

Village of McCullom
Lake, Illinois

Annual Financial Report
For the Year Ended March 31, 2025

VILLAGE OF MCCULLOM LAKE, ILLINOIS

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Year Ended March 31, 2025

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VILLAGE OF MCCULLOM LAKE, ILLINOIS

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Year Ended March 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the President and Board
of Trustees Village of McCullom Lake
McCullom Lake, Illinois

Opinions

We have audited the accompanying financial statements of governmental activities, the business-type activities and each major fund of the Village of McCullom Lake, (the Village) as of and for the year ended March 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of McCullom Lake, as of March 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 management's discussion and analysis and budgetary comparison information 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.

GW & Associates, P.C.

GW & Associates, P.C.

Hillside, Illinois

September 9, 2025

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

Our discussion and analysis of the Village of McCullom Lake ("Village") financial performance provides an overview of the financial activities for the fiscal year ended March 31, 2025. Please read in conjunction with the Financial Statements and Independent Auditors' Report for the fiscal year ended March 31, 2025.

FINANCIAL HIGHLIGHTS

- At March 31, 2025, the assets of the Village exceeded its' liabilities by \$5,462,452 (net position). Unrestricted net position, which are assets that may be used to meet the Village's ongoing obligations to citizens and creditors, is \$260,600 (unrestricted governmental net position) at March 31, 2025.
- The Village's total net position increased by \$228,048.
- At March 31, 2025, the Village's governmental funds reported combined ending fund balances of \$462,700 an increase of \$142,955 in comparison with the prior year.
- At March 31, 2025, the unassigned fund balance for the General Fund was \$243,343.
- The Village's total debt decreased by \$43,000 for the year ended March 31, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

The financial statement's focus is on the Village as a whole and on the major individual funds. Both perspectives allow the readers to address relevant questions, broaden the basis for comparison and enhance the reader's understanding of the statements.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended March 31, 2025

Government-wide Financial Statements -

The government-wide financial statements are designed to be corporate like.

The Statement of Net Position combines and consolidates governmental funds, current financial resources with capital assets and long-term obligations. It uses the accrual basis of accounting and economic resources measurement focus. The Statement of Net Position can be found on page 14 of this report.

The Statement of Activities is focused on both the growth and net costs of various activities. These activities are supported by the government's general taxes and other resources. This is intended to summarize and simplify the users' analysis of the costs of various governmental services. The Statement of Activities can be found on page 15 of this report.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, transportation and public works, public safety, culture and recreation, and development. The business-type activities of the Village include sewer operations. The government-wide financial statements can be found on pages 14 through 15 on this report.

Fund Financial Statements -

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be included into one of three categories: Governmental funds, proprietary funds, and fiduciary funds.

Governmental funds –

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Motor Fuel Tax Fund, both of which are considered to be major funds.

Proprietary funds –

The Village maintains one proprietary fund/ enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its sewer operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the sewer operation, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds –

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Village has no Fiduciary funds at year end.

Notes to the financial statements -

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23.

Other Information -

In addition to the basic financial statements this report also includes certain required supplementary information related to budgetary information. The Village adopts an annual budget for all funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the budget.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited
Year Ended March 31, 2025

GOVERNMENT-WIDE STATEMENTS & ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's net financial net position. In the case of the Village, assets exceeded liabilities by \$5,462,452 on March 31, 2025.

By far, the largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, equipment, and vehicles); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF MCCULLOM LAKE, ILLINOIS						
Village of McCullom Lake's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024
Current and Other Assets	\$ 546,783	\$ 401,870	\$ 1,732,410	\$ 1,563,348	\$ 2,279,193	\$ 1,965,218
Capital Assets	1,499,760	1,539,057	2,053,510	2,126,026	3,553,270	3,665,083
Total Assets	<u>2,046,543</u>	<u>1,940,927</u>	<u>3,785,920</u>	<u>3,689,374</u>	<u>5,832,463</u>	<u>5,630,301</u>
Current Liabilities	54,032	7,182	10,793	-	64,825	7,182
Long-Term Liabilities	227,000	313,000	-	-	227,000	313,000
Total Liabilities	281,032	320,182	10,793	-	291,825	320,182
Unearned Property Taxes	78,186	75,715	-	-	78,186	75,715
Total Liabilities and Deferred Inflows of Resources	<u>359,218</u>	<u>395,897</u>	<u>10,793</u>	<u>-</u>	<u>370,011</u>	<u>395,897</u>
Net Position						
Net Investment in Capital Assets,	1,229,760	1,226,057	2,053,510	2,126,026	3,283,270	3,352,083
Restricted	196,965	178,062	-	-	196,965	178,062
Unrestricted	260,600	140,911	1,721,617	1,563,348	1,982,217	1,704,259
Total Net Position	<u>\$ 1,687,325</u>	<u>\$ 1,545,030</u>	<u>\$ 3,775,127</u>	<u>\$ 3,689,374</u>	<u>\$ 5,462,452</u>	<u>\$ 5,234,404</u>

An additional portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, which are assets that may be used to meet the Village's ongoing obligations to governmental agencies and creditors, is \$260,600 at March 31, 2025.

The Village's total net position increased by \$228,048 during the year ended March 31, 2025. This increase is attributable to a decrease in long-term liabilities.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

VILLAGE OF MCCULLOM LAKE, ILLINOIS						
Village of McCullom Lake's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024
Program Revenues						
Charges for Service	\$53,826	\$56,539	\$305,395	\$277,031	\$359,221	\$333,570
Grants and Contributions	47,615	67,973	-	-	47,615	67,973
General Revenues						
Taxes	427,992	420,809	-	-	427,992	420,809
Investment Income	49	47	45,188	38,911	45,237	38,958
Other Income	29,196	46,607	4,027	1,630	33,223	48,237
Total Revenues	558,678	\$591,975	354,610	317,572	913,288	\$909,547
Program Expenses						
General Government	172,830	121,005	-	-	172,830	121,005
Transportation and						
Public Works	41,836	53,769	-	-	41,836	53,769
Public Safety	143,271	152,354	-	-	143,271	152,354
Culture and Recreation	36,181	21,034	-	-	36,181	21,034
Development	17,633	36,871	-	-	17,633	36,871
Interest	4,632	5,254	-	-	4,632	5,254
Sewer	-	-	268,857	253,891	268,857	253,891
Total Expenses	416,383	390,287	268,857	253,891	685,240	644,178
Change in Net Position	142,295	201,688	85,753	63,681	228,048	265,369
Net Position, April 1	1,545,030	1,343,342	3,689,374	3,625,693	5,234,404	4,969,035
Net Position, March 31	\$ 1,687,325	\$ 1,545,030	\$ 3,775,127	\$ 3,689,374	\$ 5,462,452	\$ 5,234,404

Governmental Activities

The current year's governmental activities increased the Village's net position by \$142,295. The Grant and Contributions revenue decreased due to DCEO Park & Beach Improvement Grant reimbursement which was lower in the current year. Other income was higher in the prior fiscal year due to the Village receiving settlement funds from Monsanto company class action. General government expenses increased in the current year due to a slight increase in legal fees. Development expenses decreased due to beach improvements being completed in the prior fiscal year.

Business-Type Activities

Business-type activities increased the Village's net position by \$85,753. Charges for services increased due to an increase in Sewer usage.

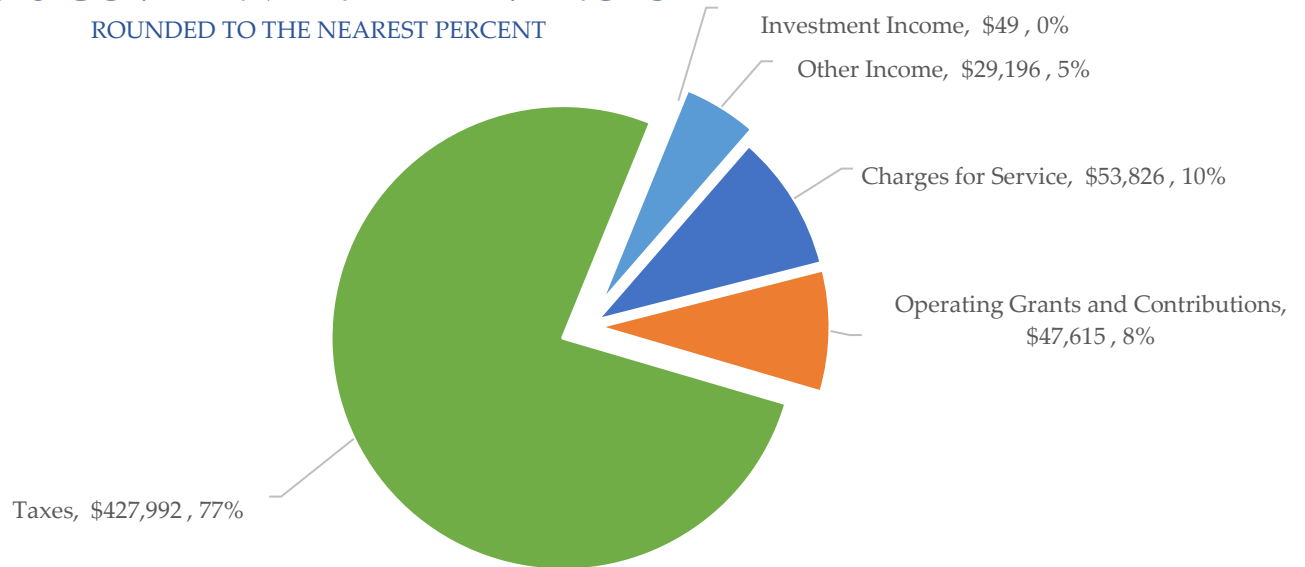
VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

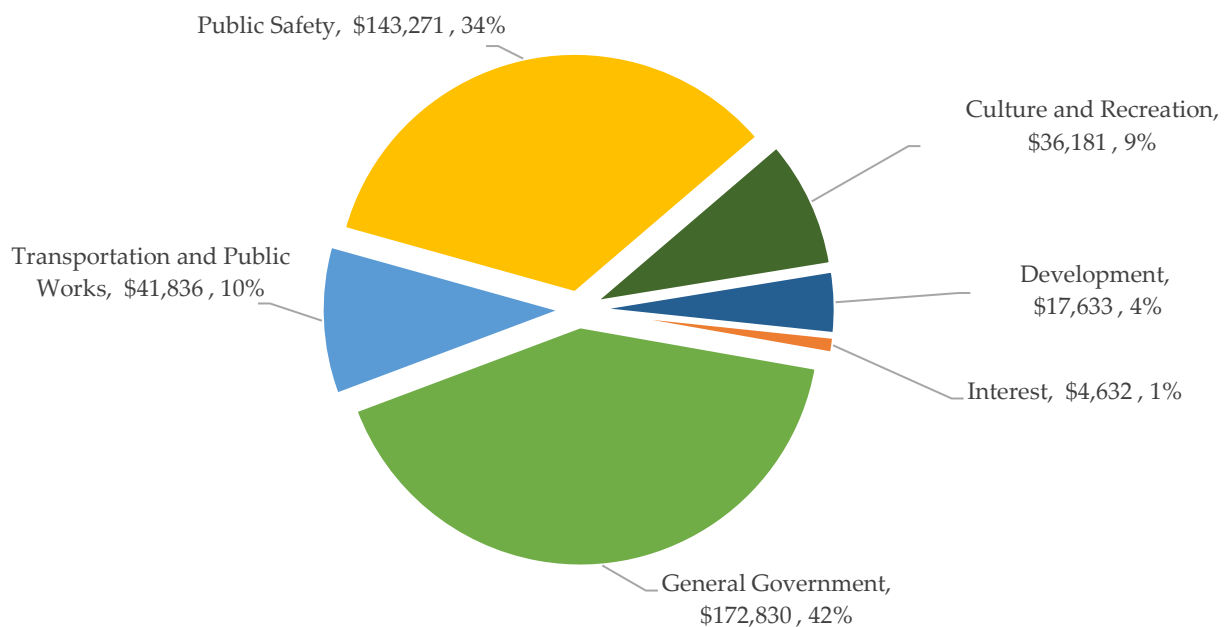
2025 GOVERNMENTAL REVENUES

ROUNDED TO THE NEAREST PERCENT



2025 GOVERNMENTAL EXPENSES

ROUNDED TO THE NEAREST PERCENT



VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

Governmental Funds -

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Village. At March 31, 2025, unassigned fund balance of the General Fund was \$243,343. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures.

The fund balance of the Village's General Fund increased by \$124,052 during the year ended March 31, 2025.

The Motor Fuel Tax Fund has a total fund balance of \$196,965, all of which is restricted for road maintenance. The net increase in the fund balance during the year ended March 31, 2025 in the Motor Fuel Tax Fund was \$18,903.

Proprietary Funds -

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Fund at March 31, 2025 amounted to \$1,721,617. The total increase in net position for the Sewer Fund was \$85,753. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

General Fund Budgetary Highlights -

The Village approved the budget and appropriations ordinance for the year ended March 31, 2025 on June 25, 2024.

Significant differences between appropriations and actual revenues and expenditures are summarized as follows:

- The General Fund actual revenues fell short of estimated revenues by \$138,765.
- The General Fund appropriated expenditures were less than actual expenditures by \$736,590 and was due to less than expected expenditures for salaries, repairs, and capital outlay.

CAPITAL ASSETS

The Village's investment in capital assets for its governmental and business- type activities as of March 31, 2025 amount to \$3,553,270 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, equipment, vehicles, and a sewerage collection system. The total decrease in the Villages' investment in capital assets for the year ended March 31, 2025 was \$0 of additions, less \$111,812 of depreciation. The Village's total net capital assets decreased by \$111,812.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

	Village of McCullom Lake's Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024
Land	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ 130,000	\$ 130,000
Buildings	481,056	495,681	-	-	481,056	495,681
Equipment	-	-	-	-	-	-
Vehicles	29,327	33,111	-	-	29,327	33,111
Land Improvements	859,377	880,265	-	-	859,377	880,265
Sewerage Collection System	-	-	2,053,510	2,126,026	2,053,510	2,126,026
Total	<u>\$ 1,499,760</u>	<u>\$ 1,539,057</u>	<u>\$ 2,053,510</u>	<u>\$ 2,126,026</u>	<u>\$ 3,553,270</u>	<u>\$ 3,665,083</u>

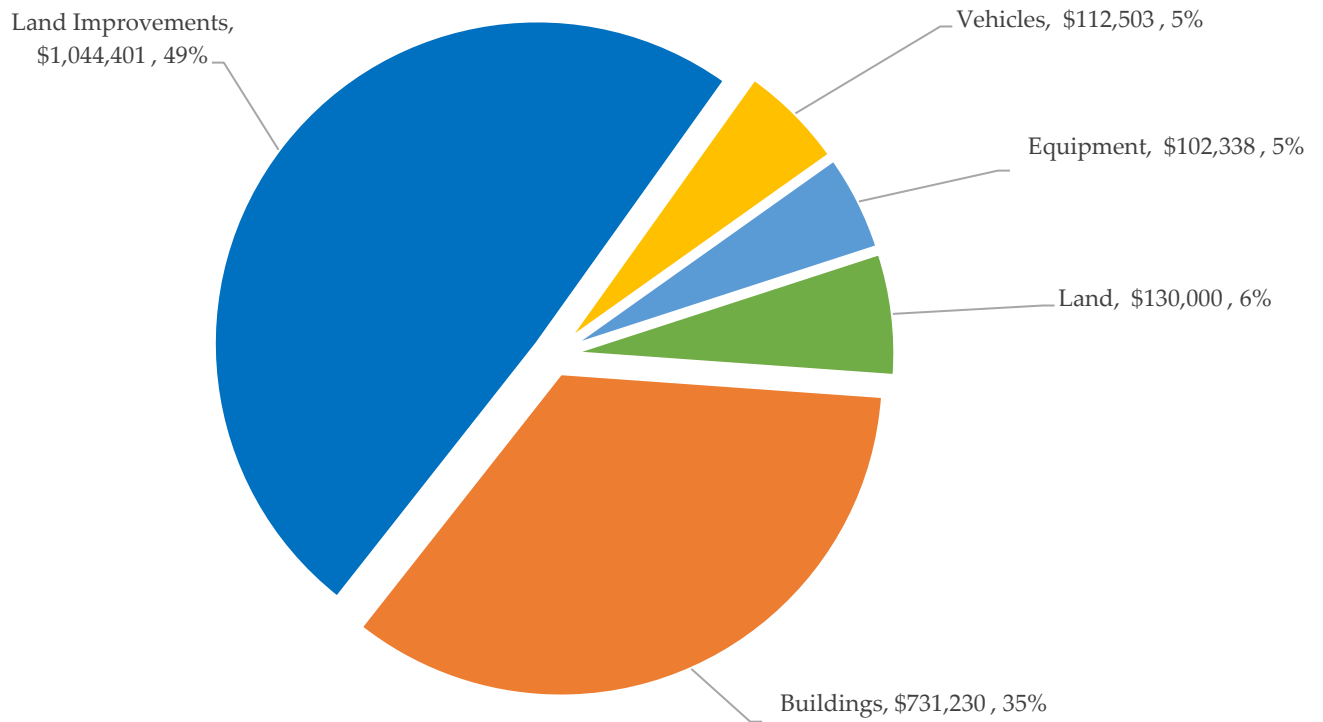
Additional information on the Village's capital assets can be found in Note 3 on page 32-33 of this report.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

2025 Governmental Activities Capital Assets (at cost)



VILLAGE OF MCCULLOM LAKE, ILLINOIS

Management's Discussion and Analysis – Unaudited

Year Ended March 31, 2025

Long-Term Debt –

At March 31, 2025, the Village had total bonded debt outstanding of \$270,000.

	Outstanding Debt					
	General Obligation and Revenue Bonds					
	Governmental Activities		Business-Type Activities		Total	
	3/31/2024	3/31/2025	3/31/2024	3/31/2025	3/31/2024	3/31/2025
General Obligation Bonds						
GO Bonds Series 2021	\$ 313,000	\$ 270,000	\$ -	\$ -	\$ 313,000	\$ 270,000
Total	\$ 313,000	\$ 270,000	\$ -	\$ -	\$ 313,000	\$ 270,000

The Village's total debt decreased by \$43,000 (13.74%) for the year ended March 31, 2025.

Additional information on the Village's long-term debt can be found in Note 4 on page 33-34 of this report.

Requests for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general knowledge of the Village's finance and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed:

Terry Counley, Village President
Village of McCullom Lake
4811 W. Orchard Drive
McHenry, IL 60050

BASIC FINANCIAL STATEMENTS

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Government-wide Statement of Net Position

March 31, 2025

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Current Assets			
Cash and Investments	\$ 674,015	\$ 1,384,106	\$ 2,058,121
Accounts Receivable (Net of Allowance)	-	59,416	59,416
Intergovernmental Receivable	61,078	-	61,078
Property Tax Receivable	78,186	-	78,186
Internal Balances	(288,888)	288,888	-
Prepaid Expenses	22,392	-	22,392
Total Current Assets	546,783	1,732,410	2,279,193
Capital Assets			
Capital Assets Not being depreciated	130,000	-	130,000
Capital Assets Being Depreciated, Net of Depreciation	1,369,760	2,053,510	3,423,270
Total Capital Assets	1,499,760	2,053,510	3,553,270
Total Assets	2,046,543	3,785,920	5,832,463
Liabilities			
Current Liabilities			
Accounts Payable	5,649	-	5,649
Accrued Interest	1,332	-	1,332
Unearned Revenue - Overpayments	-	10,793	10,793
Other Liabilities	248	-	248
Bonds Payable - due within one year	43,000	-	43,000
Compensated Absences	3,803	-	3,803
Total Current Liabilities	54,032	10,793	64,825
Non-Current Liabilities			
Bonds Payable - due in more than one year	227,000	-	227,000
Total Noncurrent Liabilities	227,000	-	227,000
Total Liabilities	281,032	10,793	291,825
Deferred Inflows of Resources			
Property taxes	78,186	-	78,186
Total Deferred Inflows of Resources	78,186	-	78,186
Net Position			
Net Investment in Capital Assets	1,229,760	2,053,510	3,283,270
Restricted - MFT Transportation	196,965	-	196,965
Unrestricted	260,600	1,721,617	1,982,217
Total Net Position	\$ 1,687,325	\$ 3,775,127	\$ 5,462,452

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Government-wide Statement of Activities

For the Year Ended March 31, 2025

Functions/Programs		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals
			Grants and Contributions	Grants and Contributions			
Expenses							
Governmental Activities							
General Government	\$ 172,830	\$ 20,249	\$ 2,411	\$ -	\$ (150,170)	\$ -	\$ (150,170)
Transportation and Public Works	41,836	-	45,204	-	3,368	-	3,368
Public Safety	143,271	33,577	-	-	(109,694)	-	(109,694)
Culture and Recreation	36,181	-	-	-	(36,181)	-	(36,181)
Development	17,633	-	-	-	(17,633)	-	(17,633)
Interest	4,632	-	-	-	(4,632)	-	(4,632)
Total Governmental Activities	416,383	53,826	47,615	-	(314,942)	-	(314,942)
Business-Type Activities							
Sewer	268,857	305,395	-	-	-	36,538	36,538
Total Business-Type Activities	268,857	305,395	-	-	-	36,538	36,538
	<u>\$ 685,240</u>	<u>\$ 359,221</u>	<u>\$ 47,615</u>	<u>\$ -</u>	<u>(314,942)</u>	<u>36,538</u>	<u>(278,404)</u>
General Revenues:							
Taxes:							
					75,461	-	75,461
					78,105	-	78,105
					176,196	-	176,196
					1,217	-	1,217
					44,660	-	44,660
					52,353	-	52,353
					49	45,188	45,237
					29,196	4,027	33,223
					457,237	49,215	506,452
Total Revenues							
					142,295	85,753	228,048
Changes in Net Position							
					1,545,030	3,689,374	5,234,404
Net Position, Beginning							
					\$ 1,687,325	\$ 3,775,127	\$ 5,462,452
Total Net Position, Ending							

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Governmental Fund Types - Balance Sheet

March 31, 2025

	General Fund	Motor Fuel Tax Fund	Total
Assets			
Cash and Investments	\$ 480,437	\$ 193,578	\$ 674,015
Property Taxes Receivable	78,186	-	78,186
Other Governmental Receivables	57,691	3,387	61,078
Prepaid Expenses	22,392	-	22,392
Total Assets	638,706	196,965	835,671
Liabilities			
Accounts Payable	5,649	-	5,649
Due to Other Funds	288,888	-	288,888
Other Liabilities	248	-	248
Total Liabilities	294,785	-	294,785
Deferred Inflows of Resources			
Property Taxes	78,186	-	78,186
Total Deferred Inflows of Resources	78,186	-	78,186
Fund Balance			
Nonspendable	22,392	-	22,392
Restricted - Transportation	-	196,965	196,965
Unassigned	243,343	-	243,343
Total Fund Balance	265,735	196,965	462,700
Total Liabilities, Deferred Inflows and Fund Balance	\$ 638,706	\$ 196,965	\$ 835,671

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

March 31, 2025

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total Fund Balances - Total Governmental Funds	\$ 462,700
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,499,760
Compensated absence accruals are not reported in funds.	(3,803)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(270,000)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(1,332)
Net Position of Governmental Activities	<u>\$ 1,687,325</u>

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Governmental Fund Type - Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended March 31, 2025

	Motor		
	General	Fuel Tax	Total
Revenues			
Property Tax	\$ 75,461	\$ -	\$ 75,461
Sales and Use Tax	78,105	-	78,105
Income Tax	176,196	-	176,196
Utility Tax	44,660	-	44,660
Replacement Tax	1,217	-	1,217
Motor fuel Tax	-	44,640	44,640
Interest Income	49	-	49
Fines and Forfeitures	20,249	-	20,249
Other Tax	52,353	-	52,353
Vehicle Licenses	21,923	-	21,923
Other Licenses and Permits	11,654	-	11,654
Franchise Fees	15,232	-	15,232
Grants	2,411	-	2,411
Police Tow Fees	500	-	500
Rentals	5,145	-	5,145
Police Vehicle	564	-	564
Other	8,319	-	8,319
Total Revenues	514,038	44,640	558,678
Expenditures			
Current			
General Government	154,791	-	154,791
Transportation and Public Works	4,310	25,737	30,047
Public Safety	123,622	-	123,622
Culture and Recreation	34,216	-	34,216
Development	17,633	-	17,633
Capital outlay	7,782	-	7,782
Debt Service Principal	43,000	-	43,000
Interest and Fees	4,632	-	4,632
Total Expenditures	389,986	25,737	415,723
Net Change in Fund Balance	124,052	18,903	142,955
Fund Balance			
Fund Balance, Beginning of Year	141,683	178,062	319,745
Total Fund Balance, End of Year	\$ 265,735	\$ 196,965	\$ 462,700

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

For the Year Ended March 31, 2025

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds	\$ 142,955
Amounts reported for governmental activities in the Statement of Activities are different because:	
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	43,000
Accrual of interest is reported as interest expense on the statement of activities	(560)
Governmental funds do not report deferred compensation.	(3,803)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation of capital assets	<u>(39,297)</u>
Changes in Net Position of Governmental Activities	<u>\$ 142,295</u>

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Statement of Net Position - Proprietary Funds

March 31, 2025

	Enterprise Fund Sewer
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 1,384,106
Receivables (Net of Allowances)	59,416
Due from Other Funds	288,888
Total Current Assets	1,732,410
Non-Current Assets:	
Capital Assets	
Sewer Collection System	3,625,748
Less: Accumulated Depreciation	(1,572,238)
Total Non-Current Assets	2,053,510
Total Assets	3,785,920
Liabilities	
Current Liabilities:	
Unearned Revenue - Overpayments	10,793
Total Current Liabilities:	10,793
Total Liabilities	10,793
Net Position	
Invested in Capital Assets, Net of Related Debt	2,053,510
Restricted	-
Unrestricted	1,721,617
Total Net Position	3,775,127
Total Liabilities and Net Position	\$ 3,785,920

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds

For the Year Ended March 31, 2025

	Enterprise Fund Sewer
Operating Revenues	
Charges for Sales and Services	\$ 305,395
Total Operating Revenues	<u>305,395</u>
Operating Expenses:	
Sewer Department	
Personnel Services	48,860
Commodities	257
Other Expenses	6,387
Total Operating Expenses	<u>55,504</u>
Operating Income/(Loss) Before Depreciation	249,891
Depreciation	<u>72,515</u>
Operating Income/ (Loss)	177,376
Non-Operating Revenues/ (Expenses)	
Interest Income	45,188
Miscellaneous Revenue	4,027
Capital Development Fees Paid	(140,838)
Total Non-Operating Revenues/ (Expenses)	<u>(91,623)</u>
Change in Net Position	85,753
Net Position - Beginning of Year	<u>3,689,374</u>
Net Position - End of Year	<u><u>\$ 3,775,127</u></u>

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Statement of Cash Flows - Proprietary Funds

For the Year Ended March 31, 2025

	Enterprise Fund Sewer
Cash Flows from Operating Activities	
Receipts from Customers	\$ 296,271
Payments to Suppliers for Goods and Services	(257)
Payments to Employees for Services	(48,860)
Payments for Other Operating Expenses	(6,387)
Net Cash Provided/ (Used) by Operating Activities	<u>240,767</u>
Cash Flows from Non-Capital Financing Activities	
Internal Activity - Payments from Other Funds	142,462
Net Cash Provided/ (Used) by Non-Capital Financing-Activities	<u>142,462</u>
Cash Flows from Capital and Related Financing Activities	
Capital Development Fees Paid	(140,838)
Other Receipts/ (Payments)	4,027
Net Cash Provided/ (Used) by Capital and Related Financing Activities	<u>(136,811)</u>
Cash Flows from Investing Activities	
Interest on Cash and Cash Equivalents	45,188
Net Cash Provided/ (Used) by Investing Activities	<u>45,188</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	291,606
Cash and Cash Equivalents Balance - Beginning of Year	1,092,500
Cash and Cash Equivalents Balance - End of Year	<u>\$ 1,384,106</u>
 Reconciliation of Operating Income/ (Loss) to Net Cash Provided/ (Used) by Operating Activities	
Operating Income/ (Loss)	\$ 177,376
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	72,515
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable, net	(21,531)
Increase (decrease) in allowance for doubtful accounts	1,614
Increase (decrease) in unearned revenue	10,793
Net Cash Provided by Operating Activities	<u>\$ 240,767</u>

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

NOTES TO THE BASIC
FINANCIAL STATEMENTS

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of McCullom Lake (Village), as reflected in the accompanying financial statements for the year ended March 31, 2025, conform to generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below:

Reporting Entity: The accompanying financial statements comply with the provisions of GASB Statement No. 14, The Financial Reporting Entity as amended by GASB 61, in that the financial statements include all organizations, activities, and functions that comprise the Village. Component units are legally separate entities for which the Village (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Village's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on the Village. Using these criteria, the Village has determined that they have no component units. In addition, the Village is not included as a component unit in any other governmental reporting entity as defined by GASB pronouncements.

Basic Financial Statements – Government-Wide Statements: The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, transportation and public works, public safety, culture and recreation, and development services are classified as governmental activities. The Village's sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first utilizes restricted resources to finance qualifying activities.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earnings, etc.).

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (transportation and public works, public safety, culture and recreation, etc.) or a business-type activity. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The Village did not have any capital grants during the year ended March 31, 2025.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, grants and contributions not restricted to specific activities, unrestricted investment earning, etc.).

The Village does not allocate indirect costs.

The government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements: The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues and expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively made all funds major funds.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial net position and changes in financial net position (sources, uses, and balances of financial resources) rather than upon net income. The Village reports these major governmental funds and fund types:

- a. The General Fund is the Village's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Motor Fuel Tax Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for maintenance of village roadways.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Proprietary Fund Types

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial net position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Village reports the following proprietary fund types:

Enterprise Funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements.

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. The Village has no fiduciary funds at March 31, 2025.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements (continued)

Basis of Accounting:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund (if applicable) financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt, which is recognized when due and payable.

The Village reports deferred inflows of resources on its governmental fund Balance Sheet. Deferred inflows of resources arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. At March 31, 2025 the Village has \$78,186 of deferred inflows of resources from property taxes.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables and Revenues Recognition:

Property taxes receivable are recognized at the time they are levied.

Substantially all other shared revenue is recorded during the period when received by the collecting authority, the State of Illinois.

Income from investments, bank accounts, and unbilled usage receivables are recognized when earned. License and permits, fines and forfeits, fees and refund, charges for services (other than enterprise funds), miscellaneous and other revenues are recorded as revenues when received in cash as they are generally not measurable until actually received.

Cash and Cash Equivalents:

Cash and Cash Equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and Investment Accounts:

Separate bank accounts are not maintained for all Village funds. Instead, the funds maintain their uninvested cash balances in a common bank account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other Village funds and are, therefore, interfund loans which have not been authorized by Village Board action.

The Village had cash balances of \$2,058,121 and bank balances of \$2,061,882 as of March 31, 2025, of which \$250,000 is FDIC covered, \$807,609 is collateralized, \$9,662 is un-collateralized, and \$994,611 is held in Illinois Funds.

Inventories:

It is the Village's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the value of resale or supply items on hand.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity:

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Capital Assets:

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Building and Building Improvements	20-25 years
Equipment	5-30 years
Vehicles	10 years
Land Improvements	50 years
Sewerage Collection System	50 years

Long-Term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of the applicable bond premium or discount.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations (continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has only one type of item, which arises under full and modified accrual basis of accounting that qualifies for reporting in this category. Property taxes are deferred and recognized as an inflow of resources as they are intended to fund the subsequent period.

Government-Wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net position are divided into three components:

- Net investment in capital assets consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position—consist of net position that are restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net positions are reported in this category.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Fund Balances:

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Village Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's Administrator. Any residual fund balance of the General Fund is reported as unassigned.

Defining Operating Revenues and Expenses:

The Village's proprietary fund distinguished between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Village's sewer fund consists of charges for service (including permit fees) and the costs for providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as nonoperating.

Property Tax Calendar and Revenues:

The Village is responsible for levying property taxes, but the taxes are collected by the County. Taxes are levied on January 1 of each year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments early in June and early in September. The Village receives significant distributions of tax receipts within one month after these dates. Property taxes receivable and deferred inflow of resources recorded in these financial statements are from the 2024 tax levy. The deferred inflow of resources is 100% of the 2024 levy, less allowance. These taxes are deferred as none of the taxes are collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2025. The Village has determined that 100% of the amount collected for the 2023 levy is allocable for use in fiscal year 2025. Therefore, 100% of the amounts collected for the 2023 levy (\$75,461) are recorded in these financial statements as property tax revenue.

Estimates:

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Article 2 and 6.

Investments

As of March 31, 2025, the Village had the following investments and maturities:

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Investment	Fair Value	Investment Maturity (in Years)			
		Less Than 1	1-5	5-10	More than 10
State Investment Pool	\$ 994,611	\$ 994,611	\$ -	\$ -	\$ -
Total	\$ 994,611	\$ 994,611	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered but does have regulatory oversight through the State of Illinois.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. The Village's investment policy requires diversification of its investments by type of investment, number of institutions invested in, and length of maturity. Unless matched to specific cash flow, the Village will not directly invest in securities maturing more than two years from the date of purchase.

Credit Risk. State law limits investments based on credit risk. The Village's investment policy calls on the Chief Financial Officer to maintain a list of approved security brokers/dealers selected by credit worthiness. Any financial institution, upon meeting the requirements of the Illinois Compiled Statutes, is eligible to be included on the list. As of March 31, 2025, the Village's investments were rated as follows:

<u>Investment</u>	<u>Credit Rating</u>	<u>Rating Source</u>
State Investment Pool	AAAm	Standard and Poor's

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2025 was as follows:

	<u>April 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>March 31, 2025</u>
Governmental Activities				
Capital Assets not being depreciated				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Total Capital Assets not being depreciated	<u>130,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>
Capital Assets Being Depreciated				
Buildings	731,230	-	-	731,230
Equipment	102,338	-	-	102,338
Vehicles	112,503	-	-	112,503
Land Improvements	<u>1,044,401</u>	<u>-</u>	<u>-</u>	<u>1,044,401</u>
Total Capital Assets Being Depreciated	<u>1,990,472</u>	<u>-</u>	<u>-</u>	<u>1,990,472</u>
Total Capital Assets	<u>2,120,472</u>	<u>-</u>	<u>-</u>	<u>2,120,472</u>
Less Accumulated Depreciation for				
Buildings	235,549	14,625	-	250,174
Equipment	102,338	-	-	102,338
Vehicles	79,392	3,784	-	83,176
Land Improvements	<u>164,136</u>	<u>20,888</u>	<u>-</u>	<u>185,024</u>
Total Accumulated Depreciation	<u>581,415</u>	<u>39,297</u>	<u>-</u>	<u>620,712</u>
Total Capital Assets, Being Depreciated, Net	<u>1,409,057</u>	<u>(39,297)</u>	<u>-</u>	<u>1,369,760</u>
Total Capital Assets, Net	<u>\$ 1,539,057</u>	<u>\$ (39,297)</u>	<u>\$ -</u>	<u>\$ 1,499,760</u>

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 3 - CAPITAL ASSETS (continued)

Business-Type Activities	April 1, 2024	Increases	Decreases	March 31, 2025
Capital Assets Being Depreciated				
Sewerage Collection System	\$ 3,625,748	\$ -	\$ -	\$ 3,625,748
Total Capital Assets	<u>3,625,748</u>	<u>-</u>	<u>-</u>	<u>3,625,748</u>
Less: Accumulated Depreciation for				
Sewerage Collection System	1,499,723	72,515	-	1,572,238
Total Accumulated Depreciation	<u>1,499,723</u>	<u>72,515</u>	<u>-</u>	<u>1,572,238</u>
Other Capital Assets, Net	2,126,025	(72,515)	-	2,053,510
Business-Type Activities Capital Assets, Net	<u>\$ 2,126,025</u>	<u>\$ (72,515)</u>	<u>\$ -</u>	<u>\$ 2,053,510</u>
Depreciation expense is allocated by function as follows:				
Government Activities:				
General Government		\$ 5,895		
Transportation and Public Works		11,788		
Public Safety		19,649		
Culture and Recreation		1,965		
Total Government Activities Depreciation Expense		<u>\$ 39,297</u>		
Business-Type Activities:				
Sewer		\$ 72,515		
Total Business-Type Activities		<u>\$ 72,515</u>		

NOTE 4 - LONG-TERM ACTIVITY

Long-term liability activity for the year ended March 31, 2025 was as follows:

	Balance April 1, 2024	Additions	Retirements	Balance March 31, 2025	Amounts Due Within One Year
Governmental Activities					
Bonds Payable					
GO Bond Series 2021	\$ 313,000	\$ -	\$ 43,000	\$ 270,000	\$ 43,000
Total Bonds Payable	<u>313,000</u>	<u>-</u>	<u>43,000</u>	<u>270,000</u>	<u>43,000</u>
Other Long-Term Liabilities					
Compensated Absences	-	3,803	-	3,803	3,803
Total Long-Term Liabilities	<u>-</u>	<u>3,803</u>	<u>-</u>	<u>3,803</u>	<u>3,803</u>
Governmental Activities	<u>\$ 313,000</u>	<u>\$ 3,803</u>	<u>\$ 43,000</u>	<u>\$ 273,803</u>	<u>\$ 46,803</u>

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended March 31, 2025

NOTE 4 – LONG-TERM ACTIVITY (continued)

Payments on the bonds payable that pertain to the Village's governmental activities are made by the General Fund.

On September 24, 2021 the Village issued \$395,000 refunding General Obligation Bonds (Alternate Revenue Source). Interest is due at a rate of 1.480% payable on each June 1 and December 1. The bond matures in December 2030. This bond was used to payoff G.O. Bonds Series 2011.

At March 31, 2025, the annual debt service requirements to service the Alternate Revenue Bonds were:

<u>Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 43,000	\$ 3,996	\$ 46,996
2027	44,000	3,360	47,360
2028	45,000	2,708	47,708
2029	45,000	2,042	47,042
2030	46,000	1,376	47,376
2031	47,000	696	47,696
	<u>\$ 270,000</u>	<u>\$ 14,178</u>	<u>\$ 284,178</u>

NOTE 5 – SHORT-TERM DEBT ACTIVITY

The amount borrowed by the Village at March 31, 2025 is \$0.

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund balances at March 31, 2025 consisted of the following: The General Fund owes \$288,888 to the sewer fund, which is anticipated to be repaid within one year.

All interfund balances resulted from a time lag between the dates that (1) revenue was collected and remitted to appropriate funds and (2) expenditures were incurred and reimbursed between funds.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2022

NOTE 7 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no funds that expenditures exceeded the appropriations at March 31, 2025.

NOTE 8 – DEFICIT FUND BALANCE

There were no funds with a deficit fund balance at March 31, 2025.

NOTE 9 – CONTINGENCIES

The Village is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 10 – RISK MANAGEMENT

The Village is exposed to various risks related to torts; theft of, damage to, and destruction of assets; error and omissions; and injuries to employees.

The Village is a member of the Illinois Municipal League Risk Management Association (IMLRMA), a joint risk management pool of local governmental units through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and machinery coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the Village and IMLRMA is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Village is contractually obligated to make all annual and supplementary contributions for IMLRMA, to report claims on a timely basis and to cooperate with IMLRMA. Members have a contractual obligation to fund any deficit of IMLRMA attributable to a membership year during which they were a member.

IMLRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. IMLRMA also provides its members with risk management services, including the defense and settlement of claims, and established reasonable and necessary loss of reduction and prevention procedures to be followed by the members. There have been no reductions in insurance coverage from the prior year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

During the year ended March 31, 2025, there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The Village is insured under a retrospectively-rated policy for workers' compensation coverage. The initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended March 31, 2025, there were no significant adjustments in premiums based on actual experience.

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2022

NOTE 11 – INTERGOVERNMENTAL AGREEMENT

The Village entered into an intergovernmental agreement with the City of McHenry (City). This agreement allows for the discharge of the wastewater collected by the Village's sewerage collection system into the City's wastewater treatment system. In exchange, the Village is required to pay sewer usage fees for each sewer user within the permitted service area of the Village. These fees are based on the City's ordinances for resident sanitary sewer users. In addition to the user charges, the Village must also pay the City for connections to the City's interceptor sewer based on the City's water and sewer capital development fee ordinance.

NOTE 12 – RESTRICTED NET POSITION

The following amounts are restricted net position balances at March 31, 2025:

Restricted For:	Restricted Net Position
Governmental Activities	
MFT Transportation	\$ 196,965

NOTE 13 – SUBSEQUENT EVENTS

There have been no recognized or non-recognized subsequent events that have occurred between March 31, 2025 and the date of this audit report requiring disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MCCULLOM LAKE, ILLINOIS

General Fund - Statement of Revenues and Expenditures - Actual and Appropriations

For the Year Ended March 31, 2025

	Appropriations		Actual
	Original	Final	Amounts
Revenues			
Local Taxes			
Property Tax	\$ 80,404	\$ 80,404	\$ 75,461
Intergovernmental			
Sales & Use Tax	68,735	68,735	78,105
State Income Tax	149,872	149,872	176,196
State Replacement Tax	2,285	2,285	1,217
Other Local Sources			
Utility Tax	50,617	50,617	44,660
Other Tax	48,052	48,052	52,353
Vehicle Licenses	18,789	18,789	21,923
Other Licenses and Permits	15,796	15,796	11,654
Fines and Forfeitures	27,608	27,608	20,249
Franchise Fees	19,703	19,703	15,232
Police Tow Fees	2,200	2,200	500
Interest	18	18	49
Rentals	4,246	4,246	5,145
Police Vehicle	66	66	564
Miscellaneous			
Grants	159,006	159,006	2,411
Other	5,406	5,406	8,319
Total Revenues	652,803	652,803	514,038

Expenditures

Current			
General Government			
Personnel Salaries	111,839	111,839	39,413
FICA Contribution	8,955	8,955	6,328
Dues and Subscriptions	1,630	1,630	228
Administration	2,508	2,508	5,264
Computer Maintenance	4,388	4,388	5,614
Repairs	439	439	541

continued

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

General Fund - Statement of Revenues and Expenditures - Actual and Appropriations

For the Year Ended March 31, 2025

Expenditures General Government (Continued)	Appropriations		Actual Amounts
	Original	Final	
Insurance	\$ 37,613	\$ 37,613	\$ 30,540
Legal and Professional Fees	74,598	74,598	50,953
Printing and Publishing	812	812	266
Equipment Rental	2,131	2,131	168
Engineering Fees	251	251	3,446
Telephone	3,761	3,761	2,140
Utilities	376	376	-
Supplies	7,021	7,021	8,074
Code and Ordinance Preparation	1,003	1,003	-
Bank Charges	6,269	6,269	765
Miscellaneous	8,902	8,902	1,051
Total General Government	272,497	272,497	154,791
Transportation & Public Works			
Personnel Salaries	34,317	34,317	3,715
Social Security Contribution	1,379	1,379	255
Repairs and Maintenance	627	627	-
Supplies	627	627	340
Miscellaneous	125	125	-
Total Transportation & Public Works	37,075	37,075	4,310
Public Safety			
Personnel Salaries	252,820	252,820	91,359
Social Security Contribution	22,568	22,568	7,011
Training	4,388	4,388	1,484
Dispatch Services	45,075	45,075	10,904
Telephone	2,758	2,758	377
Supplies	40,874	40,874	4,471
Repairs	10,595	10,595	5,026
Dues and Subscriptions	1,254	1,254	60

continued

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

General Fund - Statement of Revenues and Expenditures - Actual and Appropriations

For the Year Ended March 31, 2025

Expenditures Public Safety (Continued)	Appropriations		Actual Amounts
	Original	Final	
Legal and Professional Fees	\$ 14,896	\$ 14,896	\$ 206
Miscellaneous	4,765	4,765	2,724
Total Public Safety	399,993	399,993	123,622
Culture and Recreation			
Personnel Salaries	32,239	32,239	14,415
Health Insurance	5,015	5,015	-
Social Security Contribution	2,947	2,947	1,246
Utilities	11,344	11,344	-
Supplies	3,385	3,385	575
Repairs	27,696	27,696	17,980
Road Grants	130,000	130,000	-
Miscellaneous	1,755	1,755	-
Total Culture and Recreation	214,381	214,381	34,216
Development			
Personnel Salaries	27,583	27,583	5,061
Social Security Contribution	3,761	3,761	384
Utilities	1,192	1,192	910
Supplies	3,198	3,198	545
Tree Maintenance	2,508	2,508	9,250
Lawn and Beach Maintenance	5,015	5,015	1,363
Repairs	1,881	1,881	120
Grants	30,000	30,000	-
Miscellaneous	2,131	2,131	-
Total Development	77,268	77,268	17,633
Capital Outlay			
Public Safety	69,583	69,583	7,782
Development	1,254	1,254	-
Total Capital Outlay	70,837	70,837	7,782

continued

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

General Fund - Statement of Revenues and Expenditures - Actual and Appropriations

For the Year Ended March 31, 2025

Expenditures	Appropriations		Actual Amounts
	Original	Final	
Debt Service			
Principal Payment	\$ 46,996	\$ 46,996	\$ 43,000
Interest and Fees	7,529	7,529	4,632
Total Debt Service	54,525	54,525	47,632
 Total Expenditures	 1,126,576	 1,126,576	 389,986
Net Change in Fund Balance	\$ (473,773)	\$ (473,773)	124,052
Fund Balance - Beginning			141,683
Fund Balance - Ending			\$ 265,735
			<i>concluded</i>

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

VILLAGE OF MCCULLOM LAKE, ILLINOIS

Special Revenue Fund - Motor Fuel Tax - Statement of Revenues and Expenditures - Actual and Appropriations

For the Year Ended March 31, 2025

	Appropriations		Actual
	Original	Final	Amounts
REVENUES			
Intergovernmental			
State Motor Fuel Tax	\$ 47,463	\$ 47,463	\$ 44,640
Total Revenues	47,463	47,463	44,640
EXPENDITURES			
Current			
Transportation and Public Works			
Street Repairs	29,851	29,851	-
Maintenance Service - Snow Removal	34,778	34,778	-
Supplies - Streets	4,179	4,179	6,928
Supplies - Snow Removal	11,344	11,344	9,613
Road/Tree Maintenance	21,674	21,674	9,196
Other Improvements - RBI Funds	50,000	50,000	-
Total Expenditures	151,826	151,826	25,737
Net Change in Fund Balance	\$ (104,363)	\$ (104,363)	18,903
Fund Balance - Beginning			178,062
Fund Balance - Ending			\$ 196,965

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

NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION

VILLAGE OF MCCULLOM LAKE, ILLINOIS

*Notes to Required Supplementary Information -
Year Ended March 31, 2025*

NOTE 1 - BUDGETARY INFORMATION

Appropriations are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds. All annual appropriations lapse at fiscal year end.

Appropriated expenditures are controlled at the departmental level with the Village President's oversight. All transfers and any revisions that change the total expenditures not contemplated of any fund must be approved by the Board of Trustees. All appropriation amendments must be approved by the Board of Trustees.

The appropriations ordinance was approved on June 25, 2024.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At March 31, 2025, none of the fund expenditures exceeded the appropriations ordinance.