

VILLAGE OF SHERMAN, ILLINOIS

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

For the Year Ended April 30, 2014



VILLAGE OF SHERMAN, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities and each major fund of Village of Sherman, Illinois, as of and for the year ended April 30, 2014, 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 of 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 risk of material misstatements 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, 2014, 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.

Emphasis of Matter

As discussed in Note 12 of the financial statements, the Village has restated the beginning net position as of May 1, 2013 to correct an understatement of accrued interest payable. Our opinion is not modified with respect to this matter.

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.



Springfield, Illinois
December 17, 2014

BASIC FINANCIAL STATEMENTS

VILLAGE OF SHERMAN, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,787,839	\$ 428,032	\$ 2,215,871
Investments	1,454,210	149,189	1,603,399
Property tax receivable	1,249,006	-	1,249,006
Other receivables	181,595	86,133	267,728
Due from (to) other funds	131,687	(131,687)	-
Restricted assets:			
Cash and cash equivalents	-	190,284	190,284
Total current assets	<u>4,804,337</u>	<u>721,951</u>	<u>5,526,288</u>
Capital Assets:			
Land	958,000	-	958,000
Construction in progress	367,000	-	367,000
Other capital assets, net of accumulated depreciation	4,324,326	935,857	5,260,183
Total capital assets	<u>5,649,326</u>	<u>935,857</u>	<u>6,585,183</u>
Total assets	<u>10,453,663</u>	<u>1,657,808</u>	<u>12,111,471</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	231,045	32,017	263,062
Accrued payroll	14,934	3,262	18,196
Accrued interest payable	376,027	-	376,027
Compensated absences payable, current	19,863	4,808	24,671
Notes payable, current	45,091	-	45,091
TIF bonds payable, current	365,840	-	365,840
Other commitments, current	10,000	-	10,000
Total current liabilities	<u>1,062,800</u>	<u>40,087</u>	<u>1,102,887</u>
Noncurrent Liabilities			
Compensated absences payable, noncurrent	25,614	7,288	32,902
Notes payable, noncurrent	92,821	-	92,821
TIF bonds payable, noncurrent	3,003,000	-	3,003,000
TIF notes payable, noncurrent	454,916	-	454,916
Other commitments, noncurrent	20,000	-	20,000
Total noncurrent liabilities	<u>3,596,351</u>	<u>7,288</u>	<u>3,603,639</u>
Total liabilities	<u>4,659,151</u>	<u>47,375</u>	<u>4,706,526</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	1,249,006	-	1,249,006
Total deferred inflows of resources	<u>1,249,006</u>	<u>-</u>	<u>1,249,006</u>
Total liabilities and deferred inflows of resources	<u>5,908,157</u>	<u>47,375</u>	<u>5,955,532</u>
NET POSITION			
Net investment in capital assets	5,511,414	935,857	6,447,271
Restricted for maintenance of roadways	192,099	-	192,099
Restricted for economic development	2,464,020	-	2,464,020
Restricted for public safety	11,757	-	11,757
Restricted for capital projects	-	190,284	190,284
Restricted for debt service	457,662	-	457,662
Unrestricted	<u>(4,091,446)</u>	<u>484,292</u>	<u>(3,607,154)</u>
Total net position	<u>\$ 4,545,506</u>	<u>\$ 1,610,433</u>	<u>\$ 6,155,939</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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 301,744	\$ 88,147	\$ -	\$ -
Public safety	534,389	28,236	-	-
Streets and public works	418,503	-	-	-
Culture and recreation	22,749	-	-	-
Economic development	886,332	-	-	-
Interest on long-term debt	173,900	-	-	-
Total governmental activities	2,337,617	116,383	-	-
Business-type activities	611,872	629,585	-	-
Total primary government	\$ 2,949,489	\$ 745,968	\$ -	\$ -
General revenues:				
Property taxes				
Sales and use tax				
Intergovernmental				
Investment income				
Other revenue				
Total general revenues				
Change in net position				
Net position - beginning				
Prior period adjustments				
Net position - beginning restated				
Net position - ending				

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (213,597)	\$ -	\$ (213,597)
(506,153)	-	(506,153)
(418,503)	-	(418,503)
(22,749)	-	(22,749)
(886,332)	-	(886,332)
(173,900)	-	(173,900)
(2,221,234)	-	(2,221,234)
-	17,713	17,713
(2,221,234)	17,713	(2,203,521)
1,418,368	-	1,418,368
542,247	-	542,247
537,242	-	537,242
2,101	916	3,017
30,352	-	30,352
2,530,310	916	2,531,226
309,076	18,629	327,705
4,558,930	1,591,804	6,150,734
(322,500)	-	(322,500)
4,236,430	1,591,804	5,828,234
\$ 4,545,506	\$ 1,610,433	\$ 6,155,939

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

VILLAGE OF SHERMAN

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2014

	<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	\$ 485,391	\$ 1,122,566	\$ 179,882	\$ 1,787,839
Investments	-	1,454,210	-	1,454,210
Property tax receivable	55,506	1,193,500	-	1,249,006
Other receivables	161,994	-	19,601	181,595
Due from other funds	131,687	58,155	34	189,876
Total assets	<u>\$ 834,578</u>	<u>\$ 3,828,431</u>	<u>\$ 199,517</u>	<u>\$ 4,862,526</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 69,391	\$ 154,236	\$ 7,418	\$ 231,045
Accrued payroll	13,259	1,675	-	14,934
Due to other funds	43,189	15,000	-	58,189
Total liabilities	<u>125,839</u>	<u>170,911</u>	<u>7,418</u>	<u>304,168</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	55,506	1,193,500	-	1,249,006
Total deferred inflows of resources	<u>55,506</u>	<u>1,193,500</u>	<u>-</u>	<u>1,249,006</u>
Total liabilities and deferred inflows of resources	<u>181,345</u>	<u>1,364,411</u>	<u>7,418</u>	<u>1,553,174</u>
Fund balances:				
Restricted				
Maintenance of roadways	-	-	192,099	192,099
Economic development	-	2,464,020	-	2,464,020
Public safety	11,757	-	-	11,757
Debt service	457,662	-	-	457,662
Unrestricted				
Unassigned	183,814	-	-	183,814
Total fund balances	<u>653,233</u>	<u>2,464,020</u>	<u>192,099</u>	<u>3,309,352</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 834,578</u>	<u>\$ 3,828,431</u>	<u>\$ 199,517</u>	<u>\$ 4,862,526</u>

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

VILLAGE OF SHERMAN

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

April 30, 2014

Reconciliation to Statement of Net Position

Fund balance - governmental funds	\$ 3,309,352
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in the governmental activities of \$7,250,459, net of accumulated depreciation of \$1,601,133, are not financial resources, and therefore, are not reported in the funds.	<u>5,649,326</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences payable	(45,477)
Accrued interest payable	(376,027)
Notes payable, current	(45,091)
TIF Bonds payable, current	(365,840)
Other commitments, current	(10,000)
Notes payable, noncurrent	(92,821)
TIF Bonds payable, noncurrent	(3,003,000)
TIF Notes payable, noncurrent	(454,916)
Other commitments, noncurrent	<u>(20,000)</u>
Total long-term liabilities	<u>(4,413,172)</u>
Net position of governmental activities	<u>\$ 4,545,506</u>

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

VILLAGE OF SHERMAN

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

For the Year Ended April 30, 2014

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 222,587	\$ 1,195,781	\$ -	\$ 1,418,368
Sales and use taxes	487,886	54,361	-	542,247
Intergovernmental	409,130	-	128,112	537,242
Licenses and permits	88,147	-	-	88,147
Fines	28,236	-	-	28,236
Investment income	86	1,982	33	2,101
Other revenues	30,352	-	-	30,352
Total revenues	<u>1,266,424</u>	<u>1,252,124</u>	<u>128,145</u>	<u>2,646,693</u>
EXPENDITURES				
Current:				
General government	281,276	-	-	281,276
Public safety	488,220	-	-	488,220
Streets and public works	196,484	-	93,577	290,061
Culture and recreation	4,079	-	-	4,079
Economic development	-	181,881	-	181,881
Debt service:				
Principal	86,409	117,840	-	204,249
Interest	4,961	171,363	-	176,324
Capital outlay	100,053	714,451	-	814,504
Total expenditures	<u>1,161,482</u>	<u>1,185,535</u>	<u>93,577</u>	<u>2,440,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>104,942</u>	<u>66,589</u>	<u>34,568</u>	<u>206,099</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	58,000	-	-	58,000
Total other financing sources (uses)	<u>58,000</u>	<u>-</u>	<u>-</u>	<u>58,000</u>
Net change in fund balances	162,942	66,589	34,568	264,099
Fund balance at beginning of year	<u>490,291</u>	<u>2,397,431</u>	<u>157,531</u>	<u>3,045,253</u>
Fund balance at end of year	<u><u>\$ 653,233</u></u>	<u><u>\$ 2,464,020</u></u>	<u><u>\$ 192,099</u></u>	<u><u>\$ 3,309,352</u></u>

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

VILLAGE OF SHERMAN

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

For the Year Ended April 30, 2014

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 264,099
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	204,249
Other commitments payments	10,000
Loan proceeds	(58,000)
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	(4,383)
Change in accrued interest payable	2,424
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	92,813
Depreciation expense	<u>(202,126)</u>
 Change in net position of governmental activities	 <u><u>\$ 309,076</u></u>

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

VILLAGE OF SHERMAN

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

April 30, 2014

	Sewer Fund
Current assets:	
Cash and cash equivalents	\$ 428,032
Investments	149,189
Restricted cash and cash equivalents	190,284
Accounts receivable	86,133
	<hr/>
Total current assets	853,638
	<hr/>
Noncurrent assets:	
Treatment facility - net of accumulated depreciation	935,857
	<hr/>
Total noncurrent assets	935,857
	<hr/>
Total assets	1,789,495
	<hr/>
Current liabilities:	
Accounts payable	32,017
Accrued payroll	3,262
Due to General Fund	131,687
Compensated absences payable - current	4,808
	<hr/>
Total current liabilities	171,774
	<hr/>
Noncurrent liabilities:	
Compensated absences payable	7,288
	<hr/>
Total noncurrent liabilities	7,288
	<hr/>
Total liabilities	179,062
	<hr/>
Net position:	
Net investment in capital assets	935,857
Restricted for capital projects	190,284
Unrestricted	484,292
	<hr/>
Total net position	\$ 1,610,433
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF SHERMAN

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

For the Year Ended April 30, 2014

	Sewer Fund
Operating revenues:	
Charges for services	\$ 629,585
Operating expenses:	
Salaries	131,123
Engineering	544
Professional	4,184
Maintenance and supplies	16,122
Sanitary usage	355,622
Collection fees	17,581
Depreciation	69,095
Miscellaneous	16,192
Total operating expenses	<u>610,463</u>
Operating income	<u>19,122</u>
Nonoperating revenue (expense)	
Investment income	916
Interest and fees	(1,409)
Total nonoperating revenue (expense)	<u>(493)</u>
Change in net position	18,629
Total net position, beginning of year	<u>1,591,804</u>
Total net position, end of year	<u><u>\$ 1,610,433</u></u>

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

VILLAGE OF SHERMAN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended April 30, 2014

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 610,498
Cash paid to suppliers	(414,969)
Cash paid to employees	(126,245)
	69,284
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to interfund accounts	(359,300)
Proceeds from interfund accounts	396,912
	37,612
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchase of capital assets	(54,763)
Principal paid on general obligation bonds	(65,100)
Interest paid on general obligation bonds	(1,254)
Fiscal agent fees on bonds	(155)
	(121,272)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(404)
Interest received	916
	512
Net decrease in cash and cash equivalents	(13,864)
Cash and cash equivalents, beginning of year	632,180
Cash and cash equivalents, end of year	\$ 618,316
Cash and cash equivalents consists of the following:	
Cash and cash equivalents	\$ 428,032
Restricted cash and cash equivalents	190,284
	\$ 618,316
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ 19,122
Adjustments to reconcile income (loss) to net cash from operating activities:	
Depreciation expense	69,095
Increase in accounts receivable	(19,087)
Decrease in accounts payable	(4,724)
Increase in accrued payroll	3,262
Increase in compensated absences payable	1,616
Net cash from operating activities	\$ 69,284

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

VILLAGE OF SHERMAN

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS**

April 30, 2014

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 5,002
Property tax receivable	<u>125,903</u>
Total assets	<u><u>\$ 130,905</u></u>
LIABILITIES	
Due to bondholders	<u>130,905</u>
Total liabilities	<u><u>\$ 130,905</u></u>

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

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2014

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, 2014.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Fund financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In determining when to recognize intergovernmental revenue (grants and shared revenue), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two based for revenue recognition. In one, monies are virtually unrestricted as to the purpose of expenditure and are nearly irrevocable; therefore, these amounts are recognized as revenue at the time of their receipt or earlier if they meet the criteria of availability. In the other, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenue is recognized based upon the expenditure recorded.

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

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

- a. Total assets, 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
- b. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major proprietary fund:

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

Additionally, the Village reports the following fund types:

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

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Long-Term Debt

In the government-wide financial statements and proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net 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.

G. Equity Classification

Government-wide Statements

Equity is classified as position and displayed in three components:

- a. 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.
- b. 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.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Equity Classification (Continued)

Fund Financial Statements

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for specific purposes or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board, which is considered the Village's highest level of decision making authority. Formal actions include ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose, but that are neither restricted nor committed. Any residual fund balance in the General Fund, including any fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The Village's flow of funds assumptions prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. 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.

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 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 an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 based on quoted market prices at April 30, 2014.

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.

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.

2. CASH AND CASH EQUIVALENTS (Continued)

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, 2014, the Village's bank balances of deposits held at various institutions which were exposed to custodial credit risk because the balances were uninsured and uncollateralized totaled \$191,605.

B. Investments

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

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

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 Illinois Funds and certificate of deposits.

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

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

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 2013 tax levy becomes an enforceable lien against the property on January 1, 2013. These taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the Government units their respective share of the collections.

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

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

4. CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ending April 30, 2014 consists of the following:

	<u>Balance</u> <u>May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2014</u>
Capital assets not being depreciated				
Land	\$ 958,000	\$ -	\$ -	\$ 958,000
Construction in progress	<u>367,000</u>	<u>-</u>	<u>-</u>	<u>367,000</u>
	<u>1,325,000</u>	<u>-</u>	<u>-</u>	<u>1,325,000</u>
Other capital assets				
Buildings	750,502	-	-	750,502
Vehicles	499,010	92,813	19,985	571,838
Equipment	560,570	-	-	560,570
Computers	16,476	-	-	16,476
Infrastructure	<u>4,026,073</u>	<u>-</u>	<u>-</u>	<u>4,026,073</u>
Total capital assets being depreciated	<u>5,852,631</u>	<u>92,813</u>	<u>19,985</u>	<u>5,925,459</u>
Less accumulated depreciation for:				
Buildings	185,751	18,763	-	204,514
Vehicles	357,512	52,016	19,985	389,543
Equipment	371,241	30,695	-	401,936
Computers	15,475	-	-	15,475
Infrastructure	<u>489,013</u>	<u>100,652</u>	<u>-</u>	<u>589,665</u>
Total accumulated depreciation	<u>1,418,992</u>	<u>202,126</u>	<u>19,985</u>	<u>1,601,133</u>
Total capital assets being depreciated, net	<u>4,433,639</u>	<u>(109,313)</u>	<u>-</u>	<u>4,324,326</u>
Total capital assets, net of accumulated depreciation	<u>\$ 5,758,639</u>	<u>\$ (109,313)</u>	<u>\$ -</u>	<u>\$ 5,649,326</u>

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

4. CAPITAL ASSETS (Continued)

B. Business-type Activities

Capital asset activity for the year ending April 30, 2014 consists of the following:

	<u>Balance</u> <u>May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2014</u>
Sewer plant treatment facility	\$ 2,359,500	\$ -	\$ -	\$ 2,359,500
Vehicle	35,030	54,763	-	89,793
Equipment	<u>13,399</u>	<u>-</u>	<u>-</u>	<u>13,399</u>
Total capital assets	<u>2,407,929</u>	<u>54,763</u>	<u>-</u>	<u>2,462,692</u>
Less accumulated depreciation for:				
Sewer plant treatment facility	1,427,291	58,988	-	1,486,279
Vehicle	22,677	9,182	-	31,859
Equipment	<u>7,772</u>	<u>925</u>	<u>-</u>	<u>8,697</u>
Total accumulated depreciation	<u>1,457,740</u>	<u>69,095</u>	<u>-</u>	<u>1,526,835</u>
Total capital assets, net of accumulated depreciation	<u>\$ 950,189</u>	<u>\$ (14,332)</u>	<u>\$ -</u>	<u>\$ 935,857</u>

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

Governmental activities:	
General government	\$ 18,763
Public safety	45,197
Streets and public works	126,389
Culture and recreation	<u>11,777</u>
Total depreciation expense – governmental activities	<u>\$ 202,126</u>
Business-type activities:	
Sewer	<u>69,095</u>
Total depreciation expense – business-type activities	<u>\$ 69,095</u>

5. RISK MANAGEMENT ASSOCIATION

The Village is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). The Village pays an annual premium to IMLRMA for its coverage. Settled claims have not exceeded the coverage in any of the past three fiscal years. The Village's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Village is not aware of any additional assessments owed as of April 30, 2014.

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

6. DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full time employees, 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 \$14,184 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)

7. LONG TERM DEBT

Governmental Activities

Notes Payable

In 2010 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$17,500 at an interest rate of 4.15% to be paid in monthly payments of \$324 beginning May 28, 2010 with a final payment due April 28, 2015. The principal balance as of April 30, 2014 was \$3,787.

In 2012 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$9,245 at an interest rate of 2.25% to be paid in monthly payments of \$266 beginning September 26, 2011 with a final payment due August 26, 2014. The principal balance as of April 30, 2014 was \$1,057.

In 2012 the Village entered into an agreement with a financial institution to finance the purchase of a vehicle for street and public works. The Village borrowed \$18,750 at an interest rate of 3.65% to be paid in monthly payments of \$551 beginning September 30, 2011 with a final payment due August 30, 2014. The principal balance as of April 30, 2014 was \$2,178.

In 2012 the Village entered into an agreement with a financial institution to finance the purchase of a mower. The Village borrowed \$13,734 at an interest rate of 2.25% to be paid in monthly payments of \$395 beginning October 1, 2011 with a final payment due September 1, 2014. The principal balance as of April 30, 2014 was \$1,970.

In 2012 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$27,560 at an interest rate of 1.49% to be paid in monthly payments of \$477 beginning March 6, 2013 with a final payment due February 6, 2018. The principal balance as of April 30, 2014 was \$21,312.

In 2012, the Village entered into an agreement with a financial institution to finance park improvements. The Village borrowed \$96,016 at an interest rate of 4.0% to be paid in monthly payments of \$1,771 beginning February 9, 2012 with a final payment due January 9, 2017. The principal balance as of April 30, 2014 was \$55,190.

In 2014 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$23,000 at an interest rate of 1.99% to be paid in monthly payments of \$403 beginning November 28, 2013 with a final payment due October 28, 2018. The principal balance as of April 30, 2014 was \$20,787.

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

7. LONG TERM DEBT (Continued)

Governmental Activities – Continued

Notes Payable – Continued

In 2014 the Village entered into an agreement with a financial institution to finance the purchase of a vehicle for street and public works. The Village borrowed \$35,000 at an interest rate of 1.99% to be paid in monthly payments of \$613 beginning November 29, 2013 with a final payment due October 29, 2018. The principal balance as of April 30, 2014 was \$31,631.

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>
2015	\$ 45,091	\$ 3,191	\$ 48,282
2016	37,196	1,975	39,171
2017	32,925	858	33,783
2018	16,675	282	16,957
2019	<u>6,025</u>	<u>35</u>	<u>6,060</u>
Total	<u>\$ 137,912</u>	<u>\$ 6,341</u>	<u>\$ 144,253</u>

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.

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

7. LONG TERM DEBT (Continued)

Governmental Activities – Continued

Tax Increment Revenue Bonds, Series 1991

The Village issued \$147,840 Tax Increment Revenue Bonds, Series 1991 in 1992 for the purpose of infrastructure improvements in the Roadway Redevelopment Project Area. The Village pays debt service expenditures from tax incremental revenue generated by specific property. The full principal amount matured in fiscal year 2010, however the bond has not been paid as of the fiscal year ending April 30, 2014.

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 147,840	\$ 322,500	\$ 470,340
Total	\$ 147,840	\$ 322,500	\$ 470,340

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>
2015	\$ 123,000	\$ 73,260	\$ 196,260
2016	130,000	65,880	195,880
2017	138,000	58,080	196,080
2018	148,000	49,800	197,800
2019	156,000	40,920	196,920
2020-2022	<u>526,000</u>	<u>64,380</u>	<u>590,380</u>
Total	\$ 1,221,000	\$ 352,320	\$ 1,573,320

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

7. 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. The annual debt service requirements are as follows:

<u>Years ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 95,000	\$ 90,000	\$ 185,000
2016	100,000	85,725	185,725
2017	192,000	81,225	273,225
2018	201,000	72,585	273,585
2019	210,000	63,540	273,540
2020-2025	<u>1,202,000</u>	<u>167,040</u>	<u>1,369,040</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 560,115</u>	<u>\$ 2,560,115</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, 2014 is \$454,916.

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

7. LONG TERM DEBT (Continued)

Changes in Long-Term Liabilities

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

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
Governmental activities:					
G.O. refunding bonds *	\$ 39,900	\$ -	\$ 39,900	\$ -	\$ -
TIF bonds	3,485,840	-	117,000	3,368,840	365,840
TIF note payable	454,916	-	-	454,916	-
Notes payable	127,261	58,000	47,349	137,912	45,091
Other commitments	40,000	-	10,000	30,000	10,000
Compensated absences payable	41,094	36,806	32,423	45,477	19,863
Governmental activity – long-term liabilities	<u>\$ 4,189,011</u>	<u>\$ 94,806</u>	<u>\$ 246,672</u>	<u>\$ 4,037,145</u>	<u>\$ 440,794</u>
Business-type activities:					
G.O. refunding bonds *	\$ 65,100	\$ -	\$ 65,100	\$ -	\$ -
Compensated absences payable	10,480	6,648	5,032	12,096	4,808
Business-type activity long-term liabilities	<u>\$ 75,580</u>	<u>\$ 6,648</u>	<u>\$ 70,132</u>	<u>\$ 12,096</u>	<u>\$ 4,808</u>

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

8. DEBT WITHOUT GOVERNMENT COMMITMENT

Special Service Area Bonds, Series 2001

The Village issued \$1,000,000 Special Service Area Bonds, Unlimited Ad Valorem Tax Bonds, Series 2001 for the purpose of infrastructure improvements at the Route 66 Crossing at Sherman development. The Village is not obligated for repayment. Village residents located in the special service area are obligated to pay the special tax along with their standard County property tax bill. Therefore, the Village does not report any liability in its financial statements. Principal payments range from \$55,902 to \$117,655 annually with a final payment due October 1, 2015. The outstanding principal balance as of April 30, 2014 was \$227,633.

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

9. INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2014 consist of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
TIF Fund	\$ -	\$ 43,155
Motor Fuel Tax	-	34
Sewer	<u>131,687</u>	<u>-</u>
	<u>131,687</u>	<u>43,189</u>
TIF Fund:		
General Fund	43,155	-
TIF Fund	<u>15,000</u>	<u>15,000</u>
	<u>58,155</u>	<u>15,000</u>
Motor Fuel Tax:		
General Fund	<u>34</u>	<u>-</u>
Sewer Fund:		
General Fund	<u>-</u>	<u>131,687</u>
Total interfund receivables/payables	<u>\$ 189,876</u>	<u>\$ 189,876</u>

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

- \$43,155 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, 2014.
- \$131,687 due from the Sewer Fund to the General Fund. The balance consists of salary expenditures paid by the General Fund and the Sewer Fund's portion of the general obligation debt service payments paid by the General Fund, but not yet repaid by the Sewer Fund at April 30, 2014.
- \$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.

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

10. OTHER COMMITMENTS

The Village has entered into an agreement with a private organization to encourage economic development in the Village. The agreement provides for a payment of \$25,000 in November 2010 and annual payments of \$10,000 from November 2011 through November 2016. This is a total commitment of \$85,000 of which the balance at April 30, 2014 is \$30,000.

11. DEVELOPMENT ASSISTANCE

The Village has entered into agreements with private organizations to encourage economic development in the Village. One agreement provides for rebating 50% of the sales tax generated by the organization. The agreement expires upon the earliest of (1) the payment of the \$435,000 to the organization, or (2) December 31, 2021. Rebates of \$89,122 have been paid to the organization as of April 30, 2014. One agreement provides for rebating 75% of the incremental property taxes generated by the organization. The agreement expires upon the earliest of (1) the payment of \$190,500 to the organization, or (2) December 31, 2022. A rebate of \$24,855 was paid to the organization as of April 30, 2014.

12. PRIOR PERIOD ADJUSTMENT

The Village has restated beginning net position as of May 1, 2013 to correct an understatement of accrued interest payable.

	<u>Governmental Activities</u>
Net position, May 1, (as previously reported)	\$ 4,558,930
Restated for a) Understated accrued interest	<u>(322,500)</u>
Net position, May 1 (as restated)	<u>\$ 4,236,430</u>

13. SUBSEQUENT EVENT

In May and June 2014 two lawsuits were filed against the Village relating to the investigation and discipline of a Village employee. The lawsuits were settled in September 2014 in which the Village agreed to pay \$50,000 to avoid future litigation costs and costs of defense.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Property taxes	\$ 172,703	\$ 172,703	\$ 177,826	\$ 5,123
Road and bridge taxes	44,400	44,400	44,761	361
Sales and use taxes	475,000	475,000	495,292	20,292
Personal property replacement taxes	350	350	363	13
Income taxes	407,738	407,738	401,092	(6,646)
Video gaming tax	-	-	4,560	4,560
Franchise fees	46,000	46,000	46,355	355
Licenses	3,600	3,600	10,300	6,700
Building permits	35,000	35,000	31,492	(3,508)
Fines	36,800	36,800	28,236	(8,564)
Charges for services	9,984	9,984	9,152	(832)
Investment income	300	300	85	(215)
Miscellaneous	22,500	22,500	21,200	(1,300)
Total revenues	<u>1,254,375</u>	<u>1,254,375</u>	<u>1,270,714</u>	<u>16,339</u>
EXPENDITURES				
General government				
Finance:				
Insurance	57,500	57,500	48,978	(8,522)
Auditing	5,000	5,000	6,600	1,600
Finance total	<u>62,500</u>	<u>62,500</u>	<u>55,578</u>	<u>(6,922)</u>
Legal:				
Attorney	46,250	46,250	28,906	(17,344)
Legal total	<u>46,250</u>	<u>46,250</u>	<u>28,906</u>	<u>(17,344)</u>
Village clerk:				
Salary	9,625	9,625	7,722	(1,903)
Payroll expenditures	1,601	1,601	1,272	(329)
Printing, supplies and postage	-	-	46	46
Dues and membership	938	938	700	(238)
Bulk mailing	7,500	7,500	-	(7,500)
Village clerk total	<u>19,664</u>	<u>19,664</u>	<u>9,740</u>	<u>(9,924)</u>

(Continued)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
Village Hall:				
Salaries	\$ 94,000	\$ 94,000	\$ 74,711	\$ (19,289)
Payroll expenditures	8,263	8,263	6,607	(1,656)
Telecommunications	5,925	5,925	4,484	(1,441)
Office equipment	1,250	1,250	29	(1,221)
Supplies/labor	3,000	3,000	1,912	(1,088)
Printing	2,625	2,625	2,394	(231)
Postage	975	975	465	(510)
Training	10,625	10,625	3,890	(6,735)
Dues and membership	8,438	8,438	6,288	(2,150)
Utilities	16,500	16,500	11,502	(4,998)
Miscellaneous	125	125	216	91
Building maintenance	3,188	3,188	2,727	(461)
Recycling program	720	720	576	(144)
Community events	14,188	14,188	11,761	(2,427)
Village hall total	<u>169,822</u>	<u>169,822</u>	<u>127,562</u>	<u>(42,260)</u>
Contingency				
Contingency	<u>448,023</u>	<u>448,023</u>	<u>16,067</u>	<u>(431,956)</u>
Contingency total	<u>448,023</u>	<u>448,023</u>	<u>16,067</u>	<u>(431,956)</u>
General government total	<u>746,259</u>	<u>746,259</u>	<u>237,853</u>	<u>(508,406)</u>
Public Safety:				
Public health and safety:				
Salaries	3,375	3,375	2,700	(675)
Payroll expenditures	281	281	207	(74)
Animal control	3,704	3,704	195	(3,509)
ESDA	6,604	6,604	2,063	(4,541)
IEPA	1,250	1,250	1,000	(250)
Electronic alert system	813	813	400	(413)
Equipment management	313	313	-	(313)
Miscellaneous	125	125	79	(46)
Public health safety total	<u>16,465</u>	<u>16,465</u>	<u>6,644</u>	<u>(9,821)</u>

(Continued)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
Police:				
Salaries	\$ 431,250	\$ 431,250	\$ 339,616	\$ (91,634)
Payroll expenditures	89,650	89,650	68,909	(20,741)
Telecommunications	23,275	23,275	15,102	(8,173)
Gasoline	35,625	35,625	24,949	(10,676)
Equipment maintenance	9,000	9,000	8,203	(797)
Building maintenance	1,500	1,500	43	(1,457)
Training	5,625	5,625	2,156	(3,469)
Ammunition	5,000	5,000	-	(5,000)
Uniforms	5,625	5,625	1,384	(4,241)
Neighborhood watch	313	313	951	638
Teen court	1,250	1,250	-	(1,250)
Supplies	7,125	7,125	7,337	212
Utilities	5,250	5,250	4,940	(310)
Police total	<u>620,488</u>	<u>620,488</u>	<u>473,590</u>	<u>(146,898)</u>
Total public safety	<u>636,953</u>	<u>636,953</u>	<u>480,234</u>	<u>(156,719)</u>
Streets and Public Works				
Streets and alleys:				
Salaries	152,500	152,500	103,928	(48,572)
Payroll expenditures	27,625	27,625	19,630	(7,995)
Gas and oil	12,500	12,500	9,106	(3,394)
Diesel fuel	3,875	3,875	3,303	(572)
Street maintenance	43,750	43,750	-	(43,750)
Equipment maintenance and repair	9,750	9,750	8,210	(1,540)
Telephone	4,500	4,500	3,150	(1,350)
Equipment storage	1,750	1,750	1,167	(583)
Miscellaneous/supplies	6,250	6,250	2,680	(3,570)
Clean-up day	3,750	3,750	3,230	(520)
Streets and alleys total	<u>266,250</u>	<u>266,250</u>	<u>154,404</u>	<u>(111,846)</u>
Engineering:				
Engineer	68,750	68,750	40,905	(27,845)
Engineering total	<u>68,750</u>	<u>68,750</u>	<u>40,905</u>	<u>(27,845)</u>
Streets and Public Works total	<u>335,000</u>	<u>335,000</u>	<u>195,309</u>	<u>(139,691)</u>

(Continued)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
Culture and Recreation				
Parks and recreation:				
Gas and oil	\$ 125	\$ 125	\$ -	\$ (125)
Diesel fuel	3,125	3,125	1,819	(1,306)
Fertilizer	125	125	170	45
Equipment supplies	750	750	355	(395)
Park improvements	1,813	1,813	1,363	(450)
Parks and recreation total	<u>5,938</u>	<u>5,938</u>	<u>3,707</u>	<u>(2,231)</u>
Culture and recreation total	<u>5,938</u>	<u>5,938</u>	<u>3,707</u>	<u>(2,231)</u>
Debt Service				
Debt Service:				
G.O. refunding bonds principal	105,000	105,000	39,900	(65,100)
G.O. refunding bonds interest	29,375	29,375	862	(28,513)
Capital lease principal	68,250	68,250	46,509	(21,741)
Capital lease interest	-	-	4,099	4,099
Debt service total	<u>202,625</u>	<u>202,625</u>	<u>91,370</u>	<u>(111,255)</u>
Capital outlay				
Police	47,938	47,938	44,633	(3,305)
Streets and alleys	144,375	144,375	48,527	(95,848)
Parks and recreation	12,500	12,500	6,572	(5,928)
Capital outlay total	<u>204,813</u>	<u>204,813</u>	<u>99,732</u>	<u>(105,081)</u>
Total expenditures paid	<u>2,131,588</u>	<u>2,131,588</u>	<u>1,108,205</u>	<u>(1,023,383)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(877,213)</u>	<u>(877,213)</u>	<u>162,509</u>	<u>1,039,722</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	138,250	138,250	58,000	(80,250)
Total other financing sources (uses)	<u>138,250</u>	<u>138,250</u>	<u>58,000</u>	<u>(80,250)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (738,963)</u>	<u>\$ (738,963)</u>	<u>220,509</u>	<u>\$ 959,472</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			(57,567)	
FUND BALANCE, BEGINNING OF YEAR			<u>490,291</u>	
FUND BALANCE, END OF YEAR			<u>\$ 653,233</u>	

(Concluded)

See accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

TAX INCREMENT FINANCING FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Property taxes	\$ 1,337,100	\$ 1,337,100	\$ 1,195,781	\$ (141,319)
Investment income	5,600	5,600	1,982	(3,618)
Sales tax	50,000	50,000	54,361	4,361
Total revenues	<u>1,392,700</u>	<u>1,392,700</u>	<u>1,252,124</u>	<u>(140,576)</u>
EXPENDITURES				
Economic Development:				
Salaries	63,700	63,700	63,971	271
Attorney fees	20,000	20,000	5,250	(14,750)
Administration	10,000	10,000	15,285	5,285
Engineering	81,000	81,000	100,662	19,662
Contractual agreements	60,000	60,000	106,756	46,756
Debt Service:				
Principal	102,410	102,410	117,840	15,430
Interest	170,280	170,280	171,363	1,083
Capital Outlay	489,000	489,000	543,277	54,277
Total expenditures	<u>996,390</u>	<u>996,390</u>	<u>1,124,404</u>	<u>128,014</u>
NET CHANGE IN FUND BALANCE	<u>\$ 396,310</u>	<u>\$ 396,310</u>	127,720	<u>\$ (268,590)</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			(61,131)	
FUND BALANCE, BEGINNING OF YEAR			<u>2,397,431</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,464,020</u>	

See Accompanying Independent Auditor's Report.

VILLAGE OF SHERMAN, ILLINOIS

MOTOR FUEL TAX FUND

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS

For the Year Ended April 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/ (Under)</u>
REVENUES				
Motor fuel tax	\$ 112,468	\$ 112,468	\$ 115,644	\$ 3,176
Investment income	100	100	33	(67)
Total revenues	<u>112,568</u>	<u>112,568</u>	<u>115,677</u>	<u>3,109</u>
EXPENDITURES				
Streets and Public Works:				
Salaries	6,250	6,250	-	(6,250)
Highway maintenance program	37,500	37,500	205	(37,295)
Miscellaneous projects	6,875	6,875	7,187	312
Street lighting	62,500	62,500	74,524	12,024
Signal maintenance	6,250	6,250	5,960	(290)
Total expenditures	<u>119,375</u>	<u>119,375</u>	<u>87,876</u>	<u>(31,499)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,807)</u>	<u>\$ (6,807)</u>	27,801	<u>\$ 34,608</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			6,767	
FUND BALANCE, BEGINNING OF YEAR			<u>157,531</u>	
FUND BALANCE, END OF YEAR			<u>\$ 192,099</u>	

See Accompanying Independent Auditor's Report

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2014

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 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, 2014 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, 2014:

General Fund	
General Government auditing	\$ 1,600
Village Clerk printing, supplies and postage	46
Village Hall miscellaneous	91
Police neighborhood watch	638
Police supplies	212
Culture and Recreation fertilizer	45
Debt Service capital lease interest	4,099

VILLAGE OF SHERMAN, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

April 30, 2014

3. EXCESS OVER BUDGET (Continued)

Tax Increment Financing Fund

Salaries	\$	271
Administration		5,285
Engineering		19,622
Contractual agreements		46,756
Debt Service principal		15,430
Debt Service interest		1,083
Capital outlay		54,277

Motor Fuel Tax Fund

Miscellaneous projects		312
Street lighting		12,024

SUPPLEMENTARY INFORMATION

VILLAGE OF SHERMAN, ILLINOIS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2014

	Balances, May 1, 2013	Additions	Deductions	Balances, April 30, 2014
ASSETS				
Cash and cash equivalents	\$ 5,200	\$ 125,704	\$ 125,902	\$ 5,002
Property tax receivable	125,903	125,903	125,903	125,903
TOTAL ASSETS	\$ 131,103	\$ 251,607	\$ 251,805	\$ 130,905
LIABILITIES				
Due to bondholders	\$ 131,103	\$ 125,704	\$ 125,902	\$ 130,905
TOTAL LIABILITIES	\$ 131,103	\$ 125,704	\$ 125,902	\$ 130,905

**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, 2014. As discussed in that representation letter, management is responsible for the Village of Sherman, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Village's compliance based on our examination.

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

In our opinion, management's assertion that the Village of Sherman, Illinois complied with the aforementioned requirements for the year ended April 30, 2014, 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.



Springfield, Illinois
December 17, 2014

COMBINING SUBFUND STATEMENTS

VILLAGE OF SHERMAN

TAX INCREMENT FINANCING FUND

COMBINING BALANCE SHEET
BY SUBFUND

April 30, 2014

	<u>Original TIF District</u>	<u>Route 66 TIF District</u>	<u>Rail Pointe TIF District</u>	<u>Total TIF Fund</u>
ASSETS				
Cash and cash equivalents	\$ 755,066	\$ 325,890	\$ 41,610	\$ 1,122,566
Investments	1,331,369	-	122,841	1,454,210
Property tax receivable	950,000	222,000	21,500	1,193,500
Due from other funds	15,000	43,155	-	58,155
 Total assets	 <u>\$ 3,051,435</u>	 <u>\$ 591,045</u>	 <u>\$ 185,951</u>	 <u>\$ 3,828,431</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 154,236	\$ -	\$ -	\$ 154,236
Accrued payroll	1,675	-	-	1,675
Due to other funds	-	15,000	-	15,000
 Total liabilities	 <u>155,911</u>	 <u>15,000</u>	 <u>-</u>	 <u>170,911</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	950,000	222,000	21,500	1,193,500
 Total deferred inflows of resources	 <u>950,000</u>	 <u>222,000</u>	 <u>21,500</u>	 <u>1,193,500</u>
 Total liabilities and deferred inflows of resources	 <u>1,105,911</u>	 <u>237,000</u>	 <u>21,500</u>	 <u>1,364,411</u>
Fund balances:				
Restricted for economic development	1,945,524	354,045	164,451	2,464,020
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 3,051,435</u></u>	 <u><u>\$ 591,045</u></u>	 <u><u>\$ 185,951</u></u>	 <u><u>\$ 3,828,431</u></u>

See independent auditor's report.

VILLAGE OF SHERMAN

TAX INCREMENT FINANCING FUND

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

For the Year Ended April 30, 2014

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
REVENUES				
Property taxes	\$ 951,736	\$ 222,444	\$ 21,601	\$ 1,195,781
Investment income	1,061	736	185	1,982
Sales tax	-	54,361	-	54,361
Total revenues	<u>952,797</u>	<u>277,541</u>	<u>21,786</u>	<u>1,252,124</u>
EXPENDITURES				
Salaries	64,259	-	-	64,259
Attorney fees	5,250	-	-	5,250
Administration	5,451	-	165	5,616
Engineering	158,519	-	-	158,519
Contractual agreements	106,756	-	-	106,756
Bond payments				
Principal	840	117,000	-	117,840
Interest	54	171,309	-	171,363
Infrastructure improvements	<u>555,932</u>	<u>-</u>	<u>-</u>	<u>555,932</u>
Total expenditures	<u>897,061</u>	<u>288,309</u>	<u>165</u>	<u>1,185,535</u>
NET CHANGE IN FUND BALANCE	55,736	(10,768)	21,621	66,589
FUND BALANCE, BEGINNING OF YEAR	<u>1,889,788</u>	<u>364,813</u>	<u>142,830</u>	<u>2,397,431</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,945,524</u>	<u>\$ 354,045</u>	<u>\$ 164,451</u>	<u>\$ 2,464,020</u>

See independent auditor's report.