

VILLAGE OF PAWNEE, ILLINOIS
ANNUAL FINANCIAL REPORT
Year Ended April 30, 2025

VILLAGE OF PAWNEE, ILLINOIS

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Year Ended April 30, 2025

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123 S. High St., PO Box 617
Carlinville, IL 62626

Exhibit A

INDEPENDENT AUDITOR'S REPORT

To the Honorable President and Board of Trustees
Village of Pawnee, Illinois
Pawnee, Illinois

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Pawnee, Illinois ("the Village"), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Qualified
Motor Fuel Tax Fund	Unmodified
Library Fund	Unmodified
Water and Sewer Fund	Qualified
Gas Fund	Qualified

Qualified Opinions on Governmental Activities, Business-Type Activities, General Fund, Water and Sewer Fund, and Gas Fund

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, General Fund, Water and Sewer Fund, and Gas Fund of the Village as of April 30, 2025, and the 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.

Unmodified Opinions on Motor Fuel Tax Fund and Library Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Motor Fuel Tax Fund and Library Fund of the Village as of April 30, 2025, and the respective changes in financial positions thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to the Qualified Opinions on Governmental Activities, Business-Type Activities, General Fund, Water and Sewer Fund, and Gas Fund

Management has not engaged an actuary to calculate its Post-Retirement Benefit Plan ("OPEB") liability. Accounting principles generally accepted in the United States of America requires an adequate calculation of OPEB liability, detailed disclosures, and supplementary information regarding the OPEB liability. Instead, the Village has estimated the liability. See Note I. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, and expenses has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally

accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Multiyear Schedule of Changes in Net Pension Liability and Related Ratios and the Multiyear Schedule of Contributions in Exhibits K and L be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency

with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our opinion has been qualified for the missing schedule of OPEB contributions compared to the contributions required, as described in the Basis for Qualified and Unmodified Opinions paragraph.

Other Information

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

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

Carlinville CPA Group. LTD.

Carlinville CPA Group, LTD.

Carlinville, Illinois

November 14, 2025

BASIC FINANCIAL STATEMENTS

VILLAGE OF PAWNEE, ILLINOISSTATEMENT OF NET POSITION

April 30, 2025

	Governmental Activities	Business-Type Activities	Total Primary Government
<u>Assets</u>			
Cash and cash equivalents	\$ 774,419	\$ 1,045,217	\$ 1,819,636
Restricted cash and cash equivalents	188,995	44,675	233,670
Accounts receivable, net	166,826	158,333	325,159
Restricted accounts receivable, net	9,679	-	9,679
Grant receivables	15,881	-	15,881
Other receivables	-	28,454	28,454
Inventory	-	107,679	107,679
Due (to) from other funds	(200,000)	200,000	-
Land	20,303	38,550	58,853
Capital assets, net	3,706,957	3,922,512	7,629,469
Total assets	4,683,060	5,545,420	10,228,480
<u>Deferred outflows</u>			
Deferred outflows related to pension	435,622	330,476	766,098
Total deferred outflows	435,622	330,476	766,098
<u>Liabilities</u>			
Accounts payable	52,861	94,186	147,047
Accrued wages	15,973	17,254	33,227
Accrued vacation	96,300	83,865	180,165
Prepaid receivables	-	46,881	46,881
Customer deposits	-	44,675	44,675
Net pension liability	653,489	495,756	1,149,245
Long-term liabilities			
Due within one year	-	137,892	137,892
Due in more than one year	-	505,363	505,363
Total liabilities	818,623	1,425,872	2,244,495
<u>Deferred inflows</u>			
Deferred inflows related to pension	292,163	221,644	513,807
Deferred inflows related to OPEB	104,747	176,949	281,696
Total deferred inflows	396,910	398,593	795,503
<u>Net position</u>			
Net investment in capital assets	3,727,260	3,317,807	7,045,067
Restricted - street maintenance and improvements	95,681	-	95,681
Restricted - library services	100,412	-	100,412
Unrestricted	(20,204)	733,624	713,420
Total net position	\$ 3,903,149	\$ 4,051,431	\$ 7,954,580

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOIS

STATEMENT OF ACTIVITIES

Year Ended April 30, 2025

	Expenses	Fines and Charges for Services	Capital Grants	Net (Expense) Revenue and Changes in Net Position Primary Government		
				Governmental Activities	Business-Type Activity	Total
Governmental activities:						
Public safety	\$ 899,962	\$ 3,683	\$ 65,881	\$ (830,398)	\$ -	\$ (830,398)
Road and bridge maintenance	667,386	-	-	(667,386)	-	(667,386)
General government	255,150	-	-	(255,150)	-	(255,150)
Culture and recreation	191,165	-	3,977	(187,188)	-	(187,188)
Total governmental activities	2,013,663	3,683	69,858	(1,940,122)	-	(1,940,122)
Business-type activities:						
Water and sewer	1,184,520	1,226,242	-	-	41,722	41,722
Gas	954,038	902,724	-	-	(51,314)	(51,314)
Total business-type activities	2,138,558	2,128,966	-	-	(9,592)	(9,592)
Total primary government	\$ 4,152,221	\$ 2,132,649	\$ 69,858	(1,940,122)	(9,592)	(1,949,714)
General revenues:						
Taxes:						
Real estate taxes				435,952	-	435,952
Income and replacement taxes				484,686	-	484,686
Sales and use taxes				343,313	-	343,313
Utility taxes				74,840	-	74,840
Motor fuel taxes				121,042	-	121,042
Franchise taxes				106,042	-	106,042
Road and bridge taxes				29,732	-	29,732
Telecommunications taxes				3,154	-	3,154
Interest income				43,802	56,033	99,835
Interest expense				-	(27,836)	(27,836)
PEPL rate case settlement				-	41,622	41,622
Miscellaneous				17,262	17,929	35,191
Transfers				(54,425)	54,425	-
Total general revenues and transfers				1,605,400	142,173	1,747,573
Change in net position				(334,722)	132,581	(202,141)
Net position, beginning as restated				4,237,871	3,918,850	8,156,721
Net position, ending				\$ 3,903,149	\$ 4,051,431	\$ 7,954,580

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOISBALANCE SHEET
Governmental Funds

April 30, 2025

	General Fund	Library Fund	Motor Fuel Tax Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 774,419	\$ -	\$ -	\$ 774,419
Restricted cash and cash equivalents	-	101,201	87,794	188,995
Accounts receivable, net	166,826	-	-	166,826
Restricted accounts receivable, net	-	-	9,679	9,679
Grant receivables	15,881	-	-	15,881
Due from other funds	789	-	-	789
Total assets	<u>957,915</u>	<u>101,201</u>	<u>97,473</u>	<u>1,156,589</u>
<u>Liabilities</u>				
Due to other funds	200,000	789	-	200,789
Accounts payable	51,069	-	1,792	52,861
Accrued wages	15,973	-	-	15,973
Accrued vacation	96,300	-	-	96,300
Total liabilities	<u>363,342</u>	<u>789</u>	<u>1,792</u>	<u>365,923</u>
<u>Fund balances</u>				
Restricted for street maintenance	-	-	95,681	95,681
Restricted for library services	-	100,412	-	100,412
Assigned	131,591	-	-	131,591
Unassigned	462,982	-	-	462,982
Total fund balances	<u>594,573</u>	<u>100,412</u>	<u>95,681</u>	<u>790,666</u>
Total liabilities and fund balances	<u>\$ 957,915</u>	<u>\$ 101,201</u>	<u>\$ 97,473</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit B) are different because:

Net pension assets are not available to pay for current resources and, therefore, are not reported in the funds.	435,622
Net pension liabilities are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.	(945,652)
Net OPEB are not due and payable in the current period and, therefore, are deferred.	(104,747)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>3,727,260</u>
Net position of governmental activities	<u>\$ 3,903,149</u>

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOISSTATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCESGovernmental Funds

Year Ended April 30, 2025

	General Fund	Library Fund	Motor Fuel Tax Fund	Total
<u>Revenues</u>				
Real estate taxes	\$ 286,423	\$ 149,529	\$ -	\$ 435,952
Income and replacement taxes	480,561	4,125	-	484,686
Sales and use taxes	343,313	-	-	343,313
Motor fuel taxes	-	-	121,042	121,042
Utility taxes	74,840	-	-	74,840
Franchise taxes	106,042	-	-	106,042
Miscellaneous	16,370	892	-	17,262
Road and bridge taxes	29,732	-	-	29,732
Telecommunications taxes	3,154	-	-	3,154
Fines and penalties	3,683	-	-	3,683
Investment earnings	37,805	493	5,504	43,802
Total revenues	<u>1,381,923</u>	<u>155,039</u>	<u>126,546</u>	<u>1,663,508</u>
<u>Expenditures</u>				
Current:				
Public safety	768,382	-	-	768,382
Road and bridge maintenance	300,365	-	269,744	570,109
General government	226,128	-	-	226,128
Culture and recreation	-	162,288	-	162,288
Capital outlay	146,146	15,700	-	161,846
Total expenditures	<u>1,441,021</u>	<u>177,988</u>	<u>269,744</u>	<u>1,888,753</u>
Excess (deficiency) of revenues over expenditures	<u>(59,098)</u>	<u>(22,949)</u>	<u>(143,198)</u>	<u>(225,245)</u>
<u>Other financing sources</u>				
Grants	65,881	3,977	-	69,858
Transfers in	-	-	-	-
Transfers out	(54,425)	-	-	(54,425)
Total other financing sources	<u>11,456</u>	<u>3,977</u>	<u>-</u>	<u>15,433</u>
Net change in fund balances	<u>(47,642)</u>	<u>(18,972)</u>	<u>(143,198)</u>	<u>(209,812)</u>
Fund balances, beginning as restated	642,215	119,384	238,879	1,000,478
Fund balances, ending	<u>\$ 594,573</u>	<u>\$ 100,412</u>	<u>\$ 95,681</u>	<u>\$ 790,666</u>

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOISRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended April 30, 2025

Net change in fund balances - total governmental funds (Exhibit E)	\$ (209,812)
The changes in net position reported for governmental activities in the statement of activities is different because:	
The village's net pension liability and deferred outflows of resources related to the pension are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(151,826)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	(2,372)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$161,846) exceeded depreciation (\$132,558) in the current year.	<u>29,288</u>
Change in net position of governmental activities (Exhibit C)	<u>\$ (334,722)</u>

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOISSTATEMENT OF NET POSITIONProprietary Funds

April 30, 2025

	Water and Sewer Fund	Gas Fund	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 340,120	\$ 705,097	\$ 1,045,217
Restricted cash and cash equivalents	19,525	25,150	44,675
Accounts receivable, net	96,975	61,358	158,333
Other receivables	28,454	-	28,454
Inventory	42,487	65,192	107,679
Due from other funds	-	200,000	200,000
Total current assets	<u>527,561</u>	<u>1,056,797</u>	<u>1,584,358</u>
Non-current assets:			
Land	38,000	550	38,550
Capital assets, net	<u>3,747,479</u>	<u>175,033</u>	<u>3,922,512</u>
Total non-current assets	<u>3,785,479</u>	<u>175,583</u>	<u>3,961,062</u>
Total assets	<u>4,313,040</u>	<u>1,232,380</u>	<u>5,545,420</u>
<u>Deferred outflows</u>			
Deferred outflows related to pension	<u>173,804</u>	<u>156,672</u>	<u>330,476</u>
Total deferred outflows	<u>173,804</u>	<u>156,672</u>	<u>330,476</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	62,259	31,927	94,186
Accrued wages	8,553	8,701	17,254
Accrued vacation	57,569	26,296	83,865
Prepaid receivables	27,660	19,221	46,881
Notes payable - current portion	<u>137,892</u>	<u>-</u>	<u>137,892</u>
Total current liabilities	<u>293,933</u>	<u>86,145</u>	<u>380,078</u>
Non-current liabilities:			
Customer deposits	19,525	25,150	44,675
Net pension liability	260,728	235,028	495,756
Notes payable - noncurrent portion	<u>505,363</u>	<u>-</u>	<u>505,363</u>
Total non-current liabilities	<u>785,616</u>	<u>260,178</u>	<u>1,045,794</u>
Total liabilities	<u>1,079,549</u>	<u>346,323</u>	<u>1,425,872</u>
<u>Deferred inflows</u>			
Deferred inflows related to pension	116,567	105,077	221,644
Deferred inflows related to OPEB	<u>69,698</u>	<u>107,251</u>	<u>176,949</u>
Total deferred inflows	<u>186,265</u>	<u>212,328</u>	<u>398,593</u>
<u>Net position</u>			
Net investment in capital assets	3,142,224	175,583	3,317,807
Unrestricted	<u>78,806</u>	<u>654,818</u>	<u>733,624</u>
Total net position	<u>\$ 3,221,030</u>	<u>\$ 830,401</u>	<u>\$ 4,051,431</u>

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOISSTATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITIONProprietary Funds

Year Ended April 30, 2025

	Water and Sewer Fund	Gas Fund	Total
<u>Operating revenues</u>			
Charges for services	\$ 1,223,752	\$ 902,724	\$ 2,126,476
Fines and permits	2,490	-	2,490
PEPL rate case settlement	-	41,622	41,622
Miscellaneous	4,511	13,418	17,929
Total operating revenues	<u>1,230,753</u>	<u>957,764</u>	<u>2,188,517</u>
<u>Operating expenses</u>			
Gas purchases	-	369,394	369,394
Water purchases	336,308	-	336,308
Salaries and taxes	319,995	283,208	603,203
Materials, supplies and chemicals	38,217	66,433	104,650
Insurance	85,365	110,982	196,347
Depreciation	137,254	17,527	154,781
Legal and professional	30,376	39,676	70,052
Repairs and maintenance	92,422	10,348	102,770
Utilities	46,463	6,861	53,324
Retirement plan	69,067	25,350	94,417
Postage and office	15,298	13,707	29,005
Fuel	10,238	5,051	15,289
Miscellaneous	3,517	5,501	9,018
Total operating expenses	<u>1,184,520</u>	<u>954,038</u>	<u>2,138,558</u>
Operating income	<u>46,233</u>	<u>3,726</u>	<u>49,959</u>
<u>Non-operating revenues (expenses)</u>			
Investment earnings	26,107	29,926	56,033
Interest expense	(27,836)	-	(27,836)
Total non-operating revenues	<u>(1,729)</u>	<u>29,926</u>	<u>28,197</u>
Income before transfers	<u>44,504</u>	<u>33,652</u>	<u>78,156</u>
<u>Transfers</u>			
Transfers in	54,425	45,647	100,072
Transfers out	(45,647)	-	(45,647)
Total transfers	<u>8,778</u>	<u>45,647</u>	<u>54,425</u>
Change in net position	53,282	79,299	132,581
Net position, beginning as restated	3,167,748	751,102	3,918,850
Net position, ending	<u>\$ 3,221,030</u>	<u>\$ 830,401</u>	<u>\$ 4,051,431</u>

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOISSTATEMENT OF CASH FLOWSProprietary Funds

Year Ended April 30, 2025

	<u>Water and Sewer Fund</u>	<u>Gas Fund</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 1,200,853	\$ 903,032	\$ 2,103,885
Payments to suppliers	(670,366)	(611,199)	(1,281,565)
Payments to employees	(319,995)	(283,208)	(603,203)
Net cash provided by operating activities	<u>210,492</u>	<u>8,625</u>	<u>219,117</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating transfers, net	<u>8,778</u>	<u>45,647</u>	<u>54,425</u>
Net cash provided by noncapital financing activities	<u>8,778</u>	<u>45,647</u>	<u>54,425</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Interest	(27,836)	-	(27,836)
Payments on loans	(88,665)	-	(88,665)
Proceeds from issuance of debt	245,098	-	245,098
Acquisition and construction of capital assets	(607,879)	(71,746)	(679,625)
Net cash (used in) capital and related financing activities	<u>(479,282)</u>	<u>(71,746)</u>	<u>(551,028)</u>
<u>Cash Flows from Investing Activities</u>			
Investment income	26,107	29,926	56,033
Net decrease in investments	<u>418,036</u>	<u>418,036</u>	<u>836,072</u>
Net cash provided by investing activities	<u>444,143</u>	<u>447,962</u>	<u>892,105</u>
Net increase in cash	184,131	430,488	614,619
Cash and cash equivalents at beginning of year, as restated	<u>175,514</u>	<u>299,759</u>	<u>475,273</u>
Cash and cash equivalents at end of year	<u>\$ 359,645</u>	<u>\$ 730,247</u>	<u>\$ 1,089,892</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 46,233	\$ 3,726	\$ 49,959
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation	137,254	17,527	154,781
(Increase) in accounts receivable	(22,896)	(7,680)	(30,576)
(Increase) in other receivables	(28,454)	-	(28,454)
(Increase) decrease in inventory	(5,035)	12,401	7,366
Decrease in deferred outflows	89,019	136,953	225,972
Increase in accounts payable	22,129	2,913	25,042
Increase in accrued expenses	1,052	2,935	3,987
Increase (decrease) in prepaid receivables	20,975	(47,577)	(26,602)
Increase in customer deposits	475	525	1,000
(Decrease) in deferred inflows	(29,495)	(33,644)	(63,139)
(Decrease) in net pension liability	(20,765)	(79,454)	(100,219)
Net cash provided by operating activities	<u>\$ 210,492</u>	<u>\$ 8,625</u>	<u>\$ 219,117</u>

See accompanying notes to financial statements

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Reporting Entity

The Village of Pawnee, Illinois (“the Village”) is a municipal corporation with a President/Trustee form of government.

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations, including required disclosures, of the Village’s financial activities for the fiscal year ended April 30, 2025.

2. Measurement Focus/Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and measurement focus refers to how they are reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. With this measurement focus, all assets and all liabilities are included in the statement of net assets. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements’ governmental column, reconciliations are presented on Exhibits D and F, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Proprietary financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Equity Classifications

Government-wide net position is categorized in three components.

- a. Net investment in capital assets - consists of capital assets, net of accumulated depreciation and reduced by the balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - represents amounts that are restricted to specific purposes when constraints are placed on the use either by external groups or law.
- b. Unrestricted - all other net position that does not meet the definition of net investment in capital assets or restricted.

In the balance sheet - governmental funds, the difference between the assets and liabilities of governmental funds is reported as fund balance. The Village's fund balance is divided into the following classifications, as applicable:

- a. Nonspendable - These resources include amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- b. Restricted - Restricted amounts represent resources that are constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.
 - Motor Fuel Tax Fund: Funds can only be used for expenditures approved by the Illinois Department of Transportation.
 - Library Fund: Funds can only be used for the Village Library.
- c. Committed - Committed amounts are constrained for a specific purpose of the Village using its highest level of decision-making authority. The Village has no committed funds at April 30, 2025.
- d. Assigned - Assigned amounts represent resources that the Village intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Village board had assigned funds for the General Fund infrastructure as of April 30, 2025.
- e. Unassigned - Unassigned amounts represent resources that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed. Likewise, fund balances that are committed or assigned would be used first for their approved purposes. Unassigned fund balances would be used as needed.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. 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 various funds are grouped in the financial statements in this report into fund types as follows:

(a) Governmental Funds

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

(b) Business Type Funds

Enterprise Funds - Enterprise funds are used to account for operations (i) that are financed and operated in a similar manner to a private business enterprise - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or (ii) where the governing body has decided that periodic determination of revenues collected, expenses paid, and/or excess of revenues collected over expenses paid is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The government reports the following major governmental funds:

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

Motor Fuel Tax Fund - The Motor Fuel Tax Fund accounts for money received from tax collections to be used for the construction and repairs of Village streets.

Library Fund - The Library Fund accounts for expenditures for the public library of the Village.

The government reports the following major proprietary funds:

Water and Sewer Fund - The Water and Sewer Fund accounts for the operations of providing water and sewer services to the residents of the Village and outlying areas.

Gas Fund - The Gas Fund accounts for the operations of providing natural gas services to the residents of the Village.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expenses/expenditures) until then. In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Village reports deferred outflows/inflows related to pensions and OPEB.

6. New Accounting Pronouncements applicable to the Village

Current Year Standards

- GASB 100 – *Accounting Changes and Error Corrections*, effective for periods beginning after June 15, 2023.
- GASB 101 – *Compensated Absences*, effective for fiscal years beginning after December 15, 2023.

The Village implemented the applicable requirements of the above stated standard in fiscal year 2025 with no significant impact to the financial statements or disclosures.

Pending Accounting Standards

GASB has issued the following statements, which may impact the Village's financial reporting requirements in the future:

- GASB 102 – *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024.
- GASB 103 – *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025.

7. Capital Assets

All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation and amortization of capital assets in the governmental funds and the business type funds are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, ranging from five to forty years, principally on a straight-line basis.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Capitalization Policy

Items in excess of \$2,500 with estimated useful lives greater than one year or other significant equipment purchases are capitalized. Other items are expenditures when incurred.

9. Infrastructure Assets

Capital assets, consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have not been capitalized prior to the beginning of the fiscal year ended April 30, 2005. These assets will be capitalized and depreciated prospectively in accordance with GASB Statement No. 34.

10. Property Tax

Property taxes attach as an enforceable lien on property. Taxes are levied and are due and payable in equal installments of the following year. For the year ended April 30, 2025, the Village had a tax margin of \$0.92130 per \$100.00 assessed valuation. See Exhibit N, "Schedule of Assessed Valuations, Tax Rates and Settlements."

11. Budget

Illinois law requires the Village to pass an annual appropriations ordinance. These financial statements do not contain a comparison of budgeted and actual receipts/revenues and expenditures/expenses as required by generally accepted accounting principles.

12. Cash, Cash Equivalents and Investments

For purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash deposited with financial institutions, and certificates of deposit with original maturity dates of three months or less, if any. Investments are reported at fair value.

13. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from these estimates.

14. Operating and Non-Operating Revenues and Expenses

The Village considers revenues derived from the continuing operations of the business-type activities to be operating revenues and all expenses applicable to the continuing operations of the business-type activities to be operating expenses. All other revenues and expenses are considered non-operating.

15. Program Revenues

Program revenues are revenues generated by the operations of the Village. The program revenues for the governmental funds are as follows:

<u>Function</u>	<u>Revenue Description</u>
Public safety	Fines, police reports, and fire calls

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market.

17. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All earned but unused pay is accrued when incurred in the government-wide and proprietary fund financial statements.

18. Customer Deposits

The Village collects water and gas supply deposits from customers renting or buying a contract for deed and from new businesses in order to protect the Village from customers who do not pay their final bills. Deposits are refunded to customers if they move where water or gas is furnished or buy a new house. Customer deposits held by the Village are restricted to this purpose within the Water and Sewer and Gas Funds.

19. Restricted Liabilities

MFT accounts payable and the Library payable to the General fund are payable from their respective fund restricted cash balances.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Village's deposits as of April 30, 2025 are in checking and savings accounts and are carried at cost.

Deposits and Custodian Credit Risk

At April 30, 2025, the carrying value of the Village's deposits, net of outstanding checks totaled \$2,053,306 and the bank balances were \$2,085,425. Of this balance, \$272,233 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$1,813,192 was covered by pledged collateral, which was held in the Village's name.

Investments

The Village had \$0 invested in investments as of April 30, 2025.

Interest Rate Risk

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

Credit Risk

The Village does not have a formal credit risk policy.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE C – ACCOUNTS, GRANT, AND OTHER RECEIVABLES

For the year ended April 30, 2025, governmental funds accounts receivable consists of Illinois state tax revenue receivable and proprietary funds accounts receivable consist of water, sewer, and gas sales, net of uncollectible accounts and direct budget billing.

The governmental funds grant receivables consist of camera expenditures in fiscal year 2025, which were not reimbursed from the grant until fiscal year 2026.

The business-type other receivables consist of receivables from Kindle Energy for work the Village did on the power plant project on Kindle Energy's behalf.

NOTE D - INTER-FUND TRANSFERS AND LOANS

The Village transferred various amounts between funds during fiscal year ended April 30, 2025, as follows:

<u>Amount</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
\$ 54,425	General Fund	Water/Sewer Fund	Infrastructure
45,647	Water/Sewer Fund	Gas Fund	Receivables

The Village loaned various amounts between funds for operating purposes during fiscal year ended April 30, 2025. Inter-fund loan balances as of April 30, 2025, are:

<u>Amount</u>	<u>From</u>	<u>To</u>
\$200,000	General Fund	Gas Fund
789	Library	General Fund

NOTE E - RISK MANAGEMENT

The Village is exposed to various risks of loss relating to torts, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Village purchases coverage from the Illinois Municipal League Risk Management Association (RMA), a self-insured pool, for risks of loss. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. For the insured programs there has been no significant reduction in coverage. Settlement amounts have not exceeded insurance coverage for the current or prior three years. Coverage limits for aggregate property (buildings and personal) are \$250,000,000, general aggregate liability \$16,000,000, auto liability \$8,000,000 per occurrence/no aggregate, and statutory workers compensation with \$3,000,000 in employers liability, plus other special coverages.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE F - CAPITAL ASSETS

The following is a summary of changes in the capital assets:

GOVERNMENTAL FUNDS

<u>General Fund</u>	<u>Infra- structure</u>	<u>Real Property</u>	<u>Equipment</u>	<u>Total</u>
Balance, April 30, 2024	\$ 1,916,801	\$921,473	\$ 715,532	\$3,553,806
Additions	-	-	133,646	133,646
Subtotal	1,916,801	921,473	849,178	3,687,452
Less: Accumulated Depreciation	(40,865)	(370,490)	(486,335)	(897,690)
Balance, April 30, 2025	\$ <u>1,875,936</u>	<u>\$550,983</u>	<u>\$ 362,843</u>	<u>\$2,789,762</u>

<u>Library Fund</u>	<u>Infra- structure</u>	<u>Real Property</u>	<u>Equipment</u>	<u>Total</u>
Balance, April 30, 2024	\$ 444,010	\$576,581	\$ 53,528	\$1,074,119
Additions	-	15,700	-	15,700
Subtotal	444,010	592,281	53,528	1,089,819
Less: Accumulated Depreciation	-	(128,021)	(44,603)	(172,624)
Balance, April 30, 2025	\$ <u>444,010</u>	<u>\$464,260</u>	<u>\$ 8,925</u>	<u>\$ 917,195</u>

TOTAL GOVERNMENTAL FUNDS \$3,706,957

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

General government	\$ 27,475
Road and bridge	38,316
Public safety	45,221
Culture and recreation	21,546
Total	<u>\$132,558</u>

BUSINESS-TYPE FUNDS

<u>Water and Sewer Fund</u>	<u>Real Property</u>	<u>Equipment</u>	<u>Work in Progress</u>	<u>Total</u>
Balance, April 30, 2024	\$5,055,340	\$781,940	\$1,618,806	\$ 7,456,086
Additions	565,810	45,311	(3,242)	607,879
Disposals	-	(18,330)	-	(18,330)
Transfers	1,615,564	-	(1,615,564)	-
Subtotal	7,236,714	808,921	-	8,045,635
Less: Accumulated Depreciation	(3,614,355)	(683,801)	-	(4,298,156)
Balance April 30, 2025	<u>\$3,622,359</u>	<u>\$125,120</u>	<u>\$ -</u>	<u>\$ 3,747,479</u>

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE F - CAPITAL ASSETS (continued)

<u>Gas Fund</u>	<u>Real Property</u>	<u>Equipment</u>	<u>Work in Progress</u>	<u>Total</u>
Balance, April 30, 2024	\$ 405,242	\$523,661	\$ -	\$ 928,903
Additions	<u>6,502</u>	<u>65,244</u>	-	<u>71,746</u>
Subtotal	411,744	588,905	-	1,000,649
Less: Accumulated Depreciation	<u>(361,502)</u>	<u>(464,114)</u>	-	<u>(825,616)</u>
Balance, April 30, 2025	\$ <u>50,242</u>	\$ <u>124,791</u>	\$ -	\$ <u>175,033</u>
 TOTAL BUSINESS-TYPE FUNDS				 \$ <u>3,922,512</u>

Land was \$20,303 for governmental funds and \$38,550 for business-type funds as of April 30, 2025.

NOTE G - NOTES PAYABLE

To help finance its large water main project, the Village obtained financing with United Community Bank. As of April 30, 2024, the Village had drawn \$486,822 for construction. It finalized this loan on August 21, 2025 for \$731,920, with an interest rate of 4.49%, and maturity date of August 21, 2029.

The following is a summary of the changes in long-term debt:

	<u>Balance 4/30/24</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 4/30/25</u>
United Community Bank, 4.49%, monthly payments of \$13,663.32, including interest, due 8/21/2029	<u>\$ 486,822</u>	<u>\$ 245,098</u>	<u>\$(88,665)</u>	<u>\$ 643,255</u>
Total	<u>\$ 486,822</u>	<u>\$ 245,098</u>	<u>\$(88,665)</u>	<u>\$ 643,255</u>

	<u>Total Debt Service to Maturity</u>		
<u>Due in Fiscal Year Ended April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 137,893	\$ 26,067	\$ 163,960
2027	144,213	19,747	163,960
2028	150,823	13,137	163,960
2029	157,736	6,224	163,960
2030	<u>52,590</u>	<u>2,063</u>	<u>54,653</u>
Totals	<u>\$ 643,255</u>	<u>\$ 67,238</u>	<u>\$ 710,493</u>

The amount of long-term debt that can be incurred by the Village is limited by state statute. Total outstanding long-term obligations during a year can be no greater than 8.625% of the assessed value of taxable property as of the date of the last assessment. At April 30, 2025, the Village had \$643,255 of debt subject to the 8.625% limit of \$4,100,509 resulting in an unused legal debt margin of \$3,457,254 (see Exhibit M).

VILLAGE OF PAWNEE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE H - EXCESS OF EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES AND NEGATIVE UNRESTRICTED NET POSITION

For the year ended April 30, 2025, the General Fund, Library Fund, and MFT Fund had a decrease in fund balance of \$47,642, \$18,972, and \$143,198, respectively.

For the year ended April 30, 2025, the Governmental Activities had a negative unrestricted net position balance, which is primarily due to the recognition of certain long-term liabilities required by GAAP that are not expected to be liquidated with available expendable resources. Specifically, the deficit is a result of recording net pension liability and pension and OPEB deferred outflows/inflows of resources. The Village anticipates continuing to meet these obligations as they become due through future revenues. The negative balance does not necessarily indicate a current inability to meet day-to-day operating expenses, but rather the long-term nature of these recorded liabilities.

NOTE I - RETIREMENT PLAN

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

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

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

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

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE I - RETIREMENT PLAN (continued)

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.

Unless otherwise noted, the following IMRF plan information is based on the calendar year 2024 rather than the fiscal year ended April 30, 2025.

Employees Covered by Benefit Terms. As of December 31, 2024, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and beneficiaries currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	19
Active plan members	<u>18</u>
Total	<u>55</u>

Contributions. As set by statute, the Village's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual contribution rate for calendar year 2024 was 13.56%. For the fiscal year ended April 30, 2025, the Village contributed \$161,985 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2024.

- The actuarial cost method used was entry age normal.
- The asset valuation method used was market value of assets.
- The inflation rate was assumed to be 2.25%.
- Salary increases were expected to be 2.75% to 13.75%, including inflation.
- The investment rate of return was assumed to be 7.25%.
- Projected retirement age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017-2019.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE I - RETIREMENT PLAN (continued)

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

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate 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 (assets) 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, as described in the following paragraph.

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 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).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 4.08%; and the resulting single discount rate is 7.25%.

Expected contributions are developed based on the following:

- Member contributions for current members
- Normal cost contributions for current members
- Unfunded liability contributions for current and future members

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE I - RETIREMENT PLAN (continued)

Changes in the Net Pension Liability (asset)	
Balance at December 31, 2023	<u>\$1,185,435</u>
Changes for the year:	
Service cost	107,780
Interest on the total pension liability	640,490
Changes of benefit terms	-
Differences between expected and actual experience of the total pension liability	61,686
Changes of assumptions	-
Contributions - employer	(161,985)
Contributions - employees	(53,756)
Net investment income	(771,406)
Benefit payments, including refunds of employee contributions	-
Other (net transfer)	<u>141,000</u>
Net changes	<u>(36,191)</u>
Balance at December 31, 2023	<u>\$1,149,244</u>

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

	1% Lower (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net pension liability (asset)	\$2,263,183	\$1,149,244	\$261,750

Pension Expense. For the year ended April 30, 2025, the Village recognized pension expense as follows:

General Fund	\$ 228,200
Library Fund	15,441
Water and Sewer Fund	69,067
Gas Fund	<u>25,350</u>
	\$ 338,058

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE I - RETIREMENT PLAN (continued)

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	\$ 56,606	\$ 43,473
Changes of assumptions	-	2,091
Net difference between projected and actual earnings on pension plan investments	<u>656,493</u>	<u>468,243</u>
Total deferred amounts to be recognized in pension expense in future periods	713,099	513,807
Pension contributions made subsequent to the measurement date	<u>52,999</u>	<u>-</u>
Total deferred amounts related to pensions	\$ <u>766,098</u>	\$ <u>513,807</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2024 will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2025	\$107,302
2026	232,784
2027	(97,184)
2028	(43,610)
2029	-
Thereafter	-
Total	<u>\$ 199,292</u>

NOTE J - OTHER POST EMPLOYMENT BENEFITS

The Village administers a single-employer defined benefit Post-Retirement Benefit Plan (“OPEB”). The OPEB plan is under the direction of the Village. Upon retirement of an employee after ten or more years of service to the Village, the Village will pay 30% of the cost of the employee’s health (medical, dental, and vision) insurance premiums for a maximum of five years or upon reaching Medicare eligibility.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE J - OTHER POST EMPLOYMENT BENEFITS (continued)

GASB Statements Number 74 and 75 require that the Village calculate and disclose the details of the OPEB liability. The Village has not engaged an actuary to determine the OPEB liability. Instead, the Village has estimated the liability using the alternative method. The estimate of potential liability as of April 30, 2025, is \$281,696.

NOTE K - MANAGEMENT EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 14, 2025, the date on which the financial statements were available to be issued.

NOTE L - PRIOR YEAR ADJUSTMENTS

During the fiscal year ending April 30, 2025, the Village had the following prior period adjustments:

- The Village found its Library payroll bank account, which is the account in which the Library reimburses payroll expenses, was not recorded to the general ledger. Therefore, its prior year General payroll expenses were overstated by \$1,726.
- In fiscal year 2025, the Village found they incorrectly paid engineering fees from MFT funds in 2019 and thus the General fund had to reimburse MFT for these expenses. Therefore, its 2019 MFT expenses were overstated by \$4,724.
- The Village found two assets in fiscal year 2025 that should have been capitalized as work in progress in the prior year. Therefore, the prior year Gas expenses were overstated by \$3,504.

The effect of correcting these errors is shown below:

The beginning fund balance for the General fund has been restated in the financial statements as follows:

Fund balance at April 30, 2024	640,489
Prior period adjustment	<u>1,726</u>
Fund balance, beginning, as restated	642,215

The beginning fund balance for the MFT fund has been restated in the financial statements as follows:

Fund balance at April 30, 2024	234,156
Prior period adjustment	<u>4,723</u>
Fund balance, beginning, as restated	238,879

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTE L – PRIOR YEAR ADJUSTMENTS (continued)

The beginning net position for the Gas fund has been restated in the financial statements as follows:

Net position at April 30, 2024	747,598
Prior period adjustment	<u>3,504</u>
Net position, beginning, as restated	751,102

The beginning government-wide net position for governmental activities has been restated in the financial statements as follows:

Net position at April 30, 2024	4,231,422
Prior period adjustment as explained above	<u>6,449</u>
Net position, beginning, as restated	4,237,871

The beginning government-wide net position for the business-type activities has been restated in the financial statements as follows:

Net position at April 30, 2024	3,915,346
Prior period adjustment as explained above	<u>3,504</u>
Net position, beginning, as restated	3,918,850

The beginning cash and cash equivalents in the Statement of Cash Flows for the Gas fund has been restated in the financial statements as follows:

Cash and cash equivalents at April 30, 2024	296,255
Prior period adjustment as explained above	<u>3,504</u>
Cash and cash equivalents, beginning, as restated	299,759

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PAWNEE, ILLINOIS

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

For Calendar Years Ending December 31,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$ 92,022	\$ 98,569	\$ 94,883	\$ 87,802	\$ 104,988	\$ 101,900	\$ 78,898	\$ 88,641	\$ 114,045	\$ 107,780
Interest in the total of pension liability	431,896	452,234	463,676	458,775	482,253	520,277	540,471	593,597	626,262	640,490
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	19,373	(120,312)	(158,507)	52,542	232,981	93,373	501,716	172,831	(97,815)	61,686
Assumption changes	8,027	(24,295)	(183,140)	199,145	-	(72,312)	-	-	(4,705)	-
Benefit payments and refunds	(270,531)	(278,681)	(273,332)	(284,091)	(260,113)	(328,288)	(378,121)	(408,257)	(426,165)	(450,646)
Net changes in Total Pension Liability	280,787	127,515	(56,420)	514,173	560,109	314,950	742,964	446,812	211,622	359,310
Total Pension Liability - Beginning	5,863,268	6,144,055	6,271,570	6,215,150	6,729,323	7,289,432	7,604,382	8,347,346	8,794,158	9,005,780
Total Pension Liability - Ending	<u>\$ 6,144,055</u>	<u>\$ 6,271,570</u>	<u>\$ 6,215,150</u>	<u>\$ 6,729,323</u>	<u>\$ 7,289,432</u>	<u>\$ 7,604,382</u>	<u>\$ 8,347,346</u>	<u>\$ 8,794,158</u>	<u>\$ 9,005,780</u>	<u>\$ 9,365,090</u>
Plan Fiduciary Net Position										
Employer Contributions	\$ 153,459	\$ 145,642	\$ 131,230	\$ 137,987	\$ 126,526	\$ 143,740	\$ 190,445	\$ 175,822	\$ 183,046	\$ 161,985
Employee Contributions	40,318	40,285	38,346	77,090	46,103	42,808	43,563	49,676	54,049	53,756
Pension Plan Net investment income	23,482	336,463	891,924	(296,824)	967,294	890,294	1,178,894	(1,051,074)	777,275	771,406
Benefit payment and refunds	(270,531)	(278,681)	(273,332)	(284,091)	(260,113)	(328,288)	(378,121)	(408,257)	(426,165)	(450,646)
Other	108,575	6,090	(79,916)	(50,635)	80,086	84,231	60,081	24,610	222,150	(141,000)
Net change in Plan Fiduciary Net Position	55,303	249,799	708,252	(416,473)	959,896	832,785	1,094,862	(1,209,223)	810,355	395,501
Plan Fiduciary Net Position - Beginning	4,734,789	4,790,092	5,039,891	5,748,143	5,331,670	6,291,566	7,124,351	8,219,213	7,009,990	7,820,345
Plan Fiduciary Net Position - Ending	<u>4,790,092</u>	<u>5,039,891</u>	<u>5,748,143</u>	<u>5,331,670</u>	<u>6,291,566</u>	<u>7,124,351</u>	<u>8,219,213</u>	<u>7,009,990</u>	<u>7,820,345</u>	<u>8,215,846</u>
Net Pension Liability	<u>\$ 1,353,963</u>	<u>\$ 1,231,679</u>	<u>\$ 467,007</u>	<u>\$ 1,397,653</u>	<u>\$ 997,866</u>	<u>\$ 480,031</u>	<u>\$ 128,133</u>	<u>\$ 1,784,168</u>	<u>\$ 1,185,435</u>	<u>\$ 1,149,244</u>
Plan Fiduciary Net Position as a Percentage of										
Total Pension Liability	77.96%	80.36%	92.49%	79.23%	86.31%	93.69%	98.46%	79.71%	86.84%	87.73%
Covered valuation payroll	\$ 892,203	\$ 865,450	\$ 852,140	\$ 901,288	\$ 1,024,502	\$ 951,296	\$ 968,079	\$ 1,089,895	\$ 1,201,088	\$ 1,194,580
Net Pension Liability as a Percentage of Covered Valuation Payroll	151.76%	142.32%	54.80%	155.07%	97.40%	50.46%	13.24%	163.70%	98.70%	96.20%

The plan years above are reported in the Village's financial statements in the fiscal year following the plan year - i.e. plan year 2015 information was presented in the Village's 2016 financial report.

VILLAGE OF PAWNEE, ILLINOISNOTES TO FINANCIAL STATEMENTSMULTIYEAR SCHEDULE OF CONTRIBUTIONS

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$153,459	\$153,459	\$ -	\$ 892,203	17.20%
2016	145,049	145,642	(593)	865,450	16.83%
2017	131,230	131,230	-	852,140	15.40%
2018	137,987	137,987	-	901,288	15.31%
2019	126,526	126,526	-	1,024,502	12.35%
2020	143,741	143,740	1	951,296	15.11%
2021	160,120	190,445	(30,325)	968,079	19.67%
2022	173,729	175,822	(2,093)	1,089,895	16.13%
2023	183,046	183,046	-	1,201,088	15.24%
2024	161,985	161,895	-	1,194,580	13.56%

The Notes to RSI are an integral part of this schedule.

VILLAGE OF PAWNEE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Year Ended April 30, 2025

NOTES TO SCHEDULE OF CONTRIBUTIONS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE DECEMBER 2024 CONTRIBUTION RATE*

Valuation Date:

Notes - Actuarially determined contribution rates are calculated as of December 31 each year, which is 16 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2024 Contribution Rates:

Actuarial Cost Method - Aggregate Entry Age Normal

Amortization Method - Level Percentage of Payroll, Closed

Remaining Amortization Period - Non-taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 19-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 14 years for most employers (five employers were financed over 15 years; one employer was financed over 16 years; two employers were financed over 17 years; one employer was financed over 20 years; three employers were financed over 23 years; four employers were financed over 24 years, and one employer was financed over 25 years).

Asset Valuation Method - 5-year smoothed market; 20% corridor

Wage growth – 2.75%

Price Inflation - 2.25%

Salary Increases – 2.75% to 13.75% including inflation

Investment Rate of Return - 7.25%

Retirement Age - Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

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

Other Information:

Notes - There were no benefit changes during the year.

**Based on Valuation Assumptions used in the December 31, 2022, actuarial valuation.*

OTHER INFORMATION

VILLAGE OF PAWNEE, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN

Year Ended April 30, 2025

ASSESSED VALUATION - 2023		\$ 47,542,137
Statutory Debt Limitation as Defined in Chapter 24, Section 8-5-1, Illinois Revised Statutes of 1983 (8.625% of Assessed Valuation)		\$ 4,100,509
<u>TOTAL DEBT</u>		
Note Payable	\$ 643,255	
Revenue Bonds	-	
Less: Revenue Bonds		
Exempt from Above Limitations	-	
Limited Debt		<u>643,255</u>
LEGAL DEBT LIMIT		<u>\$ 3,457,254</u>

See Independent Auditor's Report

VILLAGE OF PAWNEE, ILLINOISSCHEDULE OF ASSESSED VALUATIONS, TAX RATES, AND SETTLEMENTS

Year Ended April 30, 2025

	2021 Taxes Collected In <u>2022</u>	2022 Taxes Collected In <u>2023</u>	2023 Taxes Collected In <u>2024</u>
Assessed Valuation	\$ 42,478,650	\$ 44,135,735	\$ 47,542,137
Tax Rate Percent	<u>1.01270</u>	<u>0.98370</u>	<u>0.92130</u>
Tax Extension	430,181	434,163	438,006
<u>SETTLEMENT</u>			
Deductions	<u>(1,190)</u>	<u>(1,082)</u>	<u>(2,054)</u>
TOTAL SETTLEMENT	<u>\$ 428,991</u>	<u>\$ 433,081</u>	<u>\$ 435,952</u>

See Independent Auditor's Report

VILLAGE OF PAWNEE, ILLINOIS

LISTING OF VILLAGE OFFICIALS

November 14, 2025

Jeff Clarke	President
Devona Martin	Village Clerk
Brent Wise	Village Treasurer
Troy Grant	Trustee
Erika Guess	Trustee
Patrick Murphy	Trustee
David Skinner	Trustee
Phillip Thompson	Trustee
Dale Walters	Trustee

See Independent Auditor's Report