

**VILLAGE OF SHERMAN, ILLINOIS**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended April 30, 2012



Accounting // Advisory // Technology // Managed Services

VILLAGE OF SHERMAN, ILLINOIS  
TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT .....	1
 BASIC FINANCIAL STATEMENTS	
Statement of Net Assets .....	3
Statement of Activities .....	4
Balance Sheet – Governmental Funds.....	6
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	9
Statement of Net Assets – Proprietary Fund .....	10
Statement of Revenues, Expenses, and Changes In Net Assets – Proprietary Fund .....	11
Statement of Cash Flows – Proprietary Fund.....	12
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds .....	13
Notes to Financial Statements .....	14
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund.....	34
Budgetary Comparison Schedule – Modified Cash Basis – Motor Fuel Tax Fund .....	38
Notes to Required Supplementary Information.....	39

VILLAGE OF SHERMAN, ILLINOIS  
TABLE OF CONTENTS

	<u>Page</u>
SUPPLEMENTARY INFORMATION	
Schedule of Changes in Assets and Liabilities – Agency Funds .....	40
INDEPENDENT ACCOUNTANT’S REPORT ON MANAGEMENT’S ASSERTION OF COMPLIANCE .....	41
Combining Balance Sheet – by Subfund – Tax Increment Financing Fund .....	42
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance By Subfund – Tax Increment Financing Fund .....	43

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Village of Sherman, Illinois  
Sherman, Illinois

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities and each major fund of Village of Sherman, Illinois, as of and for the year ended April 30, 2012 which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Sherman, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Sherman, Illinois, as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Village adopted GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions during the year ended April 30, 2012. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement has no effect on the Village's governmental funds' assets or liabilities nor was there any effect to the total amount of the Village's governmental fund balances as of and for the year ended April 30, 2012.

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

The Village has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Sherman, Illinois' basic financial statements as a whole. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respected in relation to the financial statements as a whole.



Springfield, Illinois  
April 15, 2013

## BASIC FINANCIAL STATEMENTS

VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,657,455	\$ 314,356	\$ 1,971,811
Investments	2,356,848	147,967	2,504,815
Property tax receivable	1,175,416	-	1,175,416
Other receivables	221,984	70,833	292,817
Due from (to) other funds	16,742	(16,742)	-
Restricted assets:			
Cash and cash equivalents	-	189,218	189,218
Total current assets	<u>5,428,445</u>	<u>705,632</u>	<u>6,134,077</u>
Capital Assets:			
Land	50,000	-	50,000
Other capital assets, net of accumulated depreciation	4,534,790	1,013,807	5,548,597
Total capital assets	<u>4,584,790</u>	<u>1,013,807</u>	<u>5,598,597</u>
Other Assets:			
Bond issuance costs	74,194	-	74,194
Total noncurrent assets	<u>4,658,984</u>	<u>1,013,807</u>	<u>5,672,791</u>
Total assets	<u>10,087,429</u>	<u>1,719,439</u>	<u>11,806,868</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	137,811	37,031	174,842
Accrued interest payable	56,067	-	56,067
Deferred revenue	1,228,916	-	1,228,916
Compensated absences payable, current	20,438	4,837	25,275
Capital leases, current	17,520	-	17,520
Notes payable, current	17,909	-	17,909
G.O. bonds payable, current	38,000	62,000	100,000
TIF bonds payable, current	147,840	-	147,840
Other commitments, current	10,000	-	10,000
Total current liabilities	<u>1,674,501</u>	<u>103,868</u>	<u>1,778,369</u>
Noncurrent Liabilities			
Compensated absences payable, noncurrent	14,797	5,317	20,114
Capital leases, noncurrent	26,772	-	26,772
Notes payable, noncurrent	73,855	-	73,855
G.O. bonds payable, noncurrent	39,900	65,100	105,000
TIF bonds payable, noncurrent	3,338,000	-	3,338,000
TIF notes payable, noncurrent	454,916	-	454,916
Other commitments, noncurrent	40,000	-	40,000
Total noncurrent liabilities	<u>3,988,240</u>	<u>70,417</u>	<u>4,058,657</u>
Total liabilities	<u>5,662,741</u>	<u>174,285</u>	<u>5,837,026</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,452,619	1,013,807	5,466,426
Restricted for maintenance of roadways	180,187	-	180,187
Restricted for economic development	3,517,373	-	3,517,373
Restricted for capital projects	-	189,218	189,218
Restricted for debt service	325,873	-	325,873
Unrestricted	<u>(4,051,364)</u>	<u>342,129</u>	<u>(3,709,235)</u>
Total net assets	<u>\$ 4,424,688</u>	<u>\$ 1,545,154</u>	<u>\$ 5,969,842</u>

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



VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 270,443	\$ 80,901	\$ -	\$ -
Public safety	497,152	42,336	-	411,500
Streets and public works	287,232	-	-	-
Culture and recreation	108,532	-	-	-
Economic development	827,372	-	-	-
Interest on long-term debt	238,067	-	-	-
Total governmental activities	2,228,798	123,237	-	411,500
Business-type activities	513,851	563,148	-	-
Total primary government	\$ 2,742,649	\$ 686,385	\$ -	\$ 411,500
<b>General revenues:</b>				
Property taxes				
Sales and use tax				
Intergovernmental				
Investment income				
Other revenue				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (189,542)	\$ -	\$ (189,542)
(43,316)	-	(43,316)
(287,232)	-	(287,232)
(108,532)	-	(108,532)
(827,372)	-	(827,372)
(238,067)	-	(238,067)
(1,694,061)	-	(1,694,061)
-	49,297	49,297
(1,694,061)	49,297	(1,644,764)
1,153,753	-	1,153,753
420,320	-	420,320
436,233	-	436,233
18,571	1,485	20,056
32,440	-	32,440
2,061,317	1,485	2,062,802
367,256	50,782	418,038
4,057,432	1,494,372	5,551,804
\$ 4,424,688	\$ 1,545,154	\$ 5,969,842

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

VILLAGE OF SHERMAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2012

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 363,443	\$ 1,170,031	\$ 123,981	\$ 1,657,455
Investments	-	2,356,848	-	2,356,848
Property tax receivable	156,466	1,018,950	-	1,175,416
Other receivables	213,931	-	8,053	221,984
Due from other funds	19,008	103,968	-	122,976
Total assets	<u>\$ 752,848</u>	<u>\$ 4,649,797</u>	<u>\$ 132,034</u>	<u>\$ 5,534,679</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 56,256	\$ 76,208	\$ 5,347	\$ 137,811
Deferred revenue	209,966	1,018,950	-	1,228,916
Due to other funds	68,968	37,266	-	106,234
Total liabilities	<u>335,190</u>	<u>1,132,424</u>	<u>5,347</u>	<u>1,472,961</u>
Fund balances:				
Restricted				
Maintenance of roadways	53,500	-	126,687	180,187
Economic development	-	3,517,373	-	3,517,373
Debt service	325,873	-	-	325,873
Unrestricted				
Unassigned	38,285	-	-	38,285
Total fund balances	<u>417,658</u>	<u>3,517,373</u>	<u>126,687</u>	<u>4,061,718</u>
Total liabilities and fund balances	<u>\$ 752,848</u>	<u>\$ 4,649,797</u>	<u>\$ 132,034</u>	<u>\$ 5,534,679</u>

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

VILLAGE OF SHERMAN

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES

April 30, 2012

**Reconciliation to Statement of Net Assets**

Fund balance - governmental funds	<u>\$ 4,061,718</u>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in the governmental activities of \$5,810,807, net of accumulated depreciation of \$1,226,017, are not financial resources, and therefore, are not reported in the funds.	<u>4,584,790</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences payable	(35,235)
Accrued interest payable	(56,067)
Bond issuance costs	74,194
Capital leases, current	(17,520)
Notes payable, current	(17,909)
G.O. Bond payable, current	(38,000)
TIF Bonds payable, current	(147,840)
Other commitments, current	(10,000)
Capital leases, noncurrent	(26,772)
Notes payable, noncurrent	(73,855)
G.O. Bond payable, noncurrent	(39,900)
TIF Bonds payable, noncurrent	(3,338,000)
TIF Notes payable, noncurrent	(454,916)
Other commitments, noncurrent	(40,000)
Total long-term liabilities	<u>(4,221,820)</u>
Net assets of governmental activities	<u>\$ 4,424,688</u>

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

VILLAGE OF SHERMAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2012

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 208,182	\$ 945,571	\$ -	\$ 1,153,753
Sales and use taxes	400,448	19,872	-	420,320
Intergovernmental	326,352	-	109,881	436,233
Licenses and permits	80,901	-	-	80,901
Fines	42,336	-	-	42,336
Investment income	198	18,310	63	18,571
Other revenues	32,440	-	-	32,440
	<u>1,090,857</u>	<u>983,753</u>	<u>109,944</u>	<u>2,184,554</u>
<b>EXPENDITURES</b>				
Current:				
General government	239,559	-	-	239,559
Public safety	459,054	-	-	459,054
Streets and public works	209,745	-	45,752	255,497
Culture and recreation	115,079	-	-	115,079
Economic development	-	102,091	-	102,091
Debt service:				
Principal	53,727	1,498	-	55,225
Interest	7,859	201,641	-	209,500
Capital outlay	56,614	750,743	-	807,357
	<u>1,141,637</u>	<u>1,055,973</u>	<u>45,752</u>	<u>2,243,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)				
	<u>(50,780)</u>	<u>(72,220)</u>	<u>64,192</u>	<u>(58,808)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	96,016	-	-	96,016
Capital lease proceeds	41,729	-	-	41,729
TIF note proceeds	-	84,658	-	84,658
Total other financing sources (uses)	<u>137,745</u>	<u>84,658</u>	<u>-</u>	<u>222,403</u>
Net change in fund balances	86,965	12,438	64,192	163,595
Fund balance at beginning of year	<u>330,693</u>	<u>3,504,935</u>	<u>62,495</u>	<u>3,898,123</u>
Fund balance at end of year	<u>\$ 417,658</u>	<u>\$ 3,517,373</u>	<u>\$ 126,687</u>	<u>\$ 4,061,718</u>

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

VILLAGE OF SHERMAN

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

For the Year Ended April 30, 2012

**Reconciliation to the Statement of Activities:**

Net change in fund balances - total governmental funds	\$ 163,595
Amounts reported for governmental activities in the Statement of Activities are different because:	
The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net assets.	
Capital debt obligations principal payments	55,225
Other commitments payments	10,000
TIF Note proceeds	(84,658)
Note proceeds	(96,016)
Capital lease proceeds	(41,729)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences	1,357
Change in accrued interest payable	(28,567)
Amortization of issuance costs	(6,360)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	175,422
Depreciation expense	(192,513)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net assets:	
Donations of capital assets	<u>411,500</u>
Change in net assets of governmental activities	<u>\$ 367,256</u>

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

VILLAGE OF SHERMAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND

April 30, 2012

	<u>Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 314,356
Investments	147,967
Restricted cash and cash equivalents	189,218
Accounts receivable	<u>70,833</u>
Total current assets	<u>722,374</u>
Noncurrent assets:	
Treatment facility - net of accumulated depreciation	<u>1,013,807</u>
Total noncurrent assets	<u>1,013,807</u>
Total assets	<u>1,736,181</u>
Current liabilities:	
Accounts payable	37,031
Due to General Fund	16,742
Compensated absences payable - current	4,837
G.O. bonds payable - current	<u>62,000</u>
Total current liabilities	<u>120,610</u>
Noncurrent liabilities:	
Compensated absences payable	5,317
G.O. bonds payable	<u>65,100</u>
Total noncurrent liabilities	<u>70,417</u>
Total liabilities	<u>191,027</u>
Net assets:	
Invested in capital assets, net of related debt	1,013,807
Restricted for capital projects	189,218
Unrestricted	<u>342,129</u>
Total net assets	<u>\$ 1,545,154</u>

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

VILLAGE OF SHERMAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUND

For the Year Ended April 30, 2012

	Sewer Fund
Operating revenues:	
Charges for services	<u>\$ 563,148</u>
Operating expenses:	
Salaries	119,480
Engineering	3,248
Professional	2,646
Maintenance and supplies	27,999
Sanitary usage	264,376
Collection fees	14,638
Depreciation	62,384
Miscellaneous	12,846
Total operating expenses	<u>507,617</u>
Operating income	<u>55,531</u>
Nonoperating revenue (expense)	
Investment income	1,485
Interest and fees	(6,234)
Total nonoperating revenue (expense)	<u>(4,749)</u>
Change in net assets	50,782
Total net assets, beginning of year	<u>1,494,372</u>
Total net assets, end of year	<u><u>\$ 1,545,154</u></u>

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



VILLAGE OF SHERMAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

For the Year Ended April 30, 2012

	Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 562,691
Cash paid to suppliers	(291,655)
Cash paid to employees	(120,111)
Net cash from operating activities	150,925
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>	
Purchase of capital assets	(18,530)
Principal paid on general obligation bonds	(58,900)
Interest paid on general obligation bonds	(5,924)
Fiscal agent fees on bonds	(310)
Net cash from capital financing activities	(83,664)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds of investments	(617)
Interest received	1,485
Net cash from investing activities	868
Net increase in cash and cash equivalents	68,129
Cash, beginning of year	435,445
Cash, end of year	\$ 503,574
Cash consists of the following:	
Cash and cash equivalents	\$ 314,356
Restricted cash and cash equivalents	189,218
	\$ 503,574
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 55,531
Adjustments to reconcile income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	62,384
Increase in accounts receivable	(457)
Decrease in amount due General Fund	16,464
Increase in accounts payable	17,634
Increase in compensated absences payable	(631)
Net cash from operating activities	\$ 150,925

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

VILLAGE OF SHERMAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS

April 30, 2012

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,199
Property tax receivable	<u>125,903</u>
Total assets	<u><u>\$ 131,102</u></u>
<b>LIABILITIES</b>	
Deferred revenue	\$ 125,903
Due to bondholders	<u>5,199</u>
Total liabilities	<u><u>\$ 131,102</u></u>

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

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

April 30, 2012

1. SUMMARY OF ACCOUNTING POLICIES

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

A. Reporting Entity

The Village of Sherman, Illinois operates under a President-Trustee form of government. All significant activities and organizations on which the Village exercises oversight responsibility have been included in the Village's financial statements for the year ended April 30, 2012.

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is based upon the significance of its operational or financial relationship with the primary government.

The Village has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the Village's financial statements.

B. Government-wide and Fund Financial Statements

The Statement of Net Assets and Statement of Activities display information on all of the non-fiduciary activities of the primary government. The effect of material interfund activity has been eliminated from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-wide and Fund Financial Statements – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function 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) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In determining when to recognize intergovernmental revenue (grants and shared revenue), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two based for revenue recognition. In one, monies are virtually unrestricted as to the purpose of expenditure and are nearly irrevocable; therefore, these amounts are recognized as revenue at the time of their receipt or earlier if they meet the criteria of availability. In the other, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenue is recognized based upon the expenditure recorded.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes collected within 90 days. Also, income taxes have a 90 day availability period in the current year due to delays in distributions from the State of Illinois. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments, are recorded only when payment is due.

Property taxes, sales taxes, licenses and permits, charges for services, fines and forfeits, miscellaneous revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Personal property replacement taxes are considered to be measurable when they have been collected and allocated by the state and are recognized as revenue at that time. All other revenue items are considered to be measurable and available only when cash is received by the Village.

An emphasis is placed on major funds within the government. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village reports the following major governmental funds:

*The General Fund* is the general operating fund of the Village and is used to account for all financial resources except those accounted for in another fund.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

*The Tax Increment Financing Fund* is used to account for the activities relating to the Tax Increment Financing Districts.

*The Motor Fuel Tax Fund* is used to account for motor fuel taxes received and the use of those funds for certain projects.

The Village reports the following major proprietary fund:

*The Sewer Fund* is used to account for the revenues and expenses related to operating and maintaining the Village's sewer operations.

Additionally, the Village reports the following fund types:

Fiduciary Funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, other governments, or other funds. These include the following fund type: Agency Funds. The Agency Fund is used to account for special deposits for which the Village acts as an agent for all special deposit activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise fund are charges to customers for sales and services. 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 non-operating revenues and expenses.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments purchased with an original maturity of three months or less.

E. Capital Assets

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are valued at their estimated fair market value on the date received. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds’ infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Vehicles	5 years
Equipment	5 – 10 years
Computers	5 years
Infrastructure	40 years
Sewer plant treatment facilities	40 years

The minimum capitalization amount for buildings is \$100,000, for vehicles is \$15,000, for equipment is \$5,000, for computers is \$2,500, and for infrastructure is \$1,000,000.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Long-Term Debt

In the government-wide financial statements and proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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.

G. Equity Classification

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. None of the restricted net assets result from enabling legislation adopted by the Village.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”



VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Equity Classification - Continued

Fund Financial Statements

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 specific purposes 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 resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose, but that are neither restricted nor committed. Any residual fund balance in the General Fund, including any fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

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

The Village has not established fund balance reserve policies for their governmental funds.

H. Use of Estimates

Management of the Village has made certain estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the period. Actual results could differ from those estimates.

I. Investments

Investments are stated at fair value based on quoted market prices at April 30, 2012.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Compensated Absences

Vested or accumulated vacation leave is accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated vacation leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrued to employees. A liability in the governmental funds is reported only if the benefit has matured.

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Village. Employees are allowed to accumulate two years vacation time. Employees are entitled to all accrued vacation leave upon termination. Sick leave also accrues to full-time employees; however, unused sick leave is not payable upon termination of employment.

2. CASH AND CASH EQUIVALENTS

The Village's Board of Trustees have adopted an investment policy to invest in investments allowed by the Illinois Compiled Statutes (ILCS) which authorize the Village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

It is the policy of the Village to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds. The primary objectives of the policy, in order of priority are; conformance with legal requirements, protection of investment, liquidity, and attainment of market rates of return.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

2. CASH AND CASH EQUIVALENTS – Continued

A. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions the Village's investment policy requires all deposits with financial institutions in excess of federal depository insurance to be collateralized with collateral held at an independent third party institution in the name of the Village evidenced by a written agreement. As of April 30, 2012, the Village's bank balances of deposits held at various institutions which were exposed to custodial credit risk because the balances were uninsured and uncollateralized totaled \$312,781.

B. Investments

The Illinois Funds is an external investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold. The Illinois Funds Money Market and Prime Fund are rated AAAM by Standard and Poor's.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The Village's policy limits the investments to securities maturing less than one year from the date of purchase. The reserve funds of the Village may be invested in securities exceeding one year if the maturity of such investments coincide with the expected use of the funds.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity by primarily investing in Illinois Funds and certificate of deposits.

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments that are in the possession of an outside party. The Village limits its exposure to custodial credit risk by utilizing independent, third party institutions, selected by the Village, to act as custodian for its securities and collateral.

Concentration of credit risk – The Village places no limit on the amount the Village may invest in any one issuer. The Village's investments are in the Illinois Funds and certificate of deposits.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

3. PROPERTY TAX CALENDAR

Property tax levy ordinance must be filed in Sangamon County by the last Tuesday in December on the assessed valuation as of January 1. The tax levy becomes an enforceable lien against the property on January 1 of the year following the tax levy year. These taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the Government units their respective share of the collections.

Taxes levied in one year become due and payable in two installments during the following year. The Sangamon County installments are due June 1 and September 1.

4. CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ending April 30, 2012 consists of the following:

	<u>Balance</u> <u>May 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
Capital assets not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Other capital assets				
Buildings	350,502	400,000	-	750,502
Vehicles	385,911	73,810	-	459,721
Equipment	394,923	113,112	-	508,035
Computers	16,476	-	-	16,476
Infrastructure	<u>4,026,073</u>	<u>-</u>	<u>-</u>	<u>4,026,073</u>
Total capital assets	<u>5,223,885</u>	<u>586,922</u>	<u>-</u>	<u>5,810,807</u>
Less accumulated depreciation for:				
Buildings	154,893	12,096	-	166,989
Vehicles	276,609	38,991	-	315,600
Equipment	302,545	37,979	-	340,524
Computers	11,748	2,795	-	14,543
Infrastructure	<u>287,709</u>	<u>100,652</u>	<u>-</u>	<u>388,361</u>
Total accumulated depreciation	<u>1,033,504</u>	<u>192,513</u>	<u>-</u>	<u>1,226,017</u>
Total capital assets, net of accumulated depreciation	<u>\$ 4,190,381</u>	<u>\$ 394,409</u>	<u>\$ -</u>	<u>\$ 4,584,790</u>

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

4. CAPITAL ASSETS - Continued

B. Business-type Activities

Capital asset activity for the year ending April 30, 2012 consists of the following:

	<u>Balance</u> <u>May 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2012</u>
Sewer plant treatment facility	\$ 2,359,500	\$ -	\$ -	\$ 2,359,500
Vehicle	16,500	18,530	-	35,030
Equipment	<u>13,399</u>	<u>-</u>	<u>-</u>	<u>13,399</u>
Total capital assets	<u>2,389,399</u>	<u>18,530</u>	<u>-</u>	<u>2,407,929</u>
Less accumulated depreciation for:				
Sewer plant treatment facility	1,309,316	58,988	-	1,368,304
Vehicle	16,500	2,471	-	18,971
Equipment	<u>5,922</u>	<u>925</u>	<u>-</u>	<u>6,847</u>
Total accumulated depreciation	<u>1,331,738</u>	<u>62,384</u>	<u>-</u>	<u>1,394,122</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,057,661</u>	<u>\$ (43,854)</u>	<u>\$ -</u>	<u>\$ 1,013,807</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental activities:	
General government	\$ 30,884
Public safety	35,074
Streets and public works	119,613
Culture and recreation	<u>6,942</u>
Total depreciation expense – governmental activities	<u>\$ 192,513</u>
Business-type activities:	
Sewer	<u>62,384</u>
Total depreciation expense – business-type activities	<u>\$ 62,384</u>

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

5. RISK MANAGEMENT ASSOCIATION

The Village is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). The Village pays an annual premium to IMLRMA for its coverage. Settled claims have not exceeded the coverage in any of the past three fiscal years. The Village's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Village is not aware of any additional assessments owed as of April 30, 2012.

Employee life and health risks are insured through the purchase of a commercial insurance plan.

6. DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full time employees not covered under a collective bargaining agreement, permits them to defer a portion of their salary until future years. The Village also elected to make a matching contribution up to 4% of an employee's annual salary. An employee is eligible to participate when hired and is vested 100% immediately. The amounts deferred and earnings thereon, are not available to employees until termination, retirement, death, or unforeseeable emergency. During the year the Village contributed \$12,847 for matching contributions.

Contributions are administered by a third-party agent and the assets and income thereon are held in trust for the exclusive benefit of participants and their beneficiaries.

7. PENSION PLANS

The Village makes contributions to a multi-employer pension plan for its union employees. Contributions made for the year ended April 30, 2012 totaled \$5,850.

The union-negotiated defined benefit plan is administered by representatives of various trade unions. The Pension Protection Act of 2006 (PPA of 2006) imposed additional funding rules for defined benefit multi-employer plans with the goal of improving the financial condition of these plans. These rules were effective beginning in the 2008 plan year. Beginning in 2008, the plan actuary was required to annually certify to the Secretary of Treasury and the plan's Board of Trustees whether or not the plan is in endangered or critical status, as defined by the PPA. The Village received a notice of endangered status from the pension plan for the plan year beginning October 1, 2009. The Village then received a notice of critical status from the pension plan for the plan year beginning October 1, 2011 and a rehabilitation plan was adopted effective March 1, 2012.

VILLAGE OF SHERMAN, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

7. PENSION PLANS – Continued

Should the Village withdraw from the plan or should the plan become insolvent, the Village will be liable for its proportionate share of total unfunded vested benefits. The likelihood of a potential liability cannot be determined and therefore a liability has not been accrued.

8. LONG TERM DEBT

Governmental Activities

General Obligation Bonds, Series 2004

The Village issued \$915,000 General Obligation Refunding Bonds, Series 2004 for the purpose of refunding prior bonds of the Village. The Village pays 62% of debt service expenditures from funds provided from the Sewer Fund and 38% from a general obligation tax levy provided from the General Fund. Principal payments range from \$95,000 to \$105,000 annually and have a final principal maturity date of October 1, 2013. Interest ranges from 1.5% to 3.85% and is due semi-annually in October and April. The annual debt service requirements are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 100,000	\$ 5,968	\$ 105,968
2014	<u>105,000</u>	<u>2,021</u>	<u>107,021</u>
Total	<u>\$ 205,000</u>	<u>\$ 7,989</u>	<u>\$ 212,989</u>

Capital Leases

In 2010 the Village entered into a capital lease arrangement to finance the purchase of a police vehicle. The lease calls for monthly payments of \$324 with interest at 4.15% through 2015. The vehicle under the capital lease has a cost of \$25,915 and accumulated depreciation of \$10,366 as of April 30, 2012. The outstanding capital lease matures as follows:

Year ended April 30,	
2013	\$ 3,888
2014	3,888
2015	<u>3,859</u>
Future minimum lease payments	11,635
Less: Amount representing interest	<u>711</u>
Present value of minimum lease payments	<u>\$ 10,924</u>

VILLAGE OF SHERMAN, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. LONG TERM DEBT – Continued

Capital Leases – Continued

In 2012 the Village entered into a capital lease arrangement to finance the purchase of a police vehicle. The leased asset and related obligation are accounted for as governmental activities. The lease calls for monthly payments of \$266 with interest at 2.25% through 2015. The vehicle under the capital lease has a cost of \$42,633 and accumulated depreciation of \$5,684 as of April 30, 2012. The outstanding capital lease matures as follows:

Year ended April 30,		
2013	\$	3,439
2014		3,189
2015		<u>1,064</u>
Future minimum lease payments		7,692
Less: Amount representing interest		<u>199</u>
Present value of minimum lease payments	\$	<u><u>7,493</u></u>

In 2012 the Village entered into a capital lease arrangement to finance the purchase of a vehicle for street and public works. The leased asset and related obligation are accounted for as governmental activities. The lease calls for monthly payments of \$551 with interest at 3.65% through 2015. The vehicle under the capital lease has a cost of \$31,177 and accumulated depreciation of \$4,157 as of April 30, 2012. The outstanding capital lease matures as follows:

Year ended April 30,		
2013	\$	6,613
2014		6,613
2015		<u>2,180</u>
Future minimum lease payments		15,406
Less: Amount representing interest		<u>659</u>
Present value of minimum lease payments	\$	<u><u>14,747</u></u>



VILLAGE OF SHERMAN, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. LONG TERM DEBT – Continued

Capital Leases – Continued

In 2012 the Village entered into a capital lease arrangement to finance the purchase of a mower. The leased asset and related obligation are accounted for as governmental activities. The lease calls for monthly payments of \$395 with interest at 2.25% through 2015. The equipment under the capital lease has a cost of \$13,734 and accumulated depreciation of \$916 as of April 30, 2012. The outstanding capital lease matures as follows:

Year ended April 30,		
2013	\$	4,739
2014		4,739
2015		<u>1,967</u>
Future minimum lease payments		11,445
Less: Amount representing interest		<u>317</u>
Present value of minimum lease payments	\$	<u><u>11,128</u></u>

Notes Payable

On January 9, 2012, the Village entered into an agreement with a financial institution to finance park improvements. The Village borrowed \$96,016 at an interest rate of 4.0% to be paid in monthly principal and interest payments of \$1,771 beginning February 9, 2012 with a final payment due January 9, 2017. The assets and related obligation are accounted for as governmental activities. The principal balance as of April 30, 2012 was \$91,764. Future principal and interest payments on the notes payable are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 17,909	\$ 3,340	\$ 21,249
2014	18,639	2,610	21,249
2015	19,398	1,851	21,249
2016	20,188	1,061	21,249
2017	<u>15,630</u>	<u>258</u>	<u>15,888</u>
Total	<u>\$ 91,764</u>	<u>\$ 9,120</u>	<u>\$ 100,884</u>

VILLAGE OF SHERMAN, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. LONG TERM DEBT – Continued

Tax Increment Financing Payable Bonds

The tax increment financing bonds are a limited obligation of the tax increment financing district of the Village payable solely and only from collections of incremental taxes from each specific “Project Increment Area” are deemed to be “Pledged Taxes,” irrevocable until the obligations are discharged. These bonds do not constitute a general obligation of the Village. However, the bonds payable are required to be reported on the Village’s financial statements.

Tax Increment Revenue Bonds, Series 1991

The Village issued \$147,840 Tax Increment Revenue Bonds, Series 1991 in 1992 for the purpose of infrastructure improvements in the Roadway Redevelopment Project Area. The Village pays debt service expenditures from tax incremental revenue generated by specific property. The full principal amount matures in fiscal year 2010 but was not paid during the fiscal year.

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 147,840	\$ 322,904	\$ 470,744
Total	<u>\$ 147,840</u>	<u>\$ 322,904</u>	<u>\$ 470,744</u>

Tax Increment Revenue Bonds, Series 2004

The Village issued \$1,650,000 Tax Increment Revenue Bonds, Series 2004A and Series 2004B for the purpose of paying a portion of redevelopment project costs. The Village pays debt service expenditures from incremental property taxes collected within the Tax Increment Financing District. During fiscal year 2011 the bond holders amended the bond ordinance to extend the maturity schedule. The amended maturity schedule includes principal payments ranging from \$117,000 to \$186,000 and are due each January 1 from 2012 through 2022. Interest is 6.0% and interest payments are due semi-annually in January and July. The annual debt service requirements are as follows:

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

8. LONG TERM DEBT – Continued

Tax Increment Revenue Bonds, Series 2004 – continued

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 80,280	\$ 80,280
2014	117,000	80,280	197,280
2015	123,000	73,260	196,260
2016	130,000	65,880	195,880
2017	138,000	58,080	196,080
2018-2022	<u>830,000</u>	<u>155,100</u>	<u>985,100</u>
Total	<u>\$ 1,338,000</u>	<u>\$ 512,880</u>	<u>\$ 1,850,880</u>

Tax Increment Revenue Bonds, Series 2011

The Village issued \$2,000,000 Tax Increment Revenue Bonds, Series 2011 for the purpose of paying a portion of redevelopment project costs. The Village pays debt service expenditures from incremental property taxes collected within the Tax Increment Financing District. Principal payments range from \$95,000 to \$262,000 and are due each January 1 from 2015 through 2024. Interest is 4.50% and interest payments are due annually in January beginning in fiscal year 2012. The annual debt service requirements are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 90,000	\$ 90,000
2014	-	90,000	90,000
2015	95,000	90,000	185,000
2016	100,000	85,725	185,725
2017	192,000	81,225	273,225
2018-2022	1,100,000	268,290	1,368,290
2023-2024	<u>513,000</u>	<u>34,875</u>	<u>547,875</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 740,115</u>	<u>\$ 2,740,115</u>

VILLAGE OF SHERMAN, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

8. LONG TERM DEBT – Continued

Tax Increment Financing Note Payable

Certain bond payments of the Village were paid by a developer of the Route 66 TIF District. For the year ending April 30, 2012, the developer paid the interest payment for the Tax Increment Revenue Bonds, Series 2004 totaling \$84,658. According to the development agreement all payments made by the developer for principal and interest on TIF bonds due to a shortfall in the Tax Increment Allocation Fund shall be repaid by the Village from tax increment financing proceeds. This obligation remains in effect until the expiration of the Route 66 TIF District in October 2022 or for so long as eligible project costs due to the developer under the development agreement remain outstanding and payable, whichever is sooner. Therefore, no set debt service schedule is available. The total note payable balance to the developer as of April 30, 2012 is \$454,916.

Changes in Long-Term Liabilities

During the fiscal year the activity relating to governmental long-term liabilities is as follows:

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
Governmental activities:					
G.O. refunding bonds *	\$ 114,000	\$ -	\$ 36,100	\$ 77,900	\$ 38,000
Capital leases	17,436	41,729	14,873	44,292	17,520
TIF bonds	3,485,840	-	-	3,485,840	147,840
TIF note payable	370,258	84,658	-	454,916	-
Notes payable	-	96,016	4,252	91,764	17,909
Other commitments	60,000	-	10,000	50,000	10,000
Compensated absences payable	<u>36,592</u>	<u>31,869</u>	<u>33,226</u>	<u>35,235</u>	<u>20,438</u>
Governmental activity – long-term liabilities	<u>\$ 4,084,126</u>	<u>\$ 254,272</u>	<u>\$ 98,451</u>	<u>\$ 4,239,947</u>	<u>\$ 251,707</u>
Business-type activities:					
G.O. refunding bonds *	\$ 186,000	\$ -	\$ 58,900	\$ 127,100	\$ 62,000
Compensated absences payable	<u>10,785</u>	<u>5,730</u>	<u>6,361</u>	<u>10,154</u>	<u>4,837</u>
Business-type activity long-term liabilities	<u>\$ 196,785</u>	<u>\$ 5,730</u>	<u>\$ 65,261</u>	<u>\$ 137,254</u>	<u>\$ 66,837</u>

\*The G.O. Refunding Sewer Bonds are paid out of the General Fund and the Sewer Fund.

VILLAGE OF SHERMAN, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS – Continued

9. DEBT WITHOUT GOVERNMENT COMMITMENT

Special Service Area Bonds, Series 2001

The Village issued \$1,000,000 Special Service Area Bonds, Unlimited Ad Valorem Tax Bonds, Series 2001 for the purpose of infrastructure improvements at the Route 66 Crossing at Sherman development. The Village is not obligated for repayment. Village residents located in the special service area are obligated to pay the special tax along with their standard County property tax bill. Therefore, the Village does not report any liability in its financial statements. Principal payments range from \$55,902 to \$117,655 annually with a final payment due October 1, 2015. The outstanding principal balance as of April 30, 2012 was \$426,457.

10. INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2012 consist of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
TIF Fund	\$ 2,266	\$ 68,968
Sewer	<u>16,742</u>	<u>-</u>
	<u>19,008</u>	<u>68,968</u>
TIF Fund:		
General Fund	68,968	2,266
TIF Fund	<u>35,000</u>	<u>35,000</u>
	<u>103,968</u>	<u>37,266</u>
Sewer Fund:		
General Fund	<u>-</u>	<u>16,742</u>
Total interfund receivables/payables	<u>\$ 122,976</u>	<u>\$ 122,976</u>

The purpose of significant due from/to other funds is as follows:

- \$68,968 due from the General Fund to the TIF Fund. The balance consists of Tax Increment Financing District property and sales taxes received in the General Fund, but not yet paid at April 30, 2012.
- \$2,266 due from the TIF Fund to the General Fund. The balance consists of salary expenditures paid by the General Fund, but not yet repaid by the TIF Fund at April 30, 2012.

VILLAGE OF SHERMAN, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS – Continued

10. INTERFUND BALANCES – Continued

- \$16,742 due from the Sewer Fund to the General Fund. The balance consists of salary expenditures paid by the General Fund, but not yet repaid by the Sewer Fund at April 30, 2012.
- \$35,000 due from the Route 66 TIF District and the Rail Pointe TIF District to the Original TIF District. The balance consists of a \$15,000 loan to the Route 66 TIF District and a \$5,000 loan to the Rail Pointe TIF District to cover operating expenses and \$15,000 of administrative expenses paid by the Original TIF Fund, but not yet repaid by the Route 66 TIF Fund. The Village expects the obligation will be liquidated within one year.

11. OTHER COMMITMENTS

The Village has entered into an agreement with a private organization to encourage economic development in the Village. The agreement provides for a payment of \$25,000 in November 2010 and annual payments of \$10,000 from November 2011 through November 2016. This is a total commitment of \$85,000 of which the balance at April 30, 2012 is \$50,000.

12. DEVELOPMENT ASSISTANCE

The Village has entered into agreements with private organizations to encourage economic development in the Village. One agreement provides for rebating 50% of the sales tax generated by the organization. The agreement expires upon the earliest of (1) the payment of the \$435,000 to the organization, or (2) December 31, 2021. There were no rebates paid to the organization as of April 30, 2012. One agreement provides for rebating 75% of the incremental property taxes generated by the organization. The agreement expires upon the earliest of (1) the payment of \$190,500 to the organization, or (2) December 31, 2022. There were no rebates paid to the organization as of April 30, 2012. One agreement provides for the purchase of property once site plans and specifications have been completed for the project. The plans and specifications were not completed as of April 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Over/ (Under)
<b>REVENUES</b>				
Property taxes	\$ 48,000	\$ 48,000	\$ 165,638	\$ 117,638
Road and bridge taxes	40,000	40,000	42,543	2,543
Sales and use taxes	350,000	350,000	369,382	19,382
Personal property replacement taxes	325	325	320	(5)
Income taxes	265,000	265,000	259,729	(5,271)
Franchise fees	41,000	41,000	47,070	6,070
Liquor license	3,000	3,000	3,000	-
Building permits	30,000	30,000	30,831	831
Fines	23,000	23,000	42,336	19,336
Charges for services	7,800	7,800	7,800	-
Investment income	325	325	197	(128)
Miscellaneous	455,000	455,000	24,640	(430,360)
Total revenues	<u>1,263,450</u>	<u>1,263,450</u>	<u>993,486</u>	<u>(269,964)</u>
<b>EXPENDITURES</b>				
General government				
Finance:				
Insurance	34,500	34,500	29,735	(4,765)
Salaries	-	-	469	469
Payroll taxes	-	-	1,881	1,881
Auditing	5,000	5,000	3,000	(2,000)
Miscellaneous	-	-	50	50
Finance total	<u>39,500</u>	<u>39,500</u>	<u>35,135</u>	<u>(4,365)</u>
Legal:				
Attorney	18,750	18,750	14,992	(3,758)
Legal total	<u>18,750</u>	<u>18,750</u>	<u>14,992</u>	<u>(3,758)</u>
Village clerk:				
Salary	10,625	10,625	6,742	(3,883)
Payroll expenditures	1,251	1,251	1,099	(152)
Printing, supplies and postage	7,500	7,500	5,317	(2,183)
Dues and membership	10,000	10,000	1,109	(8,891)
Telephone	3,625	3,625	2,420	(1,205)
Bulk mailing	7,500	7,500	1,743	(5,757)
Village clerk total	<u>40,501</u>	<u>40,501</u>	<u>18,430</u>	<u>(22,071)</u>

(Continued)



VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Over/ (Under)
Village Hall:				
Salaries	\$ 66,875	\$ 66,875	\$ 55,463	\$ (11,412)
Payroll expenditures	7,750	7,750	5,364	(2,386)
Telecommunications	-	-	2,143	2,143
Computer equipment	3,750	3,750	-	(3,750)
Office equipment	1,000	1,000	849	(151)
Supplies/labor	1,875	1,875	2,252	377
Training	-	-	4,570	4,570
Dues and membership	-	-	17,370	17,370
Utilities	15,625	15,625	12,291	(3,334)
Miscellaneous	3,750	3,750	5,026	1,276
Building maintenance	5,625	5,625	2,290	(3,335)
Recycling program	750	750	576	(174)
Community events	8,750	8,750	6,794	(1,956)
Website	2,500	2,500	49	(2,451)
Village hall total	<u>118,250</u>	<u>118,250</u>	<u>115,037</u>	<u>(3,213)</u>
Contingency				
Contingency	408,280	408,280	49,669	(358,611)
Contingency total	<u>408,280</u>	<u>408,280</u>	<u>49,669</u>	<u>(358,611)</u>
General government total	<u>625,281</u>	<u>625,281</u>	<u>233,263</u>	<u>(392,018)</u>
Public Safety:				
Public health and safety:				
Payroll expenditures	-	-	182	182
Animal control	625	625	-	(625)
ESDA	3,750	3,750	3,482	(268)
Electronic alert system	2,500	2,500	-	(2,500)
Equipment management	-	-	66	66
Miscellaneous	-	-	1,200	1,200
Public health safety total	<u>6,875</u>	<u>6,875</u>	<u>4,930</u>	<u>(1,945)</u>

(Continued)

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Over/ (Under)
Police:				
Salaries	\$ 381,250	\$ 381,250	\$ 306,042	\$ (75,208)
Payroll expenditures	81,375	81,375	65,826	(15,549)
Telecommunications	30,000	30,000	20,461	(9,539)
Gasoline	31,250	31,250	28,112	(3,138)
Equipment maintenance	8,750	8,750	5,311	(3,439)
Training	9,125	9,125	5,077	(4,048)
Uniforms	5,625	5,625	3,622	(2,003)
Neighborhood watch	-	-	2,027	2,027
Teen court	1,250	1,250	-	(1,250)
Supplies	10,000	10,000	9,398	(602)
Police total	<u>558,625</u>	<u>558,625</u>	<u>445,876</u>	<u>(112,749)</u>
Total public safety	<u>565,500</u>	<u>565,500</u>	<u>450,806</u>	<u>(114,694)</u>
Streets and Public Works				
Streets and alleys:				
Salaries	108,750	108,750	104,374	(4,376)
Payroll expenditures	22,125	22,125	28,373	6,248
Gas and oil	12,500	12,500	13,430	930
Street maintenance	267,500	267,500	-	(267,500)
Equipment maintenance and repair	10,000	10,000	10,190	190
Telephone	2,250	2,250	2,825	575
Equipment storage	1,250	1,250	-	(1,250)
Miscellaneous/supplies	5,250	5,250	7,575	2,325
Streets and alleys total	<u>429,625</u>	<u>429,625</u>	<u>166,767</u>	<u>(262,858)</u>
Engineering:				
Engineer	60,000	60,000	34,713	(25,287)
Engineering total	<u>60,000</u>	<u>60,000</u>	<u>34,713</u>	<u>(25,287)</u>
Streets and Public Works total	<u>489,625</u>	<u>489,625</u>	<u>201,480</u>	<u>(288,145)</u>
Culture and Recreation				
Parks and recreation:				
Gas and oil	3,375	3,375	3,405	30
Fertilizer	-	-	288	288
Equipment supplies	2,750	2,750	1,461	(1,289)
Park improvements	4,375	4,375	4,313	(62)
Parks and recreation total	<u>10,500</u>	<u>10,500</u>	<u>9,467</u>	<u>(1,033)</u>
Culture and recreation total	<u>10,500</u>	<u>10,500</u>	<u>9,467</u>	<u>(1,033)</u>

See accompanying Independent Auditor's Report

(Continued)

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Over/ (Under)
Debt Service				
Debt Service:				
G.O. refunding bonds principal	\$ 34,200	\$ 34,200	\$ 34,200	\$ -
G.O. refunding bonds interest	17,050	17,050	5,721	(11,329)
Capital lease principal	-	-	20,598	20,598
Capital lease interest	-	-	788	788
Debt service total	<u>51,250</u>	<u>51,250</u>	<u>61,307</u>	<u>10,057</u>
Capital outlay				
Police	22,625	22,625	38,878	16,253
Streets and alleys	12,500	12,500	18,750	6,250
Parks and recreation	27,875	27,875	109,600	81,725
Village Hall	231,000	231,000	-	(231,000)
Capital outlay total	<u>294,000</u>	<u>294,000</u>	<u>167,228</u>	<u>(126,772)</u>
Total expenditures paid	<u>2,036,156</u>	<u>2,036,156</u>	<u>1,123,551</u>	<u>(912,605)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(772,706)</u>	<u>(772,706)</u>	<u>(130,065)</u>	<u>642,641</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	108,000	108,000	-	(108,000)
Loan proceeds	-	-	96,016	96,016
Capital lease proceeds	-	-	41,729	41,729
Total other financing sources (uses)	<u>108,000</u>	<u>108,000</u>	<u>137,745</u>	<u>29,745</u>
NET CHANGE IN FUND BALANCE	<u>\$ (664,706)</u>	<u>\$ (664,706)</u>	7,680	<u>\$ 672,386</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			79,285	
FUND BALANCE, BEGINNING OF YEAR			<u>330,693</u>	
FUND BALANCE, END OF YEAR			<u>\$ 417,658</u>	

(Concluded)

VILLAGE OF SHERMAN, ILLINOIS

MOTOR FUEL TAX FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual	Variance Over/ (Under)
<b>REVENUES</b>				
Motor fuel tax	\$ 86,268	\$ 86,268	\$ 107,754	\$ 21,486
Investment income	120	120	63	(57)
Miscellaneous	-	-	-	-
Total revenues	<u>86,388</u>	<u>86,388</u>	<u>107,817</u>	<u>21,429</u>
<b>EXPENDITURES</b>				
Streets and Public Works:				
Highway maintenance program	44,760	44,760	1,533	(43,227)
Miscellaneous projects	12,465	12,465	4,471	(7,994)
Street lighting	68,400	68,400	39,575	(28,825)
Signal maintenance	16,575	16,575	2,144	(14,431)
Total expenditures	<u>142,200</u>	<u>142,200</u>	<u>47,723</u>	<u>(94,477)</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ (55,812)</u>	 <u>\$ (55,812)</u>	 60,094	 <u>\$ 115,906</u>
 RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS				
			4,098	
FUND BALANCE, BEGINNING OF YEAR			<u>62,495</u>	
FUND BALANCE, END OF YEAR			<u>\$ 126,687</u>	

See Accompanying Independent Auditor's Report

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2012

1. BUDGET

The appropriations ordinance and budget is prepared on a cash basis by fund, namely, General Fund and Motor Fuel Tax Fund. A fiscal year budget has not been prepared for the Tax Increment Financing Fund. Prior to passage the governing body holds public hearings and may add, subtract from, or change appropriations. A final appropriation ordinance and budget must be filed with the County Clerk within 30 days of its adoption. Expenditures are budgeted by operational line item which constitutes the legal level of control. The amounts reflected in the financial statements represent the final amended appropriations.

2. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The budgetary comparison schedules for the General Fund and Motor Fuel Tax Fund present comparisons of the budget on a cash basis with actual data on the cash basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present basic financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis and timing differences in excess (deficiency) of revenue over expenditures for the year ended April 30, 2012 is presented on each budgetary comparison schedule in the line item titled "Reconciliation to modified accrual basis – net change resulting from recording accounts receivable, payable, and other accrued items."

## SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended April 30, 2012

	Balances, May 1, 2011	Additions	Deductions	Balances, April 30, 2012
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,197	\$ 125,904	\$ 125,902	\$ 5,199
Property tax receivable	125,903	125,903	125,903	125,903
<b>TOTAL ASSETS</b>	<b>\$ 131,100</b>	<b>\$ 251,807</b>	<b>\$ 251,805</b>	<b>\$ 131,102</b>
<b>LIABILITIES</b>				
Deferred revenue	\$ 125,903	\$ 125,903	\$ 125,903	\$ 125,903
Due to others	5,197	125,904	125,902	5,199
<b>TOTAL LIABILITIES</b>	<b>\$ 131,100</b>	<b>\$ 251,807</b>	<b>\$ 251,805</b>	<b>\$ 131,102</b>

INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S  
ASSERTION OF COMPLIANCE

The Board of Trustees  
Village of Sherman, Illinois  
Sherman, Illinois

We have examined management's assertion included in its representation letter dated April 15, 2013, that the Village of Sherman, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2012. As discussed in that representation letter, management is responsible for the Village of Sherman, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

Our examination was made in accordance with the standards established by the American Institute of Public Accountants and, accordingly, included examining, on a test basis, evidence about the Village of Sherman, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Village of Sherman, Illinois' compliance with statutory requirements.

In our opinion, management's assertion that the Village of Sherman, Illinois complied with the aforementioned requirements for the year ended April 30, 2012, is fairly stated in all material respects.

This report is intended solely for the information and use of the Village Board, management and the Illinois Department of Revenue, Illinois State Comptroller's Office and the Joint Review Board and should not be used by anyone other than these specified parties.

*Sikich US*

Springfield, Illinois  
April 15, 2013



## COMBINING AND INDIVIDUAL FUND SCHEDULES

VILLAGE OF SHERMAN  
TAX INCREMENT FINANCING FUND  
COMBINING BALANCE SHEET  
BY SUBFUND

April 30, 2012

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 764,137	\$ 395,919	\$ 9,975	\$ 1,170,031
Investments	2,234,499	-	122,349	2,356,848
Property tax receivable	915,549	98,541	4,860	1,018,950
Due from other funds	69,847	24,231	9,890	103,968
Total assets	<u>\$ 3,984,032</u>	<u>\$ 518,691</u>	<u>\$ 147,074</u>	<u>\$ 4,649,797</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 76,208	\$ -	\$ -	\$ 76,208
Deferred revenue	915,549	98,541	4,860	1,018,950
Due to other funds	2,266	30,000	5,000	37,266
Total liabilities	994,023	128,541	9,860	1,132,424
Fund balances:				
Restricted for economic development	2,990,009	390,150	137,214	3,517,373
Total liabilities and fund balances	<u>\$ 3,984,032</u>	<u>\$ 518,691</u>	<u>\$ 147,074</u>	<u>\$ 4,649,797</u>

See independent auditor's report.

VILLAGE OF SHERMAN

TAX INCREMENT FINANCING FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BY SUBFUND

For the year ended April 30, 2012

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
<b>REVENUES</b>				
Property taxes	\$ 904,811	\$ 35,760	\$ 5,000	\$ 945,571
Investment income	15,400	1,637	1,273	18,310
Sales tax	-	19,872	-	19,872
Total revenues	<u>920,211</u>	<u>57,269</u>	<u>6,273</u>	<u>983,753</u>
<b>EXPENDITURES</b>				
Salaries	57,188	-	-	57,188
Attorney fees	15,182	-	-	15,182
Administration	11,758	15,000	-	26,758
Engineering	114,939	3,080	672	118,691
Contractual agreements	2,963	-	-	2,963
Bond payments				
Principal	1,498	-	-	1,498
Interest	128	201,513	-	201,641
Infrastructure improvements	632,052	-	-	632,052
Total expenditures	<u>835,708</u>	<u>219,593</u>	<u>672</u>	<u>1,055,973</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>84,503</u>	<u>(162,324)</u>	<u>5,601</u>	<u>(72,220)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
TIF note proceeds	-	84,658	-	84,658
Total other financing sources (uses)	<u>-</u>	<u>84,658</u>	<u>-</u>	<u>84,658</u>
NET CHANGE IN FUND BALANCE	84,503	(77,666)	5,601	12,438
FUND BALANCE, BEGINNING OF YEAR	<u>2,905,506</u>	<u>467,816</u>	<u>131,613</u>	<u>3,504,935</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,990,009</u>	<u>\$ 390,150</u>	<u>\$ 137,214</u>	<u>\$ 3,517,373</u>

See independent auditor's report.