



VILLAGE OF SHERMAN, ILLINOIS

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

For the Year Ended April 30, 2020

A decorative background image showing a perspective view of a grid of lines, possibly representing a city street grid or a data visualization, overlaid with semi-transparent geometric shapes in shades of gray and teal.

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VILLAGE OF SHERMAN, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Village of Sherman, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2020, 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.

Other Matters

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 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 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.

Other 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sikich LLP

Springfield, Illinois
August 25, 2021

BASIC FINANCIAL STATEMENTS

VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 2,889,621	\$ 985,869	\$ 3,875,490
Investments	254,218	-	254,218
Property tax receivable	1,673,743	-	1,673,743
Other receivables	165,116	92,977	258,093
Internal balances	31,621	(31,621)	-
Total current assets	<u>5,014,319</u>	<u>1,047,225</u>	<u>6,061,544</u>
Capital Assets:			
Land	958,000	-	958,000
Construction in progress	185,566	-	185,566
Other capital assets, net of accumulated depreciation	8,339,474	546,365	8,885,839
Total capital assets	<u>9,483,040</u>	<u>546,365</u>	<u>10,029,405</u>
Total assets	<u>14,497,359</u>	<u>1,593,590</u>	<u>16,090,949</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	467,897	114,643	582,540
Accrued payroll	47,895	10,244	58,139
Accrued interest payable	270,380	-	270,380
Compensated absences payable, current	22,516	5,287	27,803
Notes payable, current	57,688	-	57,688
G.O. bonds payable, current	99,384	-	99,384
G.O. certificates payable, current	320,000	-	320,000
TIF bonds payable, current	849,716	-	849,716
Total current liabilities	<u>2,135,476</u>	<u>130,174</u>	<u>2,265,650</u>
Noncurrent Liabilities			
Compensated absences payable, noncurrent	23,940	11,461	35,401
Notes payable, noncurrent	112,335	-	112,335
G.O. bonds payable, noncurrent	1,181,409	-	1,181,409
G.O. certificates payable, noncurrent	320,000	-	320,000
TIF bonds payable, noncurrent	939,000	-	939,000
TIF notes payable, noncurrent	454,916	-	454,916
Total noncurrent liabilities	<u>3,031,600</u>	<u>11,461</u>	<u>3,043,061</u>
Total liabilities	<u>5,167,076</u>	<u>141,635</u>	<u>5,308,711</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	1,673,743	-	1,673,743
Total deferred inflows of resources	<u>1,673,743</u>	<u>-</u>	<u>1,673,743</u>
Total liabilities and deferred inflows of resources	<u>6,840,819</u>	<u>141,635</u>	<u>6,982,454</u>
NET POSITION			
Net investment in capital assets	7,392,224	546,365	7,938,589
Restricted for maintenance of roadways	301,233	-	301,233
Restricted for economic development	1,550,788	-	1,550,788
Restricted for public safety	14,799	-	14,799
Restricted for debt service	457,662	-	457,662
Unrestricted	(2,060,166)	905,590	(1,154,576)
Total net position	<u>\$ 7,656,540</u>	<u>\$ 1,451,955</u>	<u>\$ 9,108,495</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, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 353,085	\$ 84,444	\$ -	\$ -
Public safety	729,181	16,553	20,090	4,000
Streets and public works	633,699	-	179,614	-
Culture and recreation	260,342	-	-	-
Economic development	668,273	-	-	-
Interest on long-term debt	135,759	-	-	-
Total governmental activities	2,780,339	100,997	199,704	4,000
Business-type activities	822,914	732,761	-	-
Total primary government	\$ 3,603,253	\$ 833,758	\$ 199,704	\$ 4,000

This statement is continued on the following page.

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (268,641)	\$ -	\$ (268,641)
	(688,538)	-	(688,538)
	(454,085)	-	(454,085)
	(260,342)	-	(260,342)
	(668,273)	-	(668,273)
	(135,759)	-	(135,759)
	(2,475,638)	-	(2,475,638)
	-	(90,153)	(90,153)
	(2,475,638)	(90,153)	(2,565,791)
General revenues:			
Property taxes	1,733,769	-	1,733,769
Sales and use tax	657,241	-	657,241
Intergovernmental	494,307	-	494,307
Investment income	34,994	7,940	42,934
Other revenue	252,064	-	252,064
Total general revenues	3,172,375	7,940	3,180,315
Change in net position	696,737	(82,213)	614,524
Net position - beginning	6,959,803	1,534,168	8,493,971
Net position - ending	\$ 7,656,540	\$ 1,451,955	\$ 9,108,495

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

VILLAGE OF SHERMAN, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2020

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 713,900	\$ 1,754,753	\$ 420,968	\$ 2,889,621
Investments	254,218	-	-	254,218
Property tax receivable	199,443	1,474,300	-	1,673,743
Other receivables	142,619	-	22,497	165,116
Note receivable	-	-	-	-
Due from other funds	202,377	108,237	-	310,614
Total assets	<u>\$ 1,512,557</u>	<u>\$ 3,337,290</u>	<u>\$ 443,465</u>	<u>\$ 5,293,312</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 135,149	\$ 330,091	\$ 2,657	\$ 467,897
Accrued payroll	47,079	816	-	47,895
Due to other funds	93,237	52,719	133,037	278,993
Total liabilities	<u>275,465</u>	<u>383,626</u>	<u>135,694</u>	<u>794,785</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	199,443	1,474,300	-	1,673,743
Unavailable revenue - other	20,090	-	10,195	30,285
Total deferred inflows of resources	<u>219,533</u>	<u>1,474,300</u>	<u>10,195</u>	<u>1,704,028</u>
Total liabilities and deferred inflows of resources	<u>494,998</u>	<u>1,857,926</u>	<u>145,889</u>	<u>2,498,813</u>
Fund balances:				
Restricted				
Maintenance of roadways	3,657	-	297,576	301,233
Economic development	71,424	1,479,364	-	1,550,788
Public safety	14,799	-	-	14,799
Debt service	457,662	-	-	457,662
Unrestricted				
Assigned for culture and recreation	29,336	-	-	29,336
Unassigned	440,681	-	-	440,681
Total fund balances	<u>1,017,559</u>	<u>1,479,364</u>	<u>297,576</u>	<u>2,794,499</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,512,557</u>	<u>\$ 3,337,290</u>	<u>\$ 443,465</u>	<u>\$ 5,293,312</u>

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

VILLAGE OF SHERMAN, ILLINOIS

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

April 30, 2020

Reconciliation to Statement of Net Position

Fund balance - governmental funds	\$ 2,794,499
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in the governmental activities of \$12,587,326, net of accumulated depreciation of \$3,104,286, are not financial resources, and therefore, are not reported in the funds.	9,483,040
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	30,285
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences payable	(46,456)
Accrued interest payable	(270,380)
Notes payable, current	(57,688)
G.O. Bond payable, current	(99,384)
G.O. certificates payable, current	(320,000)
TIF Bonds payable, current	(849,716)
Notes payable, noncurrent	(112,335)
G.O. Bond payable, noncurrent	(1,181,409)
G.O. certificates payable, noncurrent	(320,000)
TIF Bonds payable, noncurrent	(939,000)
TIF Notes payable, noncurrent	(454,916)
Total long-term liabilities	<u>(4,651,284)</u>
Net position of governmental activities	<u>\$ 7,656,540</u>

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

VILLAGE OF SHERMAN, ILLINOIS

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

For the Year Ended April 30, 2020

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 258,956	\$ 1,474,813	\$ -	\$ 1,733,769
Sales and use taxes	657,093	148	-	657,241
Intergovernmental	494,307	-	169,419	663,726
Licenses and permits	84,444	-	-	84,444
Fines	16,553	-	-	16,553
Investment income	11,316	18,432	5,246	34,994
Contributions	4,000	-	-	4,000
Other revenues	95,341	156,723	-	252,064
Total revenues	1,622,010	1,650,116	174,665	3,446,791
EXPENDITURES				
Current:				
General government	323,298	-	-	323,298
Public safety	666,898	-	-	666,898
Streets and public works	295,952	-	135,738	431,690
Culture and recreation	141,063	-	-	141,063
Economic development	-	615,532	-	615,532
Debt service:				
Principal	97,974	570,284	-	668,258
Interest	38,333	53,260	-	91,593
Capital outlay	119,603	52,741	-	172,344
Total expenditures	1,683,121	1,291,817	135,738	3,110,676
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(61,111)	358,299	38,927	336,115
OTHER FINANCING SOURCES (USES)				
Loans issued	77,211	-	-	77,211
Total other financing sources (uses)	77,211	-	-	77,211
Net change in fund balances	16,100	358,299	38,927	413,326
Fund balance at beginning of year	1,001,459	1,121,065	258,649	2,381,173
Fund balance at end of year	\$ 1,017,559	\$ 1,479,364	\$ 297,576	\$ 2,794,499

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

VILLAGE OF SHERMAN, ILLINOIS

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, 2020

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 413,326
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 obligations principal payments	668,258
Notes issued	(77,211)
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	(2,487)
Change in accrued interest payable	(44,166)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	30,285
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	69,102
Depreciation expense	<u>(360,370)</u>
Change in net position of governmental activities	<u><u>\$ 696,737</u></u>

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

VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUND

April 30, 2020

	<u>Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 985,869
Accounts receivable	<u>92,977</u>
Total current assets	<u>1,078,846</u>
Noncurrent assets:	
Capital assets - net of accumulated depreciation	<u>546,365</u>
Total noncurrent assets	<u>546,365</u>
Total assets	<u>1,625,211</u>
Current liabilities:	
Accounts payable	114,643
Accrued payroll	10,244
Due to General Fund	31,621
Compensated absences payable - current	<u>5,287</u>
Total current liabilities	<u>161,795</u>
Noncurrent liabilities:	
Compensated absences payable	<u>11,461</u>
Total noncurrent liabilities	<u>11,461</u>
Total liabilities	<u>173,256</u>
Net position:	
Net investment in capital assets	546,365
Unrestricted	<u>905,590</u>
Total net position	<u><u>\$ 1,451,955</u></u>

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

VILLAGE OF SHERMAN, ILLINOIS

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

For the Year Ended April 30, 2020

	<u>Sewer Fund</u>
Operating revenues:	
Charges for services	<u>\$ 732,761</u>
Operating expenses:	
Salaries	169,958
Professional	4,026
Maintenance and supplies	107,563
Sanitary usage	426,239
Collection fees	20,500
Depreciation	60,760
Utility rebates	2,524
Miscellaneous	<u>31,344</u>
Total operating expenses	<u>822,914</u>
Operating income (loss)	<u>(90,153)</u>
Nonoperating revenue (expense)	
Investment income	<u>7,940</u>
Total nonoperating revenue (expense)	<u>7,940</u>
Change in net position	(82,213)
Total net position, beginning of year	<u>1,534,168</u>
Total net position, end of year	<u><u>\$ 1,451,955</u></u>

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

VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

For the Year Ended April 30, 2020

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 749,841
Cash paid to suppliers	(523,140)
Cash paid to employees	(165,180)
Net cash from operating activities	61,521
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Payments to interfund accounts	(706,626)
Proceeds from interfund accounts	687,517
Net cash from noncapital financing activities	(19,109)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of capital assets	(19,501)
Net cash from capital financing activities	(19,501)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds on sale and maturities of investments	224,946
Interest received	7,940
Net cash from investing activities	232,886
Net increase in cash and cash equivalents	255,797
Cash and cash equivalents, beginning of year	730,072
Cash and cash equivalents, end of year	\$ 985,869
Reconciliation of operating income to net cash from operating activities:	
Operating income (loss)	\$ (90,153)
Adjustments to reconcile income to net cash from operating activities:	
Depreciation expense	60,760
Changes in assets/liabilities:	
Decrease in accounts receivable	17,080
Increase in accounts payable	69,056
Increase in accrued payroll	4,124
Decrease in compensated absences payable	654
Net cash from operating activities	\$ 61,521
Unrealized gain (loss) from reporting investments at fair value	\$ (1,211)

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

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2019

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, 2020.

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 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.

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 and proprietary funds. 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, deferred outflow of resources, liabilities, deferred inflows of resources, 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 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.

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. 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.

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:

- Total assets, deferred outflow of resources, liabilities, deferred inflow of resources, 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
- Total assets, deferred outflow of resources, liabilities, deferred inflow of resources, 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. While the Fund does not qualify as a major fund in accordance with GASB, the fund is included as a major governmental fund as there are no other governmental funds of the Village.

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.

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.

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 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.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

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

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.

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 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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Equity Classification

Government-wide Statements

Equity is classified as net position and 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.”

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 ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village Treasurer’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. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

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

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

I. Use of Estimates

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

J. 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.

K. 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.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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.

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, 2020, the Village’s bank balances of deposits held at various institutions which were exposed to custodial credit risk included \$4,218 of uninsured and uncollateralized accounts.

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 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.

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Negotiable CDs	\$ 254,218	\$ 254,218	\$ -	\$ -	\$ -

2. CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

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 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 certificates of deposit.

The Village categorizes its fair value measurements within the fair value established by the 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. 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. Certificates of deposits are reported at fair value using Level 2 inputs.

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 2019 tax levy becomes an enforceable lien against the property on January 1, 2019. 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. Since the 2019 levy will be collected in fiscal year 2021 and is intended to finance the 2021 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources. The 2020 tax levy has not been recorded as a receivable at April 30, 2020. Although the tax attached as a lien on the property as of January 1, 2020, the tax will not be levied until December 2020, and, accordingly, is not measurable at April 30, 2020.

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.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. RECEIVABLES

The following receivables are included in other receivables on the statement of net position at April 30, 2020:

Sales and use tax receivable	\$ 117,980
Video gaming tax receivable	2,252
Fines receivable	748
Motor fuel tax allotment receivable	12,302
Intergovernmental agreement	10,195
Grant receivables	20,090
Other receivables	<u>1,549</u>
Total Governmental activities	165,116
Sewer accounts receivable	<u>92,977</u>
Total primary government	<u>\$ 258,093</u>

5. CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ending April 30, 2020 consists of the following:

	<u>Balance</u> <u>May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2020</u>
Capital assets not being depreciated				
Land	\$ 958,000	\$ -	\$ -	\$ 958,000
Construction in progress	<u>185,566</u>	<u>-</u>	<u>-</u>	<u>185,566</u>
	<u>1,143,566</u>	<u>-</u>	<u>-</u>	<u>1,143,566</u>
Other capital assets				
Buildings	750,502	-	-	750,502
Vehicles	675,148	35,845	77,590	633,403
Equipment	686,223	27,211	20,000	693,434
Computers	31,759	6,046	-	37,805
Infrastructure	<u>9,328,616</u>	<u>-</u>	<u>-</u>	<u>9,328,616</u>
Total capital assets being depreciated	<u>\$ 11,472,248</u>	<u>\$ 69,102</u>	<u>\$ 97,590</u>	<u>\$ 11,443,760</u>

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

A. Governmental Activities (Continued)

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
Less accumulated depreciation for:				
Buildings	\$ 298,329	\$ 18,763	\$ -	\$ 317,092
Vehicles	594,281	31,908	77,590	548,599
Equipment	562,242	35,884	20,000	578,126
Computers	20,145	3,359	-	23,504
Infrastructure	<u>1,366,509</u>	<u>270,456</u>	<u>-</u>	<u>1,636,965</u>
Total accumulated depreciation	<u>2,841,506</u>	<u>360,370</u>	<u>97,590</u>	<u>3,104,286</u>
 Total capital assets being depreciated, net	 <u>8,630,742</u>	 <u>(291,268)</u>	 <u>-</u>	 <u>8,339,474</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 9,774,308</u>	 <u>\$ (291,268)</u>	 <u>\$ -</u>	 <u>\$ 9,483,040</u>

B. Business-type Activities

Capital asset activity for the year ending April 30, 2020 consists of the following:

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
Sewer plant treatment facility	\$ 2,359,500	\$ -	\$ -	\$ 2,359,500
Vehicle	89,793	-	-	89,793
Equipment	<u>25,481</u>	<u>19,501</u>	<u>-</u>	<u>44,982</u>
Total capital assets	<u>2,474,774</u>	<u>19,501</u>	<u>-</u>	<u>2,494,275</u>
Less accumulated depreciation for:				
Sewer plant treatment facility	1,781,217	58,987	-	1,840,204
Vehicle	89,792	-	-	89,792
Equipment	<u>16,141</u>	<u>1,773</u>	<u>-</u>	<u>17,914</u>
Total accumulated depreciation	<u>1,887,150</u>	<u>60,760</u>	<u>-</u>	<u>1,947,910</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 587,624</u>	 <u>\$ (41,259)</u>	 <u>\$ -</u>	 <u>\$ 546,365</u>

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 23,052
Public safety	30,375
Streets and public works	199,975
Culture and recreation	<u>106,968</u>
Total depreciation expense – governmental activities	<u>\$ 360,370</u>
Business-type activities:	
Sewer	\$ <u>60,760</u>
Total depreciation expense – business-type activities	<u>\$ 60,760</u>

6. 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, 2020.

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

7. 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 unforeseeable emergency. During the year the Village contributed \$17,654 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.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG TERM DEBT

Governmental Activities

Notes Payable

In 2017 the Village entered into an agreement with a financial institution to finance the purchase of a tractor for street and public works. The Village borrowed \$71,599 at an interest rate of 2.56% to be paid in monthly payments of \$1,276 beginning March 28, 2017 with a final payment due February 28, 2022. The principal balance as of April 30, 2020 was \$27,375.

In 2017 the Village entered into an agreement with a financial institution to finance the purchase of a mower for street and public works. The Village borrowed \$14,178 at an interest rate of 2.31% to be paid in monthly payments of \$408 beginning May 21, 2017 with a final payment due April 21, 2020. The principal balance as of April 30, 2020 was \$403 and was paid in May 2020.

In 2017 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$40,000 at an interest rate of 1.64% to be paid in monthly payments of \$695 beginning September 5, 2016 with a final payment due August 5, 2021. The principal balance as of April 30, 2020 was \$11,695.

In 2018 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$47,372 at an interest rate of 2.49% to be paid in monthly payments of \$841 beginning September 28, 2017 with a final payment due August 28, 2022. The principal balance as of April 30, 2020 was \$23,631.

In 2019 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 3.44% to be paid in monthly payments of \$909 beginning November 22, 2018 with a final payment due October 22, 2023. The principal balance as of April 30, 2020 was \$36,719.

In 2020 the Village entered into an agreement with a financial institution to finance the purchase of a mower for street and public works. The Village borrowed \$27,211 at an interest rate of 3.40% to be paid in monthly payments of \$494 beginning October 10, 2019 with a final payment due September 10, 2024. The principal balance as of April 30, 2020 was \$24,717.

In 2020 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 2.75% to be paid in monthly payments of \$894 beginning October 4, 2019 with a final payment due September 4, 2024. The principal balance as of April 30, 2020 was \$45,483.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG TERM DEBT (Continued)

Governmental Activities (Continued)

Notes Payable (Continued)

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>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 57,688	\$ 4,038	\$ 61,726
2022	51,375	2,507	53,882
2023	30,365	1,338	31,703
2024	22,370	518	22,888
2025	8,225	50	8,275
Total	<u>\$ 170,023</u>	<u>\$ 8,451</u>	<u>\$ 178,474</u>

General Obligation Bonds

\$360,000 General Obligation Bonds, Series 2016A dated November 1, 2016 due in annual installments of \$5,938 to \$15,273 through November 1, 2031; interest at 2.40%. These bonds were issued to construct street improvements and renovations within the Village. The amount of bonds outstanding as of April 30, 2020 was \$307,112.

\$840,000 General Obligation Bonds, Series 2016B dated November 1, 2016 due in annual installments of \$13,854 to \$35,637 through November 1, 2031; interest at 2.40%. These bonds were issued to construct street improvements and renovations within the Village. The amount of bonds outstanding as of April 30, 2020 was \$717,754.

\$300,000 General Obligation Bonds, Series 2016C dated November 1, 2016 due in annual installments of \$4,948 to \$12,728 through November 1, 2031; interest at 2.40%. These bonds were issued to construct street improvements and renovations within the Village. The amount of bonds outstanding as of April 30, 2020 was \$255,927.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG TERM DEBT (Continued)

Governmental Activities (Continued)

General Obligation Bonds (Continued)

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>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 99,384	\$ 30,118	\$ 129,502
2022	101,903	27,717	129,620
2023	104,398	25,256	129,654
2024	106,954	22,736	129,690
2025	109,514	20,154	129,668
2026 – 2030	550,327	61,100	611,427
2031 – 2032	<u>208,313</u>	<u>5,598</u>	<u>213,911</u>
Total	<u>\$ 1,280,793</u>	<u>\$ 192,679</u>	<u>\$ 1,473,472</u>

General Obligation Debt Certificates

\$1,600,000 General Obligation Debt Certificates, Series 2016 dated September 23, 2016 due in annual installments of \$320,000 through December 1, 2021; interest at 2.25%. These certificates were issued to finance the costs of acquiring, constructing and installing certain capital improvements for the Village-owned park. The amount of certificates outstanding at April 30, 2020 was \$640,000.

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

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 320,000	\$ 14,400	\$ 334,400
2022	<u>320,000</u>	<u>7,200</u>	<u>327,200</u>
Total	<u>\$ 640,000</u>	<u>\$ 21,600</u>	<u>\$ 661,600</u>

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG TERM DEBT (Continued)

Governmental Activities (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 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:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 175,000	\$ 21,660	\$ 196,660
2022	<u>186,000</u>	<u>11,160</u>	<u>197,160</u>
Total	<u>\$ 361,000</u>	<u>\$ 32,820</u>	<u>\$ 393,820</u>

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG TERM DEBT (Continued)

Governmental Activities (Continued)

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.

As of April 30, 2020, there were unpaid principal and interest payments of \$673,091 from fiscal years 2017, 2018, 2019, and 2020 in accordance with the debt service requirements for the Tax Increment Revenue Bonds, Series 2011. The Series 2011 bond covenant requires punctual payment of the principal and interest payments when they come due in strict conformity with the terms of the bond ordinance. While this is an instance of noncompliance with the bond covenant, the bonds are only required to be repaid with incremental taxes from the project increment area. There were not enough incremental taxes generated by the project increment area for the unpaid principal and interest payments as of April 30, 2020.

The annual debt service requirements are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 674,716	\$ 271,565	\$ 946,281
2022	240,000	33,885	273,885
2023	251,000	23,085	274,085
2024	<u>262,000</u>	<u>11,790</u>	<u>273,790</u>
Total	<u>\$ 1,427,716</u>	<u>\$ 340,325</u>	<u>\$ 1,768,041</u>

Tax Increment Financing Note Payable

Certain bond payments of the Village were paid by a developer of the Route 66 TIF District. 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, 2020 is \$454,916.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. LONG TERM DEBT (Continued)

Governmental Activities (Continued)

Changes in Long-Term Liabilities

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

	Balances <u>May 1</u>	<u>Additions</u>	<u>Reductions</u>	Balances <u>April 30</u>	Due Within <u>One Year</u>
Governmental activities:					
Notes payable	\$ 143,239	\$ 77,211	\$ 50,427	\$ 170,023	\$ 57,688
General obligation bonds	1,328,340	-	47,547	1,280,793	99,384
General obligation certificates	960,000	-	320,000	640,000	320,000
TIF bonds	2,039,000	-	250,284	1,788,716	849,716
TIF note payable	454,916	-	-	454,916	-
Compensated absences payable	<u>43,969</u>	<u>33,011</u>	<u>30,524</u>	<u>46,456</u>	<u>22,516</u>
Governmental activity – long-term liabilities	<u>\$ 4,969,464</u>	<u>\$ 110,222</u>	<u>\$ 698,782</u>	<u>\$ 4,380,904</u>	<u>\$ 1,349,304</u>
Business-type activities:					
Compensated absences payable	<u>\$ 16,094</u>	<u>\$ 8,644</u>	<u>\$ 7,990</u>	<u>\$ 16,748</u>	<u>\$ 5,287</u>
Business-type activity long-term liabilities	<u>\$ 16,094</u>	<u>\$ 8,644</u>	<u>\$ 7,990</u>	<u>\$ 16,748</u>	<u>\$ 5,287</u>

9. DEBT WITHOUT GOVERNMENT COMMITMENT

Economic Development Revenue Bonds, Series 2015

In December 2015, the Village issued Economic Development Revenue Bonds (Village Health Care Project), Series 2015 to provide financial assistance to a private-sector entity for the financing of the cost of acquisition, purchase, construction, reconstruction, improvement, betterment or extension related to the new facilities. As of April 30, 2020, the principal amount payable under these bonds was \$8,049,888. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement.

Economic Development Revenue Bonds, Series 2016

In April 2016, the Village issued Economic Development Revenue Bonds (Village Health Care Project), Series 2016 to provide financial assistance to a private-sector entity for the financing of the cost of acquisition, purchase, construction, reconstruction, improvement, betterment or extension related to the new facilities. As of April 30, 2020, the principal amount payable under these bonds was \$3,717,797. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement.

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2020 consist of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
TIF Fund	\$ 37,719	\$ 93,237
Motor Fuel Tax Fund	133,037	-
Sewer	<u>31,621</u>	<u>-</u>
	<u>202,377</u>	<u>93,237</u>
TIF Fund:		
General Fund	93,237	37,719
TIF Fund	<u>15,000</u>	<u>15,000</u>
	<u>108,237</u>	<u>52,719</u>
Motor Fuel Tax Fund:		
General Fund	<u>-</u>	<u>133,037</u>
Sewer Fund:		
General Fund	<u>-</u>	<u>31,621</u>
Total interfund receivables/payables	<u>\$ 310,614</u>	<u>\$ 310,614</u>

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

- \$93,237 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, 2020.
- \$37,719 due from the TIF Fund to the General Fund. The balance consists of TIF expenditures paid by the General Fund, but not yet repaid by the TIF Fund at April 30, 2020.
- \$133,037 due from the Motor Fuel Tax Funds to the General Fund. The balance consists of grant receipts deposited into the Motor Fuel Tax Fund but owed to the General Fund at April 30, 2020.
- \$31,621 due from the Sewer Fund to the General Fund. The balance consists of salary expenditures and Sewer Fund expenditures paid by the General Fund, but not yet repaid by the Sewer Fund at April 30, 2020.
- \$15,000 due from the Route 66 TIF to the Original TIF District. The balance consists 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 three construction contract commitments relating to TIF projects and one construction contract commitment relating to Village capital improvements. The total outstanding construction commitments of the Village as of April 30, 2020 are \$459,680.

12. TAX ABATEMENTS

The Village has entered into agreements with private organizations to encourage economic development in the Village. The agreements are noted as follows:

- A development agreement dated August 10, 2010 that allows for reimbursement of 75% of the incremental property taxes generated by the organization to assist with redevelopment costs. The agreement expires upon the earliest of (1) the payment of \$190,500 to the organization, or (2) December 31, 2022. The Village reached the maximum reimbursement as of April 30, 2018. Reimbursements of \$24,855 have been paid to the organization with \$165,645 owed as of April 30, 2020.
- An economic incentive agreement dated April 3, 2012 that allows for reimbursement of 50% of the incremental property taxes generated by the organization for reimbursement of requested redevelopment costs. The abatement for the year ended April 30, 2020 amounted to \$32,200 with total abatement of \$178,884 since inception of the agreement. The agreement also provides for the designation of a business district with a 1% Business District Retailers' Occupation Tax, 1% Business District Service Occupation Tax, and a 1% Hotel Operators' Occupation Tax to be used to reimburse the developer. The business district was established in September 2015 with \$701 of taxes received as of April 30, 2020.

13. SUBSEQUENT EVENTS

In May of 2020, the Village entered into an agreement with a financial institution to finance the purchase of two zero turn mowers. The Village borrowed \$39,707 at an interest rate of 2.50% to be paid in monthly increments of \$1,147 beginning June 2020 with a final payment due in May 2023.

In May of 2020, the Village entered into an agreement with a financial institution to finance the purchase of police radios. The Village borrowed \$21,773 at an interest rate of 3.50% to be paid in monthly increments of \$638 beginning September 2020 with a final payment due in August 2023.

In July of 2020, the Village entered into an agreement with a financial institution to finance the purchase of a new public works vehicle. The Village borrowed \$59,950 at an interest rate of 0.80% to be paid in monthly increments of \$1,020 beginning August 2021 with a final payment due in July 2026.

13. SUBSEQUENT EVENTS (Continued)

In August of 2020, the Village received a federal grant under the Coronavirus Aid, Relief and Economic security (CARES) Act (CFDA 21.019). The grant was passed through the State of Illinois Department of Commerce and Economic Opportunity as part of the Local Coronavirus Remediation Emergency Support Program (“Local CURE Program”). The grant award shall not exceed \$171,118 to be used for necessary expenditures incurred due to the public health emergency with respected to COVID-19 from March 1, 2020 through December 30, 2020. The Village accrued grant expenditures as of April 30, 2020 totaling \$20,090.

The Village issued General Obligation Bonds, Series 2021 for \$3,730,000 in February 2021 for the purpose of refunding the General Obligation Bonds, Series 2016 and covering the cost of construction of street improvements and other municipal projects within the Village. The maturity schedules include annual principal payments beginning November 1, 2021 and semi-annual interest payments each May 1 and November 1 beginning November 1, 2021. Interest rates range from 1.08% to 2.60% over the life of the bonds, with the final bond payment due November 1, 2036.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Property taxes	\$ 210,762	\$ 210,762	\$ 214,053	\$ 3,291
Road and bridge taxes	43,500	43,500	44,903	1,403
Sales and use taxes	633,300	633,300	653,727	20,427
Personal property replacement taxes	360	360	417	57
Income taxes	440,932	440,932	449,579	8,647
Video gaming tax	46,925	46,925	49,877	2,952
Cannabis Tax	-	-	679	679
Franchise fees	44,500	44,500	45,046	546
Licenses	21,100	21,100	30,150	9,050
Building permits	15,000	15,000	9,248	(5,752)
Fines	15,250	15,250	16,690	1,440
Charges for services	22,400	22,400	22,400	-
Investment income	15,500	15,500	11,316	(4,184)
Contributions	-	-	4,000	4,000
Park Events Revenue	50,000	50,000	45,864	(4,136)
Miscellaneous	21,500	21,500	25,527	4,027
Total revenues	<u>1,581,029</u>	<u>1,581,029</u>	<u>1,623,476</u>	<u>42,447</u>
EXPENDITURES				
General government				
Finance:				
Insurance	78,151	78,151	56,038	(22,113)
Auditing	11,250	11,250	7,869	(3,381)
Finance total	<u>89,401</u>	<u>89,401</u>	<u>63,907</u>	<u>(25,494)</u>
Legal:				
Attorney	25,000	25,000	10,400	(14,600)
Legal total	<u>25,000</u>	<u>25,000</u>	<u>10,400</u>	<u>(14,600)</u>

(Continued)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
Village Hall:				
Salaries	\$ 137,310	\$ 137,310	\$ 93,133	\$ (44,177)
Payroll expenditures	20,212	20,212	18,546	(1,666)
Telecommunications	6,250	6,250	8,486	2,236
IT support	1,250	1,250	3,988	2,738
Office supplies	1,875	1,875	1,938	63
Printing	13,800	13,800	5,138	(8,662)
Postage	8,125	8,125	1,617	(6,508)
Training	8,125	8,125	1,329	(6,796)
Dues and membership	13,750	13,750	12,745	(1,005)
Interpreter	2,400	2,400	1,630	(770)
Public relations	24,875	24,875	30,304	5,429
Utilities	16,250	16,250	10,669	(5,581)
Building maintenance	6,625	6,625	7,025	400
Recycling program	5,040	5,040	6,204	1,164
Community events	25,000	25,000	31,712	6,712
Website	3,750	3,750	1,776	(1,974)
Miscellaneous	-	-	515	515
Village hall total	<u>294,637</u>	<u>294,637</u>	<u>236,755</u>	<u>(57,882)</u>
Contingency				
Contingency	<u>244,213</u>	<u>244,213</u>	<u>2,924</u>	<u>(241,289)</u>
Contingency total	<u>244,213</u>	<u>244,213</u>	<u>2,924</u>	<u>(241,289)</u>
General government total	<u>653,251</u>	<u>653,251</u>	<u>313,986</u>	<u>(339,265)</u>
Public Safety:				
Public health and safety:				
Salaries	6,000	6,000	-	(6,000)
Payroll expenditures	459	459	-	(459)
Animal control	750	750	969	219
IEPA	1,250	1,250	1,000	(250)
Electronic alert system	1,375	1,375	400	(975)
Equipment management	188	188	821	633
Training	925	925	192	(733)
Uniforms	625	625	284	(341)
Community events	625	625	70	(555)
Miscellaneous	2,385	2,385	539	(1,846)
Public health safety total	<u>14,582</u>	<u>14,582</u>	<u>4,275</u>	<u>(10,307)</u>

(Continued)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
Police:				
Salaries	\$ 542,713	\$ 542,713	\$ 431,306	\$ (111,407)
Payroll expenditures	111,691	111,691	98,220	(13,471)
Telecommunications	26,250	26,250	24,216	(2,034)
IT support	3,750	3,750	3,775	25
Gasoline	33,750	33,750	31,123	(2,627)
Equipment maintenance	18,000	18,000	11,428	(6,572)
Building maintenance	4,375	4,375	3,185	(1,190)
Training	10,000	10,000	8,122	(1,878)
Ammunition	5,500	5,500	8,219	2,719
Uniforms	10,000	10,000	16,729	6,729
Neighborhood watch	1,250	1,250	5,712	4,462
Community events	3,750	3,750	3,637	(113)
Supplies	7,500	7,500	6,868	(632)
Utilities	9,000	9,000	5,712	(3,288)
Police total	<u>787,529</u>	<u>787,529</u>	<u>658,252</u>	<u>(129,277)</u>
Total public safety	<u>802,111</u>	<u>802,111</u>	<u>662,527</u>	<u>(139,584)</u>
Streets and Public Works				
Streets and alleys:				
Salaries	197,410	197,410	151,223	(46,187)
Payroll expenditures	39,823	39,823	35,203	(4,620)
Gas and oil	4,500	4,500	7,733	3,233
Diesel fuel	3,375	3,375	2,011	(1,364)
Street maintenance	-	-	-	-
Equipment maintenance and repair	7,500	7,500	29,634	22,134
Telephone	2,500	2,500	4,441	1,941
Equipment storage	3,750	3,750	1,833	(1,917)
Miscellaneous/supplies	10,625	10,625	11,924	1,299
Clean-up day	3,750	3,750	4,613	863
Streets and alleys total	<u>273,233</u>	<u>273,233</u>	<u>248,615</u>	<u>(24,618)</u>
Engineering:				
Engineer	<u>50,000</u>	<u>50,000</u>	<u>33,574</u>	<u>(16,426)</u>
Engineering total	<u>50,000</u>	<u>50,000</u>	<u>33,574</u>	<u>(16,426)</u>
Streets and Public Works total	<u>323,233</u>	<u>323,233</u>	<u>282,189</u>	<u>(41,044)</u>

(Continued)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
Culture and Recreation				
Parks and recreation:				
Diesel fuel	\$ 1,875	\$ 1,875	\$ 1,758	\$ (117)
Utilities	12,500	12,500	16,014	3,514
Equipment supplies	12,500	12,500	17,384	4,884
Park improvements	18,750	18,750	20,133	1,383
Park events	75,000	75,000	84,189	9,189
Miscellaneous/supplies	-	-	4,773	4,773
Parks and recreation total	<u>120,625</u>	<u>120,625</u>	<u>144,251</u>	<u>23,626</u>
Culture and recreation total	<u>120,625</u>	<u>120,625</u>	<u>144,251</u>	<u>23,626</u>
Debt Service:				
G.O. refunding bonds principal	119,896	119,896	47,562	(72,334)
G.O. refunding bonds interest	41,948	41,948	33,605	(8,343)
Capital lease principal	102,879	102,879	50,412	(52,467)
Capital lease interest	-	-	4,728	4,728
Debt service total	<u>264,723</u>	<u>264,723</u>	<u>136,307</u>	<u>(128,416)</u>
Capital outlay				
Police	83,625	83,625	74,187	(9,438)
Streets and alleys	579,750	579,750	27,329	(552,421)
Parks and recreation	12,125	12,125	240	(11,885)
Village Hall	8,750	8,750	10,776	2,026
Capital outlay total	<u>684,250</u>	<u>684,250</u>	<u>112,532</u>	<u>(571,718)</u>
Total expenditures paid	<u>2,848,193</u>	<u>2,848,193</u>	<u>1,651,792</u>	<u>(1,196,401)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(1,267,164)</u>	<u>(1,267,164)</u>	<u>(28,316)</u>	<u>1,238,848</u> (Continued)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	\$ 507,700	\$ 507,700	\$ 77,461	\$ (430,239)
Total other financing sources (uses)	<u>507,700</u>	<u>507,700</u>	<u>77,461</u>	<u>(430,239)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (759,464)</u>	<u>\$ (759,464)</u>	49,145	<u>\$ 808,609</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS				
			<u>(33,045)</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			16,100	
FUND BALANCE, BEGINNING OF YEAR			<u>1,001,459</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,017,559</u>	(Concluded)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

TAX INCREMENT FINANCING FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Property taxes	\$ 1,455,756	\$ 1,455,756	\$ 1,474,813	\$ 19,057
Investment income	16,435	16,435	18,432	1,997
Sales tax	-	-	148	148
Miscellaneous	-	-	156,723	156,723
Total revenues	<u>1,472,191</u>	<u>1,472,191</u>	<u>1,650,116</u>	<u>177,925</u>
EXPENDITURES				
Economic Development:				
Salaries	22,642	22,642	12,019	(10,623)
Attorney fees	20,000	20,000	8,179	(11,821)
Audit fees	4,500	4,500	6,405	1,905
Engineering	20,000	20,000	44,555	24,555
Contractual agreements	32,000	32,000	32,200	200
Surplus distribution	540,000	540,000	556,877	16,877
Debt Service:			-	
Principal	635,000	635,000	570,284	(64,716)
Interest	21,600	21,600	53,260	31,660
Capital Outlay	907,000	907,000	170,874	(736,126)
Total expenditures	<u>2,202,742</u>	<u>2,202,742</u>	<u>1,454,653</u>	<u>(748,089)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (730,551)</u>	<u>\$ (730,551)</u>	195,463	<u>\$ 926,014</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			<u>162,836</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			358,299	
FUND BALANCE, BEGINNING OF YEAR			<u>1,121,065</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,479,364</u>	

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

MOTOR FUEL TAX FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Motor fuel tax	\$ 105,152	\$ 105,152	\$ 165,531	\$ 60,379
Investment income	6,300	6,300	5,247	(1,053)
Total revenues	<u>111,452</u>	<u>111,452</u>	<u>170,778</u>	<u>59,326</u>
EXPENDITURES				
Streets and Public Works:				
Snow removal, patching, mowing	42,000	42,000	12,245	(29,755)
Highway maintenance program	184,260	184,260	32,652	(151,608)
Engineering	11,000	11,000	15,343	4,343
Miscellaneous projects	29,676	29,676	338	(29,338)
Street lighting	72,000	72,000	86,711	14,711
Signal maintenance	12,500	12,500	1,073	(11,427)
Total expenditures	<u>351,436</u>	<u>351,436</u>	<u>148,362</u>	<u>(203,074)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (239,984)</u>	<u>\$ (239,984)</u>	22,416	<u>\$ 262,400</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			<u>16,511</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			38,927	
FUND BALANCE, BEGINNING OF YEAR			<u>258,649</u>	
FUND BALANCE, END OF YEAR			<u>\$ 297,576</u>	

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2019

1. 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, 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, 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 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, 2020 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."

3. EXCESS OVER BUDGET

The following operational line items had an excess of expenditures over appropriations for the year ended April 30, 2020:

General Fund

Village Hall telecommunications	\$ 2,236
Village Hall IT support	2,738
Village Hall office supplies	63
Village Hall public relations	5,429
Village Hall building maintenance	400
Village Hall recycling program	1,164
Village Hall community events	6,712
Village Hall miscellaneous	515
Public health and safety animal control	219
Public health and safety equipment management	633
Police IT support	25
Police ammunition	2,719
Police uniforms	6,729
Police neighborhood watch	4,462
Streets and Public Works gas and oil	3,233

VILLAGE OF SHERMAN, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

3. EXCESS OVER BUDGET (Continued)

General Fund	
Streets and Public Works equipment maintenance and repair	\$ 22,134
Streets and Public Works telephone	1,941
Streets and Public Works miscellaneous	1,299
Streets and Public Works clean-up day	863
Parks and recreation utilities	3,514
Parks and recreation equipment supplies	4,884
Parks and recreation park improvements	1,383
Parks and recreation park events	9,189
Parks and recreation miscellaneous	4,773
Capital lease interest	4,728
Village Hall capital outlay	2,026
Tax Increment Financing Fund	
Audit fees	1,905
Engineering	24,555
Surplus distribution	556,877
Debt service interest	31,660
Motor Fuel Tax Fund	
Engineering	4,343
Street lighting	14,711

SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

TAX INCREMENT FINANCING FUND

COMBINING BALANCE SHEET
BY SUBFUND

April 30, 2020

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
ASSETS				
Cash and cash equivalents	\$ 1,246,235	\$ 133,176	\$ 375,342	\$ 1,754,753
Property tax receivable	1,113,800	298,000	62,500	1,474,300
Due from other funds	108,089	-	148	108,237
Total assets	<u>\$ 2,468,124</u>	<u>\$ 431,176</u>	<u>\$ 437,990</u>	<u>\$ 3,337,290</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 330,091	\$ -	\$ -	\$ 330,091
Accrued payroll	816	-	-	816
Due to other funds	5,519	15,000	32,200	52,719
Total liabilities	<u>336,426</u>	<u>15,000</u>	<u>32,200</u>	<u>383,626</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,113,800	298,000	62,500	1,474,300
Total deferred inflows of resources	<u>1,113,800</u>	<u>298,000</u>	<u>62,500</u>	<u>1,474,300</u>
Total liabilities and deferred inflows of resources	<u>1,450,226</u>	<u>313,000</u>	<u>94,700</u>	<u>1,857,926</u>
Fund balances:				
Restricted for economic development	1,017,898	118,176	343,290	1,479,364
Total fund balances	<u>1,017,898</u>	<u>118,176</u>	<u>343,290</u>	<u>1,479,364</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,468,124</u>	<u>\$ 431,176</u>	<u>\$ 437,990</u>	<u>\$ 3,337,290</u>

See independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

TAX INCREMENT FINANCING FUND

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

For the Year Ended April 30, 2020

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
REVENUES				
Property taxes	\$ 1,113,753	\$ 297,994	\$ 63,066	\$ 1,474,813
Investment income	13,391	1,999	3,042	18,432
Sales tax	-	-	148	148
Miscellaneous	156,723	-	-	156,723
Total revenues	<u>1,283,867</u>	<u>299,993</u>	<u>66,256</u>	<u>1,650,116</u>
EXPENDITURES				
Current:				
Salaries	12,402	-	-	12,402
Attorney fees	7,648	-	-	7,648
Audit fees	6,405	-	-	6,405
Contractual agreements	-	-	32,200	32,200
Surplus distribution	556,877	-	-	556,877
Debt service:				
Principal	320,000	250,284	-	570,284
Interest	21,700	31,560	-	53,260
Capital outlay	52,741	-	-	52,741
Total expenditures	<u>977,773</u>	<u>281,844</u>	<u>32,200</u>	<u>1,291,817</u>
NET CHANGE IN FUND BALANCE	306,094	18,149	34,056	358,299
FUND BALANCE, BEGINNING OF YEAR	<u>711,804</u>	<u>100,027</u>	<u>309,234</u>	<u>1,121,065</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,017,898</u>	<u>\$ 118,176</u>	<u>\$ 343,290</u>	<u>\$ 1,479,364</u>

See independent Auditor's Report.

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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 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, 2020. 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 Public Accountants. Those standards require that we plan and perform the examination to provide reasonable assurance about whether management's assert 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 that the evidence we obtained is sufficient and appropriate to provide 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, 2020, 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 LLP

Springfield, Illinois
August 25, 2021