

Annual Financial Statements and
Independent Auditors' Report



Village of Sherman, Illinois

For the year ended April 30, 2025

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Independent Auditors' Report

The Board of Trustees
Village of Sherman, Illinois

Opinions

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

In our opinion, the accompanying financial statements 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Sherman, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 the 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 governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
December 18, 2025

Village of Sherman, Illinois
STATEMENT OF NET POSITION
April 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,990,296	\$ 243,280	\$ 5,233,576
Investments	275,749	-	275,749
Property tax receivable	369,762	-	369,762
Other receivables	256,958	115,176	372,134
Internal balances	(35,507)	35,507	-
Prepaid expenses	11,375	-	11,375
Total current assets	5,868,633	393,963	6,262,596
Capital Assets			
Land	1,707,225	295,156	2,002,381
Construction in progress	898,285	-	898,285
Other capital assets, net of accumulated depreciation	10,357,085	241,480	10,598,565
Total capital assets	12,962,595	536,636	13,499,231
Total assets	18,831,228	930,599	19,761,827
LIABILITIES			
Current liabilities			
Accounts payable	791,849	95,507	887,356
Accrued payroll	20,650	3,574	24,224
Accrued interest payable	29,878	-	29,878
Unearned revenue	156,958	-	156,958
Compensated absences payable, current	37,131	5,207	42,338
Notes payable, current	129,859	-	129,859
G.O. bonds payable, current	217,000	-	217,000
Total current liabilities	1,383,325	104,288	1,487,613
Noncurrent Liabilities			
Compensated absences payable, noncurrent	19,931	4,933	24,864
Notes payable, noncurrent	306,741	-	306,741
G.O. bonds payable, noncurrent	2,671,000	-	2,671,000
Total noncurrent liabilities	2,997,672	4,933	3,002,605
Total liabilities	4,380,997	109,221	4,490,218
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	369,762	-	369,762
Total deferred inflows of resources	369,762	-	369,762
Total liabilities and deferred inflows of resources	4,750,759	109,221	4,859,980
NET POSITION			
Net investment in capital assets	9,894,195	536,636	10,430,831
Restricted for maintenance of roadways	1,075,467	-	1,075,467
Restricted for economic development	1,122,147	-	1,122,147
Restricted for public safety	39,487	-	39,487
Restricted for debt service	546,808	-	546,808
Unrestricted	1,402,365	284,742	1,687,107
Total net position	\$ 14,080,469	\$ 821,378	\$ 14,901,847

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF ACTIVITIES
Year ended April 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 609,011	\$ 89,441	\$ 11,175	\$ -	\$ (508,395)	\$ -	\$ (508,395)
Public safety	1,074,060	10,584	-	35,396	(1,028,080)	-	(1,028,080)
Streets and public works	868,316	-	346,000	879,444	357,128	-	357,128
Culture and recreation	586,795	210,051	-	-	(376,744)	-	(376,744)
Economic development	45,485	-	-	29,557	(15,928)	-	(15,928)
Interest on long-term debt	78,239	-	-	-	(78,239)	-	(78,239)
Total governmental activities	3,261,906	310,076	357,175	944,397	(1,650,258)	-	(1,650,258)
Business-type activities	815,268	739,534	-	-	-	(75,734)	(75,734)
Total	<u>\$ 4,077,174</u>	<u>\$ 1,049,610</u>	<u>\$ 357,175</u>	<u>\$ 944,397</u>	<u>(1,650,258)</u>	<u>(75,734)</u>	<u>(1,725,992)</u>
General Revenues							
Property taxes					411,132	-	411,132
Sales and use tax					1,051,474	-	1,051,474
Intergovernmental					901,764	-	901,764
Investment income					169,685	5,697	175,382
Other revenue					155,585	-	155,585
Loss on sale of asset					(24,332)	-	(24,332)
Extraordinary item - gain on cancellation of debt					1,322,896	-	1,322,896
Total general revenues					3,988,204	5,697	3,993,901
Change in net position					2,337,946	(70,037)	2,267,909
Net position beginning of year, as originally stated					11,803,323	891,415	12,694,738
Prior period adjustment					(60,800)	-	(60,800)
Net position, beginning of year, as restated					11,742,523	891,415	12,633,938
Net position, end of year					<u>\$ 14,080,469</u>	<u>\$ 821,378</u>	<u>\$ 14,901,847</u>

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2025

	General Fund	Tax Increment Financing fund	Motor Fuel Tax Fund	Infrastructure Project Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,166,057	\$ 1,408,314	\$ 1,096,499	\$ 319,426	\$ 4,990,296
Investments	275,749	-	-	-	275,749
Property tax receivable	369,762	-	-	-	369,762
Other receivables	240,068	-	16,890	-	256,958
Due from other funds	305,842	742	2,988	-	309,572
Prepaid expenses	11,375	-	-	-	11,375
Total assets	<u>\$ 3,368,853</u>	<u>\$ 1,409,056</u>	<u>\$ 1,116,377</u>	<u>\$ 319,426</u>	<u>\$ 6,213,712</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 510,803	\$ 281,046	\$ -	\$ -	\$ 791,849
Accrued payroll	20,650	-	-	-	20,650
Due to other funds	298,306	5,863	40,910	-	345,079
Unearned revenue	156,958	-	-	-	156,958
Total liabilities	986,717	286,909	40,910	-	1,314,536
Deferred inflows of resources					
Unavailable revenue - property taxes	369,762	-	-	-	369,762
Total liabilities and deferred inflows of resources	1,356,479	286,909	40,910	-	1,684,298
FUND BALANCES					
Nonspendable	11,375	-	-	-	11,375
Restricted					
Maintenance of roadways	-	-	1,075,467	-	1,075,467
Economic development	-	1,122,147	-	-	1,122,147
Public safety	39,487	-	-	-	39,487
Capital projects	-	-	-	319,426	319,426
Debt service	546,808	-	-	-	546,808
Unrestricted					
Assigned for culture and recreation	36,356	-	-	-	36,356
Unassigned	1,378,348	-	-	-	1,378,348
Total fund balances	<u>2,012,374</u>	<u>1,122,147</u>	<u>1,075,467</u>	<u>319,426</u>	<u>4,529,414</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,368,853</u>	<u>\$ 1,409,056</u>	<u>\$ 1,116,377</u>	<u>\$ 319,426</u>	<u>\$ 6,213,712</u>

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30, 2025

RECONCILIATION TO STATEMENT OF NET POSITION

Fund balance - governmental funds \$ 4,529,414

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in the governmental activities of \$ 18,303,847, net of accumulated
depreciation of \$ 5,341,252, are not financial resources, and therefore, are not
reported in the funds. 12,962,595

Long-term liabilities are not due and payable in the current period and, therefore,
are not reported in the funds.

Compensated absences payable	(57,062)
Accrued interest payable	(29,878)
Notes payable, current	(129,859)
G.O. bond payable, current	(217,000)
Notes payable, noncurrent	(306,741)
G.O. bond payable, noncurrent	<u>(2,671,000)</u>

Total long-term liabilities	<u>(3,411,540)</u>
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Net position of governmental activities	<u><u>\$ 14,080,469</u></u>
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The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended April 30, 2025

	General Fund	Tax Increment Financing fund	Motor Fuel Tax Fund	Infrastructure Project Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 411,132	\$ -	\$ -	\$ -	\$ 411,132
Sales and use taxes	1,049,410	2,064	-	-	1,051,474
Intergovernmental	901,764	-	216,787	-	1,118,551
Licenses and permits	89,441	-	-	-	89,441
Fines	10,584	-	-	-	10,584
Interest income	77,003	38,684	42,824	11,174	169,685
Grants	1,044,053	-	-	-	1,044,053
Contributions	11,175	29,557	-	-	40,732
Park events	210,051	-	-	-	210,051
Other revenues	155,585	-	-	-	155,585
Total revenues	3,960,198	70,305	259,611	11,174	4,301,288
EXPENDITURES					
Current					
General government	567,521	-	-	-	567,521
Public safety	978,281	-	-	-	978,281
Streets and public works	451,998	-	82,526	-	534,524
Culture and recreation	379,478	-	-	-	379,478
Economic development	-	43,760	-	-	43,760
Debt service					
Principal	353,452	-	-	-	353,452
Interest	79,715	-	-	-	79,715
Capital outlay	837,272	289,603	-	-	1,126,875
Total expenditures	3,647,717	333,363	82,526	-	4,063,606
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	312,481	(263,058)	177,085	11,174	237,682
OTHER FINANCING SOURCES (USES)					
Loans proceeds	112,563	-	-	-	112,563
Total other financing sources (uses)	112,563	-	-	-	112,563
Net change in fund balances	425,044	(263,058)	177,085	11,174	350,245
Fund balances at beginning of year, as originally stated	1,648,130	1,385,205	898,382	308,252	4,239,969
Prior period adjustment	(60,800)	-	-	-	(60,800)
Fund balances at beginning of year, as restated	1,587,330	1,385,205	898,382	308,252	4,179,169
Fund balances at end of year	\$ 2,012,374	\$ 1,122,147	\$ 1,075,467	\$ 319,426	\$ 4,529,414

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended April 30, 2025**

RECONCILIATION TO STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds \$ 350,245

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 position.

Capital debt obligation principal payments	353,452
Loan proceeds	(112,563)
Forgiveness of debt	1,322,896

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	1,864
Change in accrued interest payable	1,476

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of assets.

Capital asset purchases	1,089,435
Depreciation expense	(644,527)
Loss on disposal of assets	(24,332)

Change in net position of governmental activities	<u>\$ 2,337,946</u>
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The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUND
April 30, 2025

	<u>Sewer Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 243,280
Accounts receivable	115,176
Due from General Fund	<u>294,576</u>
Total current assets	653,032
Noncurrent assets	
Land	295,156
Capital assets, net of accumulated depreciation	<u>241,480</u>
Total noncurrent assets	<u>536,636</u>
Total assets	<u>1,189,668</u>
LIABILITIES	
Current liabilities	
Accounts payable	95,507
Accrued payroll	3,574
Due to General Fund	259,069
Compensated absences payable - current	<u>5,207</u>
Total current liabilities	363,357
Noncurrent liabilities	
Compensated absences payable - noncurrent	<u>4,933</u>
Total noncurrent liabilities	<u>4,933</u>
Total liabilities	<u>368,290</u>
NET POSITION	
Net investment in capital assets	536,636
Unrestricted	<u>284,742</u>
Total net position	<u>\$ 821,378</u>

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year ended April 30, 2025

	Sewer Fund
Operating revenues	
Charges for services	\$ 739,534
Operating expenses	
Salaries	133,288
Maintenance and supplies	17,061
Sanitary usage	554,798
Collection fees	20,860
Depreciation	62,808
Miscellaneous	26,453
Total operating expenses	815,268
Operating loss	(75,734)
Nonoperating revenues (expenses)	
Investment income	5,697
Total nonoperating revenues (expenses)	5,697
Change in net position	(70,037)
Total net position, beginning of year	891,415
Total net position, end of year	\$ 821,378

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year ended April 30, 2025

	Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 708,676
Cash paid to suppliers	(574,149)
Cash paid to employees	(132,689)
	<u>1,838</u>
Net cash from operating activities	<u>1,838</u>
Cash flows from noncapital financing activities	
Payments to interfund accounts	(1,194,616)
Proceeds from interfund accounts	1,218,274
	<u>23,658</u>
Net cash from noncapital financing activities	<u>23,658</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(12,411)
	<u>(12,411)</u>
Net cash from capital financing activities	<u>(12,411)</u>
Cash flows from investing activities	
Interest received	5,697
	<u>5,697</u>
Net cash from investing activities	<u>5,697</u>
Net decrease in cash and cash equivalents	18,782
Cash and cash equivalents, beginning of year	<u>224,498</u>
Cash and cash equivalents, end of year	<u><u>\$ 243,280</u></u>
Reconciliation of operating loss to net cash from operating activities	
Operating loss	\$ (75,734)
Adjustment to reconcile operating loss to net cash from operating activities	
Depreciation	62,808
Changes in assets and liabilities	
Accounts receivable	(30,858)
Accounts payable	45,023
Accrued payroll	489
Compensated absences payable	110
	<u>1,838</u>
Net cash from operating activities	<u><u>\$ 1,838</u></u>

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Sherman, Illinois (the Village) 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 Village's significant accounting policies are described below.

1. Reporting Entity

The Village 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, 2025.

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.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the primary government. As a general rule, the effect of material interfund activity has been eliminated from these statements. Exceptions to this general rule are administrative charges between the Village's General Fund and the Sewer Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Government-Wide and Fund Financial Statements

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the Village at year end. 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 activity. 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 activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Village.

Fund Financial Statements

The accounts of the Village are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 bases 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.

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. 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 forfeitures, 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.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, designated as such by the Village, or meets the following criteria:

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

The funds of the financial reporting entity are described below:

Governmental Funds

The Village reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those required to be accounted for in another fund.

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

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

Infrastructure Project Fund - The Infrastructure Project Fund is used to account for the activities relating to capital projects.

The Village reports the following major proprietary fund:

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with 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 nonoperating revenues and expenses.

4. Cash and Cash Equivalents

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

5. 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 acquisition value. 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	20-40 years
Sewer plant treatment facilities	40 years

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5. Capital Assets

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.

6. Long-Term Debt

In the government-wide financial statements and proprietary 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 position. Bond premiums and discounts 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 expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources and the payment of principal is reported as an expenditure. 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.

7. Equity Classification

Government-Wide Statements

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

- *Net investment in capital assets* – 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.
- *Restricted net position* – Consists of net position 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 position result from enabling legislation adopted by the Village.
- *Unrestricted net position* – All other net positions that do not meet the definition of restricted or net investment in capital assets.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7. Equity Classification

It is the Village's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report the following components of fund balance:

Non-spendable: Amounts that are not in spendable form or legally or contractually required to be maintained intact.

Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. None of the restricted fund balances result from enabling legislation adopted by the Village.

Committed: Amounts that have been formally set aside by the Village Board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Village Board.

Assigned: Intent to spend resources on specific purposes expressed by the Village Board but are neither restricted nor committed.

Unassigned: Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Village to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Village that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption/acquisition 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. 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 a consumption/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.

9. Use of Estimates

Management of the Village has made certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

10. Investments

Investments are stated at fair value using the quoted market price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

11. Compensated Absences

Vested or accumulated compensated absences are accrued when incurred by the Village in the government-wide and proprietary fund financial statements. Vested or accumulated compensated absences of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue 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.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

12. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through December 18, 2025. See Note L for subsequent events.

13. Recent Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, Compensated Absences. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Statement also establishes guidance for measuring a liability for leave that has not been used. Additionally, governments are now allowed to disclose only the net change in the liability in the footnotes rather than gross increases and decreases. The requirements of the Statement are effective for fiscal years beginning after December 15, 2023. Implementation of the Standard requires restatement of the beginning balance of the compensated absences liability for these changes. This change did not have a material impact on the Village's financial statements, thus the Village chose to not restate the beginning balances.

NOTE B | 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 BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE B | CASH AND CASH EQUIVALENTS

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 as evidenced by a written agreement. As of April 30, 2025, the Village's deposits held at various financial institutions were in excess of FDIC insurance and collateral by \$ 25,749.

b. Investments

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 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 coincides with the expected use of funds. Below is a schedule of investment maturities in years.

	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Negotiable CDs	\$ 275,749	\$ 275,749	\$ -	\$ -	\$ -

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 certificates of deposit. Certificates of deposit and money market funds are not rated.

For an investment, custodial credit 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 the 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 certificates of deposit.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE B | CASH AND CASH EQUIVALENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Village categorizes its fair value measurements within the fair value established by generally accepted accounting principles. The hierarchy of inputs are used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs. Certificates of deposit are reported at fair value using quoted matrix pricing models (Level 2 inputs).

NOTE C | PROPERTY TAXES

The 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 2024 tax levy becomes an enforceable lien against the property on January 1, 2024. These taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to each government unit their respective share of the collections. Since the 2024 levy will be collected in fiscal year 2026 and is intended to finance the 2026 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources. The 2025 tax levy has not been recorded as a receivable at April 30, 2025. Although the tax attached as a lien on the property as of January 1, 2025, the tax will not be levied until December 2025, and, accordingly, is not measurable at April 30, 2025.

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

NOTE D | RECEIVABLES

The following receivables are included in other receivables on the statement of net position as of April 30, 2025:

Sales and use tax receivable	\$ 223,216
Video gaming tax receivable	14,403
Motor fuel tax allotment receivable	16,890
Other receivables	<u>2,449</u>
Total governmental activities	256,958
 Sewer accounts receivable	 <u>115,176</u>
Total primary government	<u>\$ 372,134</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE E | CAPITAL ASSETS

Activity for general fixed assets capitalized by the Village is summarized below:

	Balance <u>May 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2025</u>
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 1,707,225	\$ -	\$ -	\$ 1,707,225
Construction in progress	<u>220,169</u>	<u>768,016</u>	<u>89,900</u>	<u>898,285</u>
Total	1,927,394	768,016	89,900	2,605,510
Other capital assets				
Buildings	750,502	-	-	750,502
Vehicles	891,272	290,090	47,801	1,133,561
Equipment	1,544,996	103,295	44,016	1,604,275
Computers	59,658	3,458	-	63,116
Infrastructure	<u>12,132,408</u>	<u>14,475</u>	<u>-</u>	<u>12,146,883</u>
Total other capital assets	15,378,836	411,318	91,817	15,698,337
Less accumulated depreciation for				
Buildings	400,194	18,762	-	418,956
Vehicles	604,030	121,631	47,801	677,860
Equipment	827,282	107,184	19,685	914,781
Computers	39,504	5,480	-	44,984
Infrastructure	<u>2,893,201</u>	<u>391,470</u>	<u>-</u>	<u>3,284,671</u>
Total accumulated depreciation	<u>4,764,211</u>	<u>644,527</u>	<u>67,486</u>	<u>5,341,252</u>
Other capital assets, net	<u>10,614,625</u>	<u>(233,209)</u>	<u>24,331</u>	<u>10,357,085</u>
Governmental activities capital assets, net	<u>\$12,542,019</u>	<u>\$ 534,807</u>	<u>\$ 114,231</u>	<u>\$12,962,595</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE E | CAPITAL ASSETS

	Balance May 1, 2024	Additions	Deletions	Balance April 30, 2025
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 295,156	\$ -	\$ -	\$ 295,156
Other capital assets				
Sewer plant treatment facility	2,359,500	-	-	2,359,500
Vehicles	89,793	-	-	89,793
Equipment	44,982	12,412	-	57,394
Total other capital assets	2,494,275	12,412	-	2,506,687
Less accumulated depreciation for				
Sewer plant treatment facility	2,082,059	58,988	-	2,141,047
Vehicles	89,793	-	-	89,793
Equipment	30,547	3,820	-	34,367
Total accumulated depreciation	2,202,399	62,808	-	2,265,207
Other capital assets, net	291,876	(50,396)	-	241,480
Business-type activities capital assets, net	\$ 587,032	\$ (50,396)	\$ -	\$ 536,636

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

Governmental activities	
General government	\$ 28,682
Public safety	92,383
Streets and public works	330,134
Culture and recreation	193,328
	<u>\$ 644,527</u>
Business-type activities	
Sewer	<u>\$ 62,808</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE F | 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, 2025.

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

NOTE G | 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, 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 an unforeseeable emergency. During the year, the Village contributed \$ 22,199 for the matching contribution.

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.

NOTE H | LONG-TERM DEBT

Governmental Activities

Notes Payable (Direct Borrowing)

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a truck for streets and public works. The Village borrowed \$ 59,950, at an interest rate of 0.80% to be paid in monthly payments of \$ 1,020 beginning August 16, 2021, with a final payment due July 16, 2026. The principal balance as of April 30, 2025, was \$ 15,216.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000, at an interest rate of 0.80% to be paid in monthly payments of \$ 851 beginning August 6, 2021, with a final payment due July 6, 2026. The principal balance as of April 30, 2025, was \$ 12,691.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE H | LONG-TERM DEBT

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000, at an interest rate of 0.80% to be paid in monthly payments of \$ 851 beginning December 5, 2021, with a final payment due November 5, 2026. The principal balance as of April 30, 2025, was \$ 16,053.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a truck for streets and public works. The Village borrowed \$ 46,346, at an interest rate of 0.80% to be paid in monthly payments of \$ 788 beginning October 2, 2021, with a final payment due September 2, 2026. The principal balance as of April 30, 2025, was \$ 13,323.

In fiscal year 2023 the Village entered into an agreement with a financial institution to finance the purchase of a mower and utility trailer. The Village borrowed \$ 33,871, at an interest rate of 3.59% to be paid in monthly payments of \$ 994 beginning December 2022, with a final payment due in November 2025. The principal balance as of April 30, 2025, was \$ 6,879.

In fiscal year 2023, the Village entered into an agreement with a financial institution to finance the purchase of a Ford F150 Police responder. The Village borrowed \$ 50,250, at an interest rate of 3.33% to be paid in monthly payments of \$ 911 beginning October 2022, with a final payment due in September 2027. The principal balance as of April 30, 2025, was \$ 25,345.

In fiscal year 2023, the Village entered into an agreement with a financial institution to finance the purchase of a snowplow truck. The Village borrowed \$ 160,000, at an interest rate of 4.24% to be paid in monthly payments of \$ 1,643 beginning December 2022, with a final payment due in November 2032. The principal balance as of April 30, 2025, was \$ 127,415.

In fiscal year 2024, the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 55,000, at an interest rate of 4.70% to be paid in monthly payments of \$ 1,032 beginning December 2023, with a final payment due in November 2028. The principal balance as of April 30, 2025, was \$ 40,723.

In fiscal year 2024, the Village entered into an agreement with a financial institution to finance the purchase of two trucks. The Village borrowed \$ 88,272, at an interest rate of 5.15% to be paid in monthly payments of \$ 1,675 beginning January 2024, with a final payment due in December 2028. The principal balance as of April 30, 2025, was \$ 67,011.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE H | LONG-TERM DEBT

In fiscal year 2024, the Village entered into an agreement with a financial institution to finance the purchase of a mower. The Village borrowed \$ 22,473, at an interest rate of 4.62% to be paid in monthly payments of \$ 670 beginning November 2023, with a final payment due in October 2026. The principal balance as of April 30, 2025, was \$ 11,631.

In fiscal year 2025, the Village entered into an agreement with a financial institution to finance the purchase of a truck. The Village borrowed \$ 47,291, at an interest rate of 3.89% to be paid in monthly payments of \$ 870 beginning December 2024, with a final payment due in November 2029. The principal balance as of April 30, 2025, was \$ 43,696.

In fiscal year 2025, the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 65,272, at an interest rate of 5.05% to be paid in monthly payments of \$ 1,236 beginning August 2024, with a final payment due in July 2029. The principal balance as of April 30, 2025, was \$ 56,617.

The assets and related obligations of the notes payable are accounted for as governmental activities. Future principal and interest payments on the notes payable are as follows:

<u>Year ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 129,954	\$ 15,569	\$ 145,523
2027	96,415	11,491	107,906
2028	74,067	7,920	81,987
2029	60,842	4,433	65,275
2030	26,877	2,510	29,387
2031 - 2033	<u>48,445</u>	<u>4,196</u>	<u>52,641</u>
	<u>\$ 436,600</u>	<u>\$ 46,119</u>	<u>\$ 482,719</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE H | LONG-TERM DEBT

General Obligation Bonds (Direct Borrowing)

\$ 3,730,000 General Obligation Bonds, Series 2021 dated February 23, 2021, due in semi-annual installments of \$ 207,000 to \$ 270,000 through November 1, 2036; interest at 1.08% to 2.30%. These bonds were issued for the purpose of financing costs of refunding the Village's General Obligation Bonds, Series 2016 and costs of construction of street improvements and other municipal projects within the Village. The amount of bonds outstanding as of April 30, 2025, was \$ 2,888,000.

The assets and related obligations of the general obligation bonds are accounted for as governmental activities. Future principal and interest payments on the general obligation bonds are as follows:

<u>Year ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 217,000	\$ 59,756	\$ 276,756
2027	221,000	56,544	277,544
2028	224,000	53,052	277,052
2029	228,000	49,289	277,289
2030	232,000	45,185	277,185
2031 - 2035	1,232,000	153,202	1,385,202
2036 - 2037	534,000	20,640	554,640
	<u>\$ 2,888,000</u>	<u>\$ 437,668</u>	<u>\$ 3,325,668</u>

Tax Increment Financing Bonds

The tax increment financing bonds were 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." These taxes were deemed to be "Pledged Taxes," irrevocable until the obligations are discharged.

The bonds did not constitute a general obligation of the Village. However, the bonds payable were required to be reported on the Village's financial statements.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE H | LONG-TERM DEBT

Tax Increment Revenue Bonds, Series 2011 (Direct Borrowing)

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 paid debt service expenditures from incremental property taxes collected within the Tax Increment Financing District. Principal payments ranged from \$ 95,000 to \$ 262,000, and were due each January 1 from 2015 through 2024. Interest was 4.50% and interest payments are due annually in January beginning in fiscal year 2012. The bonds were only required to be repaid with incremental taxes from the project increment area. The TIF district expired during fiscal year 2023. As a result the Village no longer received incremental taxes related to the TIF district subsequent to fiscal year 2023. There were not enough incremental taxes generated by the project increment area for the unpaid principal and interest payments remaining of \$ 1,322,896. As a result, the remaining balance was recorded as a gain on cancellation of debt on the statement of activities.

Changes in Long-Term Liabilities:

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

	Balance			Balance	Amount Due
	<u>May 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>April 30, 2025</u>	<u>Within One Year</u>
Governmental activities					
Notes payable	\$ 463,489	\$ 112,563	\$ 139,452	\$ 436,600	\$ 129,859
General obligation bonds	3,102,000	-	214,000	2,888,000	217,000
TIF Bonds	1,073,764	-	1,073,764	-	-
Compensated absences	58,926	-	1,864	57,062	37,131
Total	<u>\$ 4,698,179</u>	<u>\$ 112,563</u>	<u>\$ 1,429,080</u>	<u>\$ 3,381,662</u>	<u>\$ 383,990</u>

	Balance			Balance	Amount Due
	<u>May 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>April 30, 2025</u>	<u>Within One Year</u>
Business-type activities					
Compensated absences	\$ 10,030	\$ 110	\$ -	\$ 10,140	\$ 5,207
Total	<u>\$ 10,030</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 10,140</u>	<u>\$ 5,207</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE I | INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2025, consisted of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
TIF Fund	\$ 5,863	\$ 742
Motor Fuel Tax Fund	40,910	2,988
Infrastructure Project Fund	-	-
Sewer	<u>259,069</u>	<u>294,576</u>
	305,842	298,306
TIF Fund		
General Fund	742	5,863
Motor Fuel Tax Fund		
General Fund	2,988	40,910
Sewer Fund		
General Fund	<u>294,576</u>	<u>259,069</u>
Total interfund receivables/payables	<u>\$ 604,148</u>	<u>\$ 604,148</u>

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

NOTE J | COMMITMENTS

The Village has multiple construction contract commitments for capital improvements. Total outstanding construction commitments as of April 30, 2025, are approximately \$ 986,000.

NOTE K | PRIOR PERIOD ADJUSTMENT

The Village has recorded a prior period adjustment to correct an error in the prior period financial statements. In the prior year, prepaid expenses of \$ 60,800 were recorded in error. As a result, governmental activities beginning net position on the statement activities and the beginning fund balance in the general fund on the statement of revenues, expenditures, and changes in fund balances have been decreased by \$ 60,800 to correct the prior year error.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2025

NOTE L | SUBSEQUENT EVENTS

In July 2025, the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 70,000 at an interest rate of 4.49% to be paid in monthly increments of \$ 1,307 beginning August 2025 with a final payment due in July 2030.

In September 2025, the Village entered into an agreement with a financial institution to finance the purchase of a public works truck. The Village borrowed \$ 157,151 at an interest rate of 4.89% to be paid in monthly increments of \$ 1,663 beginning October 2025 with a final payment due in September 2035.

In September 2025, the Village board approved a construction contract not to exceed \$ 150,000 related to a construction project on Flagglan Drive.

In October 2025, the Village board approved the purchase of playground equipment for \$ 79,142.

Required Supplementary Information

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2025

	General Fund			Variance with Final Budget Over/ (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 365,359	\$ 365,347	\$ 360,060	\$ (5,287)
Road and bridge taxes	45,000	45,000	51,072	6,072
Sales and use taxes	750,000	1,000,000	1,007,804	7,804
Personal property replacement taxes	475	750	532	(218)
Income taxes	799,083	750,000	812,188	62,188
Video gaming tax	-	65,000	81,913	16,913
Cannabis tax	7,290	7,290	7,343	53
Franchise fees	45,000	45,000	47,499	2,499
Licenses	31,100	31,100	29,150	(1,950)
Building permits	8,500	9,000	12,792	3,792
Fines	6,000	7,000	10,584	3,584
Rent income	22,400	22,400	22,400	-
Investment income	16,500	15,000	77,003	62,003
Contributions	20,000	15,000	11,175	(3,825)
Grants	523,000	523,000	564,499	41,499
Park events revenue	380,000	250,000	210,051	(39,949)
Miscellaneous	15,000	20,000	140,352	120,352
Total revenues	3,034,707	3,170,887	3,446,417	275,530
EXPENDITURES				
General government				
Finance				
Insurance	66,000	66,000	60,930	(5,070)
Auditing	39,000	39,000	60,000	21,000
Pension	-	16,672	-	(16,672)
Miscellaneous	-	-	420	420
Finance total	105,000	121,672	121,350	(322)
Legal				
Attorney	20,000	20,000	38,355	18,355
Legal total	20,000	20,000	38,355	18,355

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2025

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Village Hall				
Salaries	\$ 165,611	\$ 211,353	\$ 179,213	\$ (32,140)
Payroll expenditures	31,186	40,667	37,763	(2,904)
Telecommunications	4,500	4,500	4,567	67
IT support	3,000	6,500	7,501	1,001
Office supplies	3,000	3,000	2,770	(230)
Printing	5,000	4,500	1,738	(2,762)
Postage	1,000	1,000	1,048	48
Training	7,000	7,000	5,484	(1,516)
Dues and membership	30,000	30,000	34,605	4,605
Public relations	25,000	15,000	28,371	13,371
Utilities	17,000	30,000	30,992	992
Building maintenance	7,500	10,000	6,224	(3,776)
Community events	35,000	20,000	62,962	42,962
Website	6,500	3,500	4,696	1,196
Miscellaneous	-	5,000	6,222	1,222
Village Hall total	341,297	392,020	414,156	22,136
Contingency				
Contingency	284,769	282,449	-	(282,449)
Contingency total	284,769	282,449	-	(282,449)
General government total	751,066	816,141	573,861	(242,280)
Public Safety				
Public health and safety				
Salaries	6,881	7,569	7,581	12
Payroll expenditures	526	579	526	(53)
Animal control	1,250	3,100	3,091	(9)
Computer/software	500	500	-	(500)
Equipment repairs	3,000	3,000	1,002	(1,998)
Training	500	500	230	(270)
Uniforms	500	500	26	(474)
Miscellaneous	100	100	115	15
Community Events	500	500	-	(500)
Public health and safety total	13,757	16,348	12,571	(3,777)

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2025

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Police				
Salaries	\$ 539,662	\$ 591,541	\$ 646,925	\$ 55,384
Payroll expenditures	158,605	164,842	174,866	10,024
Telecommunications	20,000	20,000	44,759	24,759
IT support	5,000	2,500	2,602	102
Gasoline	40,000	45,000	33,424	(11,576)
Vehicle repairs and maintenance	20,000	20,000	19,531	(469)
Equipment repairs and maintenance	-	15,000	669	(14,331)
Building maintenance	8,500	5,000	3,368	(1,632)
Training	7,000	7,000	1,900	(5,100)
Ammunition and firearms	5,500	5,500	3,510	(1,990)
Uniforms and equipment	35,000	40,000	8,630	(31,370)
Calendar fund	5,000	5,000	0	(5,000)
Neighborhood watch	-	-	15,076	15,076
Supplies	4,000	4,500	4,625	125
Utilities	8,500	9,000	6,499	(2,501)
Police total	856,767	934,883	966,384	31,501
Public safety total	870,524	951,231	978,955	27,724
Streets and public works				
Streets and alleys				
Salaries	320,909	230,512	240,377	9,865
Payroll expenditures	42,842	29,340	37,138	7,798
Gas and oil	6,500	6,500	5,693	(807)
Diesel fuel	4,000	4,000	4,391	391
Equipment maintenance and repair	10,000	7,500	14,336	6,836
Telephone	3,000	3,000	2,864	(136)
Miscellaneous/supplies	23,000	23,000	72,897	49,897
Clean-up day	6,500	6,500	1,351	(5,149)
Streets and alleys total	416,751	310,352	379,047	68,695
Engineering				
Engineering	65,000	65,000	72,951	7,951
Engineering total	65,000	65,000	72,951	7,951
Streets and public works total	481,751	375,352	451,998	76,646

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2025

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Culture and recreation				
Parks and recreation				
Diesel fuel	\$ 5,000	\$ 5,000	2,192	\$ (2,808)
Park maintenance	35,000	25,000	42,682	17,682
Supplies	60,000	60,000	45,509	(14,491)
Utilities	10,000	-	12,620	12,620
Park events	250,000	250,000	222,100	(27,900)
Parks and recreation total	360,000	340,000	325,103	(14,897)
Culture and recreation total	360,000	340,000	325,103	(14,897)
Debt service				
Bond payment	243,890	243,890	214,000	(29,890)
Bond interest	31,354	31,354	62,709	31,355
Capital lease principal	204,419	161,951	139,452	(22,499)
Capital lease interest	-	-	17,006	17,006
Debt service total	479,663	437,195	433,167	(4,028)
Capital outlay				
Police	69,000	74,272	61,440	(12,832)
Streets and alleys	572,001	64,451	241,509	177,058
Parks and recreation	55,000	24,800	29,789	4,989
Village hall	77,500	23,500	25,081	1,581
Capital outlay total	773,501	187,023	357,819	170,796
Total expenditures	3,716,505	3,106,942	3,120,903	13,961
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(681,798)	63,945	325,514	261,569

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2025

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
OTHER FINANCING SOURCES (USES)				
Loan proceeds	\$ 380,000	\$ 65,272	112,563	\$ 47,291
Total other financing sources (uses)	380,000	65,272	112,563	47,291
NET CHANGE IN FUND BALANCE	<u>\$ (301,798)</u>	<u>\$ 129,217</u>	438,077	<u>\$ 308,860</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			<u>(73,833)</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			364,244	
FUND BALANCE, BEGINNING OF YEAR			<u>1,648,130</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,012,374</u>	

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2025

	Tax Increment Financing Fund			Variance with Final Budget Over/ (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Interest income	\$ 10,000	\$ 10,000	\$ 38,684	\$ 28,684
Sales and use taxes	-	-	2,064	2,064
Contributions	-	-	29,557	29,557
Total revenues	10,000	10,000	70,305	60,305
EXPENDITURES				
Economic development				
Engineering	32,000	32,000	-	(32,000)
Legal fees	25,000	25,000	1,309	(23,691)
Surplus distribution	-	42,445	42,445	-
Miscellaneous	-	-	6	6
Capital outlay	1,287,500	1,126,160	10,554	(1,115,606)
Total expenditures	1,344,500	1,225,605	54,314	(1,171,291)
NET CHANGE IN FUND BALANCE	\$ (1,334,500)	\$ (1,215,605)	15,991	\$ 1,231,596
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS				
			(279,049)	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			(263,058)	
FUND BALANCE, BEGINNING OF YEAR			1,385,205	
FUND BALANCE, END OF YEAR			\$ 1,122,147	

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2025

	Motor Fuel Tax Fund			Variance with Final Budget Over/ (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Motor fuel tax	\$ 180,000	\$ 180,000	\$ 210,965	\$ 30,965
Interest income	5,000	5,000	42,824	37,824
Miscellaneous income	6,000	6,000	5,739	(261)
Total revenues	191,000	191,000	259,528	68,528
EXPENDITURES				
Streets and public works				
Snow removal, patching, mowing	22,500	22,500	12,621	(9,879)
Engineering	2,542	2,542	3,978	1,436
Commodities	19,200	19,200	-	(19,200)
Operating supplies	23,000	23,000	-	(23,000)
Street lighting	60,000	60,000	59,704	(296)
Signal maintenance	3,000	3,000	6,223	3,223
Street projects	-	34,500	-	(34,500)
Total expenditures	130,242	164,742	82,526	(82,216)
NET CHANGE IN FUND BALANCE	<u>\$ 60,758</u>	<u>\$ 26,258</u>	177,002	<u>\$ 150,744</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			83	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			177,085	
FUND BALANCE, BEGINNING OF YEAR			898,382	
FUND BALANCE, END OF YEAR			<u>\$ 1,075,467</u>	

See accompanying independent auditors' report.

Village of Sherman, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2025

NOTE A | BUDGET

The appropriations ordinance and budget is prepared on a cash basis by fund. Prior to passage, the governing body holds public hearings and may add to, 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.

NOTE B | RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The budgetary comparison schedules for the General Fund, Tax Increment Financing 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 the purpose 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, 2025, 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."

NOTE C | EXCESS OVER BUDGET

The following funds had an excess of expenditures over final budget for the year ended April 30, 2025, as noted in the budgetary comparison schedule:

	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
General Fund	\$ 3,106,942	\$ 3,120,903	\$ 13,961

Supplementary Information

Village of Sherman, Illinois
TAX INCREMENT FINANCING FUND
COMBINING BALANCE SHEET BY SUBFUND
April 30, 2025

	<u>Original TIF District</u>	<u>Route 66 TIF District</u>	<u>Rail Pointe TIF District</u>	<u>Total TIF Fund</u>
ASSETS				
Cash and cash equivalents	\$ 707,240	\$ 178,797	\$ 522,277	\$ 1,408,314
Due from other funds	-	-	742	742
Total assets	<u>\$ 707,240</u>	<u>\$ 178,797</u>	<u>\$ 523,019</u>	<u>\$ 1,409,056</u>
LIABILITIES				
Liabilities				
Accounts payable	\$ 281,046	\$ -	\$ -	\$ 281,046
Due to other funds	5,863	-	-	5,863
Total liabilities	286,909	-	-	286,909
FUND BALANCES				
Restricted for economic development	<u>420,331</u>	<u>178,797</u>	<u>523,019</u>	<u>1,122,147</u>
Total fund balances	<u>420,331</u>	<u>178,797</u>	<u>523,019</u>	<u>1,122,147</u>
Total liabilities and fund balances	<u>\$ 707,240</u>	<u>\$ 178,797</u>	<u>\$ 523,019</u>	<u>\$ 1,409,056</u>

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
TAX INCREMENT FINANCING FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BY SUBFUND
Year ended April 30, 2025

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
REVENUES				
Investment income	\$ 18,554	\$ 4,395	\$ 15,735	\$ 38,684
Contributions	29,557	-	-	29,557
Sales tax	-	-	2,064	2,064
Total revenues	48,111	4,395	17,799	70,305
EXPENDITURES				
Economic development				
Miscellaneous	6	-	-	6
Legal	1,309	-	-	1,309
Tax rebates	42,445	-	-	42,445
Capital outlay	289,603	-	-	289,603
Total expenditures	333,363	-	-	333,363
Net change in fund balances	(285,252)	4,395	17,799	(263,058)
Fund balances at beginning of year	705,583	174,402	505,220	1,385,205
Fund balances at end of year	\$ 420,331	\$ 178,797	\$ 523,019	\$ 1,122,147

The accompanying notes are an integral part of this statement.



Independent Accountant's Report on Management's Assertion of Compliance

The Board of Trustees
Village of Sherman, Illinois

We have examined management's assertion that the Village of Sherman, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142) during the year ended April 30, 2025. Management is responsible for the Village of Sherman, Illinois' assertion. Our responsibility is to express an opinion on management's assertion about the Village's compliance with the specific requirements based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to provide reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2025, 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 those specified parties.

Kerber, Eck & Braeckel LLP

Springfield, Illinois
December 18, 2025