



Village of Coal Valley, Illinois

Annual Financial and Compliance Report
Year Ended December 31, 2022



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Village of Coal Valley

Officials

Year Ended December 31, 2022

Name	Title	Term Expires
Board of Trustees		
Michael Bartels	Village President	May 2025
Caleb Argo	Trustee	May 2023
Stanley Engstrom	Trustee	May 2025
Jake Hoyt	Trustee	May 2023
James Mountain	Trustee	May 2025
Laura Rigg	Trustee	May 2023
Kevin Stickell	Trustee	May 2025
Administration		
Penny Mullen	Village Administrator/Director of Finance	Appointed
Deanna Hulliger	Village Clerk/Assistant Accounting Clerk	Appointed
Ryan Hamerlinck	Director of Roads and Parks, Director of Sewer, Water and Sanitary	Appointed
Clint Whitney	Chief of Police	Appointed
Amber Dennis	Administrative Assistant Coal Valley Police Department	Appointed

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Independent Auditor's Report

To the Village President and
Members of Board of Trustees
Village of Coal Valley, Illinois
Coal Valley, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Coal Valley, Illinois as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the 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 Coal Valley, Illinois, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village of Coal Valley, Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Coal Valley, 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Village of Coal Valley, Illinois's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Coal Valley, Illinois's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios and schedules of contributions for the Illinois Municipal Retirement Plan and schedule of changes in the Village's total OPEB liability and related ratios, and budgetary comparison information, on pages 4–12 and 50-63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Coal Valley, Illinois's basic financial statements. The combining and individual fund statements and schedules and the other information, such as the schedule of assessed valuations and property tax rates, extensions and collections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary 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 May 8, 2023, on our consideration of the Village of Coal Valley, Illinois'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Coal Valley, Illinois's 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 Village of Coal Valley, Illinois's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
May 8, 2023

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Village of Coal Valley, Illinois

Management's Discussion and Analysis Year Ended December 31, 2022

It is an honor to present to you the financial picture of the Village of Coal Valley, Illinois. We offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Coal Valley, Illinois for the year ended December 31, 2022.

Financial Highlights

The assets and the deferred outflows of resources of the Village of Coal Valley, Illinois exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,745,656 (net position). Of this amount, \$10,720,064 is the Village's net investment in capital assets, \$1,342,981 is restricted for specific purposes and the amount available to meet the government's ongoing obligations to citizens and creditors is \$3,682,611. The government's total net position increased by \$900,065 during the year ended 2022.

As of the close of this current fiscal year, the Village of Coal Valley, Illinois' governmental funds reported combined ending fund balances of \$3,807,013 an increase of \$583,349 in comparison with the prior year. At the end of the current year, unassigned fund balance for the General Fund was \$2,641,539 compared to \$2,471,646 as of December 31, 2021. This represents an increase of \$169,893.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Coal Valley, Illinois' basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Village of Coal Valley, Illinois' finances in a manner similar to a private-sector business.

The statement of net position presents information on all the Village of Coal Valley, Illinois' assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

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

Both of the government-wide financial statements distinguished functions of the Village of Coal Valley, Illinois that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general and administrative, police, street and alley, economic development, parks and interest on long-term debt. The business-type activities of the Village include waterworks and sewerage.

The government-wide financial statements include the Village of Coal Valley, Illinois. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the Village.

Village of Coal Valley, Illinois

Management's Discussion and Analysis Year Ended December 31, 2022

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

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

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

The Village of Coal Valley, Illinois maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Projects Fund, and the special revenue funds of the Motor Fuel Tax Fund and the TIF Fund. The Village has two nonmajor governmental special revenue funds. Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting.

Proprietary funds – Proprietary funds account for the services for which the Village charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the statement of net position and the statement of activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. Proprietary funds include the Waterworks and Sewerage Fund which includes the activities of the Waterworks and Sewerage Operating Account, and Waterworks and Sewerage Capital Improvements Account.

The financial statements required for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

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

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village of Coal Valley, Illinois' progress in funding its obligation to provide pension benefits, other postemployment benefits to its employees and budgetary comparison schedules for the General Fund and each major special revenue fund. This information can be found in the required supplementary information of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements and the required supplementary information.

Village of Coal Valley, Illinois

Management's Discussion and Analysis Year Ended December 31, 2022

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Village's total net position has increased \$900,065 to \$15,745,656 from \$14,845,591 in December 2021.

Table 1 - Village of Coal Valley's Net Position

	Governmental Activities December 2022	Governmental Activities December 2021	Business-Type Activities December 2022	Business-Type Activities December 2021	Total December 2022	Total December 2021
Current and other assets	\$ 4,706,187	\$ 4,070,320	\$ 2,484,942	\$ 2,126,847	\$ 7,191,129	\$ 6,197,167
Capital assets	4,645,765	4,701,238	6,080,057	5,980,817	10,725,822	10,682,055
Total assets	9,351,952	8,771,558	8,564,999	8,107,664	17,916,951	16,879,222
Total deferred outflows of resources	412,212	117,984	66,030	18,903	478,242	136,887
Noncurrent liabilities	781,536	57,356	198,619	28,964	980,155	86,320
Other liabilities	118,383	280,277	730,412	439,016	848,795	719,293
Total liabilities	899,919	337,633	929,031	467,980	1,828,950	805,613
Total deferred inflows of resources	812,874	1,243,957	7,713	120,948	820,587	1,364,905
Net position:						
Net investment in capital assets	4,640,007	4,401,820	6,080,057	5,980,817	10,720,064	10,382,637
Restricted	1,342,981	932,862	-	-	1,342,981	932,862
Unrestricted	2,068,383	1,973,270	1,614,228	1,556,822	3,682,611	3,530,092
Total net position	\$ 8,051,371	\$ 7,307,952	\$ 7,694,285	\$ 7,537,639	\$ 15,745,656	\$ 14,845,591

Of the Village of Coal Valley's net position, 68 percent reflects its investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, machinery and equipment, capital assets also included infrastructure purchased subsequent to May 1, 2004), less any related debt used to acquire those assets that are still outstanding and unspent bond proceeds. The Village of Coal Valley uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A restricted portion of the Village's net position (8.5 percent as of December 31, 2022) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors is \$3,682,611.

The increase in net position is primarily from the Village increasing capital assets without incurring additional debt and the Village paying the final amount due on the 2015 general obligation bonds.

The Village's total net position increased by \$900,065 during the year ended December 31, 2022. The governmental-type activities' net position increased by \$743,419. The total business-type activities' net position increased by \$156,646.

Village of Coal Valley, Illinois

Management's Discussion and Analysis Year Ended December 31, 2022

The Village's total net position increased by \$900,065 during the year ended December 31, 2022. The governmental-type activities' net position increased by \$743,419. The total business-type activities' net position increased by \$156,646.

Table 2 highlights the Village's revenues and expenses for the year ended December 31, 2022. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

Table 2 - Village of Coal Valley, Illinois' Changes in Net Position

	Governmental Activities December 2022	Governmental Activities December 2021	Business-Type Activities December 2022	Business-Type Activities December 2021	Total December 2022	Total December 2021
Revenues:						
Program revenues:						
Charges for services	\$ 225,447	\$ 145,110	\$ 1,759,943	\$ 1,729,543	\$ 1,985,390	\$ 1,874,653
Operating grants	-	-	-	-	-	-
Capital grants and contributi	283,661	239,576	-	-	283,661	239,576
General revenues:						
Property taxes	722,153	667,946	-	-	722,153	667,946
Sales taxes	277,480	274,543	-	-	277,480	274,543
State use taxes	156,966	152,383	-	-	156,966	152,383
Utility taxes	183,750	155,521	-	-	183,750	155,521
Telecommunications taxes	43,763	47,334	-	-	43,763	47,334
State income taxes	627,159	532,336	-	-	627,159	532,336
Replacement taxes	33,852	17,614	-	-	33,852	17,614
Cannabis tax	6,231	5,545	-	-	6,231	5,545
Video gaming tax	38,707	32,421	-	-	38,707	32,421
Investment earnings	13,667	20,070	9,189	9,735	22,856	29,805
Miscellaneous	-	81,278	7,612	5,938	7,612	87,216
Total revenues	2,612,836	2,371,677	1,776,744	1,745,216	4,389,580	4,116,893

Governmental activities revenues increased \$241,159 or 10 percent. State income taxes increased \$94,823 from \$532,336 in 2021 to \$627,159 in 2022. Property taxes increased \$54,207 due to increased assessed valuations.

Business-type activities revenue increased \$31,528 from the prior year or 1.8 percent. There were no changes to utility rates in the current year. The increase is due to an increase in additional charges for services provided exclusive of consumption.

Village of Coal Valley, Illinois

Management's Discussion and Analysis
Year Ended December 31, 2022

Table 2 - Village of Milan, Illinois' Changes in Net Position (Continued)

	Governmental Activities December 2022	Governmental Activities December 2021	Business-Type Activities December 2022	Business-Type Activities December 2021	Total December 2022	Total December 2021
Expenses:						
General and administrative	\$ 225,733	\$ 213,244	\$ -	\$ -	\$ 225,733	\$ 213,244
Police	988,500	657,867	-	-	988,500	657,867
Street and alley	531,300	531,879	-	-	531,300	531,879
Parks	97,053	93,620	-	-	97,053	93,620
Economic development	136,551	122,248	-	-	136,551	122,248
Interest on long-term debt	3,543	8,570	-	-	3,543	8,570
Water and sewer	-	-	1,506,835	1,466,513	1,506,835	1,466,513
Total expenses	1,982,680	1,627,428	1,506,835	1,466,513	3,489,515	3,093,941
Excess before transfers	630,156	744,249	269,909	278,703	900,065	1,022,952
Transfers	113,263	125,035	(113,263)	(125,035)	-	-
Increase in net position	743,419	869,284	156,646	153,668	900,065	1,022,952
Net position, beginning	7,307,952	6,438,668	7,537,639	7,383,971	14,845,591	13,822,639
Net position, ending	\$ 8,051,371	\$ 7,307,952	\$ 7,694,285	\$ 7,537,639	\$ 15,745,656	\$ 14,845,591

Total expenses increased \$395,574 from \$3,093,941 to \$3,489,515. Governmental activities increased \$355,252 primarily due to the Police function from salaries and benefits. Business-type activities increased \$40,322 or 2.7 percent. Table 3 below discloses cost of services for governmental and business-type activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Cost of Services

Programs	Total Cost of Services December 2022	Total Cost of Services December 2021	Net (Expense) of Services December 2022	Net (Expense) of Services December 2021
General and administrative	\$ 225,733	\$ 213,244	\$ (95,311)	\$ (164,753)
Police	988,500	657,867	(972,922)	(646,197)
Street and alley	531,300	531,879	(249,854)	(292,303)
Parks	97,053	93,620	(94,838)	(93,620)
Economic development	136,551	122,248	(57,104)	(37,299)
Interest on long-term debt	3,543	8,570	(3,543)	(8,570)
Waterworks and sewerage	1,506,835	1,466,513	253,108	263,030
Total	\$ 3,489,515	\$ 3,093,941	\$ (1,220,464)	\$ (979,712)

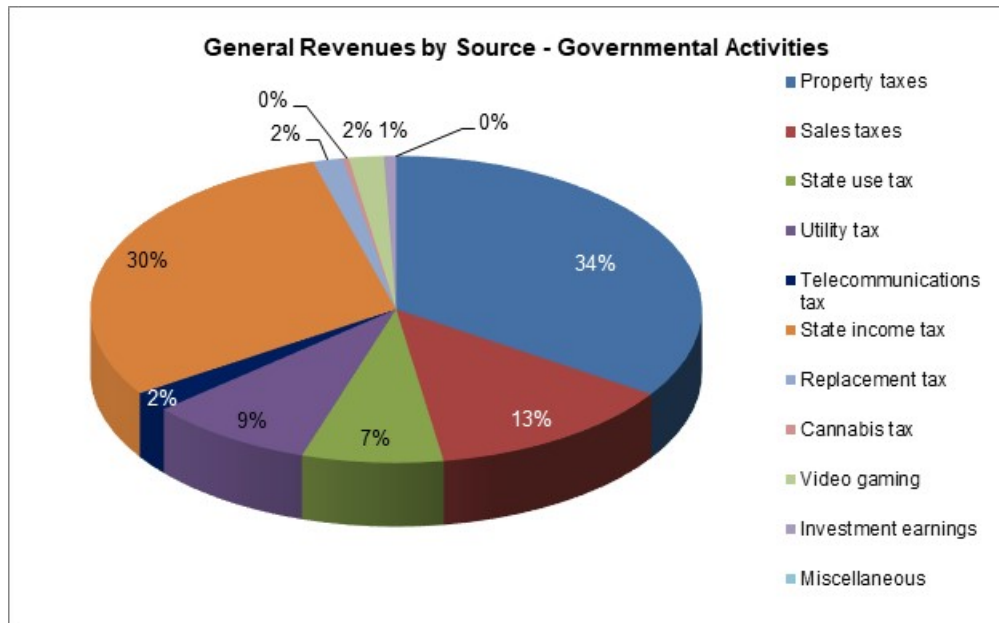
Net cost of services is 35.0 percent of total cost of services for the year ended December 31, 2022 and 31.7 percent for the year ended December 31, 2021.

Village of Coal Valley, Illinois

Management’s Discussion and Analysis
Year Ended December 31, 2022

Governmental Activities

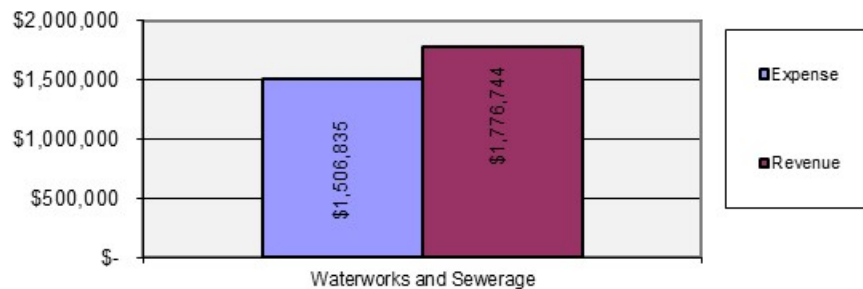
The graph below shows the percentage of the general revenues in governmental activities allocated by each revenue type for fiscal year 2022:



Business-type activities: For the year ended December 31, 2022, business-type activities increased the Village of Coal Valley’s net position by \$156,646.

Total business-type activities’ revenue for the fiscal year was \$1,776,744. All but \$16,801 of this revenue was generated for specific business-type activity expenses. The graph below shows a comparison between the business-type activity expenditures and program revenues.

Expenses and Revenues - Business-Type Activities
for Year Ended December 31, 2022



Village of Coal Valley, Illinois

Management's Discussion and Analysis Year Ended December 31, 2022

Financial Analysis of the Government's Funds

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

Governmental funds – The focus of the Village of Coal Valley, Illinois' governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village of Coal Valley itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village of Coal Valley's Trustees.

As of December 31, 2022, the Village of Coal Valley, Illinois' governmental funds reported combined ending fund balances of \$3,807,013, an increase of \$583,349 from December 31, 2021. The Village's unassigned fund balance was \$2,473,886 as of December 31, 2022 compared to \$2,297,037 as of December 31, 2021. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) legally required to be maintained intact or restricted for particular purposes by enabling legislation or by third parties - \$1,330,572 and 2) committed for specific purposes by the Board of Trustees - \$2,555.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance and total fund balance of the General Fund was \$2,641,539, an increase of \$169,893 from 2021. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to General Fund expenditures. Unassigned fund balance represents approximately 163 percent of total General Fund expenditures compared to 166 percent in the prior year.

The General Fund net position increase is due to a) an increase of \$94,823 in state income taxes distributed to the Village from the state, b) an increase of \$28,229 in utility taxes and c) a decrease of \$183,922 in the amount transferred out to the Capital Projects Fund.

The Capital Projects Fund had a total fund balance (deficit) of (\$162,086) as of December 31, 2022 which represented an increase from the prior period deficit fund balance of (\$171,257). Total 2022 expenditures were \$369,738 compared to 2021 expenditures of \$826,933. The decrease is due to a decrease in the capital projects of the Village. The purchases were funded through a transfer in from the General Fund.

The Special Revenue- Motor Fuel Tax Fund has a total fund balance of \$441,008 for the current year, an increase of \$192,155 from the prior period fund balance of \$248,853. The Motor Fuel Tax Fund's tax revenue for the year ended December 31, 2022 was \$234,152 compared to \$230,786 in the prior period due to the Rebuild Illinois supplemental allocations.

The Special Revenue- TIF Fund has a total fund balance of \$869,560 for the current year, an increase of \$208,984 over the prior period fund balance of \$660,576. Tax increment financing projects for the year resulted in expenditures of \$112,780. Tax increment financing property taxes revenue was \$318,975 compared to \$285,239 in the prior year.

Village of Coal Valley, Illinois

Management's Discussion and Analysis Year Ended December 31, 2022

Proprietary funds – The Village of Coal Valley's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail. The Waterworks and Sewerage Fund had a positive change in net position of \$156,646 compared to \$153,668 in the prior period 2021. The operating income in the Waterworks and Sewerage Fund was \$260,720 after depreciation of \$289,145 for the year ended December 31, 2022. The operating income in the Waterworks and Sewerage Fund was \$268,968 after depreciation of \$278,567 for the period ended December 31, 2021.

The cost of service decreased \$44,348 from the prior year primarily due to a decrease in the sewer services from the City of Moline.

General Fund Budgetary Highlights

Total General Fund expenditures were over budget by \$65,238 primarily due to not budgeting for debt service expenditures. Total revenues were more than budgeted by \$307,577 primarily due to an increase in state income tax received.

Capital Asset and Debt Administration

Capital assets - The Village of Coal Valley's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$10,725,822 (net of accumulated depreciation of \$19,428,716). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business-Type		Total	
	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021
Land	\$ 774,379	\$ 774,379	\$ 224,000	\$ 224,000	\$ 998,379	\$ 998,379
Construction in progress	36,626	-	40,420	40,420	77,046	40,420
Land improvements	79,945	85,497	-	-	79,945	85,497
Buildings	1,119,446	1,148,484	-	-	1,119,446	1,148,484
Furniture and equipment	116,859	119,846	-	-	116,859	119,846
Parks and street equipment	193,174	111,469	-	-	193,174	111,469
Vehicles	280,064	237,442	-	-	280,064	237,442
Infrastructure	2,039,508	2,094,703	5,815,637	5,716,397	7,855,145	7,811,100
Right to use leased equipment	5,764	-	-	-	5,764	-
Total	\$ 4,645,765	\$ 4,571,820	\$ 6,080,057	\$ 5,980,817	\$ 10,725,822	\$ 10,552,637

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

Village of Coal Valley, Illinois

Management's Discussion and Analysis Year Ended December 31, 2022

Debt - As of December 31, 2022, the Village of Coal Valley, Illinois had a lease obligation of \$5,758 outstanding compared to \$170,000 for general obligation bonds as of December 31, 2021. For the year ended December 31, 2022, the Village paid \$170,129 in principal and \$4,251 in interest on outstanding debt.

Table 5 - Outstanding Debt

	Governmental Activities		Business-Type Activities		Maturity
	December 2022	December 2021	December 2022	December 2021	
General obligation refunding bonds	\$ -	\$ 170,000	\$ -	\$ -	November 1, 2022
Lease obligation	5,758	-	-	-	November 1, 2026
	<u>\$ 5,758</u>	<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ -</u>	

Additional information about the Village's long-term debt can be found in Note 4 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Real property assessed values have increased with levy year 2022 (collection year 2023) to \$91,031,727 a 7.6 percent increase over levy year 2021 of \$84,623,042.
- The Village's tax rate increased from 0.4317 in levy year 2021 to 0.4363 in levy year 2022.

Requests for Information

This report is designed to provide our citizens and businesses with a general overview of the Village's finances and operating activities. If you have questions about this report or require additional financial information, contact the Village of Coal Valley, Illinois at 900 1st Street, P.O. Box 105, Coal Valley, IL 61240, or by telephone at 309-799-3604.

Village of Coal Valley, Illinois

Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 3,697,320	\$ 2,245,071	\$ 5,942,391
Receivables:			
Property taxes	759,429	-	759,429
Other taxes	318,219	-	318,219
Customer accounts	-	171,090	171,090
Internal balances	(68,781)	68,781	-
Total current assets	4,706,187	2,484,942	7,191,129
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	774,379	224,000	998,379
Construction in progress	36,626	40,420	77,046
Depreciable:			
Land improvements	117,079	-	117,079
Buildings	1,660,967	-	1,660,967
Furniture and equipment	245,118	-	245,118
Parks and street equipment	377,034	-	377,034
Vehicles	601,227	-	601,227
Infrastructure, road network	11,987,606	14,084,195	26,071,801
Right to use leased equipment	5,887	-	5,887
Accumulated depreciation	(11,160,158)	(8,268,558)	(19,428,716)
Total noncurrent assets	4,645,765	6,080,057	10,725,822
Total assets	9,351,952	8,564,999	17,916,951
Deferred outflows of resources:			
OPEB related deferred outflows	13,362	2,936	16,298
Pension related deferred outflows	398,850	63,094	461,944
Total deferred outflows of resources	412,212	66,030	478,242

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 32,284	\$ 203,087	\$ 235,371
Accrued liabilities	58,063	13,585	71,648
Deposits	-	6,572	6,572
Compensated absences	26,628	786	27,414
Unearned revenue	-	506,382	506,382
Current portion, lease obligation	1,408	-	1,408
Total current liabilities	118,383	730,412	848,795
Noncurrent liabilities:			
Lease obligation	4,350	-	4,350
Other postemployment benefits obligation	39,016	8,327	47,343
Net pension liability - IMRF	738,170	190,292	928,462
Total noncurrent liabilities	781,536	198,619	980,155
Total liabilities	899,919	929,031	1,828,950
Deferred Inflows of Resources:			
Deferred revenue, property taxes	751,933	-	751,933
OPEB related deferred inflows	26,357	6,101	32,458
Pension related deferred inflows	34,584	1,612	36,196
Total deferred inflows of resources	812,874	7,713	820,587
Net Position			
Net investment in capital assets	4,640,007	6,080,057	10,720,064
Restricted for:			
Economic development	869,560	-	869,560
Capital projects	456,429	-	456,429
Other purposes	16,992	-	16,992
Unrestricted	2,068,383	1,614,228	3,682,611
Total net position	\$ 8,051,371	\$ 7,694,285	\$ 15,745,656

Village of Coal Valley, Illinois

Statement of Activities
Year Ended December 31, 2022

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Sales and Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General and administrative	\$ 225,733	\$ 130,422	\$ -
Police	988,500	15,578	-
Street and alley	531,300	-	-
Parks	97,053	-	-
Economic development	136,551	79,447	-
Interest on long-term debt	3,543	-	-
Total governmental activities	<u>1,982,680</u>	<u>225,447</u>	<u>-</u>
Business-type activities:			
Waterworks and sewerage	1,506,835	1,759,943	-
Total business-type activities	<u>1,506,835</u>	<u>1,759,943</u>	<u>-</u>
Total primary government	<u>\$ 3,489,515</u>	<u>\$ 1,985,390</u>	<u>\$ -</u>

General revenues and transfers

General revenues:

Taxes:

- Property taxes
- Sales taxes
- State use taxes
- Utility taxes
- Telecommunication taxes
- State income taxes
- Replacement taxes
- Cannabis tax
- Video gaming taxes
- Investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning of year

Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (95,311)	\$ -	\$ (95,311)
-	(972,922)	-	(972,922)
281,446	(249,854)	-	(249,854)
2,215	(94,838)	-	(94,838)
-	(57,104)	-	(57,104)
-	(3,543)	-	(3,543)
<u>283,661</u>	<u>(1,473,572)</u>	<u>-</u>	<u>(1,473,572)</u>
-	-	253,108	253,108
-	-	253,108	253,108
<u>\$ 283,661</u>	<u>(1,473,572)</u>	<u>253,108</u>	<u>(1,220,464)</u>

722,153	-	722,153
277,480	-	277,480
156,966	-	156,966
183,750	-	183,750
43,763	-	43,763
627,159	-	627,159
33,852	-	33,852
6,231	-	6,231
38,707	-	38,707
13,667	9,189	22,856
-	7,612	7,612
113,263	(113,263)	-
<u>2,216,991</u>	<u>(96,462)</u>	<u>2,120,529</u>
743,419	156,646	900,065
7,307,952	7,537,639	14,845,591
<u>\$ 8,051,371</u>	<u>\$ 7,694,285</u>	<u>\$ 15,745,656</u>

Village of Coal Valley, Illinois

Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Capital Projects Fund
Assets		
Cash and investments	\$ 2,412,387	\$ 5,567
Receivables:		
Property taxes	402,515	37,724
Other taxes	278,575	-
Due from other funds	168,377	-
Total assets	\$ 3,261,854	\$ 43,291
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 32,284	\$ -
Accrued liabilities	56,433	-
Due to other funds	90,180	168,377
Total liabilities	178,897	168,377
Deferred inflows of resources:		
Unavailable revenue- property taxes	396,933	37,000
Unavailable revenue- other taxes	44,485	-
Total deferred inflows of resources	441,418	37,000
Fund balances:		
Restricted:		
Economic development	-	-
Capital projects	-	3,012
Other purposes	-	-
Committed:		
Equipment replacement	-	2,555
Unassigned	2,641,539	(167,653)
Total fund balances (deficits)	2,641,539	(162,086)
Total liabilities, deferred inflow of resources and fund balances	\$ 3,261,854	\$ 43,291

See Notes to Basic Financial Statements.

Special Revenue		Other Nonmajor Governmental		Total
Motor Fuel Tax Fund	TIF Fund	Funds		
\$ 413,773	\$ 848,601	\$ 16,992	\$	3,697,320
-	319,190	-		759,429
39,644	-	-		318,219
-	21,399	-		189,776
<u>\$ 453,417</u>	<u>\$ 1,189,190</u>	<u>\$ 16,992</u>	<u>\$</u>	<u>4,964,744</u>
\$ -	\$ -	\$ -	\$	32,284
-	1,630	-		58,063
-	-	-		258,557
<u>-</u>	<u>1,630</u>	<u>-</u>	<u>\$</u>	<u>348,904</u>
-	318,000	-		751,933
12,409	-	-		56,894
<u>12,409</u>	<u>318,000</u>	<u>-</u>	<u>\$</u>	<u>808,827</u>
-	869,560	-		869,560
441,008	-	-		444,020
-	-	16,992		16,992
-	-	-		2,555
-	-	-		2,473,886
<u>441,008</u>	<u>869,560</u>	<u>16,992</u>	<u>\$</u>	<u>3,807,013</u>
<u>\$ 453,417</u>	<u>\$ 1,189,190</u>	<u>\$ 16,992</u>	<u>\$</u>	<u>4,964,744</u>

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Village of Coal Valley, Illinois

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2022**

Total governmental fund balances		\$	3,807,013
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Capital assets	15,805,923		
Accumulated depreciation	<u>(11,160,158)</u>		4,645,765
Receivables not collected within 60 days of year-end are not available to pay for the current-period expenditures and, therefore, are deferred inflows of resources in the funds- unavailable revenues.			56,894
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:			
OPEB related deferred outflows of resources	13,362		
OPEB related deferred inflows of resources	(26,357)		
Pension related deferred outflows of resources	398,850		
Pension related deferred inflows of resources	<u>(34,584)</u>		351,271
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:			
Net pension liability	(738,170)		
Lease obligation	(5,758)		
Other postemployment benefits obligation	(39,016)		
Accrued compensated time	<u>(26,628)</u>		(809,572)
Net position of governmental activities		\$	<u>8,051,371</u>

See Notes to Basic Financial Statements.

Village of Coal Valley, Illinois

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022**

	General Fund	Capital Projects Fund
Revenues:		
Taxes:		
Property taxes	\$ 366,824	\$ 36,354
Sales taxes	278,791	-
State use taxes	156,832	-
Utility taxes	183,750	-
Motor fuel taxes	-	-
Telecommunications taxes	44,356	-
State income taxes	627,159	-
Replacement taxes	33,852	-
Cannabis tax	6,231	-
Video gaming taxes	38,707	-
Fines and penalties	9,254	-
Investment earnings	8,788	10
Licenses and permits	115,920	-
Other	137,624	2,215
Total revenues	2,008,088	38,579
Expenditures:		
Current:		
General and administrative	190,044	-
Police	872,726	-
Street and alley	331,915	-
Parks	81,490	-
Economic development	22,061	-
Capital outlay	5,887	352,313
Debt service:		
Principal	110,629	17,000
Interest	2,763	425
Total expenditures	1,617,515	369,738
Revenues over (under) expenditures before other financing sources (uses)	390,573	(331,159)
Other financing sources (uses):		
Issuance of lease	5,887	-
Transfer in from other funds	165,629	392,196
Transfer out to other funds	(392,196)	(51,866)
Total other financing sources (uses)	(220,680)	340,330
Revenue over expenditures	169,893	9,171
Fund balances (deficit), beginning	2,471,646	(171,257)
Fund balances (deficit), ending	\$ 2,641,539	\$ (162,086)

See Notes to Basic Financial Statements.

Special Revenue		Other Nonmajor Governmental Funds		Total
Motor Fuel Tax Fund	TIF Fund			
\$ -	\$ 318,975	\$ -	\$ -	\$ 722,153
-	-	-	-	278,791
-	-	-	-	156,832
-	-	-	-	183,750
234,152	-	-	-	234,152
-	-	-	-	44,356
-	-	-	-	627,159
-	-	-	-	33,852
-	-	-	-	6,231
-	-	-	-	38,707
-	-	6,324	-	15,578
1,566	3,289	14	-	13,667
-	-	-	-	115,920
-	-	-	-	139,839
<u>235,718</u>	<u>322,264</u>	<u>6,338</u>		<u>2,610,987</u>
-	-	-	-	190,044
-	-	3,192	-	875,918
-	-	-	-	331,915
-	-	-	-	81,490
-	112,780	-	-	134,841
-	-	-	-	358,200
42,500	-	-	-	170,129
1,063	-	-	-	4,251
<u>43,563</u>	<u>112,780</u>	<u>3,192</u>		<u>2,146,788</u>
192,155	209,484	3,146		464,199
-	-	-	-	5,887
-	51,866	-	-	609,691
-	(52,366)	-	-	(496,428)
-	(500)	-	-	119,150
<u>192,155</u>	<u>208,984</u>	<u>3,146</u>		<u>583,349</u>
248,853	660,576	13,846		3,223,664
<u>\$ 441,008</u>	<u>\$ 869,560</u>	<u>\$ 16,992</u>	<u>\$</u>	<u>\$ 3,807,013</u>

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Village of Coal Valley, Illinois

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2022**

Net change in fund balances - governmental funds \$ 583,349

Amounts reported for governmental activities in the statement of activities are different because governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlay exceeded depreciation in the current year:

Capital outlay	355,353	
Capital assets contributed	43,675	
Loss on disposal of capital assets	(16,520)	
Depreciation:		
General and administrative	(31,251)	
Police	(46,646)	
Street and alley	(216,854)	
Parks	(13,812)	
	73,945	73,945

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Sales tax	(1,311)	
State use tax	134	
Telecommunications tax	(593)	
Motor fuel tax	3,619	
	1,849	1,849

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment of debt reduces long-term liabilities in the statement of net position:

Issuance of lease obligation	(5,887)	
Principal payments	170,129	
	164,242	164,242

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

Change in accrued interest payable	708	
Change in accrued compensated time	(23,464)	
Change in other postemployment benefits obligation	(435)	
Change in IMRF net pension liability and related deferrals	(56,775)	
	(79,966)	(79,966)

Change in net position of governmental activities \$ 743,419

See Notes to Basic Financial Statements.

Village of Coal Valley, Illinois

Statement of Net Position
Proprietary Fund
December 31, 2022

	Waterworks and Sewerage Fund
Assets	
Current assets:	
Cash and investments	\$ 2,245,071
Receivables- customer accounts	171,090
Due from other funds	68,781
Total current assets	<u>2,484,942</u>
Noncurrent assets:	
Capital assets, not depreciated	264,420
Capital assets, depreciated net of accumulated depreciation	5,815,637
Total noncurrent assets	<u>6,080,057</u>
Total assets	<u>8,564,999</u>
 Deferred outflows of resources:	
OPEB related deferred outflows	2,936
Pension related deferred outflows	63,094
Total deferred outflows of resources	<u>66,030</u>
 Liabilities	
Current liabilities:	
Accounts payable	203,087
Accrued salary and benefits	13,585
Compensated absences	786
Customer deposits	6,572
Advances from grants	506,382
Total current liabilities	<u>730,412</u>
Noncurrent liabilities:	
Net other postemployment liability	8,327
Net pension liability	190,292
Total noncurrent liabilities	<u>198,619</u>
Total liabilities	<u>929,031</u>
 Deferred inflows of resources:	
OPEB related deferred inflows	6,101
Pension related deferred inflows	1,612
Total deferred inflows of resources	<u>7,713</u>
 Net position	
Net investment in capital assets	6,080,057
Unrestricted	1,614,228
Total net position	<u>\$ 7,694,285</u>

See Notes to Basic Financial Statements.

Village of Coal Valley, Illinois

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended December 31, 2022

	<u>Waterworks and Sewerage Fund</u>
Operating revenues:	
Charges for services	\$ 1,759,943
Miscellaneous	7,612
Total operating revenues	<u>1,767,555</u>
Operating expenses:	
Personal services	262,470
Cost of services	955,220
Depreciation	289,145
Total operating expenses	<u>1,506,835</u>
Operating income	260,720
Nonoperating revenues:	
Interest income	9,189
Total nonoperating revenue	<u>9,189</u>
Income before transfers	269,909
Transfers (out)	<u>(113,263)</u>
Change in net position	156,646
Total net position, beginning of year	7,537,639
Total net position, end of year	<u>\$ 7,694,285</u>

See Notes to Basic Financial Statements.

Village of Coal Valley, Illinois

Combining Statement of Cash Flows
Proprietary Fund
Year Ended December 31, 2022

	<u>Waterworks and Sewerage Fund</u>
Cash flows from operating activities:	
Cash received from customers and users	\$ 1,759,663
Cash received from other revenues	7,612
Cash paid for personal services	(250,760)
Cash paid to suppliers	<u>(919,192)</u>
Net cash provided by operating activities	<u>597,323</u>
Cash flows from noncapital financing activities:	
Payments to other funds	<u>(182,044)</u>
Net cash (used in) non-capital financing activities	<u>(182,044)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(388,385)
Advances of capital grants	<u>253,322</u>
Net cash (used in) capital and related financing activities	<u>(135,063)</u>
Cash flows from investing activities, interest income	<u>9,189</u>
Increase in cash and cash equivalents	289,405
Cash and cash equivalents, beginning of year	1,955,666
Cash and cash equivalents, end of year	<u>\$ 2,245,071</u>

(Continued)

Village of Coal Valley, Illinois

Combining Statement of Cash Flows (Continued)

Proprietary Fund

Year Ended December 31, 2022

	<u>Waterworks and Sewerage Fund</u>
Reconciliation of operating income	
to net cash provided by	
operating activities:	
Operating income	\$ 260,720
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation expense	289,145
Decrease in:	
Receivables-customer accounts	91
Increase (decrease) in:	
Accounts payable	36,028
Accrued liabilities	1,631
Compensated absences	786
Customer deposits	(371)
Net OPEB liability and related deferrals	102
Net pension liability and related deferrals	9,191
Net cash provided by	
operating activities	<u><u>\$ 597,323</u></u>

See Notes to Basic Financial Statements.

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Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Nature of Operations:

The Village of Coal Valley, Illinois (the Village) is a political subdivision of the State of Illinois located in Rock Island and Henry Counties. The Village operates under the President-Trustee form of government with the President and Board of Trustees elected on a caucus basis. The Village provides numerous services to citizens including public safety, public works, recreation, community and economic development and general government services.

Reporting Entity:

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Village of Coal Valley, Illinois is a municipal corporation governed by a Board of Trustees, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The Village has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the Village is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these basic financial statements.

Basis of Presentation:

Government-wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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.

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 clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The Village does not have fiduciary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Fund Accounting: The accounts of the Village are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The Village has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities and deferred inflows of resources are assigned to the fund from which they are paid; and the difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, the fund equity, is referred to as “fund balance.” The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Village’s major governmental funds:

General Fund: The General Fund is the general operating fund of the Village. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Capital Projects Fund: Is used to account for resources used in the acquisition of equipment and the acquisition and construction of capital facilities.

Special Revenue- Motor Fuel Tax Fund: Is used to account for revenues from the tax restricted for road purposes and used to pay principal and interest on general obligation bonds issued for road improvements.

Special Revenue- TIF Fund: Is used to account for revenues from the tax authorized by ordinance in the redevelopment project area and used to pay for redevelopment projects.

The other governmental funds of the Village are considered nonmajor and are as follows:

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

Controlled Substance Fund: To account for revenue and expenditures related to criminal investigation seizures.

DUI Fund: To account for revenue and expenditures related to court fines from DUI public safety activities.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the Village has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The following is the Village's major enterprise fund:

Waterworks and Sewerage Fund: Is used to account for the operation and maintenance of the Village's water and sewer systems and for all resources used in the acquisition and construction of capital equipment and facilities.

Measurement Focus and Basis of Accounting:

The government-wide and proprietary 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been satisfied.

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Property tax, and other taxes, franchise fees, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

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

Summary of Significant Accounting Policies:

The significant accounting policies followed by the Village include the following:

Cash and Cash Equivalents: For purposes of financial reporting and statement of cash flows, the Village considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of certificates of deposit and are carried at cost, which approximates market.

Property Taxes Receivable: Property tax receivable is recognized in the funds on the levy or lien date, which is the date the tax asking is certified by the Village to the County Board of Supervisors. Property taxes are levied each year on all taxable real property in the Village. Property taxes are assessed in December and attached as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in June, August, September and November of the following year, and are collected by the county collector, who in turn remits to the Village its respective share. The Village receives these remittances approximately one month after the collection dates. Current year property tax receivable represents taxes collected by the County but not remitted to the Village at December 31, 2022 and unpaid taxes as well as taxes certified by the Village to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

Although the property tax receivable has been recorded, the related revenue is a deferred inflow of resources in both the government-wide and governmental fund financial statements and will not be recognized as revenue until the year for which it is levied.

Customer Accounts: Customer accounts receivable are recorded in the proprietary fund at the time the service is billed and for unbilled usage for services provided before year-end and not yet billed.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Due From and Due To Other Funds: During the course of its operations, the Village has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of December 31, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Capital Assets: Including land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Village has not capitalized general governmental infrastructure assets purchased or constructed prior to May 1, 2004, as allowed by GASB Statement No. 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Right-to-use leased assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs to place the assets in service. Subsequently, the leased assets are amortized on a straight-line basis over the shorter of the life of the lease or estimated useful life of the asset.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

Land improvements	10 - 20 years
Buildings	15 - 50 years
Furniture and equipment	5 - 20 years
Parks and street equipment	5 - 20 years
Vehicles	6 - 15 years
Infrastructure, road network	10 - 50 years
Infrastructure, water and sewer network	15 - 50 years

The Village's collection of works of art and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to Village policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Unearned Revenue and Customer Deposits: The proprietary fund defers revenue recognition in connection with resources that have been received, but not yet earned. Customer deposits are receipts collected for utility operations not pertaining to usage or other services. Unearned revenue is receipts from American Rescue Plan Act federal grant not yet expended for eligible purposes.

Interfund Transactions: Transactions among Village funds that would be treated as revenues and expenditures or expenses if they involved organizations external to Village government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Noncurrent portions of long-term interfund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Compensated Absences: It is the Village's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Vacation benefits must be used during the twelve months succeeding the twelve months in which it was earned. Sick leave benefits may be accumulated up to the maximum hours limit established by the Village. Unused sick leave benefits are forfeited upon termination or separation.

Long-Term Liabilities: In the government-wide financial statements, long-term debt is reported as a liability in the governmental activities column in the statement of net position.

Pensions: For purposes of measuring the net pension 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) and additions to/deductions from the IMRF fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Village's Postretirement Health Plan and additions to / deductions from the fiduciary net position have been determined on the same basis as they are reported by the Village's Postretirement Health Plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

Leases: The Village is a lessee for noncancellable leases of equipment. The Village recognizes a lease liability and an intangible right-to-use lease asset in the governmental activities of the government-wide financial statements.

At the commencement of a lease, the Village initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs to place the asset in service. Subsequently, the lease asset is amortized on a straight-line basis over the life of the lease.

Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The Village uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Village generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Village is reasonably certain to exercise.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows/Inflows of Resources: In addition to assets, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflow from pension related items and OPEB related items consists of unrecognized items not yet charged to pension expense or OPEB expense.

In addition to liabilities, the balance sheet and/or statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The governmental funds report unavailable revenues from property taxes and other taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. In the Village's government-wide statements only the property tax revenues from the 2022 levy remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year they are levied and budgeted for. The deferred inflow from pension related items and OPEB related items consists of unrecognized items not yet charged to pension expense or OPEB expense.

Fund Equity: Governmental funds equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance is reported for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Village Board, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances by the Village with intent to use them for a specific purpose. Assigned fund balances are amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village Administrator and Finance Director. Any residual fund balance of the General Fund and a deficit in other funds, if any, is reported as unassigned.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Also, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

Net Position: In proprietary funds and government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation consists of \$869,560 for economic development, \$456,429 for capital projects and \$16,992 for other purposes.

The Village first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

Budgets and Budgetary Accounting: The budgetary comparison and related disclosures are reported as required supplementary information.

The Village exceeded budgeted expenditures in the General Fund by \$65,238.

Note 2. Deposits and Investments

Authorized Deposits and Investments: State statutes authorize the Village to make deposits in interest-bearing depository accounts in federally insured or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of the government securities, Illinois Funds Money Market Funds and annuities. The Village does not have a separate investment policy from state statute.

The Village's cash and cash equivalents at December 31, 2022 consisted of the following:

Petty cash fund on hand	\$	300
Checking accounts		896,806
Savings accounts		1,627,634
Money market accounts		1,632,885
Certificates of deposit		1,784,766
Total	\$	<u>5,942,391</u>

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 2. Deposits and Investments (Continued)

Custodial Credit Risk: The risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of December 31, 2022, none of the deposits with financial institutions were exposed to custodial credit risk.

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	December 31, 2021	Additions	Deletions	December 31, 2022
Governmental Activities				
Capital assets, not being depreciated,				
Land	\$ 774,379	\$ -	\$ -	\$ 774,379
Construction in progress	-	285,041	248,415	36,626
Total capital assets, not being depreciated	774,379	285,041	248,415	811,005
Capital assets, being depreciated:				
Land improvements	117,079	-	-	117,079
Buildings	1,655,577	5,390	-	1,660,967
Furniture and equipment	224,649	21,381	912	245,118
Parks and street equipment	304,692	103,926	31,584	377,034
Vehicles	516,376	114,858	30,007	601,227
Infrastructure, road network	11,876,646	110,960	-	11,987,606
Right to use leased equipment	-	5,887	-	5,887
Total capital assets, being depreciated	14,695,019	362,402	62,503	14,994,918
Less accumulated depreciation for:				
Land improvements	31,582	5,552	-	37,134
Buildings	507,093	34,428	-	541,521
Furniture and equipment	104,803	23,456	-	128,259
Parks and street equipment	193,223	14,851	24,214	183,860
Vehicles	278,934	63,998	21,769	321,163
Infrastructure, road network	9,781,943	166,155	-	9,948,098
Right to use leased equipment	-	123	-	123
Total accumulated depreciation	10,897,578	308,563	45,983	11,160,158
Total capital assets, being depreciated, net	3,797,441	53,839	16,520	3,834,760
Governmental activities capital assets, net	\$ 4,571,820	\$ 338,880	\$ 264,935	\$ 4,645,765

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 3. Capital Assets (Continued)

	December 31, 2021	Additions	Deletions	December 31, 2022
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 224,000	\$ -	\$ -	\$ 224,000
Construction in progress	40,420	-	-	40,420
Total capital assets, not being depreciated	264,420	-	-	264,420
Capital assets, being depreciated:				
Infrastructure, water and sewer network	13,704,009	388,385	8,199	14,084,195
Total capital assets, being depreciated	13,704,009	388,385	8,199	14,084,195
Less accumulated depreciation for:				
Infrastructure, water and sewer network	7,987,612	289,145	8,199	8,268,558
Total accumulated depreciation	7,987,612	289,145	8,199	8,268,558
Total capital assets, being depreciated, net	5,716,397	99,240	-	5,815,637
Business-type activities capital assets, net	\$ 5,980,817	\$ 99,240	\$ -	\$ 6,080,057

Depreciation expense was charged to the functions of the Village as follows:

Governmental Activities:	
General and administrative	\$ 31,251
Police	46,646
Street and alley	216,854
Parks	13,812
Total depreciation expense, governmental activities	\$ 308,563
Business-Type Activities:	
Water and sewer	\$ 289,145

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 4. Long-Term Debt

A summary of the changes in the outstanding long-term debt for the year ended December 31, 2022 is as follows:

Governmental Activities	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
2015 General obligation refunding bonds	\$ 170,000	\$ -	\$ 170,000	\$ -	\$ -
Lease obligation	-	5,887	129	5,758	1,408
	<u>\$ 170,000</u>	<u>\$ 5,887</u>	<u>\$ 170,129</u>	<u>\$ 5,758</u>	<u>\$ 1,408</u>

In March 2015, the Village issued \$1,140,000 of general obligation refunding bonds to retire the 2008 general obligation bonds which had a 4% interest rate. The 2015 general obligation refunding bonds had interest rates of 2.0% to 2.5% and required annual payments of \$165,000 to \$170,000. The final payment was made on the bonds at maturity on November 1, 2022.

In November 2022, The Village entered into a lease obligation for an Automated External Defibrillator (AED). The lease requires monthly payments of \$129 with an interest rate of 2.5% until maturity on November 16, 2026.

A summary of the annual lease obligation principal and interest requirements to maturity by year is as follows:

Year Ending June 30:	AED Lease Obligation		
	Principal	Interest	Total
2023	\$ 1,408	\$ 140	\$ 1,548
2024	1,456	92	1,548
2025	1,493	55	1,548
2026	1,401	18	1,419
	<u>\$ 5,758</u>	<u>\$ 305</u>	<u>\$ 6,063</u>

Legal Debt Margin: As of December 31, 2022, the long-term debt issued by the Village did not exceed its legal debt margin as shown by the computation that follows:

Assessed valuations, real property	<u>\$ 84,623,042</u>
Statutory debt limitation (8.625% of assessed valuations)	\$ 7,298,737
Outstanding debt applicable to statutory debt limitation	<u>5,758</u>
Unused legal debt capacity	<u>\$ 7,292,979</u>

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 5. Interfund Balances

The Village's cash management procedures occasionally result in short-term advances between funds that are repaid upon Village Board approval of monthly warrant payments. Such interfund advances are not reported as operating transfers. A summary of the interfund receivables and payables at December 31, 2022 is as follows:

	Interfund Receivables	Interfund Payables
Major governmental funds:		
General	\$ 168,377	\$ 90,180
Capital Projects	-	168,377
TIF	21,399	-
Major enterprise fund, Waterworks and Sewerage	68,781	-
Total	\$ 258,557	\$ 258,557

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

A summary of interfund transfers for the year ended December 31, 2022 is as follows:

	Transfers In	Transfers Out
Major governmental funds:		
General	\$ 165,629	\$ (392,196)
Capital Projects	392,196	(51,866)
TIF	51,866	(52,366)
Major enterprise fund, Waterworks and Sewerage	-	(113,263)
Total	\$ 609,691	\$ (609,691)

Note 6. Employee Retirement System

Illinois Municipal Retirement Fund

Plan description - The Village's defined benefit pension plan for employees provides retirement and disability benefits, post-retirement increases and death benefits to plan members and beneficiaries. The Village plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent-multiple employer public pension plan. Benefit and contribution provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org. The IMRF actuarial valuation date is December 31, 2022 and the measurement date is December 31, 2022.

IMRF is administered in accordance with Illinois statutes. The statutes do not provide for termination of the plan under any circumstances.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement System (Continued)

Plan membership –As of December 31, 2022, the plan measurement date, the Village’s pension plan membership consisted of the following:

	Regular	SLEP	Total
Retirees and beneficiaries	13	-	13
Inactive, non-retired plan members	16	-	16
Active plan members	14	1	15
Total	43	1	44

Benefits provided- The IMRF Plan provides retirement benefits, as well as death and disability benefits. A complete description of IMRF benefits is found in Article 7 of the Illinois Pension Code. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan. The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. All 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.

Contributions – As set by statute, the Village’s plan members are required to contribute 4.5% and 7.5%, of their annual covered salary for the Regular and SLEP plans respectively. The statute requires each participating employer 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 11.10% and 23.48% for the Regular and SLEP plans respectively. The Village also has contributions for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees while the supplemental retirement benefits rate is set by statute. Costs of administering the plan are financed by investment income.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement System (Continued)

Contributions are based on employer payrolls and are due on the tenth of the month following the month of payment pursuant to the authority vested in the IMRF Board by the Illinois Pension Code. For the fiscal year ended December 31, 2022, the Village contributed \$107,479. The covered valuation payroll as of December 31, 2022 was \$887,568.

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

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases, including inflation	2.85 percent to 13.75, including inflation
Investment rate of return, including inflation, and net of investment expense	7.25 percent

The projected retirement age was from the experienced-based table of rates that are specific to the type of eligibility condition and last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019. For non-disabled retirees, mortality rates were based on 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, mortality rates were based on 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, mortality rates were based on Pub-2010, amount-weighted, below-median income, general, employee, male and female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement System (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	35.5%	1.90%
International Equities	18.0%	3.15%
Fixed Income	25.5%	-0.60%
Real Estate	10.5%	3.30%
Alternatives	9.5%	1.7-5.5%
Cash equivalents	1.0%	-0.90%
Total	100%	

Discount rate: Governmental Accounting Standards Board Statement No. 68 requires a discount rate that considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The plan net position in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required.

The single discount rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on the pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (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.) The projection of cash flow used to determine the SDR assumed 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 the actuarially determined contribution rates and the member rate. Following are the rates of returns and resulting SDR by IMRF plan:

	Regular	SLEP
Expected rate of return	7.25%	7.25%
Municipal bond rate	4.05%	4.05%
Single discount rate	7.25%	7.25%

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Commitments (Continued)

Changes in the Net Pension Liability: The following table presents the changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
Regular Plan:			
Balance, December 31, 2021	\$ 4,838,657	\$ 5,096,168	\$ (257,511)
Changes for the year:			
Service cost	79,493	-	79,493
Interest	343,249	-	343,249
Differences between expected and actual experience	40,409	-	40,409
Changes of assumptions	-	-	-
Contributions-employer	-	90,738	(90,738)
Contributions-employee	-	36,776	(36,776)
Net investment income	-	(659,110)	659,110
Benefit payments, including refunds of employee contributions	(287,876)	(287,876)	-
Other	-	(34,480)	34,480
Net changes	175,275	(853,952)	1,029,227
Balance, December 31, 2022	\$ 5,013,932	\$ 4,242,216	\$ 771,716

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a)-(b)
SLEP Plan:			
Balance, December 31, 2021	\$ 362,018	\$ 217,590	\$ 144,428
Service cost	14,979	-	14,979
Interest	26,789	-	26,789
Differences between expected and actual experience	(29,624)	-	(29,624)
Changes of assumptions	-	-	-
Contributions-employer	-	16,741	(16,741)
Contributions-employee	-	5,347	(5,347)
Net investment income	-	(21,102)	21,102
Benefit payments, including refunds of employee contributions	-	-	-
Other	-	(1,160)	1,160
Net changes	12,144	(174)	12,318
Balance, December 31, 2022	\$ 374,162	\$ 217,416	\$ 156,746

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 6. Employee Retirement Commitments (Continued)

Sensitivity to the net pension liability to changes in the discount rate: The following presents the net pension liability of the Village, calculated using the discount rate of 7.25 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
IMRF Regular Liability	\$ 1,366,654	\$ 771,716	\$ 306,960
IMRF SLEP Liability	217,925	156,746	106,294
Total	\$ 1,584,579	\$ 928,462	\$ 413,254

Pension plan fiduciary net position: Detailed information about the IMRF pension plan's fiduciary net position is available in the separately issued IMRF financial report.

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of

Resources Related to Pensions: For the year ended December 31, 2022, the Village's pension expense is \$173,445 and the deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	Regular Plan		SLEP Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 56,694	\$ -	\$ 39,762	\$ 22,218	\$ 96,456	\$ 22,218
Changes in assumptions	-	10,432	4,729	3,546	4,729	13,978
Net difference between projected and actual earnings on pension plan investments	343,225	-	17,534	-	360,759	-
Contributions subsequent to measurement date	-	-	-	-	-	-
Total	\$ 399,919	\$ 10,432	\$ 62,025	\$ 25,764	\$ 461,944	\$ 36,196

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the IMRF pension will be recognized in pension expense (income) as follows:

Year Ending December 31,	Regular	SLEP	Total
2023	\$ (6,584)	\$ 5,402	\$ (1,182)
2024	73,177	7,122	80,299
2025	118,591	8,543	127,134
2026	204,303	14,309	218,612
2027	-	885	885
Thereafter	-	-	-
Total	\$ 389,487	\$ 36,261	\$ 425,748

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 7. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan description: The Village’s defined benefit OPEB plan, Village of Coal Valley Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single employer defined benefit OPEB plan that provides commercially insured medical and dental benefits to all active and retired employees. Qualified retirees must meet the Illinois Municipal Retirement Fund (IMRF) eligibility requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. This plan does not issue a stand-alone report.

Benefits provided: The Plan provides healthcare benefits including medical, prescription drug and dental benefits for retirees. Retiree health care coverage is available to eligible retirees of any age. All employees are required to contribute the full premium in order to continue coverage at retirement. The full monthly premium rates as of December 31, 2022 are as follows:

	Plan
Employee	\$ 474
Employee / Spouse	2,223
Family	2,302

Employees covered by benefit terms: At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	14
	<u>14</u>

Total OPEB Liability

The Village’s total OPEB liability of \$47,343 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022.

Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00% per annum
Salary increases	4.00% per annum
Discount rate	4.31% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	7.40% initial decreasing to an ultimate rate of 4.50%

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates were based on the PubG.H-2010 Mortality Table-General with Mortality Improvement using scale MP-2020. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period 2010–2017.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2021	\$ 69,985	-	\$ 69,985
Changes for the year:			
Service cost	2,636	-	2,636
Interest	1,575	-	1,575
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(18,998)	-	(18,998)
Changes in assumptions or other inputs	(7,855)	-	(7,855)
Benefit payments	-	-	-
Other changes	-	-	-
Net changes	(22,642)	-	(22,642)
Balance at December 31, 2022	\$ 47,343	-	\$ 47,343

There were no changes as a result of changes in benefit terms. Changes of assumptions or other inputs reflect a change in the discount rate from 2.25% per annum in 2021 to 4.31% per annum in 2022. The mortality assumption now includes mortality improvement. The marital status was changed from 30% to 35%.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 3.31%	Discount Rate 4.31%	1% Increase 5.31%
Total OPEB liability	\$ 51,561	\$ 47,343	\$ 43,485

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1-percentage point higher than the current healthcare cost trend rates.

	1% Decrease 6.40%	Healthcare Cost Trend Rates 7.40%	1% Increase 8.40%
Total OPEB liability	\$ 42,470	\$ 47,343	\$ 52,963

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

For the year ended December 31, 2022, the Village recognized OPEB expense of \$2,658. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,151	\$ 17,263
Changes of assumptions or other inputs	13,147	15,195
Net difference between projected and actual investments	-	-
Total	\$ 16,298	\$ 32,458

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2023	\$ 1,553
2024	1,553
2025	1,553
2026	1,553
2027	1,553
Thereafter	8,395
	<u>\$ 16,160</u>

Note 8. Risk Management

The Village is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The Village assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Tax Abatements

The Village provides tax abatements for economic development projects with tax increment financing as provided for in Illinois Compiled Statutes 65 ILCS 5 Illinois Municipal Code Section 11-74.4. For these types of projects, the Village enters into agreements with developers which require the Village, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments are made by the Village as part of these agreements.

For the year ended December 31, 2022, the Village paid \$1,415 of pledge incremental property tax under an economic development project. As of December 31, 2022, the reimbursement balance is \$200,113 against the initial development agreement of \$204,411.

The Commercial Revitalization TIF Grant Program annually can allocate \$30,000 within the Coal Valley Route 6 TIF District for the purpose of providing grants to property owners undertaking TIF eligible redevelopment projects as allowed under the Grant Program for 10% of the project not to exceed \$5,000. The Village made payments under the program in 2022 totaling \$5,000.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 9. Tax Abatements (Continued)

Tax Abatements of Other Entities:

Property tax revenues of the Village were reduced by the following amounts for Rock Island County, Illinois' tax year 2021 payable in 2022 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Abatement
Rock Island County, Illinois	Urban renewal and economic development projects	\$ 15,726

Note 10. Deficit Fund Balance

As of December 31, 2022, the Capital Projects Fund has a deficit fund balance of \$162,086. Future revenues and transfers in from other funds are expected to fund the deficit.

Note 11. Pending Governmental Accounting Standards Board (GASB) Statements

The Village adopted the following statements during the year ended December 31, 2022:

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of GASB Statement No. 87, the Village recorded the lease agreement entered into in November 2022 as a lease obligation and the recorded the related right to use leased equipment.

GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

Note 11. Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variably payment, clarifies the hedge accounting termination provisions when a hedge item is amended to replace the reference rate, clarifies the uncertainty related to the continued availability of IBORS, removes LIBOR as an appropriate benchmark interest rate for qualitative evaluation, identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifies the definition of reference rate, as it is used in Statement 53, as amended.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Other than the implementation of GASB Statement No. 87, the implementation of the above statements did not have a material impact on the Village's financial statements.

As of December 31, 2022, GASB had issued several statements not yet required to be implemented by the Village. The Statements which might impact the Village are as follows:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the Village beginning with its fiscal year ending December 31, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the Village beginning will its fiscal year ending December 31, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription assets- an intangible asset- and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA.

Village of Coal Valley, Illinois

Notes to Basic Financial Statements

Note 11. Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 99, *Omnibus 2022*, issued April 2022, will be effective for the Village beginning with its fiscal year ending December 31, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *Accounting changes and Error Corrections – An Amendment of GASB Statement No 62*, issued June 2022, will be effective for the Village beginning with its fiscal year ending December 31, 2024. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections.

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the Village beginning with its fiscal year ending December 31, 2025. This Statement requires that liabilities for compensated absences be recognized for 1) leave that has not been used and 2) leave that has been used but not paid or settled. A liability should be recognized for leave that has not been used if a) the leave is attributable to services already rendered, b) the leave accumulates, and c) the leave is more likely than not to be used for time off or paid in cash or settled. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The Village's management has not yet determined the effect these Statements will have on the Village's financial statements.

Note 12. Commitments

The Village was involved in various construction projects throughout the year. The total cost of these projects is approximately \$364,000. The remaining contractual amounts on these projects total approximately \$41,000 as of December 31, 2022.

Village of Coal Valley, Illinois

**Required Supplementary Information
Schedule of Changes in the Village's Total OPEB
Liability and Related Ratios
Last Five Fiscal Years**

	2022	2021
Total OPEB liability		
Changes for the year:		
Service cost	\$ 2,636	\$ 3,795
Interest	1,575	1,289
Changes of benefit terms	-	-
Differences between expected and actual experience	(18,998)	-
Changes in assumptions or other inputs	(7,855)	(1,907)
Benefit payments	-	-
Other charges	-	-
Net changes in total OPEB liability	(22,642)	3,177
Total OPEB liability - beginning	69,985	66,808
Total OPEB liability - ending	<u>\$ 47,343</u>	<u>\$ 69,985</u>
Covered employee payroll	\$ 864,516	\$ 689,294
Total OPEB liability as a percentage of covered employee payroll	5.48%	10.15%

Notes to Schedule:

Changes of benefit terms:

There were no changes to the benefit terms of the Plan.

Changes of assumption:

Changes of assumptions or other inputs reflect a change in the discount rate as follows:

4.31% 2.25%

Starting per capita costs were updated using most recent premiums.

Health care trend rates were changed.

The mortality assumption was changed to include mortality improvement.

The marital status assumption was changed from 30% to 35%.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75

Note: The schedule is intended to present information for ten years. Information prior to 2018 is not available.

	2020	2019	2018
\$	2,866	\$ 3,732	\$ 3,319
	1,751	1,688	1,386
	-	-	-
	4,144	-	-
	9,538	1,860	362
	-	-	-
	(5,197)	-	-
	<u>13,102</u>	<u>7,280</u>	<u>5,067</u>
	<u>53,706</u>	<u>46,426</u>	<u>41,359</u>
\$	<u>66,808</u>	\$ <u>53,706</u>	\$ <u>46,426</u>
\$	689,294	\$ 800,662	\$ 752,273
	9.69%	6.71%	6.17%
	1.93%	3.26%	3.64%

Village of Coal Valley, Illinois

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund-Regular Plan
Last Eight Fiscal Years

	December 31, 2022	December 31, 2021
Total pension liability		
Service cost	\$ 79,493	\$ 75,832
Interest	343,249	332,431
Changes of benefit terms	-	-
Differences between expected and actual experience	40,409	27,871
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	(287,876)	(289,636)
Net change in total pension liability	175,275	146,498
Total pension liability - beginning	4,838,657	4,692,159
Total pension liability - ending (a)	5,013,932	4,838,657
Plan fiduciary net position		
Contributions - employer	90,738	113,828
Contributions - member	36,776	37,553
Net investment income	(659,110)	772,079
Benefit payments, including refunds of member contributions	(287,876)	(289,636)
Other	(34,480)	11,527
Net change in plan fiduciary net position	(853,952)	645,351
Plan fiduciary net position- beginning	5,096,168	4,450,817
Plan fiduciary net position - ending (b)	4,242,216	5,096,168
Net pension liability - ending (a)-(b)	\$ 771,716	\$ (257,511)
Plan fiduciary net position as a percentage of the total pension liability	84.61%	105.32%
Covered employee payroll	\$ 816,271	\$ 834,517
Net pension liability as a percentage of covered employee payroll	94.54%	-30.86%

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

See Notes to Required Supplementary Information.

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	April 30, 2016
\$	87,121	\$ 80,399	\$ 69,230	\$ 91,091	\$ 76,712	\$ 73,762
	324,593	313,090	310,725	317,925	324,273	312,964
	-	-	-	-	-	-
	29,628	38,408	(70,422)	(81,300)	(223,713)	26,480
	(33,748)	-	125,718	(135,567)	(15,519)	-
	(298,041)	(255,136)	(275,570)	(278,889)	(262,996)	(263,572)
	109,553	176,761	159,681	(86,740)	(101,243)	149,634
	4,582,606	4,405,845	4,246,164	4,332,904	4,434,147	4,284,513
	4,692,159	4,582,606	4,405,845	4,246,164	4,332,904	4,434,147
	115,324	95,007	96,848	96,993	132,836	119,226
	35,815	34,843	32,942	32,117	36,695	32,165
	576,286	666,529	(246,814)	634,968	247,803	17,043
	(298,041)	(255,136)	(275,570)	(278,889)	(262,996)	(263,572)
	56,582	25,051	(79,594)	(60,488)	(282,789)	205,097
	485,966	566,294	(472,188)	424,701	(128,451)	109,959
	3,964,851	3,398,557	3,870,745	3,446,044	3,574,585	3,464,626
	4,450,817	3,964,851	3,398,557	3,870,745	3,446,134	3,574,585
\$	241,342	\$ 617,755	\$ 1,007,288	\$ 375,419	\$ 886,770	\$ 859,562
	94.86%	86.52%	77.14%	91.16%	79.53%	80.61%
\$	795,889	\$ 774,300	\$ 732,034	\$ 713,716	\$ 813,446	\$ 714,779
	30.32%	79.78%	137.60%	52.60%	109.01%	120.26%

Village of Coal Valley, Illinois

Required Supplementary Information
Schedule of Contributions
Illinois Municipal Retirement Fund - Regular Plan
Last Ten Fiscal Years

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Actuarially determined contribution	\$ 90,606	\$ 113,828	\$ 115,324	\$ 95,007
Contributions in relation to the actuarial determined contribution	90,738	113,828	115,324	95,007
Contribution deficiency (excess)	\$ (132)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 816,271	\$ 834,517	\$ 795,889	\$ 774,300
Contribution as a percentage of covered employee payroll	11.12%	13.64%	14.49%	12.27%

See Notes to Required Supplementary Information.

December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
\$ 96,848	\$ 96,994	\$ 132,836	\$ 119,225	\$ 100,280	\$ 106,439
96,848	96,993	132,836	119,226	100,280	106,439
\$ -	\$ 1	\$ -	\$ (1)	\$ -	\$ -
\$ 732,034	\$ 713,716	\$ 813,446	\$ 714,779	\$ 627,535	\$ 611,015
13.23%	13.59%	16.33%	16.68%	15.98%	17.42%

Village of Coal Valley, Illinois

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund-Sheriff's Law
Enforcement Personnel Employees (SLEP) Plan
Last Eight Fiscal Years

	December 31, 2022	December 31, 2021
Total pension liability		
Service cost	\$ 14,979	\$ 14,264
Interest	26,789	22,934
Changes of benefit terms	-	-
Differences between expected and actual experience	(29,624)	15,619
Changes of assumptions	-	-
Benefit payments, including refunds of member contributions	-	-
Net change in total pension liability	12,144	52,817
Total pension liability - beginning	362,018	309,201
Total pension liability - ending (a)	374,162	362,018
Plan fiduciary net position		
Contributions - employer	16,741	16,317
Contributions - member	5,347	5,053
Net investment income	(21,102)	26,486
Benefit payments, including refunds of member contributions	-	-
Other	(1,160)	(1,384)
Net change in plan fiduciary net position	(174)	46,472
Plan fiduciary net position- beginning	217,590	171,118
Plan fiduciary net position- ending (b)	217,416	217,590
Net pension liability - ending (a)-(b)	\$ 156,746	\$ 144,428
Plan fiduciary net position as a percentage of the total pension liability	58.11%	60.10%
Covered employee payroll	\$ 71,297	\$ 67,366
Net pension liability as a percentage of covered employee payroll	219.85%	214.39%

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

See Notes to Required Supplementary Information.

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	April 30, 2016
\$	13,963	\$ 12,640	\$ 11,411	\$ 12,379	\$ 11,508	\$ 11,240
	19,210	15,827	13,733	11,804	9,414	7,105
	-	-	-	-	-	-
	22,430	17,527	1,422	574	11,541	12,348
	(4,383)	-	8,016	1,455	(2,901)	1,066
	-	-	-	-	-	-
	51,220	45,994	34,582	26,212	29,562	31,759
	257,981	211,987	177,405	151,193	121,631	89,872
	309,201	257,981	211,987	177,405	151,193	121,631
	16,048	14,081	12,286	10,550	10,559	9,003
	5,326	4,835	4,415	4,064	4,136	3,885
	17,481	16,348	(2,560)	9,448	3,047	193
	-	-	-	-	-	-
	(101)	(673)	(164)	(563)	(335)	(2,356)
	38,754	34,591	13,977	23,499	17,407	10,725
	132,364	97,773	83,796	60,297	42,890	32,165
	171,118	132,364	97,773	83,796	60,297	42,890
\$	138,083	\$ 125,617	\$ 114,214	\$ 93,609	\$ 90,896	\$ 78,741
	55.34%	51.31%	46.12%	47.23%	39.88%	35.26%
\$	71,011	\$ 64,469	\$ 58,872	\$ 54,186	\$ 55,141	\$ 51,803
	194.45%	194.85%	194.00%	172.75%	164.84%	152.00%

Village of Coal Valley, Illinois

**Required Supplementary Information
 Schedule of Contributions
 Illinois Municipal Retirement Fund-Sheriff's Law
 Enforcement Personnel Employees (SLEP) Plan
 Last Ten Fiscal Years**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Actuarially determined contribution	\$ 16,741	\$ 16,317	\$ 16,048	\$ 14,080
Contributions in relation to the actuarial determined contribution	16,741	16,317	16,048	14,081
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (1)
Covered employee payroll	\$ 71,297	\$ 67,366	\$ 71,011	\$ 64,469
Contribution as a percentage of covered employee payroll	23.48%	24.22%	22.60%	21.84%

See Notes to Required Supplementary Information.

December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
\$ 12,287	\$ 10,550	\$ 10,560	\$ 9,003	\$ 7,841	\$ 6,258
12,286	10,550	10,559	9,003	7,841	6,258
\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -
\$ 58,872	\$ 54,186	\$ 55,141	\$ 51,803	\$ 48,315	\$ 45,444
20.87%	19.47%	19.15%	17.38%	16.23%	13.77%

Village of Coal Valley, Illinois

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 365,206	\$ 365,206	\$ 366,824	\$ 1,618
Sales taxes	247,141	247,141	278,791	31,650
State use taxes	155,501	155,501	156,832	1,331
Utility taxes	147,796	147,796	183,750	35,954
Telecommunications taxes	47,358	47,358	44,356	(3,002)
State income taxes	484,900	484,900	627,159	142,259
Replacement taxes	14,687	14,687	33,852	19,165
Cannabis tax	4,962	4,962	6,231	1,269
Video gaming taxes	25,607	25,607	38,707	13,100
Fines and penalties	11,184	11,184	9,254	(1,930)
Investment earnings	19,863	19,863	8,788	(11,075)
Licenses and permits	134,124	134,124	115,920	(18,204)
Other	42,182	42,182	137,624	95,442
Total revenues	1,700,511	1,700,511	2,008,088	307,577
Expenditures:				
Current:				
General and administrative	150,172	150,172	190,044	(39,872)
Police	922,468	922,468	872,726	49,742
Street and alley	340,667	340,667	331,915	8,752
Parks and recreation	106,213	106,213	81,490	24,723
Economic development	32,757	32,757	22,061	10,696
Capital outlay	-	-	5,887	(5,887)
Debt service:				
Principal	-	-	110,629	(110,629)
Interest	-	-	2,763	(2,763)
Total expenditures	1,552,277	1,552,277	1,617,515	(65,238)
Revenue over (under) expenditures before other financing sources (uses)	148,234	148,234	390,573	242,339
Other financing sources (uses):				
Issuance of lease	-	-	5,887	5,887
Transfers in	-	-	165,629	165,629
Transfers (out)	-	-	(392,196)	(392,196)
Total other financing sources (uses)	-	-	(220,680)	(220,680)
Net change in fund balance	\$ 148,234	\$ 148,234	169,893	\$ 21,659
Fund balance, beginning of year			2,471,646	
Fund balance, end of year			<u>\$ 2,641,539</u>	

See Notes to Required Supplementary Information.

Village of Coal Valley, Illinois

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Motor Fuel Tax Fund
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Motor fuel tax	\$ 191,494	\$ 191,494	\$ 234,152	\$ 42,658
Investment earnings	750	750	1,566	816
Total revenues	<u>192,244</u>	<u>192,244</u>	<u>235,718</u>	<u>43,474</u>
Expenditures:				
Debt Service:				
Principal	42,500	42,500	42,500	-
Interest	1,063	1,063	1,063	-
Total expenditures	<u>43,563</u>	<u>43,563</u>	<u>43,563</u>	<u>-</u>
Net change in fund balance	<u>\$ 148,681</u>	<u>\$ 148,681</u>	<u>192,155</u>	<u>\$ 43,474</u>
Fund balance, beginning of year			<u>248,853</u>	
Fund balance, end of year			<u>\$ 441,008</u>	

See Notes to Required Supplementary Information.

Village of Coal Valley, Illinois

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 TIF Fund
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 285,970	\$ 285,970	\$ 318,975	\$ 33,005
Investment earnings	1,500	1,500	3,289	1,789
Total revenues	287,470	287,470	322,264	34,794
Expenditures:				
Current:				
Economic development	646,625	646,625	112,780	533,845
Capital outlay	50,000	50,000	-	50,000
Total expenditures	696,625	696,625	112,780	583,845
Revenue over (under) expenditures before other financing sources (uses)	(409,155)	(409,155)	209,484	(549,051)
Other financing sources (uses):				
Transfers in	-	-	51,866	51,866
Transfers (out)	-	-	(52,366)	(52,366)
Total other financing sources (uses)	-	-	(500)	(500)
Net change in fund balance	\$ (409,155)	\$ (409,155)	208,984	\$ (549,551)
Fund balance, beginning of year			660,576	
Fund balance, end of year			<u>\$ 869,560</u>	

See Notes to Required Supplementary Information.

Village of Coal Valley, Illinois

Notes to Required Supplementary Information

Note 1. Budgets and Budgetary Information

Annual budgets are adopted for all funds. These budgets are adopted on the generally accepted accounting principles basis of accounting. The budget is amended by the Village Board of Trustees. Spending control is established by the amount of the expenditures for each fund, but management control is exercised at the budgetary line item level. Reported budget amounts represent the originally adopted budget. There were no amendments to the original budget. All appropriations lapse at fiscal year-end. The Village exceeded budgeted expenditures in the General Fund by \$65,238 and the Controlled Substance Fund by \$3,192.

Note 2. Illinois Municipal Retirement Fund (IMRF)

The methods and assumptions used to determine the 2022 contribution rates were as follows:

Actuarial cost method	Aggregate Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP, ECO): 21-year closed period. Early Retirement incentive plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 16 years for most employers (five employers were financed over 17 years, one employer was financed over 18 years; two employers were financed over 19 years, three employers were financed over 25 years, four employers were financed over 26 years and one employer was financed over 27 years.
Asset valuation method	5-Year smoothed market; 20% corridor
Wage growth	2.75%
Price inflation	2.25%
Salary increases	2.85 to 13.75% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2020, 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-2020, 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:	There were no benefit changes during the year.

Village of Coal Valley, Illinois

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds		
	Controlled		
	Substance Fund	DUI Fund	Total
Assets			
Cash and investments	\$ 2,832	\$ 14,160	\$ 16,992
Total assets	<u>\$ 2,832</u>	<u>\$ 14,160</u>	<u>\$ 16,992</u>
Fund Balances			
Restricted for:			
Other purposes	\$ 2,832	\$ 14,160	\$ 16,992

Village of Coal Valley, Illinois

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended December 31, 2022**

	Special Revenue Funds		
	Controlled Substance Fund	DUI Fund	Total
Revenues:			
Fines and penalties	\$ 5,266	\$ 1,058	\$ 6,324
Investment earnings	3	11	14
Total revenues	<u>5,269</u>	<u>1,069</u>	<u>6,338</u>
Expenses:			
Police	3,192	-	3,192
Total expenses	<u>3,192</u>	<u>-</u>	<u>3,192</u>
Net change in fund balance	2,077	1,069	3,146
Fund balances, beginning of year	755	13,091	13,846
Fund balances, end of year	<u>\$ 2,832</u>	<u>\$ 14,160</u>	<u>\$ 16,992</u>

Village of Coal Valley, Illinois

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Controlled Substance Fund
Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and penalties	\$ -	\$ -	\$ 5,266	\$ 5,266
Investment earnings	-	-	3	3
Total revenues	-	-	5,269	5,269
Expenses:				
Police	-	-	3,192	(3,192)
Total expenses	-	-	3,192	(3,192)
Net change in fund balance	\$ -	\$ -	2,077	\$ 2,077
Fund balance, beginning of year			755	
Fund balance, end of year			<u>\$ 2,832</u>	

Village of Coal Valley, Illinois

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 DUI Fund
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and penalties	\$ 500	\$ 500	\$ 1,058	\$ 558
Investment earnings	10	10	11	1
Total revenues	<u>510</u>	<u>510</u>	<u>1,069</u>	<u>559</u>
Expenses:				
Police	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 510</u>	<u>\$ 510</u>	<u>1,069</u>	<u>\$ 559</u>
Fund balance, beginning of year			<u>13,091</u>	
Fund balance, end of year			<u>\$ 14,160</u>	

Village of Coal Valley, Illinois

**Combining Balance Sheet
Capital Projects Fund-By Account
December 31, 2022**

Assets	Capital Equipment Replacement Account	Capital Improvements Account	Veteran's Memorial Account	Band Shelter Account	Total
Cash and investments	\$ 2,555	\$ -	\$ 3,012	\$ -	\$ 5,567
Receivables:					
Property taxes	-	37,724	-	-	37,724
Total assets	\$ 2,555	\$ 37,724	\$ 3,012	\$ -	\$ 43,291
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities, due to other funds	-	168,377	-	-	168,377
Deferred inflows of resources, unavailable revenue, property taxes	-	37,000	-	-	37,000
Fund balances:					
Restricted:					
Capital projects	-	-	3,012	-	3,012
Committed:					
Equipment replacement	2,555	-	-	-	2,555
Unassigned	-	(167,653)	-	-	(167,653)
Total fund balances (deficits)	2,555	(167,653)	3,012	-	(162,086)
Total liabilities, deferred inflows of resources and fund balances	\$ 2,555	\$ 37,724	\$ 3,012	\$ -	\$ 43,291

Village of Coal Valley, Illinois

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Capital Projects Fund-By Account
Year Ended December 31, 2022**

	Capital Equipment Replacement Account	Capital Improvements Account	Veteran's Memorial Account	Band Shelter Account	Total
Revenues:					
Property taxes	\$ -	\$ 36,354	\$ -	\$ -	\$ 36,354
Investment earnings	-	10	-	-	10
Other	-	-	2,215	-	2,215
Total revenues	-	36,364	2,215	-	38,579
Expenditures:					
Capital outlay	265,425	86,888	-	-	352,313
Debt service:					
Principal	-	17,000	-	-	17,000
Interest	-	425	-	-	425
Total expenditures	265,425	104,313	-	-	369,738
Revenues (under) expenditures before other financing sources (uses)	(265,425)	(67,949)	2,215	-	(331,159)
Other financing sources (uses):					
Transfers in	265,425	126,771	-	-	392,196
Transfers (out)	-	(51,866)	-	-	(51,866)
Total other financing sources (uses)	265,425	74,905	-	-	340,330
Net change in fund balances	-	6,956	2,215	-	9,171
Fund balances (deficit),					
beginning	2,555	(174,609)	797	-	(171,257)
Fund balances (deficit), ending	\$ 2,555	\$ (167,653)	\$ 3,012	\$ -	\$ (162,086)

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Village of Coal Valley, Illinois

**Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual
Capital Projects Fund
Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 27,244	\$ 27,244	\$ 36,354	\$ 9,110
Investment earnings	30	30	10	(20)
Other			2,215	2,215
Total revenues	<u>27,274</u>	<u>27,274</u>	<u>38,579</u>	<u>11,305</u>
Expenditures:				
Current:				
General and administrative	50,000	-	-	-
Capital outlay	962,191	962,191	352,313	609,878
Debt service:				
Principal	17,000	17,000	17,000	-
Interest	425	425	425	-
Total expenditures	<u>1,029,616</u>	<u>979,616</u>	<u>369,738</u>	<u>609,878</u>
Revenue over (under) expenditures before other financing sources	(1,002,342)	(952,342)	(331,159)	621,183
Other financing sources (uses):				
Transfers in	1,020,000	1,020,000	392,196	(627,804)
Transfers (out)	-	-	(51,866)	(51,866)
Net change in fund balance	<u>\$ 17,658</u>	<u>\$ 67,658</u>	9,171	<u>\$ (58,487)</u>
Fund balance (deficit), beginning of year			(171,257)	
Fund balance (deficit), end of year			<u>\$ (162,086)</u>	

Village of Coal Valley, Illinois

**Combining Statement of Net Position
Proprietary Fund-By Account
December 31, 2022**

Assets	Waterworks and Sewerage Operating Account	Waterworks and Sewerage Capital Improvements Account	Total
Current assets:			
Cash and investments	\$ 1,222,734	\$ 1,022,337	\$ 2,245,071
Receivables- customer accounts	171,090	-	171,090
Due from other funds	68,781	-	68,781
Total current assets	1,462,605	1,022,337	2,484,942
Noncurrent assets:			
Capital assets, not depreciated	-	264,420	264,420
Capital assets, depreciated net of accumulated depreciation	-	5,815,637	5,815,637
Total noncurrent assets	-	6,080,057	6,080,057
Total assets	1,462,605	7,102,394	8,564,999
Deferred outflows of resources:			
OPEB related deferred outflows	2,936	-	2,936
Pension related deferred outflows	63,094	-	63,094
Total deferred outflows of resources	66,030	-	66,030
Liabilities			
Current liabilities:			
Accounts payable	203,087	-	203,087
Accrued salary and benefits	13,585	-	13,585
Compensated absences	786	-	786
Customer deposits	6,572	-	6,572
Unearned revenue	-	506,382	506,382
Total current liabilities	224,030	506,382	730,412
Noncurrent liabilities:			
Net other postemployment liability	8,327	-	8,327
Net pension liability	190,292	-	190,292
Total noncurrent liabilities	198,619	-	198,619
Total liabilities	422,649	506,382	929,031
Deferred inflows of resources:			
Other postemployment benefit related deferred inflows	6,101	-	6,101
Pension related deferred inflows	1,612	-	1,612
Total deferred inflows of resources	7,713	-	7,713
Net position			
Net investment in capital assets	-	6,080,057	6,080,057
Unrestricted	1,098,273	515,955	1,614,228
Total net position	\$ 1,098,273	\$ 6,596,012	\$ 7,694,285

Village of Coal Valley, Illinois

Combining Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund-By Account
 Year Ended December 31, 2022

	Waterworks and Sewerage Operating Account	Waterworks and Sewerage Capital Improvements Account	Eliminations	Total
Operating revenues:				
Charges for services	\$ 1,759,943	\$ -	\$ -	\$ 1,759,943
Miscellaneous	7,612	-	-	7,612
Total operating revenues	1,767,555	-	-	1,767,555
Operating expenses:				
Personal services	262,470	-	-	262,470
Cost of services	955,220	-	-	955,220
Depreciation	-	289,145	-	289,145
Total operating expenses	1,217,690	289,145	-	1,506,835
Operating income (loss)	549,865	(289,145)	-	260,720
Nonoperating revenues (expenses):				
Capital outlay	(388,385)	-	388,385	-
Interest income	5,293	3,896	-	9,189
Total nonoperating revenues (expenses)	(383,092)	3,896	388,385	9,189
Income (loss) before capital contributions and transfers	166,773	(285,249)	388,385	269,909
Capital contributions	-	388,385	(388,385)	-
Transfers (out)	(113,263)	-	-	(113,263)
Change in net position	53,510	103,136	-	156,646
Total net position, beginning of year	1,044,763	6,492,876	-	7,537,639
Total net position, end of year	<u>\$ 1,098,273</u>	<u>\$ 6,596,012</u>	<u>\$ -</u>	<u>\$ 7,694,285</u>

Village of Coal Valley, Illinois

Combining Statement of Cash Flows
 Proprietary Fund-By Account
 Year Ended December 31, 2022

	Waterworks and Sewerage Operating Account	Waterworks and Sewerage Capital Improvements Account	Total
Cash flows from operating activities:			
Cash received from customers and users	\$ 1,759,663	\$ -	\$ 1,759,663
Cash received from other revenues	7,612	-	7,612
Cash paid for personal services	(250,760)	-	(250,760)
Cash paid to suppliers	(919,192)	-	(919,192)
Net cash provided by operating activities	597,323	-	597,323
Cash flows from noncapital financing activities:			
Payments to other funds	(182,044)	-	(182,044)
Net cash (used in) non-capital financing activities	(182,044)	-	(182,044)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(388,385)	-	(388,385)
Capital grants	-	253,322	253,322
Net cash provided by (used in) capital and related financing activities	(388,385)	253,322	(135,063)
Cash flows from investing activities, interest income	5,293	3,896	9,189
Increase in cash and cash equivalents	32,187	257,218	289,405
Cash and cash equivalents, beginning of year	1,190,547	765,119	1,955,666
Cash and cash equivalents, end of year	<u>\$ 1,222,734</u>	<u>\$ 1,022,337</u>	<u>\$ 2,245,071</u>

(Continued)

Village of Coal Valley, Illinois

Combining Statement of Cash Flows (Continued)
 Proprietary Fund-By Account
 Year Ended December 31, 2022

	Waterworks and Sewerage Operating Account	Waterworks and Sewerage Capital Improvements Account	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 549,865	\$ (289,145)	\$ 260,720
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	289,145	289,145
(Increase) decrease in:			
Receivables-customer accounts	91	-	91
Increase (decrease) in:			
Accounts payable	36,028	-	36,028
Accrued salary and benefits	1,631	-	1,631
Compensated absences	786	-	786
Customer deposits	(371)	-	(371)
Net OPEB liability and related deferrals	102	-	102
Net pension liability and related deferrals	9,191	-	9,191
Net cash provided by operating activities	\$ 597,323	\$ -	\$ 597,323
Noncash capital and related financing activities:			
Capital contributions	-	388,385	388,385

Village of Coal Valley, Illinois

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

Collection Year	2022	2021
Assessed valuations	\$ 84,623,042	\$ 78,950,610
Tax Rates (per \$100 assessed valuation)		
General corporate	0.0641	0.0651
Bond and interest	0.0000	0.0000
Police protection	0.1069	0.1086
Illinois municipal retirement fund	0.1122	0.1139
Social security	0.0648	0.0658
Audit	0.0088	0.0090
Liability insurance	0.0749	0.0760
	0.4317	0.4384
Tax extensions:		
General corporate	\$ 54,243	\$ 51,346
Bond and interest	-	-
Police protection	90,462	85,663
Illinois municipal retirement fund	94,947	89,915
Social security	54,836	51,926
Audit	7,447	7,051
Liability insurance	63,383	59,968
	365,318	345,869
50% township road tax	36,946	34,795
Total	\$ 402,264	\$ 380,664
Tax Year	2021	2020
Tax collections:		
Property taxes	\$ 366,824	\$ 348,448
50% township road tax	36,354	34,207
Interest	307	52
	\$ 403,485	\$ 382,707
Percent of tax extensions collected	100.23%	100.52%

	2020	2019	2018	2017	2016	2015
\$	75,771,016	\$ 73,817,296	\$ 73,535,196	\$ 73,584,230	\$ 73,136,549	\$ 72,488,243
	0.0652	0.0650	0.0650	0.0650	0.0644	0.0654
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	0.1088	0.1084	0.1084	0.1084	0.1074	0.1088
	0.1142	0.1138	0.1138	0.1138	0.1126	0.1142
	0.0660	0.0658	0.0657	0.0658	0.0652	0.0660
	0.0090	0.0090	0.0089	0.0090	0.0090	0.0090
	0.0762	0.0760	0.0760	0.0760	0.0752	0.0762
	0.4394	0.4380	0.4378	0.4380	0.4338	0.4396
\$	49,403	\$ 47,981	\$ 47,791	\$ 47,830	\$ 47,100	\$ 47,407
	-	-	-	-	-	-
	82,439	80,017	79,731	79,765	78,549	78,867
	86,531	84,004	83,689	83,739	82,352	82,782
	50,009	48,571	48,330	48,419	47,685	47,842
	6,819	6,644	6,562	6,622	6,582	6,524
	57,738	56,101	55,815	55,924	54,998	55,236
	332,939	323,318	321,918	322,299	317,266	318,658
	34,462	26,849	26,442	25,590	25,590	24,889
\$	367,401	\$ 350,167	\$ 348,360	\$ 347,889	\$ 342,856	\$ 343,547
	2019	2018	2017	2016	2015	2014
\$	333,024	\$ 324,078	\$ 327,809	\$ 323,118	\$ 324,941	\$ 313,708
	34,551	33,427	33,791	25,946	27,639	25,584
	59	286	209	107	58	45
\$	367,634	\$ 357,791	\$ 361,809	\$ 349,171	\$ 352,638	\$ 339,337
	100.05%	102.10%	103.80%	100.34%	102.84%	98.76%

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

To the Village President and
Members of the Board of Trustees
Village of Coal Valley, Illinois

We have audited, in accordance with the 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 the Village of Coal Valley, Illinois (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2022-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-002 and 2022-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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*.

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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
May 8, 2023

Village of Coal Valley, Illinois

**Schedule of Findings and Responses
Year Ended December 31, 2022**

Summary of the Independent Auditor's Results

Unmodified opinions were issued on the financial statements.

Summary of Findings Relating to the Basic Financial Statements

A. Internal Control

Material Weakness

2022-001

Finding: The Village did not properly identify and adjust the Village's funds for adjustments required for the Village's trial balances to be reported in accordance with accounting principles generally accepted in the United States of America (GAAP).

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The Village did not identify accrual adjustments and adjust balance sheet accounts at year-end.

Cause: The Village does not adjust for year-end accrual basis of accounting. The Village does not prepare year-end accrual entries such as accounts receivable, accounts payable, and accrued payroll and benefits.

Effect: Financial statements are misstated, and errors are not detected on a timely basis.

Context: The governmental and enterprise funds and the governmental activities and business-type activities year-end balance sheet accounts required several material adjustments including approximately \$253,000 in unearned revenues and \$130,000 accounts payable to the Waterworks and Sewerage Fund and approximately \$29,000 in accounts payable in the General Fund. The TIF Fund and the Capital Projects Fund each required an adjustment of approximately \$52,000.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the Village identify and adjust for the accrual basis of accounting.

Response and Corrective Action Plan: The Village will determine year-end accrual basis of accounting adjustments necessary to report properly in accordance with the accounting principals generally accepted in the United States of America.

Significant Deficiencies

2022-002

Finding: The Village did not properly reconcile the bank accounts to the Village's general ledger.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The Village did not identify differences between book and bank balances at year end. The Village clears transactions to reconcile to the bank balance but does not prepare a reconciliation to the Village's ending general ledger cash accounts.

Cause: The Village does not reconcile cash accounts to the general ledger.

Effect: Financial statements are misstated, and errors are not detected on a timely basis.

Village of Coal Valley, Illinois

Schedule of Findings and Responses Year Ended December 31, 2022

Context: The cash accounts in the General Fund were underreported by \$886.20.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: We recommend the Finance Director reconcile each bank account, including comparing to general ledger balances each month. The Mayor should complete a review of the reconciliation process each month.

Response and Corrective Action Plan: The Village will require the Finance Director to reconcile the Village's cash accounts, with comparison to the general ledger and a review by the Mayor.

2022-003

Finding: The Village has insufficient segregation of duties over the payroll process.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: Two Village employees have access rights to change the employee master file, including entering new employees, employee information including address and direct deposit information, modifying pay rates and adding deductions; enters time to the payroll system, process the payroll and generate the direct deposit advices. The Finance Director/City Administrator also submits the direct deposit to the financial institution, prepares the payroll accounts payable and makes payroll transfers for deductions and taxes. In addition, the Finance Director/City Administrator reconciles the bank statement.

Additionally, the Village was unable to produce a payroll report in order to verify the expense accounts that an employee was being paid out of.

Cause: The Village has not limited the access to the payroll module.

Effect: Misappropriations of assets could occur and may not be detected in a timely basis.

Context: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Identification as a repeat finding: This is not a repeat finding.

Recommendation: Ideally, the position responsible for processing the payroll should be segregated from access to make employee master file changes.

- The Village should evaluate the payroll software to determine if password protections within applications in regard to the master file could be limited to another position in office. This position should have no other payroll access. This position would add all new positions, including address, direct deposit information and benefits. In addition, this position should make all updates and changes to the master payroll file.
- The payroll access rights should be removed from the Finance Director/City Administrator so that they are only allowed to view and not edit. After payroll is processed, a Direct Deposit Register should be generated by the Payroll Clerk and routed to the Finance Director/City Administrator. The Finance Director/City Administrator should submit the direct deposit file and compare the amount submitted for the direct deposit ACH to the Direct Deposit Register and approve the direct deposit ACH through the bank. In addition, the Finance Director/City Administrator should review the direct deposit listing to look for any unknown employees and any unusual pay amounts. The amount should also be compared to the prior payroll period and investigate any unusual variances in the total amount paid from one pay period to the next and compare totals to budget for any variances.

Village of Coal Valley, Illinois

**Schedule of Findings and Responses
Year Ended December 31, 2022**

- The Finance Director/City Administrator should review the bank reconciliation and ensure that all payroll ACH match the ACH reports for the month.
- The Village should determine if a payroll change/edit report can be printed from the payroll system. This report should list all changes made to the employee master files as well as extra pays or leave time added for the pay period. The changes on this report should be reviewed by a position independent from the payroll processing position.
- The Village should investigate with its software provider in order to find a report that can be ran in order to see what expense accounts an employee is being paid out of.

Response and Corrective Action Plan: The Village will review current processes and realign duties and system access levels to improve internal controls within the design of the payroll system.

B. Instances of Noncompliance

No matters reported.