

**VILLAGE OF ESSEX
ESSEX, ILLINOIS**

**FINANCIAL STATEMENTS
APRIL 30, 2025**

VILLAGE OF ESSEX

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Essex
Essex, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of Essex, Illinois, as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the Village of Essex, Illinois' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Essex, Illinois, as of April 30, 2025, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Essex, 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.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 of Essex, Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Essex, Illinois' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of the Village of Essex as of and for the year ended April 30, 2024 were audited by another auditor whose report dated July 19, 2024 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Essex's basic financial statements. The budgetary comparison information on pages 20 through 22 is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing 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 the modified cash basis of accounting. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Borschneck, Pelleter & co.

Kankakee, Illinois
November 17, 2025

VILLAGE OF ESSEX
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2025
(with comparative totals for 2024)

	2025			2024
	Governmental		Business-type	
	Activities	Activities	Total	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 421,646	\$ 410,070	\$ 831,716	\$ 1,178,124
Total Current Assets	<u>421,646</u>	<u>410,070</u>	<u>831,716</u>	<u>1,178,124</u>
Noncurrent assets				
Capital assets, non-depreciable	17,519	115,500	133,019	133,019
Capital assets, net of depreciation	<u>262,112</u>	<u>3,951,979</u>	<u>4,214,091</u>	<u>4,163,442</u>
Total Noncurrent Assets	<u>279,631</u>	<u>4,067,479</u>	<u>4,347,110</u>	<u>4,296,461</u>
Total Assets	<u>701,277</u>	<u>4,477,549</u>	<u>5,178,826</u>	<u>5,474,585</u>
LIABILITIES				
Current liabilities				
Current portion of notes payable	-	36,917	36,917	71,578
Total Current Liabilities	<u>-</u>	<u>36,917</u>	<u>36,917</u>	<u>71,578</u>
Noncurrent liabilities				
Notes payable	-	75,224	75,224	148,601
Total Noncurrent Liabilities	<u>-</u>	<u>75,224</u>	<u>75,224</u>	<u>148,601</u>
Total Liabilities	<u>-</u>	<u>112,141</u>	<u>112,141</u>	<u>220,179</u>
NET POSITION				
Net investment in capital assets	279,631	3,955,338	4,234,969	4,076,282
Restricted, Expendable	234,397	-	234,397	408,505
Unrestricted	187,249	410,070	597,319	769,619
Total Net Position	<u>\$ 701,277</u>	<u>\$ 4,365,408</u>	<u>\$ 5,066,685</u>	<u>\$ 5,254,406</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ESSEX
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2025
(with comparative totals for 2024)

	2025						2024	
	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total	Total
	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Total		
Governmental activities								
General government	\$ 341,756	\$ -	\$ 120,000	\$ (221,756)	\$ -	\$ (221,756)	\$ (292,676)	\$ (292,676)
Public safety	36,815	-	-	(36,815)	-	(36,815)	(4,929)	(4,929)
Highways and streets	185,488	-	-	(185,488)	-	(185,488)	(59,157)	(59,157)
Total Governmental Activities	<u>564,059</u>	<u>-</u>	<u>120,000</u>	<u>(444,059)</u>	<u>-</u>	<u>(444,059)</u>	<u>(356,762)</u>	<u>(356,762)</u>
Business-type activities								
Sewer operations	256,467	148,229	-	-	(108,238)	(108,238)	(96,319)	(96,319)
Total Business-Type Activities	<u>256,467</u>	<u>148,229</u>	<u>-</u>	<u>-</u>	<u>(108,238)</u>	<u>(108,238)</u>	<u>(96,319)</u>	<u>(96,319)</u>
Total Primary Government	<u>\$ 820,526</u>	<u>\$ 148,229</u>	<u>\$ 120,000</u>	<u>(444,059)</u>	<u>(108,238)</u>	<u>(552,297)</u>	<u>(453,081)</u>	<u>(453,081)</u>
General revenues:								
Property taxes, levied for general purposes				29,978	-	29,978	30,889	30,889
Income tax and other State tax revenue				293,622	-	293,622	276,177	276,177
Licenses and permits				8,390	-	8,390	8,909	8,909
Unrestricted investment earnings				8,269	11,967	20,236	7,918	7,918
Miscellaneous				<u>12,350</u>	<u>-</u>	<u>12,350</u>	<u>4,723</u>	<u>4,723</u>
Total General Revenues				<u>352,609</u>	<u>11,967</u>	<u>364,576</u>	<u>328,616</u>	<u>328,616</u>
CHANGE IN NET POSITION								
NET POSITION, BEGINNING OF YEAR				(91,450)	(96,271)	(187,721)	(124,465)	(124,465)
NET POSITION, END OF YEAR				<u>792,727</u>	<u>4,461,679</u>	<u>5,254,406</u>	<u>5,378,871</u>	<u>5,378,871</u>
				<u>\$ 701,277</u>	<u>\$ 4,365,408</u>	<u>\$ 5,066,685</u>	<u>\$ 5,254,406</u>	<u>\$ 5,254,406</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ESSEX
BALANCE SHEET - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
APRIL 30, 2025
(with comparative totals for 2024)

	2025			2024	
			Park and Recreation Fund	Total Governmental Funds	Total Governmental Funds
	General Fund	Motor Fuel Tax Fund			
ASSETS					
Cash and cash equivalents	\$ 187,249	\$ 154,101	\$ 80,296	\$ 421,646	\$ 681,220
Total Assets	<u>\$ 187,249</u>	<u>\$ 154,101</u>	<u>\$ 80,296</u>	<u>\$ 421,646</u>	<u>\$ 681,220</u>
FUND BALANCES					
Restricted for:					
Parks and recreation	\$ -	\$ -	\$ 80,296	\$ 80,296	\$ -
Street maintenance programs	- -	154,101	- -	154,101	250,244
Unassigned	<u>187,249</u>	<u>- -</u>	<u>- -</u>	<u>187,249</u>	<u>430,976</u>
Total Fund Balances	<u>187,249</u>	<u>154,101</u>	<u>80,296</u>	<u>421,646</u>	<u>681,220</u>
Total Liabilities and Fund Balances	<u>\$ 187,249</u>	<u>\$ 154,101</u>	<u>\$ 80,296</u>	<u>\$ 421,646</u>	<u>\$ 681,220</u>

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET AND THE STATEMENT OF NET POSITION**

Governmental funds combined fund balance	\$ 421,646	\$ 681,220
Adjustments necessary to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	<u>279,631</u>	<u>111,507</u>
Net Position of Governmental Activities	<u>\$ 701,277</u>	<u>\$ 792,727</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ESSEX
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2025
(with comparative totals for 2024)

	2025				2024	
	General Fund	Park and		Total	Total	
		Motor Fuel	Recreation	Governmental	Funds	Governmental
REVENUES						
Property taxes	\$ 29,978	\$ -	\$ -	\$ 29,978	\$ 30,889	
Intergovernmental	255,625	37,997	-	293,622	276,177	
Licenses and permits	8,390	-	-	8,390	8,909	
Grants	120,000	-	-	120,000	-	
Investment earnings	7,921	348	-	8,269	4,264	
Miscellaneous	7,525	-	4,825	12,350	4,723	
Total Revenues	429,439	38,345	4,825	472,609	324,962	
EXPENDITURES						
General government	304,851	-	15,900	320,751	315,206	
Public safety	36,815	-	-	36,815	4,929	
Highways and streets	51,000	134,488	-	185,488	59,157	
Capital outlay	189,129	-	-	189,129	-	
Total Expenditures	581,795	134,488	15,900	732,183	379,292	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,356)	(96,143)	(11,075)	(259,574)	(54,330)	
NET CHANGE IN FUND BALANCES	(152,356)	(96,143)	(11,075)	(259,574)	(54,330)	
FUND BALANCES, BEGINNING OF YEAR	339,605	250,244	91,371	681,220	735,550	
FUND BALANCES, END OF YEAR	\$ 187,249	\$ 154,101	\$ 80,296	\$ 421,646	\$ 681,220	

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT
OF ACTIVITIES**

Combined Change in Fund Balances	\$ (259,574)	\$ (54,330)
Adjustments necessary to convert the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities are as follows:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities capital outlays exceeding the capitalization threshold set by the Village are capitalized and depreciated over their useful lives.		
Capital outlays	189,129	39,646
Depreciation expense	(21,005)	(17,116)
Change in Net Position of Governmental Activities	\$ (91,450)	\$ (31,800)

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ESSEX
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
MODIFIED CASH BASIS
APRIL 30, 2025
(with comparative totals for 2024)

	2025	2024
	Enterprise Funds	
	Total	Total
	Enterprise	Enterprise
	Sewer Fund	Funds
ASSETS		
Current assets		
Cash and cash equivalents	\$ 410,070	\$ 410,070
Total Current Assets	<u>410,070</u>	<u>410,070</u>
Noncurrent assets		
Capital assets, non-depreciable	115,500	115,500
Capital assets, net of depreciation	<u>3,951,979</u>	<u>3,951,979</u>
Total Noncurrent Assets	<u>4,067,479</u>	<u>4,067,479</u>
Total Assets	<u>4,477,549</u>	<u>4,477,549</u>
LIABILITIES		
Current liabilities		
Due within one year	36,917	36,917
Total Current Liabilities	<u>36,917</u>	<u>36,917</u>
Long term liabilities		
Due in more than one year	75,224	75,224
Total Long Term Liabilities	<u>75,224</u>	<u>75,224</u>
Total Liabilities	<u>112,141</u>	<u>112,141</u>
NET POSITION		
Net investment in capital assets	3,955,338	3,955,338
Restricted	-	66,890
Unrestricted	<u>410,070</u>	<u>410,070</u>
Total Net Position	<u>\$ 4,365,408</u>	<u>\$ 4,365,408</u>
	<u>\$ 4,365,408</u>	<u>\$ 4,461,679</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ESSEX
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2025
 (with comparative totals for 2024)

	Enterprise Funds		
	2025		2024
	Total Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES			
Charges for services	\$ 148,229	\$ 148,229	\$ 142,393
Total Operating Revenues	<u>148,229</u>	<u>148,229</u>	<u>142,393</u>
OPERATING EXPENSES			
Salaries and wages	6,445	6,445	7,960
Materials and supplies	697	697	1,416
Other services and charges	19,628	19,628	16,320
Repairs and maintenance	101,620	101,620	85,637
Utilities	3,684	3,684	3,087
Depreciation	<u>117,475</u>	<u>117,475</u>	<u>117,475</u>
Total Operating Expenses	<u>249,549</u>	<u>249,549</u>	<u>231,895</u>
Operating Income (Loss)	<u>(101,320)</u>	<u>(101,320)</u>	<u>(89,502)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and investment income	11,967	11,967	3,654
Interest expense	<u>(6,918)</u>	<u>(6,918)</u>	<u>(6,817)</u>
Total Non-operating Revenues (Expenses)	<u>5,049</u>	<u>5,049</u>	<u>(3,163)</u>
CHANGE IN NET POSITION			
NET POSITION, BEGINNING OF YEAR	<u>4,461,679</u>	<u>4,461,679</u>	<u>4,554,344</u>
NET POSITION, END OF YEAR	<u>\$ 4,365,408</u>	<u>\$ 4,365,408</u>	<u>\$ 4,461,679</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ESSEX
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2025
(with comparative totals for 2024)

	Enterprise Funds		
	2025		2024
	Total Enterprise Funds	Total Enterprise Funds	
SEWER FUND			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 148,229	\$ 148,229	\$ 142,393
Payments to suppliers	(125,629)	(125,629)	(106,460)
Payments to employees	(6,445)	(6,445)	(7,960)
Net Cash Provided by (Used In) Operating Activities	<u>16,155</u>	<u>16,155</u>	<u>27,973</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments on long-term debt	(114,956)	(114,956)	(76,638)
Net Cash Provided by Noncapital Financing Activities	<u>(114,956)</u>	<u>(114,956)</u>	<u>(76,638)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	11,967	11,967	3,654
Net Cash Provided by (Used In) Investing Activities	<u>11,967</u>	<u>11,967</u>	<u>3,654</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(86,834)	(86,834)	(45,011)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>496,904</u>	<u>496,904</u>	<u>541,915</u>
	<u>\$ 410,070</u>	<u>\$ 410,070</u>	<u>\$ 496,904</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (101,320)	\$ (101,320)	\$ (89,502)
Depreciation expense	<u>117,475</u>	<u>117,475</u>	<u>117,475</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 16,155</u>	<u>\$ 16,155</u>	<u>\$ 27,973</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Essex, Illinois (Village) is a municipal corporation governed by an elected board of trustees. The Board of Trustees is made up of six trustees and the Village operations include general government services, street maintenance, and sewer services.

Basis of Accounting

The accompanying basic financial statements of the Village have been prepared on the modified cash basis of accounting. Except for capital asset purchases and borrowings, all transactions are recognized as revenue or expenses. Noncash transactions, except depreciation, are not recognized. The modified cash basis of accounting differs from generally accepted accounting principles primarily because revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

Financial Reporting Entity

In evaluating the Village as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) which may or may not fall within the Village's oversight and control, and as such, be included within the Village's financial statements. The criteria used to determine if a legally separate organization's financial statements should be included and the manner in which they should be displayed center on the nature of financial accountability. Among factors determining this financial accountability include the degree to which the governing body is controlled by the Village as manifested by the ability to appoint a majority of its voting board, approval of its budget, the degree to which it provides a financial benefit or burden to the Village or the extent to which it is fiscally dependent. No component units were deemed to be present for the fiscal year ended April 30, 2025.

Basis of Presentation

The financial activities of the Village consist of both governmental-type activities and business-type activities. A brief description of the Village's government-wide and fund financial statements is as follows:

Government-wide Financial Statements: The government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis report the overall financial activity of the Village, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for services.

The Statement of Activities – Modified Cash Basis demonstrates the degree to which the direct expenses of a given function (i.e. general government) or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fines, fees and charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

particular function or segment. Taxes and other items not included in program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Village's funds. Separate statements are presented for each fund category: governmental and proprietary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds (if any) are aggregated and reported as nonmajor funds. For the year ended April 30, 2025, the Village has reported all funds as major.

Major Funds

The Village has presented the following governmental funds as major:

General Fund – This 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 – This fund accounts for motor fuel taxes received by the Village. These taxes are restricted for uses approved by the Illinois Department of Transportation.

Park and Recreation Fund – This fund accounts for tax revenue, fundraising receipts, and expenditures for renovation and maintenance of the Village's park and recreation areas.

The Village has presented the following proprietary fund as major:

Sewer Fund – This fund accounts for the Village's sewer and solid waste operations.

Measurement Focus and Basis of Accounting

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported within the limitations of the modified cash basis of accounting.

All governmental funds utilize a "current financial resources" measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spending financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

Both the fund level and government-wide financial statements reflect the modified cash basis of accounting in which revenue has been recognized when received and expenditures are recognized when paid. Capital assets and depreciation expense have been reported only in the government-wide financial statements and the proprietary fund financial statements.

The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide and proprietary fund financial statements would be presented on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of 90 days or less from the date of acquisition.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets, purchased or acquired which are carried at historical cost or estimated historical cost. Assets contributed prior to May 1, 2016 are recorded at fair market value as of the date donated. Assets contributed on or after May 1, 2016 are recorded at acquisition value as of the date donated. Improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Thresholds used for capitalizing assets are noted below. Other costs incurred for repairs and maintenance are expensed as incurred.

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

In accordance with GASB Statement No. 34, infrastructure assets are reported prospectively from the date of implementation and therefore infrastructure assets acquired prior to May 1, 2004 have not been recorded in the Village's basic financial statements.

Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

	<u>Useful Life</u>	<u>Threshold</u>
Buildings	50-70 years	\$ 5,000
Buildings improvements	20-50 years	\$ 2,500
Equipment, furniture & fixtures	5-20 years	\$ 5,000
Land	N/A	\$ 50,000
Land improvements	20-30 years	\$ 5,000
Infrastructure assets	20-25 years	\$ 50,000
Intangible assets	2-20 years	\$ 5,000
Sewer Treatment Plant	1-100 years	\$ 5,000

Governmental Fund Balances

Fund Balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The following types of fund balances may be presented in the Governmental Funds Balance Sheet:

Nonspendable Fund Balance – the portion of a governmental fund's net position that are not available to be spent, either short term or long term, in either form or through legal restrictions. The Village has no nonspendable fund balances.

Restricted Fund Balance – the portion of a governmental fund's net position that are subject to external enforceable legal restrictions. Amounts reported as restricted include fund balances that are restricted for street maintenance programs.

Committed Fund Balance – the portion of a governmental fund's net position with self-imposed constraints or limitations that have been placed at the highest level of decision-making authority (issuance of an ordinance) and may only be modified or rescinded by an action of the Village Board (issuance of an ordinance). The Village has no committed fund balances.

Assigned Fund Balance – the portion of a governmental fund's net position denoted for an intended use of the resources. The Village has no assigned fund balances.

Unassigned Fund Balance – available expendable financial resources in a governmental fund that are not designated for a specific purpose.

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Balances (continued)

It is the Village's policy to first spend restricted funds if restricted funds are available. Additionally, 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.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This consists of the portion of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Village's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted - This consists of the portion of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Property Taxes

Property taxes are recognized in the year in which taxes have been received. Property taxes are levied annually on all taxable real property located in the Village. The Village must file its tax levy ordinance by the last Tuesday of December of each year. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year. Property taxes are collected by the Kankakee County Collector/Treasurer who remits to the Village its share of the collection. Taxes levied for calendar year 2023 were due, payable, and collected in two installments in June and September of 2024. The Village normally receives these taxes in July, August, September, October and November of the year collected.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts in financial statements and accompanying notes. Actual results may differ from those estimates.

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

The Village adopts annual budgets for the General Fund and Special Revenue Funds. No legally adopted budgets are prepared for capital project funds. Expenditures for capital projects are controlled on a project basis. No adjustments were necessary in order to reconcile the budgetary information to the information presented in the Village's basic financial statements.

The following funds had an excess of expenditures/expenses over budgeted amounts for the year ended April 30, 2025.

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund	\$ 287,795
Motor Fuel Tax	\$ 34,488
Parks and Recreation	\$ 880

Excess expenditures in the General Fund relate to capital projects that were not included in the original budget. See budgetary comparison schedule on page 20.

Excess expenditures in the Motor Fuel Tax Fund relate to capital projects that were not included in the original budget. See budgetary comparison schedule on page 21.

Excess expenditures in the Parks and Recreation Fund relate to repairs that were not included in the original budget. See budgetary comparison schedule on page 22.

New Accounting Pronouncements

The Village was not required to adopt any significant new accounting and reporting standards of the Governmental Accounting Standards Board (GASB) during the fiscal year ended April 30, 2025 applicable to the modified cash basis of accounting.

The Village will be required to implement several GASB statements (to the extent applicable to modified cash basis of accounting) in years following the fiscal year ended April 30, 2025. The Village has not yet evaluated the impact of adopting these future pronouncements on the Village's financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements (meeting certain statutory requirements), certain rated instruments of commercial paper and Illinois State Treasurer's investment pool (Illinois Funds). The Village has not adopted a formal policy regarding deposits and investments.

A reconciliation of deposits and investments presented in this disclosure and the financial statement captions shown on the government-wide Statement of Net Position is as follows:

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

	<u>Governmental and Business- type Activities</u>
<u>Deposits and Investments</u>	
Carrying amount of Deposits	\$ 831,716
Total	<u>\$ 831,716</u>
<u>Statement of Net Position</u>	
Cash and Cash Equivalents	\$ 831,716
Total	<u>\$ 831,716</u>

Deposits

At April 30, 2025, the carrying amount of the Village's deposits with financial institutions for governmental and business-type activities was \$831,716 and the bank balance was \$873,043. These amounts represent cash in banks.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, deposits may not be returned. At April 30, 2025, all deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC) or pledged collateral.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2025, was as follows:

	Balance May 1, 2024	Additions	Retirements	Transfers	Balance April 30, 2025
Governmental-type activities:					
Capital assets not being depreciated:					
Land	\$ 17,519	\$ -	\$ -	\$ -	\$ 17,519
Capital assets being depreciated:					
Buildings	71,297	189,129	-	-	260,426
Equipment	150,719	-	-	-	150,719
Infrastructure	86,736	-	-	-	86,736
Less accumulated depreciation	<u>(214,764)</u>	<u>(21,005)</u>	<u>-</u>	<u>-</u>	<u>(235,769)</u>
Total capital assets, net of depreciation	<u>\$ 111,507</u>	<u>\$ 168,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,631</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 115,500	\$ -	\$ -	\$ -	\$ 115,500
Capital assets being depreciated:					
Sewer treatment plant	2,040,520	-	-	-	2,040,520
Sewer collection system	3,823,367	-	-	-	3,823,367
Equipment and software	18,738	-	-	-	18,738
Less accumulated depreciation	<u>(1,813,171)</u>	<u>(117,475)</u>	<u>-</u>	<u>-</u>	<u>(1,930,646)</u>
Total capital assets, net of depreciation	<u>\$ 4,184,954</u>	<u>\$ (117,475)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,067,479</u>

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 3 – CAPITAL ASSETS (continued)

Depreciation expense for governmental activities is reported in the General Government expenses on the Statement of Activities.

NOTE 4 – LONG-TERM OBLIGATIONS

Notes Payable

The Illinois Environmental Protection Agency loan financed the sewer project for \$1,651,024 to provide upgrades to the sewer treatment plant and the collection system for the Village. The loan requires semi-annual payments of \$38,319 including interest beginning on November 17, 2007 and ending November 17, 2026 at an interest rate of 2.5%.

The obligations are paid by the Village's Sewer Fund. During 2025, the Village paid \$6,918 of interest. Changes in long-term obligations for the year ended April 30, 2025 are as follows:

Business-type activities:	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>May 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>April 30, 2025</u>	<u>One Year</u>
Notes payable	\$ 220,179	\$ -	\$ (108,038)	\$ 112,141	\$ 36,917
Total long-term debt	<u>\$ 220,179</u>	<u>\$ -</u>	<u>\$ (108,038)</u>	<u>\$ 112,141</u>	<u>\$ 36,917</u>

Debt service requirements on notes payable outstanding at April 30, 2025 are as follows:

	<u>Principal</u>	<u>Interest</u>
2026	\$ 36,917	\$ 1,402
2027	<u>75,224</u>	<u>1,413</u>
Total	<u>\$ 112,141</u>	<u>\$ 2,815</u>

Legal Debt Margin

According to Illinois statutes, the legal debt limit is 8.625% of assessed valuation. The following is the legal debt margin calculation for the year ending April 30, 2025:

Assessed valuation – 2024 levy year	\$ 25,421,386
Less Tax Increment Financing Districts	<u>-</u>
Assessed valuation, net of abatements	<u>\$ 25,421,386</u>
Statutory debt limit – 8.625% of assessed valuation	<u>\$ 2,192,595</u>
Total debt:	
Notes Payables	\$ 112,141
Total debt	<u>\$ 112,141</u>
Legal debt margin	<u>\$ 2,080,454</u>

VILLAGE OF ESSEX
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 5 – INTERFUND BALANCES AND ACTIVITY

Balances Due to/from Other Funds

There were no balances due to/from other funds at April 30, 2025.

Transfers to/(from) Other Funds

There were no transfers to/from other funds during the fiscal year.

NOTE 6 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has contracted with various insurance carriers to cover its exposure to such liabilities and worker's compensation claims with standard retention levels. Risk management activities are accounted for in the General Fund and the Water & Refuse Fund. Expenditures and claims are recognized when incurred. There have been no significant reductions in the insurance coverages of the Village during the current fiscal year.

NOTE 7 – LOSS CONTINGENCIES

The Village is involved in litigation from time to time on a variety of matters in connection with the services it provides. The Village estimates that the amount of actual or potential claims against the Village as of April 30, 2025 will not materially affect the financial condition of the Village or any of the individual funds. Settlement amounts are not expected to exceed insurance coverage.

SUPPLEMENTARY INFORMATION

VILLAGE OF ESSEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2025

	2025		
	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 35,000	\$ 35,000	\$ 29,978
Municipal sales tax	40,000	40,000	44,120
Local use tax	30,000	30,000	30,802
Income tax	140,000	140,000	146,169
Replacement tax	2,000	2,000	1,263
Gaming tax	25,000	25,000	31,949
Cannabis tax	2,000	2,000	1,322
Permits, fines, fees	6,000	6,000	8,390
Interest income	500	500	7,921
Miscellaneous revenue	<u>100,000</u>	<u>100,000</u>	<u>127,525</u>
Total revenues	<u>380,500</u>	<u>380,500</u>	<u>429,439</u>
EXPENDITURES			
Administrative	273,000	273,000	493,980
Public Safety	15,000	15,000	36,815
Streets and alleys	5,000	5,000	51,000
Contingency	1,000	1,000	-
Total expenditures	<u>294,000</u>	<u>294,000</u>	<u>581,795</u>
Excess of revenues over (under) expenditures	<u>\$ 86,500</u>	<u>\$ 86,500</u>	<u>\$ (152,356)</u>

VILLAGE OF ESSEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2025

	2025		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 38,000	\$ 38,000	\$ 37,997
Interest income	100	100	348
Total revenues	<u>38,100</u>	<u>38,100</u>	<u>38,345</u>
EXPENDITURES			
Street maintenance	100,000	100,000	134,488
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>134,488</u>
Excess of revenues over (under) expenditures	<u>\$ (61,900)</u>	<u>\$ (61,900)</u>	<u>\$ (96,143)</u>

VILLAGE OF ESSEX
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
PARKS AND RECREATION FUND
FOR THE YEAR ENDED APRIL 30, 2025

	2025		
	Original Budget	Final Budget	Actual
REVENUES			
Tax revenue	\$ 15,000	\$ 15,000	\$ -
Miscellaneous revenue	20	20	4,825
Total revenues	<u>15,020</u>	<u>15,020</u>	<u>4,825</u>
EXPENDITURES			
Park improvements	15,020	15,020	15,900
Total expenditures	<u>15,020</u>	<u>15,020</u>	<u>15,900</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,075)</u>

OTHER INFORMATION

VILLAGE OF ESSEX
ASSESSED VALUATIONS, RATES, AND EXTENSIONS (UNAUDITED)
FOR THE TAX LEVY YEARS 2020 - 2024

	2024	2023	2022	2021	2020
ASSESSED VALUATION	<u>\$ 25,421,386</u>	<u>\$ 22,095,866</u>	<u>\$ 19,623,576</u>	<u>\$ 17,895,480</u>	<u>\$ 17,182,726</u>
TAX RATES					
Corporate	0.0341	0.0392	0.0420	0.0461	0.0480
Police protection	0.0122	0.0140	0.0150	0.0164	0.0171
Liability insurance	0.0136	0.0156	0.0168	0.0184	0.0191
Revenue recapture	<u>0.0003</u>	<u>0.0002</u>	<u>0.0001</u>	<u>0.0002</u>	<u>0.0000</u>
Total tax rates	<u>0.0602</u>	<u>0.0690</u>	<u>0.0739</u>	<u>0.0811</u>	<u>0.0842</u>
TAX EXTENSIONS					
Corporate	8,669	8,662	8,242	8,250	8,248
Police protection	3,102	3,093	2,944	2,935	2,938
Liability insurance	3,457	3,447	3,297	3,293	3,282
Revenue recapture	<u>76</u>	<u>44</u>	<u>20</u>	<u>54</u>	<u>-</u>
Total tax extensions	<u>\$ 15,304</u>	<u>\$ 15,246</u>	<u>\$ 14,503</u>	<u>\$ 14,532</u>	<u>\$ 14,468</u>