



VILLAGE OF SHERMAN, ILLINOIS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended April 30, 2021

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
TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR’S REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	4
Statement of Activities	5-6
Balance Sheet – Governmental Funds	7
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	10
Statement of Net Position – Proprietary Fund	11
Statement of Revenues, Expenses, and Changes In Net Position – Proprietary Fund	12
Statement of Cash Flows – Proprietary Fund.....	13
Notes to Financial Statements	14-33
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Cash Basis – General Fund.....	34-38
Budgetary Comparison Schedule – Cash Basis – Tax Increment Financing Fund.....	39
Budgetary Comparison Schedule – Cash Basis – Motor Fuel Tax Fund.....	40
Notes to Required Supplementary Information	41-42

VILLAGE OF SHERMAN, ILLINOIS
TABLE OF CONTENTS (Continued)

	<u>Page(s)</u>
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – by Subfund – Tax Increment Financing Fund	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance By Subfund – Tax Increment Financing Fund	44
INDEPENDENT ACCOUNTANT’S REPORT ON MANAGEMENT’S ASSERTION OF COMPLIANCE	45

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of Sherman, Illinois, as of April 30, 2021, 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 these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement 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 to 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.

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.

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

Sikich LLP

Springfield, Illinois
May 2, 2023

BASIC FINANCIAL STATEMENTS

VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,646,720	\$ 621,228	\$ 6,267,948
Investments	255,235	-	255,235
Property tax receivable	1,841,419	-	1,841,419
Other receivables	363,742	117,709	481,451
Internal balances	111,747	(111,747)	-
Prepaid expenses	3,523	-	3,523
Total current assets	<u>8,222,386</u>	<u>627,190</u>	<u>8,849,576</u>
Capital Assets:			
Land	958,000	295,156	1,253,156
Construction in progress	77,945	-	77,945
Other capital assets, net of accumulated depreciation	8,423,718	484,221	8,907,939
Total capital assets	<u>9,459,663</u>	<u>779,377</u>	<u>10,239,040</u>
Total assets	<u>17,682,049</u>	<u>1,406,567</u>	<u>19,088,616</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	242,204	104,125	346,329
Accrued payroll	7,605	1,714	9,319
Accrued interest payable	324,474	-	324,474
Compensated absences payable, current	27,340	6,137	33,477
Notes payable, current	71,095	-	71,095
G.O. bonds payable, current	207,000	-	207,000
G.O. certificates payable, current	319,960	-	319,960
TIF bonds payable, current	1,275,716	-	1,275,716
Total current liabilities	<u>2,475,394</u>	<u>111,976</u>	<u>2,587,370</u>
Noncurrent Liabilities			
Compensated absences payable, noncurrent	18,851	12,895	31,746
Notes payable, noncurrent	83,490	-	83,490
G.O. bonds payable, noncurrent	3,523,000	-	3,523,000
TIF bonds payable, noncurrent	513,000	-	513,000
TIF notes payable, noncurrent	454,916	-	454,916
Total noncurrent liabilities	<u>4,593,257</u>	<u>12,895</u>	<u>4,606,152</u>
Total liabilities	<u>7,068,651</u>	<u>124,871</u>	<u>7,193,522</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	1,841,419	-	1,841,419
Total deferred inflows of resources	<u>1,841,419</u>	<u>-</u>	<u>1,841,419</u>
Total liabilities and deferred inflows of resources	<u>8,910,070</u>	<u>124,871</u>	<u>9,034,941</u>
NET POSITION			
Net investment in capital assets	7,770,760	779,377	8,550,137
Restricted for maintenance of roadways	440,427	-	440,427
Restricted for economic development	1,744,233	-	1,744,233
Restricted for public safety	19,319	-	19,319
Restricted for debt service	522,145	-	522,145
Unrestricted	(1,724,905)	502,319	(1,222,586)
Total net position	<u>\$ 8,771,979</u>	<u>\$ 1,281,696</u>	<u>\$ 10,053,675</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, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 331,311	\$ 83,169	\$ -	\$ -
Public safety	684,978	8,368	171,117	12,515
Streets and public works	618,777	-	171,586	136,685
Culture and recreation	177,426	-	-	-
Economic development	651,350	-	-	-
Interest on long-term debt	134,298	-	-	-
Total governmental activities	2,598,140	91,537	342,703	149,200
Business-type activities	933,872	761,427	-	-
Total primary government	\$ 3,532,012	\$ 852,964	\$ 342,703	\$ 149,200

This statement is continued on the following page.

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (248,142)	\$ -	\$ (248,142)
	(492,978)	-	(492,978)
	(310,506)	-	(310,506)
	(177,426)	-	(177,426)
	(651,350)	-	(651,350)
	(134,298)	-	(134,298)
	(2,014,700)	-	(2,014,700)
	-	(172,445)	(172,445)
	(2,014,700)	(172,445)	(2,187,145)
General revenues:			
Property taxes	1,769,084	-	1,769,084
Sales and use tax	755,694	-	755,694
Intergovernmental	487,391	-	487,391
Investment income	10,923	2,186	13,109
Other revenue	107,047	-	107,047
Total general revenues	3,130,139	2,186	3,132,325
Change in net position	1,115,439	(170,259)	945,180
Net position - beginning	7,656,540	1,451,955	9,108,495
Net position - ending	\$ 8,771,979	\$ 1,281,696	\$ 10,053,675

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

VILLAGE OF SHERMAN, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2021

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Infrastructure Project Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 769,361	\$ 1,913,119	\$ 448,598	\$ 2,515,642	\$ 5,646,720
Investments	255,235	-	-	-	255,235
Property tax receivable	367,119	1,474,300	-	-	1,841,419
Other receivables	339,241	-	24,501	-	363,742
Due from other funds	147,458	15,536	-	-	162,994
Prepaid expenses	3,523	-	-	-	3,523
Total assets	<u>\$ 1,881,937</u>	<u>\$ 3,402,955</u>	<u>\$ 473,099</u>	<u>\$ 2,515,642</u>	<u>\$ 8,273,633</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 61,602	\$ 180,545	\$ 57	\$ -	\$ 242,204
Accrued payroll	7,463	142	-	-	7,605
Due to other funds	536	25,276	25,435	-	51,247
Total liabilities	<u>69,601</u>	<u>205,963</u>	<u>25,492</u>	<u>-</u>	<u>301,056</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	367,119	1,474,300	-	-	1,841,419
Unavailable revenue - other	171,117	-	10,837	-	181,954
Total deferred inflows of resources	<u>538,236</u>	<u>1,474,300</u>	<u>10,837</u>	<u>-</u>	<u>2,023,373</u>
Total liabilities and deferred inflows of resources	<u>607,837</u>	<u>1,680,263</u>	<u>36,329</u>	<u>-</u>	<u>2,324,429</u>
Fund balances:					
Nonspendable	3,523	-	-	-	3,523
Restricted					
Maintenance of roadways	3,657	-	436,770	-	440,427
Economic development	21,541	1,722,692	-	-	1,744,233
Public safety	19,319	-	-	-	19,319
Capital projects	-	-	-	2,515,642	2,515,642
Debt service	522,145	-	-	-	522,145
Unrestricted					
Assigned for culture and recreation	37,897	-	-	-	37,897
Unassigned	666,018	-	-	-	666,018
Total fund balances	<u>1,274,100</u>	<u>1,722,692</u>	<u>436,770</u>	<u>2,515,642</u>	<u>5,949,204</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,881,937</u>	<u>\$ 3,402,955</u>	<u>\$ 473,099</u>	<u>\$ 2,515,642</u>	<u>\$ 8,273,633</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, 2021

Reconciliation to Statement of Net Position

Fund balance - governmental funds	<u>\$ 5,949,204</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in the governmental activities of \$12,844,100, net of accumulated depreciation of \$3,424,437, are not financial resources, and therefore, are not reported in the funds.	9,459,663
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	181,954
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences payable	(46,191)
Accrued interest payable	(324,474)
Notes payable, current	(71,095)
G.O. Bond payable, current	(207,000)
G.O. certificates payable, current	(319,960)
TIF Bonds payable, current	(1,275,716)
Notes payable, noncurrent	(83,490)
G.O. Bond payable, noncurrent	(3,523,000)
TIF Bonds payable, noncurrent	(513,000)
TIF Notes payable, noncurrent	(454,916)
Total long-term liabilities	<u>(6,818,842)</u>
Net position of governmental activities	<u><u>\$ 8,771,979</u></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, 2021

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Infrastructure Project Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 262,843	\$ 1,506,241	\$ -	\$ -	\$ 1,769,084
Sales and use taxes	755,221	473	-	-	755,694
Intergovernmental	517,676	-	297,434	-	815,110
Licenses and permits	83,169	-	-	-	83,169
Fines	8,368	-	-	-	8,368
Investment income	2,360	7,898	665	-	10,923
Contributions	12,515	-	-	-	12,515
Other revenues	97,010	-	-	-	97,010
Total revenues	1,739,162	1,514,612	298,099	-	3,551,873
EXPENDITURES					
Current:					
General government	365,997	-	-	-	365,997
Public safety	617,768	-	-	-	617,768
Streets and public works	258,142	-	158,905	-	417,047
Culture and recreation	33,137	-	-	-	33,137
Economic development	-	619,448	-	-	619,448
Debt service:					
Principal	168,353	320,040	-	1,189,358	1,677,751
Interest	40,844	14,360	-	-	55,204
Bond issuance costs	-	-	-	25,000	25,000
Capital outlay	69,897	317,436	-	-	387,333
Total expenditures	1,554,138	1,271,284	158,905	1,214,358	4,198,685
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	185,024	243,328	139,194	(1,214,358)	(646,812)
OTHER FINANCING SOURCES (USES)					
Loans issued	61,480	-	-	-	61,480
Bonds issued	-	-	-	3,730,000	3,730,000
Gain on sale of asset	10,037	-	-	-	10,037
Total other financing sources (uses)	71,517	-	-	3,730,000	3,801,517
Net change in fund balances	256,541	243,328	139,194	2,515,642	3,154,705
Fund balance at beginning of year	1,017,559	1,479,364	297,576	-	2,794,499
Fund balance at end of year	\$ 1,274,100	\$ 1,722,692	\$ 436,770	\$ 2,515,642	\$ 5,949,204

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, 2021

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 3,154,705

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	488,393
G.O. bond refund principal payments	1,189,358
Notes issued	(61,480)
G.O. bond issued	(3,730,000)

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	265
Change in accrued interest payable	(54,094)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

151,669

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	377,543
Depreciation expense	(400,920)

Change in net position of governmental activities

\$ 1,115,439

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

VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUND

April 30, 2021

	Sewer Fund
Current assets:	
Cash and cash equivalents	\$ 621,228
Accounts receivable	<u>117,709</u>
Total current assets	<u>738,937</u>
Noncurrent assets:	
Land	295,156
Capital assets - net of accumulated depreciation	<u>484,221</u>
Total noncurrent assets	<u>779,377</u>
Total assets	<u>1,518,314</u>
Current liabilities:	
Accounts payable	104,125
Accrued payroll	1,714
Due to General Fund	111,747
Compensated absences payable - current	<u>6,137</u>
Total current liabilities	<u>223,723</u>
Noncurrent liabilities:	
Compensated absences payable	<u>12,895</u>
Total noncurrent liabilities	<u>12,895</u>
Total liabilities	<u>236,618</u>
Net position:	
Net investment in capital assets	779,377
Unrestricted	<u>502,319</u>
Total net position	<u><u>\$ 1,281,696</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, 2021

	Sewer Fund
Operating revenues:	
Charges for services	\$ 761,427
Operating expenses:	
Salaries	182,938
Professional	2,640
Maintenance and supplies	164,089
Sanitary usage	470,433
Collection fees	16,889
Depreciation	62,144
Utility rebates	-
Miscellaneous	34,739
Total operating expenses	933,872
Operating income (loss)	(172,445)
Nonoperating revenue (expense)	
Investment income	2,186
Total nonoperating revenue (expense)	2,186
Change in net position	(170,259)
Total net position, beginning of year	1,451,955
Total net position, end of year	\$ 1,281,696

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, 2021

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 736,695
Cash paid to suppliers	(699,308)
Cash paid to employees	(189,184)
	<u>(151,797)</u>
Net cash from operating activities	<u>(151,797)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Payments to interfund accounts	(809,760)
Proceeds from interfund accounts	889,885
	<u>80,125</u>
Net cash from noncapital financing activities	<u>80,125</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of capital assets	(295,156)
	<u>(295,156)</u>
Net cash from capital financing activities	<u>(295,156)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	2,186
	<u>2,186</u>
Net cash from investing activities	<u>2,186</u>
Net increase in cash and cash equivalents	(364,642)
Cash and cash equivalents, beginning of year	<u>985,869</u>
Cash and cash equivalents, end of year	<u><u>\$ 621,227</u></u>
Cash and cash equivalents consists of the following:	
Cash and cash equivalents	\$ 621,228
Restricted cash and cash equivalents	-
	<u><u>\$ 621,228</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income (loss)	\$ (172,445)
Adjustments to reconcile income to net cash from operating activities:	
Depreciation expense	62,144
Changes in assets/liabilities:	
Decrease in accounts receivable	(24,732)
Increase in accounts payable	(10,518)
Increase in accrued payroll	(8,530)
Decrease in compensated absences payable	2,284
Net cash from operating activities	<u><u>\$ (151,797)</u></u>

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

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

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, 2021.

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Village reports the following major proprietary fund:

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

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.

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.

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, 2021, the Village’s bank balances of deposits held at various institutions which were exposed to custodial credit risk included \$5,235 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	\$ 255,235	\$ 255,235	\$ -	\$ -	\$ -

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 quoted matrix pricing models (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 2020 tax levy becomes an enforceable lien against the property on January 1, 2020. 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 2020 levy will be collected in fiscal year 2022 and is intended to finance the 2022 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources. The 2021 tax levy has not been recorded as a receivable at April 30, 2021. Although the tax attached as a lien on the property as of January 1, 2021, the tax will not be levied until December 2021, and, accordingly, is not measurable at April 30, 2021.

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, 2021:

Sales and use tax receivable	\$ 153,463
Video gaming tax receivable	11,688
Fines receivable	525
Motor fuel tax allotment receivable	13,665
Intergovernmental agreement	10,836
Grant receivables	171,117
Other receivables	<u>2,448</u>
Total Governmental activities	363,742
Sewer accounts receivable	<u>117,709</u>
Total primary government	<u>\$ 481,451</u>

5. CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ending April 30, 2021 consists of the following:

	<u>Balance</u> <u>May 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 958,000	\$ -	\$ -	\$ 958,000
Construction in progress	<u>185,566</u>	<u>77,945</u>	<u>185,566</u>	<u>77,945</u>
	<u>1,143,566</u>	<u>77,945</u>	<u>185,566</u>	<u>1,035,945</u>
Other capital assets				
Buildings	750,502	-	-	750,502
Vehicles	633,403	-	30,867	602,536
Equipment	693,434	409,652	49,902	1,053,184
Computers	37,805	-	-	37,805
Infrastructure	<u>9,328,616</u>	<u>75,512</u>	<u>-</u>	<u>9,404,128</u>
Total capital assets being depreciated	<u>\$ 11,443,760</u>	<u>\$ 485,164</u>	<u>\$ 80,769</u>	<u>\$ 11,848,155</u>

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

5. CAPITAL ASSETS (Continued)

A. Governmental Activities (Continued)

	<u>Balance</u> <u>May 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2021</u>
Less accumulated depreciation for:				
Buildings	\$ 317,092	\$ 18,763	\$ -	\$ 335,855
Vehicles	548,599	31,381	30,867	549,113
Equipment	578,126	75,739	49,902	603,963
Computers	23,504	4,266	-	27,770
Infrastructure	<u>1,636,965</u>	<u>270,771</u>	<u>-</u>	<u>1,907,736</u>
Total accumulated depreciation	<u>3,104,286</u>	<u>400,920</u>	<u>80,769</u>	<u>3,424,437</u>
 Total capital assets being depreciated, net	 <u>8,339,474</u>	 <u>84,244</u>	 <u>-</u>	 <u>8,423,718</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 9,483,040</u>	 <u>\$ 162,189</u>	 <u>\$ 185,566</u>	 <u>\$ 9,459,663</u>

B. Business-type Activities

Capital asset activity for the year ending April 30, 2021 consists of the following:

	<u>Balance</u> <u>May 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2021</u>
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	<u>44,982</u>	<u>-</u>	<u>-</u>	<u>44,982</u>
Total capital assets being depreciated	<u>\$ 2,494,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,494,275</u>

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

5. CAPITAL ASSETS (Continued)

B. Business-type Activities (Continued)

	<u>Balance</u> <u>May 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2021</u>
Less accumulated depreciation for:				
Sewer plant treatment facility	1,840,204	58,986	-	1,899,190
Vehicle	89,792	-	-	89,792
Equipment	<u>17,914</u>	<u>3,158</u>	-	<u>21,072</u>
Total accumulated depreciation	<u>1,947,910</u>	<u>62,144</u>	-	<u>2,010,054</u>
 Total capital assets being depreciated, net	 <u>546,365</u>	 <u>(62,144)</u>	 -	 <u>484,221</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 546,365</u>	 <u>\$ 233,012</u>	 <u>\$ -</u>	 <u>\$ 779,377</u>

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

Governmental activities:		
General government		\$ 23,959
Public safety		31,687
Streets and public works		200,985
Culture and recreation		<u>144,289</u>
Total depreciation expense – governmental activities		<u>\$ 400,920</u>
Business-type activities:		
Sewer		<u>\$ 62,144</u>
Total depreciation expense – business-type activities		<u>\$ 62,144</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, 2021.

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 \$22,168 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.

8. LONG TERM DEBT

Governmental Activities

Notes Payable (Direct Borrowing)

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, 2021 was \$12,605.

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, 2021 was \$0, the final \$403 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, 2021 was \$2,785.

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, 2021 was \$13,210.

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, 2021 was \$26,080.

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

8. LONG TERM DEBT

Governmental Activities (continued)

Notes Payable (Direct Borrowing) (Continued)

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, 2021 was \$19,026.

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, 2021 was \$35,851.

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 \$39,707 at an interest rate of 2.50% to be paid in monthly payments of \$1,147 beginning June 5, 2020 with a final payment due May 5, 2023. The principal balance as of April 30, 2021 was \$27,894.

In 2020 the Village entered into an agreement with a financial institution to finance the purchase of a police radios. The Village borrowed \$21,773 at an interest rate of 3.50% to be paid in monthly payments of \$638 beginning September 11, 2020 with a final payment due August 11 2023. The principal balance as of April 30, 2021 was \$17,134.

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>
2022	\$ 71,094	\$ 5,277	\$ 76,371
2023	50,563	3,538	54,101
2024	25,216	1,779	26,995
2025	<u>7,711</u>	<u>539</u>	<u>8,250</u>
Total	<u>\$ 154,584</u>	<u>\$ 11,133</u>	<u>\$ 165,717</u>

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

8. LONG TERM DEBT

Governmental Activities (Continued)

General Obligation Bonds (Direct Borrowing)

\$3,730,000 General Obligation Bonds, Series 2021 dated February 23, 2021 due in semiannual 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. As a result of the refunding, the Village realized an additional cash flows of \$62,849 and an economic gain of \$0. The amount of bonds outstanding as of April 30, 2021 was \$3,730,000.

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>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 207,000	\$ 48,308	\$ 255,308
2023	209,000	67,889	276,889
2024	212,000	65,422	277,422
2025	214,000	62,709	276,709
2026	217,000	59,756	276,756
2027 – 2031	1,141,000	244,847	1,385,847
2032 – 2036	1,260,000	126,045	1,386,045
2037	<u>270,000</u>	<u>7,020</u>	<u>277,020</u>
Total	<u>\$ 3,730,000</u>	<u>\$ 681,996</u>	<u>\$ 4,411,996</u>

General Obligation Debt Certificates (Direct Borrowing)

\$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, 2021 was \$319,960.

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>
2022	\$ 319,960	\$ 7,200	\$ 327,160
Total	<u>\$ 319,960</u>	<u>\$ 7,200</u>	<u>\$ 327,160</u>

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

8. LONG TERM DEBT

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 (Direct Borrowing)

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.

As of April 30, 2021, there were unpaid principal and interest payments of \$196,660 from fiscal year 2021 in accordance with the debt service requirements for the Tax Increment Revenue Bonds, Series 2004. The Series 2004 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, 2021. The unpaid principal and interest is included in the year ending April 30, 2022 debt service payments below.

The annual debt service requirements are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 361,000	\$ 32,820	\$ 393,820
Total	\$ 361,000	\$ 32,820	\$ 393,820

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

8. LONG TERM DEBT

Governmental Activities (Continued)

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 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, 2021, there were unpaid principal and interest payments of \$947,018 from fiscal years 2017, 2018, 2019, 2020, and 2021 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, 2021. The unpaid principal and interest is included in the year ending April 30, 2022 debt service payments below.

The annual debt service requirements are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 914,716	\$ 306,187	\$ 1,220,903
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>\$ 341,062</u>	<u>\$ 1,768,778</u>

Tax Increment Financing Note Payable (Direct Borrowing)

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, 2021 is \$454,916.

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

8. LONG TERM DEBT

Governmental Activities (Continued)

Changes in Long-Term Liabilities

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

	<u>Balances</u> <u>May 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>April 30</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Notes payable	\$ 170,023	\$ 61,480	\$ 76,918	\$ 154,585	\$ 71,095
General obligation bonds	1,280,793	3,730,000	1,280,793	3,730,000	207,000
General obligation certificates	640,000	-	320,040	319,960	319,960
TIF bonds	1,788,716	-	-	1,788,716	1,275,716
TIF note payable	454,916	-	-	454,916	-
Compensated absences payable	46,456	33,090	33,355	46,191	27,340
Governmental activity – long-term liabilities	<u>\$ 4,380,904</u>	<u>\$ 3,824,570</u>	<u>\$ 1,711,106</u>	<u>\$ 6,494,368</u>	<u>\$ 1,901,111</u>
Business-type activities:					
Compensated absences payable	\$ 18,010	\$ 9,170	\$ 8,148	\$ 19,032	\$ 6,137
Business-type activity long-term liabilities	<u>\$ 18,010</u>	<u>\$ 9,170</u>	<u>\$ 8,184</u>	<u>\$ 19,032</u>	<u>\$ 6,137</u>

10. INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2021 consist of:

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General Fund:		
TIF Fund	\$ 10,276	\$ 536
Motor Fuel Tax Fund	25,435	-
Sewer	111,747	-
	<u>147,458</u>	<u>536</u>
TIF Fund:		
General Fund	536	10,276
TIF Fund	15,000	15,000
	<u>15,536</u>	<u>25,276</u>
Motor Fuel Tax Fund:		
General Fund	-	25,435
Sewer Fund:		
General Fund	-	111,747
Total interfund receivables/payables	<u>\$ 162,994</u>	<u>\$ 162,994</u>

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

10. INTERFUND BALANCES (continued)

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

- \$536 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, 2021.
- \$10,276 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, 2021.
- \$25,435 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, 2021.
- \$111,747 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, 2021.
- \$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 to be liquidated within on year.

11. 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, 2021.
- 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, 2021 amounted to \$32,451 with total abatement of \$211,335 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, 2021.

12. SUBSEQUENT EVENTS

In July of 2021, the Village entered into an agreement with a financial institution to finance the purchase of a new public works truck. The Village borrowed \$59,950 at an interest rate of 0.8% to be paid in monthly increments of \$1,020 beginning August 2021 with a final payment due in July 2026.

In March of 2022, the Village entered into an agreement with a financial institution to finance the purchase of a 2022 Kawasaki mule. The Village borrowed \$22,755 to be paid in monthly increments beginning April 2022 with a final payment due in March 2025.

In June of 2022, the Village entered into an agreement with a financial institution to finance the purchase of a Toro mower and utility trailer. The Village borrowed \$33,571 at an interest rate of 3.59% to be paid in monthly increments beginning July 2022 with a final payment due in June 2025.

In August of 2022, the Village entered into an agreement with a financial institution to finance the purchase of a Ford F150 Police responder. The Village borrowed \$50,000 to be paid in monthly increments beginning September 2022 with a final payment due in August 2027.

In September of 2022, the Village entered into an agreement with Greenfield Outdoor Fitness to purchase of outdoor fitness stations at Sherman Village Park. The Village paid \$37,915 for the fitness stations in September 2022.

In August 2022, the village accepted a bid from Truman L. Flatt & Sons Co. for a capital improvement plan project concerning improvements to the Village's roads. The bid will not exceed the amount of \$1,622,583.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - CASH BASIS

For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Property taxes	\$ 210,880	\$ 210,880	\$ 217,820	\$ 6,940
Road and bridge taxes	43,500	43,500	45,023	1,523
Sales and use taxes	569,970	569,970	719,740	149,770
Personal property replacement taxes	360	360	393	33
Income taxes	403,600	403,600	475,516	71,916
Video gaming tax	25,000	25,000	28,941	3,941
Cannabis Tax	-	-	3,390	3,390
Franchise fees	45,000	45,000	45,507	507
Licenses	23,800	23,800	26,350	2,550
Building permits	8,500	8,500	11,312	2,812
Fines	11,750	11,750	8,591	(3,159)
Charges for services	20,533	20,533	22,400	1,867
Investment income	10,000	10,000	2,360	(7,640)
Contributions	-	-	12,515	12,515
Park Events Revenue	-	-	1,367	1,367
Miscellaneous	27,000	27,000	82,381	55,381
Total revenues	<u>1,399,893</u>	<u>1,399,893</u>	<u>1,703,606</u>	<u>303,713</u>
EXPENDITURES				
General government				
Finance:				
Insurance	75,963	75,963	61,370	(14,593)
Salaries	-	-	-	-
Payroll taxes	-	-	-	-
Computer	-	-	-	-
Auditing	11,250	11,250	8,160	(3,090)
Miscellaneous	-	-	359	359
Finance total	<u>87,213</u>	<u>87,213</u>	<u>69,889</u>	<u>(17,324)</u>
Legal:				
Attorney	25,000	25,000	27,595	2,595
Legal total	<u>25,000</u>	<u>25,000</u>	<u>27,595</u>	<u>2,595</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, 2021

	Original Budget	Final Budget	Actual	Variance Over/ (Under)
Village Hall:				
Salaries	\$ 156,202	\$ 156,202	\$ 116,784	\$ (39,418)
Payroll expenditures	21,935	21,935	18,794	(3,141)
Telecommunications	6,250	6,250	4,115	(2,135)
IT support	1,250	1,250	7,459	6,209
Office supplies	1,875	1,875	3,611	1,736
Printing	10,750	10,750	3,939	(6,811)
Postage	3,125	3,125	205	(2,920)
Training	-	-	17	17
Dues and membership	13,750	13,750	20,497	6,747
Interpreter	3,000	3,000	1,500	(1,500)
Public relations	3,125	3,125	1,300	(1,825)
Utilities	11,000	11,000	18,361	7,361
Building maintenance	6,625	6,625	4,784	(1,841)
Recycling program	-	-	1,741	1,741
Community events	18,750	18,750	23,232	4,482
Website	2,125	2,125	2,404	279
Miscellaneous	-	-	357	357
Village hall total	<u>259,762</u>	<u>259,762</u>	<u>229,100</u>	<u>(30,662)</u>
Contingency				
Contingency	190,190	190,190	50,494	(139,696)
Contingency total	<u>190,190</u>	<u>190,190</u>	<u>50,494</u>	<u>(139,696)</u>
General government total	<u>562,165</u>	<u>562,165</u>	<u>377,078</u>	<u>(185,087)</u>
Public Safety:				
Public health and safety:				
Salaries	7,500	7,500	-	(7,500)
Payroll expenditures	574	574	-	(574)
Animal control	1,250	1,250	985	(265)
IEPA	1,250	1,250	1,000	(250)
Electronic alert system	4,375	4,375	1,050	(3,325)
Equipment management	625	625	788	163
Training	925	925	-	(925)
Uniforms	625	625	152	(473)
Community events	-	-	-	-
Miscellaneous	282	282	-	(282)
Public health safety total	<u>17,406</u>	<u>17,406</u>	<u>3,975</u>	<u>(13,431)</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, 2021

	Original Budget	Final Budget	Actual	Variance Over/ (Under)
Police:				
Salaries	\$ 575,725	\$ 575,725	\$ 458,233	\$ (117,492)
Payroll expenditures	100,969	100,969	90,069	(10,900)
Telecommunications	26,250	26,250	23,016	(3,234)
IT support	3,750	3,750	3,058	(692)
Gasoline	35,000	35,000	22,731	(12,269)
Equipment maintenance	19,375	19,375	8,598	(10,777)
Building maintenance	5,000	5,000	179	(4,821)
Training	12,500	12,500	9,683	(2,817)
Ammunition	6,875	6,875	1,729	(5,146)
Uniforms	25,000	25,000	9,248	(15,752)
Neighborhood watch	1,563	1,563	3,601	2,038
Supplies	7,500	7,500	2,425	(5,075)
Utilities	7,500	7,500	5,743	(1,757)
Police total	<u>827,007</u>	<u>827,007</u>	<u>638,313</u>	<u>(188,694)</u>
Total public safety	<u>844,413</u>	<u>844,413</u>	<u>642,288</u>	<u>(202,125)</u>
Streets and Public Works				
Streets and alleys:				
Salaries	202,925	202,925	164,432	(38,493)
Payroll expenditures	39,949	39,949	34,224	(5,725)
Gas and oil	8,750	8,750	5,042	(3,708)
Diesel fuel	3,375	3,375	1,643	(1,732)
Street maintenance	-	-	-	-
Equipment maintenance and repair	27,813	27,813	20,962	(6,851)
Telephone	5,000	5,000	3,903	(1,097)
Equipment storage	3,750	3,750	2,833	(917)
Miscellaneous/supplies	10,625	10,625	8,101	(2,524)
Clean-up day	-	-	2,348	2,348
Streets and alleys total	<u>302,187</u>	<u>302,187</u>	<u>243,488</u>	<u>(58,699)</u>
Engineering:				
Engineer	50,000	50,000	12,868	(37,132)
Engineering total	<u>50,000</u>	<u>50,000</u>	<u>12,868</u>	<u>(37,132)</u>
Streets and Public Works total	<u>352,187</u>	<u>352,187</u>	<u>256,356</u>	<u>(95,831)</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, 2021

	<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	\$ 1,473	\$ (402)
Utilities	12,500	12,500	5,855	(6,645)
Equipment supplies	12,500	12,500	7,316	(5,184)
Park improvements	18,750	18,750	10,037	(8,713)
Park events	-	-	-	-
Miscellaneous/supplies	-	-	8,894	8,894
Parks and recreation total	<u>45,625</u>	<u>45,625</u>	<u>33,575</u>	<u>(12,050)</u>
Culture and recreation total	<u>45,625</u>	<u>45,625</u>	<u>33,575</u>	<u>(12,050)</u>
Debt Service:				
G.O. refunding bonds principal	95,981	95,981	91,436	(4,545)
G.O. refunding bonds interest	33,612	33,612	38,065	4,453
Capital lease principal	125,650	125,650	76,916	(48,734)
Capital lease interest	-	-	2,779	2,779
Debt service total	<u>255,243</u>	<u>255,243</u>	<u>209,196</u>	<u>(46,047)</u>
Capital outlay				
Police	90,000	90,000	26,323	(63,677)
Streets and alleys	48,750	48,750	111,557	62,807
Parks and recreation	18,300	18,300	-	(18,300)
Village Hall	5,000	5,000	10,938	5,938
Capital outlay total	<u>162,050</u>	<u>162,050</u>	<u>148,818</u>	<u>(13,232)</u>
Total expenditures paid	<u>2,221,683</u>	<u>2,221,683</u>	<u>1,667,311</u>	<u>(554,372)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(821,790)</u>	<u>(821,790)</u>	<u>36,295</u>	<u>858,085</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	\$ 111,000	\$ 111,000	\$ 61,480	\$ (49,520)
Total other financing sources (uses)	<u>111,000</u>	<u>111,000</u>	<u>61,480</u>	<u>(49,520)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (710,790)</u>	<u>\$ (710,790)</u>	97,775	<u>\$ 808,565</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			<u>158,766</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			256,541	
FUND BALANCE, BEGINNING OF YEAR			<u>1,017,559</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,274,100</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Property taxes	\$ 1,450,000	\$ 1,450,000	\$ 1,506,241	\$ 56,241
Investment income	4,000	4,000	7,898	3,898
Sales tax	-	-	473	473
Total revenues	<u>1,454,000</u>	<u>1,454,000</u>	<u>1,514,612</u>	<u>60,612</u>
EXPENDITURES				
Economic Development:				
Salaries	29,152	29,152	14,412	(14,740)
Attorney fees	25,000	25,000	1,260	(23,740)
Audit fees	5,625	5,625	4,200	(1,425)
Engineering	25,000	25,000	-	(25,000)
Contractual agreements	32,000	32,000	32,451	451
Surplus distribution	683,000	683,000	568,566	(114,434)
Debt Service:			-	
Principal	793,750	793,750	320,040	(473,710)
Interest	27,000	27,000	14,360	(12,640)
Capital Outlay	<u>1,521,250</u>	<u>1,521,250</u>	<u>466,357</u>	<u>(1,054,893)</u>
Total expenditures	<u>3,141,777</u>	<u>3,141,777</u>	<u>1,421,646</u>	<u>(1,720,131)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,687,777)</u>	<u>\$ (1,687,777)</u>	92,966	<u>\$ 1,780,743</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			<u>150,362</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			243,328	
FUND BALANCE, BEGINNING OF YEAR			<u>1,479,364</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,722,692</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Motor fuel tax	\$ 89,760	\$ 89,760	\$ 159,386	\$ 69,626
Intergovernmental	-	-	136,685	136,685
Investment income	3,000	3,000	665	(2,335)
Total revenues	<u>92,760</u>	<u>92,760</u>	<u>296,736</u>	<u>203,976</u>
EXPENDITURES				
Streets and Public Works:				
Snow removal, patching, mowing	26,250	26,250	4,168	(22,082)
Highway maintenance program	104,063	104,063	65,385	(38,678)
Engineering	3,450	3,450	36,601	33,151
Commodities	21,250	21,250	28	(21,222)
Miscellaneous projects	57,376	57,376	492	(56,884)
Street lighting	96,875	96,875	54,089	(42,786)
Signal maintenance	19,375	19,375	742	(18,633)
Total expenditures	<u>328,639</u>	<u>328,639</u>	<u>161,505</u>	<u>(167,134)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (235,879)</u>	<u>\$ (235,879)</u>	135,231	<u>\$ 371,110</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			<u>3,963</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			139,194	
FUND BALANCE, BEGINNING OF YEAR			<u>297,576</u>	
FUND BALANCE, END OF YEAR			<u>\$ 436,770</u>	

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2021

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, 2021 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, 2021:

General Fund

Finance Miscellaneous	\$ 359
Attorney Legal Services	2,595
Village Hall IT support	6,209
Village Hall office supplies	1,736
Village Hall Training and Travel	17
Village Hall dues, fees, and publications	6,747
Village Hall utilities	7,361
Village Hall Recycling Program	1,741
Village Hall community events	4,482
Village Hall web page	279
Village Hall Miscellaneous	357
Public Health and Safety Equipment Repairs	163
Police Neighborhood Watch	2,038

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

3. EXCESS OVER BUDGET (Continued)

General Fund (Continued)

Streets and Public Works Clean-up Day	\$ 2,348
Parks and Recreation Miscellaneous	8,894
Debt Service G.O. Refunding Bonds Interest	4,453
Debt Service Capital Lease Interest	2,779
Capital Outlay Streets & Alleys	62,807
Capital Outlay Village Hall	5,938

Tax Increment Financing Fund

Tax Rebates	451
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Motor Fuel Tax Fund

Engineering	33,151
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Infrastructure Project Fund

Bond Issuance Costs	25,000
Debt Service	1,189,358

SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

TAX INCREMENT FINANCING FUND

COMBINING BALANCE SHEET
BY SUBFUND

April 30, 2021

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
ASSETS				
Cash and cash equivalents	\$ 1,097,441	\$ 438,575	\$ 377,103	\$ 1,913,119
Property tax receivable	1,113,800	298,000	62,500	1,474,300
Due from other funds	15,000	-	536	15,536
	<u>2,226,241</u>	<u>736,575</u>	<u>440,139</u>	<u>3,402,955</u>
Total assets	<u>\$ 2,226,241</u>	<u>\$ 736,575</u>	<u>\$ 440,139</u>	<u>\$ 3,402,955</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 180,545	\$ -	\$ -	\$ 180,545
Accrued payroll	142	-	-	142
Due to other funds	10,276	15,000	-	25,276
	<u>190,963</u>	<u>15,000</u>	<u>-</u>	<u>205,963</u>
Total liabilities	<u>190,963</u>	<u>15,000</u>	<u>-</u>	<u>205,963</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,113,800	298,000	62,500	1,474,300
	<u>1,113,800</u>	<u>298,000</u>	<u>62,500</u>	<u>1,474,300</u>
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>1,304,763</u>	<u>313,000</u>	<u>62,500</u>	<u>1,680,263</u>
Fund balances:				
Restricted for economic development	921,478	423,575	377,639	1,722,692
Total fund balances	<u>921,478</u>	<u>423,575</u>	<u>377,639</u>	<u>1,722,692</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,226,241</u>	<u>\$ 736,575</u>	<u>\$ 440,139</u>	<u>\$ 3,402,955</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, 2021

	<u>Original TIF District</u>	<u>Route 66 TIF District</u>	<u>Rail Pointe TIF District</u>	<u>Total TIF Fund</u>
REVENUES				
Property taxes	\$ 1,137,133	\$ 304,205	\$ 64,903	\$ 1,506,241
Investment income	5,280	1,194	1,424	7,898
Sales tax	-	-	473	473
Miscellaneous	-	-	-	-
Total revenues	<u>1,142,413</u>	<u>305,399</u>	<u>66,800</u>	<u>1,514,612</u>
EXPENDITURES				
Current:				
Salaries	13,596	-	-	13,596
Attorney fees	635	-	-	635
Audit fees	4,200	-	-	4,200
Contractual agreements	-	-	32,451	32,451
Surplus distribution	568,566	-	-	568,566
Debt service:				
Principal	320,040	-	-	320,040
Interest	14,360	-	-	14,360
Capital outlay	317,436	-	-	317,436
Total expenditures	<u>1,238,833</u>	<u>-</u>	<u>32,451</u>	<u>1,271,284</u>
NET CHANGE IN FUND BALANCE	(96,420)	305,399	34,349	243,328
FUND BALANCE, BEGINNING OF YEAR	<u>1,017,898</u>	<u>118,176</u>	<u>343,290</u>	<u>1,479,364</u>
FUND BALANCE, END OF YEAR	<u>\$ 921,478</u>	<u>\$ 423,575</u>	<u>\$ 377,639</u>	<u>\$ 1,722,692</u>

See independent Auditor's Report.

3051 Hollis Drive, 3rd Floor
Springfield, IL 62704
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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, 2021. 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 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 that 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, 2021, 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
May 2, 2023