accounts receivable	-	7,062,628	-	7,062,628
Other receivables, net	48,387	197,847	23,660	269,894
Lease receivables	-	-	20,556	20,556
Capital assets:				
Land and construction in progress	-	7,828,338	-	7,828,338
Depreciable assets, net of accumulated depreciation	2,998,812	2,729,767	5,163	5,733,742
Total capital assets	2,998,812	10,558,105	5,163	13,562,080
Total assets	3,842,943	18,591,426	163,835	22,598,204
Deferred outflow of resources				
Deferred outflows of pension resources	22,898	48,168	-	71,066
<b>Liabilities</b>				
Accounts payable	8,908	425,953	2,385	437,246
Payroll withholdings	1,465	2,336	-	3,801
Compensated absences	10,121	18,404	-	28,525
Accrued interest	1,804	732	-	2,536
Deposits	34,525	-	-	34,525
Net pension liability	62,247	130,941	-	193,188
IEPA loans payable	490,645	2,922,678	-	3,413,323
Land acquisition loan payable	-	87,335	-	87,335
Total liabilities	609,715	3,588,379	\$ 2,385	4,200,479
<b>Deferred inflow of resources</b>				
Deferred contractual agreement revenue	-	7,062,628	-	7,062,628
Unavailable property taxes	-	-	502	502
Deferred revenue - Other	-	-	20,480	20,480
IMRF deferred inflow	6,827	14,361	-	21,188
Total deferred inflow of resources	6,827	7,076,989	20,982	7,104,798
<b>Net position</b>				
Invested in capital assets, net of related debt	2,508,167	7,548,092	5,163	10,061,422
Unrestricted	741,132	426,134	135,305	1,302,571
Total net position	\$ 3,249,299	\$ 7,974,226	\$ 140,468	\$ 11,363,993

**Village of Stockton, Illinois**  
**Statement of Revenues, Expenses and Changes In**  
**Net Position - Proprietary Funds**

<i>Year Ended April 30, 2023</i>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services	\$ 497,357	\$ 704,023	\$ 189,891	\$ 1,391,271
<b>Total operating revenues</b>	<b>497,357</b>	<b>704,023</b>	<b>189,891</b>	<b>1,391,271</b>
<b>Operating expenses:</b>				
Personnel services	67,207	148,736	-	215,943
Contractual	107,062	159,576	188,117	454,755
Commodities	39,489	9,357	1,493	50,339
Depreciation	277,807	224,817	3,127	505,751
<b>Total operating expenses</b>	<b>491,565</b>	<b>542,486</b>	<b>192,737</b>	<b>1,226,788</b>
<b>Operating income (loss)</b>	<b>5,792</b>	<b>161,537</b>	<b>(2,846)</b>	<b>164,483</b>
<b>Non-operating revenues (expenses)</b>				
Miscellaneous revenue	6,507	998	775	8,280
Interest income	8,979	10,714	1,559	21,252
Property taxes	-	-	950	950
Miscellaneous expense	(8,245)	(17,500)	(125)	(25,870)
Revenue bond interest & fees	(5,773)	(33,968)	-	(39,741)
Rent	-	-	13,655	13,655
<b>Total non-operating revenues (expenses)</b>	<b>1,468</b>	<b>(39,756)</b>	<b>16,814</b>	<b>(21,474)</b>
<b>Income (loss) before transfers and capital contributions</b>	<b>7,260</b>	<b>121,781</b>	<b>13,968</b>	<b>143,009</b>
<b>Other financing sources (uses)</b>				
Transfers in	61,200	691,003	-	752,203
Transfers out	(72,916)	(668,164)	-	(741,080)
Capital grants and contributions	-	84,706	-	84,706
Loan forgiveness	-	1,000,801	-	1,000,801
Gain (loss) sale of capital assets	29,363	-	-	29,363
<b>Total other financing sources (uses)</b>	<b>17,647</b>	<b>1,108,346</b>	<b>-</b>	<b>1,125,993</b>
<b>Change in net position</b>	<b>24,907</b>	<b>1,230,127</b>	<b>13,968</b>	<b>1,269,002</b>
<b>Net position, beginning of year</b>	<b>3,224,392</b>	<b>6,744,099</b>	<b>126,500</b>	<b>10,094,991</b>
<b>Net position, end of year</b>	<b>\$ 3,249,299</b>	<b>\$ 7,974,226</b>	<b>\$ 140,468</b>	<b>\$ 11,363,993</b>



# Village of Stockton, Illinois

## Statement of Cash Flows - Proprietary Funds

<i>Year Ended April 30, 2023</i>	<b>Business-type Activities</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 507,900	\$ 835,048	\$ 188,225	\$ 1,531,173
Cash paid to suppliers	(191,305)	(122,544)	804	(313,045)
Cash paid to employees	(104,300)	(156,309)	(188,117)	(448,726)
Net cash provided by operating activities	\$ 212,295	\$ 556,195	\$ 912	\$ 769,402
<b>Cash flows from non-capital financing activities</b>				
Transfers from other funds	61,200	691,003	-	752,203
Transfers to other funds	(72,916)	(668,164)	-	(741,080)
Real estate taxes	-	-	950	950
Net cash (used) by non-capital financing activities	(11,716)	22,839	950	12,073
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of equipment	31,500	-	-	31,500
Loan proceeds received	-	3,441,122	-	3,441,122
Acquisition and construction of land and capital assets	(17,321)	(3,587,684)	-	(3,605,005)
Interest and fees paid on revenue bonds	(5,773)	(33,968)	-	(39,741)
Principal paid on revenue bond and loan maturities	(40,954)	(651,625)	-	(692,579)
Capital contributions	-	84,706	-	84,706
Net cash (used) by capital and related financing activities	(32,548)	(747,449)	-	(779,997)
<b>Cash flows from investing activities</b>				
Rent & miscellaneous	(1,738)	(16,502)	14,430	(3,810)
Interest paid	8,979	10,714	1,434	21,127
Net cash provided by investing activities	7,241	(5,788)	15,864	17,317
Net increase in cash and cash equivalents	175,272	(174,203)	17,726	18,795
Cash and cash equivalents, beginning of year	620,472	947,049	96,730	1,664,251
Cash and cash equivalents, end of year	\$ 795,744	\$ 772,846	\$ 114,456	\$ 1,683,046

# Village of Stockton, Illinois

## Statement of Cash Flows - Proprietary Funds (Continued)

<i>Year Ended April 30, 2023</i>	<b>Business-type Activities</b>			
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Garbage Fund</b>	<b>Total</b>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income	\$ 5,792	\$ 161,537	\$ (2,846)	\$ 164,483
Adjustment to reconcile operating income to net cash flows for operating activities:				
Depreciation	277,807	224,817	3,127	505,751
Effects of changes in assets and liabilities:				
Accounts receivable	4,968	131,025	(1,093)	134,900
Lease receivable	-	-	(20,556)	(20,556)
Pension related deferred outflows	(9,907)	(25,628)	-	(35,535)
Accounts payable	(75,103)	35,030	2,297	(37,776)
Deposits	5,575	-	-	5,575
Other deferred inflows	-	-	20,480	20,480
Net pension liability	43,564	98,523	-	142,087
Pension related deferred inflows	(43,163)	(72,376)	-	(115,539)
Accrued liabilities	2,762	3,267	-	6,029
Deferred revenue	-	-	(497)	(497)
Net cash provided by operating activities				
	\$ 212,295	\$ 556,195	\$ 912	\$ 769,402

# Village of Stockton, Illinois

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies**

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

#### **The Financial Reporting Entity**

This report includes all of the funds of the Village of Stockton, Illinois, Illinois. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organizations are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

#### **Basis of Presentation**

#### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the Village, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level. The governmental activities column incorporates data from governmental funds and internal service funds. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The Village applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

#### Fund Financial Statements

The fund statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The following fund types are used by the Village:

#### Governmental Funds:

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

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

#### Proprietary Fund (Enterprise):

**Enterprise Fund** - The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or service to the general public on a continuing basis be financed or recovered primarily through user charges.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

The Village reports the following major funds:

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

**TIF Fund** - The TIF Fund is used to account for the revenues and expenditures associated with TIF activities. Financing is provided by incremental sales and property taxes.

**Business Development District Fund** - The Business Development District fund is used to account for the revenues and expenditures associated with business district activities, Financing is provided by business development taxes.

**Water, Sewer and Garbage Funds** - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers all imposed nonexchange revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease obligations are reported as other financing sources.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Measurement Focus and Basis of Accounting** (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues.

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

#### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Budgetary Basis of Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The Village's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in all budgeted funds lapse at the end of the fiscal year.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

#### Cash and Investments

Cash and cash equivalents consist of demand deposits and savings accounts. Investments as of April 30, 2023 consist of certificates of deposit and money market accounts through various financial institutions. Deposits and investments are stated at cost which approximates market. Although money market accounts appear to be easily accessible, they are considered to be investments for the Village's purposes.

The Village's monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

#### Prepaid Items

Prepaid items represent payments made by the Village for which benefits extend beyond April 30, 2023. The costs of governmental fund type prepaid items are recorded as expenditures when consumed rather than when purchased.

#### Capital Assets

Capital assets, which include buildings, land improvements, construction in progress and equipment are reported in the government-wide financial statements. The Village defines capital assets as assets with an individual cost of more than \$3,000 for equipment, \$10,000 for buildings and improvements, \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Donated capital assets are recorded at their acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except construction in progress, are being depreciated using the straight line method over the following useful lives.

Electronics	3 years
Tools	5 years
Equipment	7 years
Vehicles (police)	4 years

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Capital Assets (Continued)

Vehicles (public works)	8 years
Other improvements	20 years
Buildings	30 years
Road Improvements	20 years
Water & Sewer Improvements	20 years

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

#### Property Taxes

The County in which the Village resides is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year which begins in January and are payable in two equal installments. The first installment is due approximately on or before July 1 and the second installment is due approximately on or before September 1. The Village receives significant distributions of tax receipts approximately one month after these due dates. Payments made after the September 1 installment date are assessed interest at the rate of 1% for farmland and 1-1/2% for all others. The Board passed the 2022 levy on December 13, 2022. Since the 2022 property tax levy is levied to finance the operations of fiscal year 2024, the 2022 property tax is recorded as a receivable and the 2022 property tax revenue as unavailable revenue. Property tax revenue recorded in these financial statements is from the 2021 tax levy which was passed by the Village Board on December 14, 2021.

#### Accumulated Unpaid Vacation and Sick Pay

Regular full-time and regular part-time employees earn vacation time according to their years of continuous service. Vacation time may be accumulated to double the employee's annual accrued allowance. When the capped amount is reached, the oldest month of unused vacation will be subtracted from their accrued vacation time as the new monthly accrual amount is added. The Village does not pay employees if vacation time is not taken during the year, however, employees have the option to sell back five vacation days prior to their anniversary date. Earned sick days can accumulate to a maximum of 120 days for retirement credit, however, employees are not paid for unused accumulated sick time.

As it is impossible to predict which employees will retire from the Village and when the retirements will occur, a liability for the expenses incurred related to future retirement is not recorded. Expenses for vacation and sick leave are recorded, in accordance with the modified cash basis of accounting, at the time employees are paid for days not worked due to vacation or illness. The Village also allows employees to accumulate overtime hours in a comp time "bank" to be taken as time off at a later date.

The liability for compensated absences of accumulated unused vacation time and compensated time as of April 30, 2023 is as follows:

Compensated absences liability	\$	79,717
Total	\$	79,717



# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Net Position Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Village's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### Fund Balance Flow Assumptions

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance:* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance:* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village Board – the Village's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Village Board removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Fund Balances (Continued)

*Assigned fund balance:* This classification reflects the amounts constrained by the Village's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Village Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance:* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

#### Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF). Additions to/deductions from the pensions' fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Adoption of GASB Pronouncements

During the fiscal year ended April 30, 2023, the Village implemented the following GASB Pronouncements:

GASB Statement No. 87, Leases: In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. The statement enhances the relevance and consistency of reporting for the Village's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and a right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The Village adopted this guidance retroactively for the year ended April 30, 2023. The adoption of this guidance did not result in a restatement of the beginning net position for the year ended April 30, 2022.

# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 2: Deposits and Investments

At year end, the carrying amount of the Village's deposits into checking, money markets, savings accounts and certificates of deposit was \$3,470,402 and the bank balance was \$3,559,635. Of the bank balance, \$3,559,635 was covered by federal depository insurance or by collateral held by the Village's agent in the Village's name.

### Note 3: Capital Assets

The governmental activities capital asset activity for the year ended April 30, 2023, is as follows:

	Balance 5/1/2022	Increases	Deletions	Balance 4/30/2023
Capital assets, not being depreciated:				
Land	\$ 73,802	\$ -	\$ -	\$ 73,802
Construction in progress	102,300	74,400	-	176,700
Total capital assets, not being depreciated	176,102	74,400	-	250,502
Capital assets, being depreciated:				
Buildings	460,331	34,479	-	494,810
Equipment	932,929	51,152	(5,695)	978,386
Infrastructure	1,241,834	-	-	1,241,834
Total capital assets, being depreciated	2,635,094	85,631	(5,695)	2,715,030
Accumulated depreciation:				
Buildings	(284,997)	(9,854)	-	(294,851)
Equipment	(761,602)	(58,848)	5,695	(814,755)
Infrastructure	(938,729)	(46,447)	-	(985,176)
Total accumulated depreciation	(1,985,328)	(115,149)	5,695	(2,094,782)
Total capital assets, being depreciated, net	649,766	(29,518)	-	620,248
Governmental activities capital assets, net	\$ 825,868	\$ 44,882	\$ -	\$ 870,750

# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 3: Capital Assets (Continued)

Business-type activities capital asset balances and activity for the year ended April 30, 2023, were as follows:

	Balance 5/1/2022	Increases	Transfers/ Deletions	Balance 4/30/2023
Capital assets, not being depreciated:				
Land	\$ 342,416	\$ -	\$ -	\$ 342,416
Construction in progress	3,902,063	3,583,859	-	7,485,922
<b>Total capital assets, not being depreciated</b>	<b>4,244,479</b>	<b>3,583,859</b>	<b>-</b>	<b>7,828,338</b>
Capital assets, being depreciated:				
Property, plant & equipment	13,483,537	21,146	(32,052)	13,472,631
<b>Total capital assets, being depreciated</b>	<b>13,483,537</b>	<b>21,146</b>	<b>(32,052)</b>	<b>13,472,631</b>
Accumulated depreciation:				
Property, plant & equipment	(7,263,053)	(505,751)	29,915	(7,738,889)
<b>Total accumulated depreciation</b>	<b>(7,263,053)</b>	<b>(505,751)</b>	<b>29,915</b>	<b>(7,738,889)</b>
<b>Total capital assets, being depreciated, net</b>	<b>6,220,484</b>	<b>(484,605)</b>	<b>(2,137)</b>	<b>5,733,742</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 10,464,963</b>	<b>\$ 3,099,254</b>	<b>\$ (2,137)</b>	<b>\$ 13,562,080</b>

Depreciation expense was charged to function/programs as follows:

#### **Governmental activities**

General government	\$ 3,401
Public safety	30,756
Public works and streets	80,992
	<b>\$ 115,149</b>

#### **Business-type activities**

Water	\$ 277,807
Garbage	3,127
Sewer	224,817
	<b>\$ 505,751</b>

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 4: Long-Term Debt

#### IEPA Loan - 2009

On September 3, 2008, the Village entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section in the amount of \$585,485 for the sewer lining phase 2 project. The note bears a fixed interest rate of 2.5%. The term of the loan is for 20 years with semi-annual repayments that began in 2010.

Annual debt service requirements including \$17,548 of interest are as follows:

<b>Fiscal year ending April 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 33,045	\$ 5,074	\$ 38,119
2025	33,877	4,243	38,120
2026	34,729	3,390	38,119
2027	35,603	2,517	38,120
2028	36,498	1,621	38,119
2029 - 2029	37,344	703	38,047
<b>Total</b>	<b>\$ 211,096</b>	<b>\$ 17,548</b>	<b>\$ 228,644</b>

#### IEPA Loan – 2011

On October 10, 2011, the Village entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section in the amount of \$533,878 for the replacement of undersized water mains and to loop dead-end locations. The note bears a fixed interest rate of 1.25%. The term of the loan is for 20 years with semi-annual repayments that began in 2014.

Annual debt service requirements including \$17,591 of interest are as follows:

<b>Fiscal year ending April 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 27,568	\$ 3,368	\$ 30,936
2025	27,914	3,022	30,936
2026	28,263	2,672	30,935
2027	28,618	2,318	30,936
2028	28,977	1,959	30,936
2029 - 2033	134,957	4,252	139,209
<b>Total</b>	<b>\$ 276,297</b>	<b>\$ 17,591</b>	<b>\$ 293,888</b>

# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 4: Long-Term Debt (Continued)

#### IEPA Loan - 2019

On January 4, 2019, the Village entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section in the anticipated amount of \$773,375 for the replacement of undersized water mains and install back-up generators. At the completion of the project \$580,031 of the loan amount was forgiven by the State of Illinois. The note bears a fixed interest rate of 1.00%. The term of the loan is for 10 years with semi-annual repayments of anticipated to begin in 2020. The funds were received in the amount of \$273,904.

Annual debt service requirements including \$8,674 of interest are as follows:

<b>Fiscal year ending April 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 41,597	\$ 3,008	\$ 44,605
2025	28,079	1,658	29,737
2026	28,360	1,376	29,736
2027	28,645	1,092	29,737
2028	28,932	804	29,736
2029 - 2031	58,735	736	59,471
<b>Total</b>	<b>\$ 214,348</b>	<b>\$ 8,674</b>	<b>\$ 223,022</b>

#### IEPA Loan - 2022 L17-5555

On April 8, 2021, the Village entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section in the anticipated amount of \$6,404,831 for the construction of equalization lagoons and a new sludge storage building at the Wastewater Treatment Facility; construction of a Brewster Cheese Lift Station and control building, installation of a force main from Brewster Cheese Lift Station to Stockton's, and upgrades to the Simmons and Cherry Street Lift Station. During fiscal year 2022, the Village received \$3,153,435, of which \$2,882,174 of the loan amount was forgiven by the State of Illinois. In fiscal year 2023, the Village received an additional \$2,440,321. The note bears a fixed interest rate of 1.00%. The term of the loan is for 30 years with semi-annual repayments to begin in 2024.

Annual debt service requirements including \$437,067 of interest are as follows:

<b>Fiscal year ending April 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 39,160	\$ 13,661	\$ 52,821
2025	78,909	26,734	105,643
2026	79,700	25,943	105,643
2027	80,499	25,144	105,643
2028	81,306	24,337	105,643
2029 - 2033	418,920	109,292	528,212
Thereafter	1,933,088	211,956	2,145,044
<b>Total</b>	<b>\$ 2,711,582</b>	<b>\$ 437,067</b>	<b>\$ 3,148,649</b>

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 4: Long-Term Debt (Continued)

#### IEPA Loan - 2022 L17-5997

On January 6, 2022, the Village entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section in the anticipated amount of \$19,433,614 for the construction relating to the Wastewater Treatment Facility and Lift Stations. During fiscal year 2023, the Village received \$1,000,801, of which \$1,000,801 of the loan amount was forgiven by the State of Illinois. The note bears a fixed interest rate of 0.93%. There is no balance due on the loan as of April 30, 2023.

#### Bank Loans

In May 2018, the Village entered into a line of credit loan agreement with Citizens State Bank in the amount not to exceed \$500,000 for the design phase services associated with a new wastewater treatment facility. The note bears an interest rate of 3.50%. The term of the loan is for 2 years with accrued interest due May 16, 2019 and entire unpaid principal and any accrued interest on May 16, 2020. The loan maturity was extended until May 16, 2022. The loan was paid off in fiscal year 2023.

In May 2018, the Village entered into a line of credit loan agreement with Illinois Bank and Trust in the amount not to exceed \$500,000 for the design phase services associated with a new wastewater treatment facility. The note bears an interest rate of 3.50%. The term of the loan is for 2 years with accrued interest due May 16, 2019 and entire unpaid principal and any accrued interest on May 16, 2020. The loan maturity was extended until May 16, 2022. The loan was paid off in fiscal year 2023.

#### Other Loans Payable

In fiscal year ending April 30, 2020, the Village entered into a loan agreement for the purchase of land for the sewer plant in the amount of \$305,675. The loan bears no interest. The required payment is \$43,668 January 15<sup>th</sup> of each year and will mature on January 15, 2025.

<u>Fiscal year ending April 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 43,668	\$ -	\$ 43,668
2025	43,667	-	43,667
Total	\$ 87,335	\$ -	\$ 87,335

# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 4: Long-Term Debt (Continued)

The following is a summary of long-term debt transactions of the Village for the year ending April 30, 2023:

<b><i>Business-type activities:</i></b>	<b>Balance 5/1/2022</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance 4/30/2023</b>
IEPA loan – 2009	\$ 243,320	\$ -	\$ (32,224)	\$ 211,096
IEPA loan – 2011	303,523	-	(27,226)	276,297
IEPA loan – 2019	228,076	-	(13,728)	214,348
IEPA loan – 2022 L175555	271,261	2,440,321	-	2,711,582
IEPA loan – 2022 L175997	-	1,000,801	(1,000,801)	-
Bank loans	575,733	-	(575,733)	-
Other loans	131,003	-	(43,668)	87,335
<b>Totals</b>	<b>\$ 1,752,916</b>	<b>\$ 3,441,122</b>	<b>\$ (1,693,380)</b>	<b>\$ 3,500,658</b>

The Village is subject to a debt limitation of 8.625% of its assessed valuation of \$23,234,650. As of April 30, 2023, the Village had \$2,003,989 of remaining legal debt margin.

### Note 5: Interfund Receivables and Payables

As of April 30, 2023, the following interfund receivables/payables existed for TIF fund expenditures previously paid by General fund:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
Governmental:		
General Fund	\$ 50,000	\$ -
TIF Fund	-	50,000
<b>Total</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>



# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 6: Transfers

Transfers were made to simplify cash flows within the Village.

	Transfer In	Transfer Out
Governmental:		
Major funds:		
General Fund	\$ 72,582	\$ 139,700
TIF Fund	19,667	-
Business Development District Fund	-	19,667
Nonmajor governmental funds	55,995	-
Business-type:		
Water	61,200	72,916
Sewer	691,003	668,164
Total	\$ 900,447	\$ 900,447

Transfers out of the General fund to other Village funds are based on annual budgeted amounts approved by the Village board. The Village also transfers amounts from nonmajor governmental funds for capital project purposes.

### Note 7: Stewardship, Compliance and Accountability

#### *Excess of expenditures over appropriations*

Fund	Amount
Audit Fund	950
Insurance Fund	5,699
TIF Fund	4,085
Garbage Fund	3,127
Total	13,861

#### *Deficit Fund Equity*

As of April 30, 2023, the School Crossing Guard Fund and Street Lighting had deficit fund balances of \$298 and \$1,947, respectively.

### Note 8: Contingencies

From time to time, the Village is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the Village's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 9: Commitments

In April 2018, the Village signed a contract with MSA Professional Services for the design phase services associated with a new wastewater treatment facility. The estimated total cost of the contract is \$1,022,000. An agreement for the construction phase of Phase 1 of the project was signed with MSA Professional Services in October 2020 for \$799,000 and with Larson & Larson Builders, Inc. for \$5,002,579. As of April 30, 2023, the Village has spent \$6,239,529 related to the project and \$342,416 for the land for the new facility.

The Village has signed a contract with MSA Professional Services for Phase 2 of the project, with estimated total cost of \$1,002,000. The Village also has a contract with William Brothers Construction for Phase 2 construction with an estimated total of \$17,160,000. As of April 30, 2023, the Village has spent \$1,236,942 related to the project.

### Note 10: Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to protect against such risks of loss, the Village purchases insurance coverage. The maximum deductible in effect through these policies as of April 30, 2023 was \$5,000. During the year ended April 30, 2023, there were no significant reductions in coverage. so, there have been no settlements which have exceeded insurance coverage in the past three years.

For risks of loss related to injuries to employees, the Village purchases coverage through the Illinois Public Risk Fund. Potentially the Village could be assessed additional premiums for its share of any losses of the pool. The Village paid \$3,493 of additional premiums in fiscal year 2023. Historically, the Village has not been assessed any other additional premiums.

### Note 11: Waste Treatment Agreement

During the fiscal year ending April 30, 2000, the Village entered into an agreement with an existing enterprise to offset part of the costs of construction of a new system designed for the purposes of waterworks and sewerage collection and treatment. Under terms of the agreement, the enterprise agrees to pay a percentage of principal and interest on the outstanding General Obligation 2013 Refunding Bonds, any additional costs of construction that was not eligible for financing from IEPA, fixed operations and maintenance costs, and variable operations and maintenance costs. The percentage amounts to be paid by the enterprise are based upon the amount of average annual wastewater generated by the enterprise and treated by the Village. During fiscal year 2023, the Village entered into additional agreements with the existing enterprise for additional costs for phase 1 and phase 2 of the wastewater treatment plant project.

The balance in unearned revenue of \$7,062,628 is comprised of receivables recorded for which the related revenue is not yet earned.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 12: Pension Plan

#### Illinois Municipal Retirement Fund (IMRF)

##### *Plan Description and Benefits*

**Plan description** – The Village’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent 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 Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits provided** - IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP).

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

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

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

# Village of Stockton, Illinois

## Notes to Financial Statements

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### Note 12: Pension Plan (Continued)

#### Regular Personnel (Non-SLEP)

**Employees Covered by the Benefit Terms** - At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	16
Inactive plan member entitled to but not yet receiving benefits	6
Active employees	15
<hr/>	
Total	37

**Contributions** - As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2022 was 14.18%. For the fiscal year ended April 30, 2023, the Village contributed \$104,363 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

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

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
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 according to an experience study from years 2017 to 2019.
Mortality	For non disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements using scale MP-2020. For Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male and Female (both unadjusted) tables, and future mortality improvements using scale MP-2020. For Active Members, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male and Female (both unadjusted) tables, and future mortality improvements using scale MP-2020.

# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 12: Pension Plan (Continued)

#### Regular Personnel (Non-SLEP) (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 as of December 31, 2022:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	35.5 %	6.50 %
International equity	18 %	7.60 %
Fixed income	25.5 %	4.90 %
Real estate	10.5 %	6.20 %
Alternative investments	9.5 %	6.25-9.90 %
Cash equivalents	1 %	4.00 %
<b>Total</b>	<b>100 %</b>	

#### 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).

# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 12: Pension Plan (Continued)

#### Regular Personnel (Non-SLEP) (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting single discount rate is 7.25%.

#### Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at January 1, 2022	\$ 3,407,449	\$ 3,222,260	\$ 185,189
Changes for the year:			
Service cost	67,682	-	67,682
Interest on the total pension liability	240,150	-	240,150
Differences between expected and actual experience of the total pension liability	11,803	-	11,803
Contributions - employer	-	105,304	(105,304)
Contributions - employees	-	33,418	(33,418)
Net investment income	-	(400,766)	400,766
Benefit payments, including refunds of employee contributions	(257,747)	(257,747)	-
Other (net transfer)	-	(22,592)	22,592
Net changes	61,888	(542,383)	604,271
Balances at December 31, 2022	\$ 3,469,337	\$ 2,679,877	\$ 789,460

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the plan's net pension liability, calculated using the single discount rate of 7.25 percent, 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 (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net pension liability (asset)	\$ 1,193,695	\$ 789,460	\$ 473,969

# Village of Stockton, Illinois

## Notes to Financial Statements

### Note 12: Pension Plan (Continued)

#### Regular Personnel (Non-SLEP) (Continued)

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** - For year ended April 30, 2023, the Village recognized pension expense (income) of \$137,137. At April 30, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
<i>Deferred amounts to be recognized in pension expense in future periods:</i>		
Difference between expected and actual experience	\$ 43,115	\$ 72,656
Changes in assumptions	-	13,928
Net difference between projected and actual earnings on pension plan investments	214,361	-
Total deferred amounts to be recognized in pension expense in future periods	257,476	86,584
Pension contributions subsequent to the measurement date	32,933	-
Total deferred amounts related to pensions	\$ 290,409	\$ 86,584

The Village reported \$32,933 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement period ending April 30, 2024.

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

Year Ending April 30, 2023	Net Deferred Outflows (Inflows) of Resources
2024	\$ (19,823)
2025	11,803
2026	51,939
2027	126,973
Total	\$ 170,892

### Note 13: Other Postemployment Benefits

The Village has evaluated its potential other postemployment benefits liability. The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statues, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium.

# Village of Stockton, Illinois

## Notes to Financial Statements

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### **Note 13: Other Postemployment Benefits (Continued)**

However, no former employees have elected to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statements.

Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of April 30, 2023.

### **Note 14: Impact of Pending Accounting Principles**

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides for more guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Village has not determined the effect of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, defines a SBITA, establishes a right-to-use subscription asset and liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Village has not determined the effect of this Statement.

GASB Statement No. 99, *Omnibus 2022*, improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and 2023. The Village has not determined the effect of this Statement.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, enhances accounting and financial reporting for accounting changes in error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. The Village has not determined the effect of this Statement.

GASB Statement No. 101, *Compensated Absences*, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Village has not determined the effect of this Statement.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

### **Note 15: Subsequent Events**

In April 2021 and January 2022, the Village entered into loan agreements with the Illinois Environmental Protection Agency. Since year-end, the Village has received \$1,175,766 in loan proceeds.



## **Required Supplementary Information**

**Village of Stockton, Illinois**  
**Schedule of Changes in the Employer's Net Pension**  
**Liability and Related Ratios**  
**Illinois Municipal Retirement Fund**  
Last Ten Calendar Years  
(schedule to be built prospectively from 2014)

<b>IMRF Regular Plan</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Calendar year ending December 31										
Total pension liability:										
Service cost	\$ 67,682	\$ 71,062	\$ 68,899	\$ 74,178	\$ 71,311	\$ 74,306	\$ 64,918	\$ 60,888		
Interest on total pension liability	240,150	244,837	238,390	222,443	215,486	215,800	200,688	190,445		
Differences between expected and actual experience of the total pension liability	11,803	(125,428)	73,578	151,425	13,205	(9,188)	91,431	38,732		
Assumption changes	-	-	(46,520)	-	85,160	(112,244)	(39,449)	(9,151)		
Benefit payments, including refunds of employee contributions	(257,747)	(249,110)	(243,897)	(207,003)	(176,110)	(166,632)	(161,949)	(147,400)		
Net change in total pension liability	61,888	(58,639)	90,450	241,043	209,052	2,042	155,639	133,514		
Total pension liability, beginning	3,407,449	3,466,088	3,375,638	3,134,595	2,925,543	2,923,501	2,767,862	2,634,348		
Total pension liability, ending (a)	\$ 3,469,337	\$ 3,407,449	\$ 3,466,088	\$ 3,375,638	\$ 3,134,595	\$ 2,925,543	\$ 2,923,501	\$ 2,767,862		
Plan fiduciary net position:										
Contributions - employer	\$ 105,304	\$ 125,107	\$ 113,636	\$ 97,850	\$ 105,909	\$ 107,802	\$ 115,150	\$ 102,154		
Contributions - employees	33,418	33,039	33,270	30,857	30,928	30,453	29,712	25,538		
Net investment income	(400,766)	486,361	359,441	396,232	(118,057)	352,873	125,344	8,488		
Benefit payments, including refunds of employee contributions	(257,747)	(249,110)	(243,897)	(207,003)	(176,110)	(166,632)	(161,949)	(147,400)		
Other (net transfers)	(22,592)	(33,744)	68,167	52,230	62,599	(50,105)	27,864	147,878		
Net change in plan fiduciary net position	(542,383)	361,653	330,617	370,166	(94,731)	274,391	136,121	136,658		
Plan net position, beginning	3,222,260	2,860,607	2,529,990	2,159,824	2,254,555	1,980,164	1,844,043	1,707,385		
Plan net position, ending (b)	\$ 2,679,877	\$ 3,222,260	\$ 2,860,607	\$ 2,529,990	\$ 2,159,824	\$ 2,254,555	\$ 1,980,164	\$ 1,844,043		
Net pension liability (asset) - Ending (a) - (b)	789,460	185,189	605,481	845,648	974,771	670,988	943,337	923,819		
Plan fiduciary net position as a percentage of the total pension liability	77.24 %	94.57 %	82.53 %	74.95 %	68.90 %	77.06 %	67.73 %	66.62 %		
Covered valuation payroll	\$ 742,630	\$ 734,191	\$ 739,340	\$ 685,704	\$ 687,279	\$ 676,723	\$ 660,261	\$ 567,523		
Net pension liability as a percentage of covered valuation payroll	106.31 %	25.22 %	81.89 %	123.33 %	141.83 %	99.15 %	142.87 %	162.78 %		

**Village of Stockton, Illinois**  
**Schedule of Employer Contributions**  
**Illinois Municipal Retirement Fund**  
Last Ten Fiscal Years

Fiscal Year Ending April 30	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contributions as a Percentage of Covered Valuation Payroll
2023	\$ 104,363	\$ 104,363	\$ -	\$ 774,569	14.18 %
2022	115,724	115,724	-	719,224	17.04 %
2021	123,030	123,030	-	772,874	15.92 %
2020	100,597	100,597	-	687,972	14.62 %
2019	105,173	105,173	-	698,508	15.06 %
2018	108,357	108,357	-	686,907	15.77 %
2017	115,150	115,150	-	660,261	17.44 %
2016	102,154	102,154	-	567,523	18.00 %

\* Estimated based on 12.16% 2023 contribution rate, 14.18% 2022 calendar year contribution rate, and covered valuation payroll of \$774,569.

# Village of Stockton, Illinois

## Budgetary Comparison Schedule

Year Ended April 30, 2023	General Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Property taxes	\$ 80,000	\$ 76,968	\$ (3,032)
Street taxes	35,000	36,945	1,945
Intergovernmental	732,400	1,020,677	288,277
Other local resources	139,950	196,310	56,360
Interest earnings	3,000	13,540	10,540
Miscellaneous	9,150	44,066	34,916
<b>Total revenues</b>	<b>999,500</b>	<b>1,388,506</b>	<b>389,006</b>
<b>Expenditures</b>			
Current			
General government	\$ 515,044	\$ 292,896	\$ (222,148)
Public safety	555,400	514,802	(40,598)
Public works & streets	443,575	344,097	(99,478)
Capital outlay	38,200	16,762	(21,438)
<b>Total expenditures</b>	<b>1,552,219</b>	<b>1,168,557</b>	<b>(383,662)</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>(552,719)</b>	<b>219,949</b>	<b>5,344</b>
<b>Other financing sources (uses)</b>			
Transfers in	75,000	123,357	48,357
Transfers out	(220,600)	(139,700)	80,900
<b>Total other financing sources (uses)</b>	<b>(145,600)</b>	<b>(16,343)</b>	<b>129,257</b>
<b>Net change in fund balance</b>	<b><u>\$ (698,319)</u></b>	<b>203,606</b>	<b><u>\$ 134,601</u></b>
Adjustment from budgetary basis to generally accepted accounting principles basis		(55,188)	
Fund balance at beginning of year		<u>922,161</u>	
Fund balance at end of year		<u>\$ 1,070,579</u>	

# Village of Stockton, Illinois

## Budgetary Comparison Schedule

Year Ended April 30, 2023	TIF Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Property taxes	\$ 275,000	\$ 284,267	\$ 9,267
Interest earnings	400	4,722	4,322
<b>Total revenues</b>	<b>275,400</b>	<b>288,989</b>	<b>13,589</b>
<b>Expenditures</b>			
Current			
General government	\$ 161,770	\$ 165,228	\$ (3,458)
<b>Total expenditures</b>	<b>161,770</b>	<b>165,228</b>	<b>(3,458)</b>
Excess (deficiency) of revenue over expenditures	113,630	123,761	10,131
<b>Other financing sources (uses)</b>			
Transfers in	19,667	19,667	-
Transfers out	(50,000)	(50,000)	-
<b>Total other financing sources (uses)</b>	<b>(30,333)</b>	<b>(30,333)</b>	<b>-</b>
Net change in fund balance	<u>\$ 83,297</u>	93,428	<u>\$ 10,131</u>
Adjustment from budgetary basis to generally accepted accounting principles basis		52,575	
Fund balance at beginning of year		<u>110,033</u>	
Fund balance at end of year		<u>\$ 256,036</u>	

# Village of Stockton, Illinois

## Budgetary Comparison Schedule

Year Ended April 30, 2023	Business Development District Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Other taxes	\$ 8,400	\$ 9,331	\$ 931
Intergovernmental	240,000	279,057	39,057
Interest earnings	-	2,501	2,501
<b>Total revenues</b>	<b>248,400</b>	<b>290,889</b>	<b>42,489</b>
<b>Expenditures</b>			
Current			
General government	\$ 129,892	\$ 98,493	\$ 31,399
<b>Total expenditures</b>	<b>129,892</b>	<b>98,493</b>	<b>31,399</b>
Excess (deficiency) of revenue over expenditures	118,508	192,396	73,888
<b>Other financing sources (uses)</b>			
Transfers out	(19,667)	(19,667)	-
<b>Total other financing sources (uses)</b>	<b>(19,667)</b>	<b>(19,667)</b>	<b>-</b>
Net change in fund balance	<u>\$ 98,841</u>	172,729	<u>\$ 73,888</u>
Adjustment from budgetary basis to generally accepted accounting principles basis		13,231	
Fund balance at beginning of year		<u>113,083</u>	
Fund balance at end of year		<u>\$ 299,043</u>	



# Village of Stockton, Illinois

## Notes to Required Supplementary Information (Continued)

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### Note 2: Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate for IMRF\* (Continued)

Mortality

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

**Other Information:**

Notes: There were no benefit changes during the year.

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



## **Supplementary Information**

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# Village of Stockton, Illinois

## Budgetary Comparison Schedule

Year Ended April 30, 2023	Water Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Local government:			
Charges for services	\$ 482,500	\$ 503,416	\$ 20,916
Total operating revenues	482,500	503,416	20,916
<b>Expenditures:</b>			
Personnel services:			
Personnel services	101,165	60,332	(40,833)
Health insurance	15,000	14,273	(727)
Total personnel	116,165	74,605	(41,560)
Contractual services:			
Testing fees	7,000	2,816	(4,184)
Contractual	31,500	10,057	(21,443)
Maintenance - building	5,000	112	(4,888)
Maintenance - vehicles	71,000	72,873	1,873
Maintenance - plant	265,000	58,054	(206,946)
Professional fees	2,000	-	(2,000)
Training	2,000	1,277	(723)
Utilities	50,000	43,053	(6,947)
Data processing	2,000	568	(1,432)
Postage	2,500	2,483	(17)
Telephone	4,500	2,423	(2,077)
Publishing	1,000	379	(621)
Dues	600	577	(23)
Uniform cleaning	150	50	(100)
Total contractual services	444,250	194,722	(249,528)
Commodities:			
Chemicals	23,000	22,706	(294)
Office supplies	2,000	640	(1,360)
Gas & oil	2,500	2,632	132
Meters	24,000	10,817	(13,183)
Operating supplies	14,750	7,821	(6,929)
Uniform replacement	650	320	(330)
Contingencies	176,304	-	(176,304)
Total commodities	243,204	44,936	(198,268)
Total operating expenses	803,619	314,263	(489,356)
Operating income (loss)	(321,119)	189,153	510,272

# Village of Stockton, Illinois

## Budgetary Comparison Schedule (Continued)

Year Ended April 30, 2023	Water Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Nonoperating revenue (expenses):</b>			
Miscellaneous revenue	-	5,810	5,810
Miscellaneous expense	(3,700)	(2,330)	1,370
Interest income-Proprietary funds	950	9,004	8,054
Debt Service-principal payments	(27,524)	(13,728)	13,796
Revenue bond interest & fees	(33,147)	(32,075)	1,072
Total nonoperating revenue (expenses)	(63,421)	(33,319)	30,102
Income (loss) before transfers	(384,540)	155,834	540,374
Gain (loss) sale of capital assets	-	31,500	31,500
Transfers in	74,700	61,200	(13,500)
Transfers out	(61,200)	(72,916)	(11,716)
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	<u>\$ (371,040)</u>	175,618	<u>\$ 546,658</u>
Adjustment from budgetary basis to generally accepted accounting principles basis		(150,711)	
Fund balance at beginning of year		<u>3,224,392</u>	
Fund balance at end of year		<u>\$ 3,249,299</u>	

# Village of Stockton, Illinois

## Budgetary Comparison Schedule

Year Ended April 30, 2023	Sewer Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Local government:			
Charges for services	\$ 489,316	\$ 788,431	\$ 299,115
Total operating revenues	489,316	788,431	299,115
<b>Expenditures:</b>			
Personnel services:			
Personnel services	147,915	127,059	(20,856)
Health insurance	20,000	17,934	(2,066)
Total personnel	167,915	144,993	(22,922)
Contractual services:			
Testing fees	10,000	4,019	(5,981)
Maintenance - equipment	87,018	71,087	(15,931)
Maintenance - building	3,000	472	(2,528)
Maintenance - vehicle	1,000	916	(84)
Maintenance - plant	65,000	36,771	(28,229)
Professional fees	7,044,783	3,554,447	(3,490,336)
Training	2,000	1,289	(711)
Hauler fees	45,000	33,429	(11,571)
Utilities	50,000	35,628	(14,372)
Data processing	2,000	366	(1,634)
Postage	2,000	1,682	(318)
Telephone	5,500	4,900	(600)
Dues	300	205	(95)
Permit fees	10,000	10,000	-
Uniform cleaning	225	125	(100)
Total contractual services	7,327,826	3,755,336	(3,572,490)
Commodities:			
Chemicals	1,500	-	(1,500)
Office supplies	1,900	577	(1,323)
Gas & oil	3,000	3,307	307
Operating supplies	7,500	5,053	(2,447)
Uniform replacement	950	805	(145)
Contingencies	242,623	-	(242,623)
Total commodities	257,473	9,742	(247,731)
Total operating expenses	7,753,214	3,910,071	(3,843,143)
Operating income (loss)	(7,263,898)	(3,121,640)	4,142,258

# Village of Stockton, Illinois

## Budgetary Comparison Schedule (Continued)

Year Ended April 30, 2023	Sewer Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Nonoperating revenue (expenses):</b>			
Miscellaneous revenue	-	998	998
Miscellaneous expense	(22,425)	(17,500)	4,925
Interest income-Proprietary funds	1,700	10,892	9,192
Revenue bond interest & fees	(634,210)	(642,036)	(7,826)
<b>Total nonoperating revenue (expenses)</b>	<b>(654,935)</b>	<b>(647,646)</b>	<b>7,289</b>
Income (loss) before transfers	(7,918,833)	(3,769,286)	4,149,547
Other Fin Source-proceeds from long-term debt	8,147,485	3,566,445	(4,581,040)
Transfers in	686,864	658,780	(28,084)
Transfers out	(595,968)	(635,940)	(39,972)
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	<u>\$ 319,548</u>	(180,001)	<u>\$ (499,549)</u>
Adjustment from budgetary basis to generally accepted accounting principles basis		1,410,128	
Fund balance at beginning of year		<u>6,744,099</u>	
Fund balance at end of year		<u>\$ 7,974,226</u>	

# Village of Stockton, Illinois

## Budgetary Comparison Schedule

Year Ended April 30, 2023	Garbage Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>			
Local government:			
Charges for services	\$ 183,560	\$ 189,356	\$ 5,796
Total operating revenues	183,560	189,356	5,796
<b>Expenditures:</b>			
Contractual services:			
Maintenance - building	2,500	2,128	(372)
Maintenance - vehicles	1,500	315	(1,185)
Professional fees	500	-	(500)
Hauler fees	181,560	181,560	-
Data processing	500	156	(344)
Postage	1,500	1,478	(22)
Printing & publishing	400	183	(217)
Total contractual services	188,460	185,820	(2,640)
Commodities:			
Office supplies	400	1,474	1,074
Operating supplies	700	19	(681)
Total commodities	1,100	1,493	393
Total operating expenses	189,560	187,313	(2,247)
Operating income (loss)	(6,000)	2,043	8,043
<b>Nonoperating revenue (expenses):</b>			
Miscellaneous revenue	-	775	775
Miscellaneous expense	(50)	-	50
Interest income-Proprietary funds	300	1,108	808
Property taxes	900	950	50
Rent	13,905	13,905	-
Total nonoperating revenue (expenses)	15,055	16,738	1,683
Income (loss) before transfers	9,055	18,781	9,726
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	\$ 9,055	18,781	\$ 9,726
Adjustment from budgetary basis to generally accepted accounting principles basis		(4,813)	
Fund balance at beginning of year		126,500	
Fund balance at end of year		\$ 140,468	

# Village of Stockton, Illinois

## Combining Balance Sheet - Other Governmental Funds

<i>April 30, 2023</i>	<b>Motor Fuel Tax</b>	<b>Emergency Services Fund</b>	<b>Audit Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 249,483	\$ 649	\$ -
Receivables:			
Property taxes	-	432	17,600
State of Illinois	6,139	-	-
Prepays	-	-	-
<b>Total assets</b>	<b>\$ 255,622</b>	<b>\$ 1,081</b>	<b>\$ 17,600</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	10,045	-	-
Accrued payroll	-	-	-
<b>Total liabilities</b>	<b>10,045</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>			
Unavailable grant revenue	-	-	-
Unavailable property taxes	-	432	17,600
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>432</b>	<b>17,600</b>
<b>Fund balances:</b>			
Non-spendable	-	-	-
Restricted for:			
General control and administration	-	-	-
Motor fuel tax	245,577	-	-
Emergency services	-	649	-
American Rescue Plan Grant	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>245,577</b>	<b>649</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 255,622</b>	<b>\$ 1,081</b>	<b>\$ 17,600</b>

# Village of Stockton, Illinois

## Combining Balance Sheet - Other Governmental Funds (Continued)

<i>April 30, 2023</i>	Insurance Fund	Social Security Fund	School Crossing Guard Fund	Street Lighting Fund
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 1,335	\$ -	\$ -
Receivables:				
Property taxes	77,002	55,001	-	11,617
State of Illinois	-	-	-	-
Prepays	57,378	-	-	-
<b>Total assets</b>	<b>\$ 134,380</b>	<b>\$ 56,336</b>	<b>\$ -</b>	<b>\$ 11,617</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	5,953	-	-	1,947
Accrued payroll	-	-	298	-
<b>Total liabilities</b>	<b>5,953</b>	<b>-</b>	<b>298</b>	<b>1,947</b>
<b>Deferred inflows of resources</b>				
Unavailable grant revenue	-	-	-	-
Unavailable property taxes	77,002	55,001	-	11,617
<b>Total deferred inflows of resources</b>	<b>77,002</b>	<b>55,001</b>	<b>-</b>	<b>11,617</b>
<b>Fund balances:</b>				
Non-spendable	57,378	-	-	-
Restricted for:				
General control and administration	-	1,335	-	-
Motor fuel tax	-	-	-	-
Emergency services	-	-	-	-
American Rescue Plan Grant	-	-	-	-
Unassigned	(5,953)	-	(298)	(1,947)
<b>Total fund balances</b>	<b>51,425</b>	<b>1,335</b>	<b>(298)</b>	<b>(1,947)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 134,380</b>	<b>\$ 56,336</b>	<b>\$ -</b>	<b>\$ 11,617</b>



# Village of Stockton, Illinois

## Combining Balance Sheet - Other Governmental Funds (Continued)

<i>April 30, 2023</i>	<b>American Rescue Plan Grant</b>	<b>Total</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 170,765	\$ 422,232
Receivables:		
Property taxes	-	161,652
State of Illinois	-	6,139
Prepays	-	57,378
<b>Total assets</b>	<b>\$ 170,765</b>	<b>\$ 647,401</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	2,295	20,240
Accrued payroll	-	298
<b>Total liabilities</b>	<b>2,295</b>	<b>20,538</b>
<b>Deferred inflows of resources</b>		
Unavailable grant revenue	165,930	165,930
Unavailable property taxes	-	161,652
<b>Total deferred inflows of resources</b>	<b>165,930</b>	<b>327,582</b>
<b>Fund balances:</b>		
Non-spendable	-	57,378
Restricted for:		
General control and administration	-	1,335
Motor fuel tax	-	245,577
Emergency services	-	649
American Rescue Plan Grant	2,540	2,540
Unassigned	-	(8,198)
<b>Total fund balances</b>	<b>2,540</b>	<b>\$ 299,281</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 170,765</b>	<b>\$ 647,401</b>

# Village of Stockton, Illinois

## Combining Statement of Revenues, Expenditures and Changes In Fund Balance - Other Governmental Funds

<i>Year Ended April 30, 2023</i>	Motor Fuel Tax	Emergency Services Fund	Audit Fund	Insurance Fund
<b>Revenues:</b>				
Local sources - taxes:				
Property taxes	\$ -	\$ 286	\$ 13,255	\$ 67,216
Intergovernmental - state:				
State motor fuel tax allotments	92,801	-	-	-
Other local sources:				
Interest earnings	3,011	-	5	25
Miscellaneous	-	-	-	-
Total revenues	95,812	286	13,260	67,241
<b>Expenditures:</b>				
Current:				
General government	-	-	18,550	83,199
Public safety	-	2,363	-	-
Public works & streets	20,125	-	-	-
Capital outlay	-	-	-	-
Total expenditures	20,125	2,363	18,550	83,199
Excess (deficiency) of revenues over expenditures	75,687	(2,077)	(5,290)	(15,958)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	5,290	19,500
Total other financing sources (uses)	-	-	5,290	19,500
Net change in fund balances	75,687	(2,077)	-	3,542
Fund balances, beginning of year	169,890	2,726	-	47,883
Fund balances, end of year	\$ 245,577	\$ 649	\$ -	\$ 51,425

# Village of Stockton, Illinois

## Combining Statement of Revenues, Expenditures and Changes In Fund Balance - Other Governmental Funds (Continued)

<i>Year Ended April 30, 2023</i>	Social Security Fund	School Crossing Guard Fund	Street Lighting Fund	American Rescue Plan Grant
<b>Revenues:</b>				
Local sources - taxes:				
Property taxes	\$ 47,332	\$ 4,101	\$ 10,248	\$ -
Intergovernmental - state:				
State motor fuel tax allotments	-	-	-	-
Other local sources:				
Interest earnings	17	2	4	2,366
Miscellaneous	-	-	-	59,951
Total revenues	47,349	4,103	10,252	62,317
<b>Expenditures:</b>				
Current:				
General government	5,423	-	-	16,388
Public safety	26,551	9,137	22,225	-
Public works & streets	25,621	-	-	-
Capital outlay	-	-	-	43,563
Total expenditures	57,595	9,137	22,225	59,951
Excess (deficiency) of revenues over expenditures	(10,246)	(5,034)	(11,973)	2,366
<b>Other financing sources (uses)</b>				
Transfers in	14,295	4,976	11,934	-
Total other financing sources (uses)	14,295	4,976	11,934	-
Net change in fund balances	4,049	(58)	(39)	2,366
Fund balances, beginning of year	(2,714)	(240)	(1,908)	174
Fund balances, end of year	\$ 1,335	\$ (298)	\$ (1,947)	\$ 2,540

# Village of Stockton, Illinois

## Combining Statement of Revenues, Expenditures and Changes In Fund Balance - Other Governmental Funds (Continued)

<i>Year Ended April 30, 2023</i>	<b>Total</b>
<b>Revenues:</b>	
Local sources - taxes:	
Property taxes	\$ 142,438
Intergovernmental - state:	
State motor fuel tax allotments	92,801
Other local sources:	
Interest earnings	5,430
Miscellaneous	59,951
<b>Total revenues</b>	<b>300,620</b>
<b>Expenditures:</b>	
Current:	
General government	123,560
Public safety	60,276
Public works & streets	45,746
Capital outlay	43,563
<b>Total expenditures</b>	<b>273,145</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>27,475</b>
<b>Other financing sources (uses)</b>	
Transfers in	55,995
<b>Total other financing sources (uses)</b>	<b>55,995</b>
Net change in fund balances	83,470
Fund balances, beginning of year	215,811
Fund balances, end of year	\$ 299,281

## **Independent Accountant's Report on Compliance with State of Illinois Public Act 85-1142**

Board of Trustees  
Village of Stockton, Illinois  
Stockton, Illinois

We have examined management's assertion that the Village of Stockton, Illinois, Illinois (the "Village") complied with the provisions of subsection (q) of the Illinois Compiled Statutes 65 (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2023 for the Tax Increment Financing District Fund. The Village's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the Village's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about where management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depends on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Village's compliance with the specified requirements.

Our examination disclosed no material noncompliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) applicable to the City during the year ended April 30, 2023 for the Tax increment Financing District Fund.

In our opinion the Village of Stockton, Illinois, Illinois complied, in all material respects, with the provisions of subsection (q) of the Illinois Compiled Statutes (ILCS) 5/11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2023.

This report is intended solely for the information and use of the Mayor and Members of the City Council, management of the Village, the Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Rockford, Illinois

**WIPFLI**

August 18, 2023

## **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***

Board of Trustees  
Village of Stockton, Illinois  
Stockton, Illinois

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Stockton, Illinois, as of and for the year ended April 30, 2023 and the related notes to the financial statements, which collectively comprise the Village of Stockton, Illinois's basic financial statements, and have issued our report thereon dated August 18, 2023.

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

In planning and performing our audit of the financial statements, we considered the Village of Stockton, Illinois's 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 Village of Stockton, Illinois's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Stockton, Illinois's 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 reasonable possibility that a material misstatement of the Village of Stockton, Illinois's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 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 consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Stockton, Illinois's financial statements are free from 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management in a separate letter dated .

### **Village of Stockton, Illinois's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village of Stockton, Illinois's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the other 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 Village of Stockton, Illinois'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 Village of Stockton, Illinois's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

Rockford, Illinois  
August 18, 2023



# Village of Stockton, Illinois

## Schedule of Findings and Responses

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### Section I - Audit Findings in Relation to Financial Statements

2023-001

**Improper Segregation of Duties**

**Criteria or Specific Requirement:** Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

**Condition:** There is inadequate control over the functions of processing and recording the financial transactions due to the inadequate segregation of duties.

**Context:** The Village should have adequate staffing to properly segregate duties.

**Effect:** As a result of this condition, there is a higher risk that errors or irregularities could occur and not be detected and corrected within a timely period.

**Cause:** The Village has a limited number of staff to allow for adequate segregation of duties.

**Auditor's Recommendation:** Management and the Village Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the Village's accounting and financial reporting.