

Annual Financial Statements and
Independent Auditors' Report



Village of Sherman, Illinois

For the year ended April 30, 2023

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Independent Auditors' Report

The Board of Trustees
Village of Sherman, Illinois

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Sherman, Illinois (the Village) as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Sherman, Illinois as of April 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Village has not presented a management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

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

Kerber, Eck + Braeckel LLP

Springfield, Illinois
October 29, 2024

Village of Sherman, Illinois
STATEMENT OF NET POSITION
April 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,401,253	\$ 412,666	\$ 4,813,919
Investments	255,235	-	255,235
Property tax receivable	360,400	-	360,400
Other receivables	209,420	107,835	317,255
Internal balances	70,368	(70,368)	-
Prepaid expenses	41,200	-	41,200
Total current assets	5,337,876	450,133	5,788,009
Capital Assets			
Land	1,707,225	295,156	2,002,381
Construction in progress	236,229	-	236,229
Other capital assets, net of accumulated depreciation	10,554,426	354,023	10,908,449
Total capital assets	12,497,880	649,179	13,147,059
Total assets	17,835,756	1,099,312	18,935,068
LIABILITIES			
Current liabilities			
Accounts payable	151,542	45,383	196,925
Accrued payroll	11,768	2,089	13,857
Accrued interest payable	258,272	-	258,272
Unearned revenue	636,412	-	636,412
Compensated absences payable, current	18,852	4,208	23,060
Notes payable, current	107,955	-	107,955
G.O. bonds payable, current	212,000	-	212,000
TIF bonds payable, current	1,073,764	-	1,073,764
Total current liabilities	2,470,565	51,680	2,522,245
Noncurrent Liabilities			
Compensated absences payable, noncurrent	44,024	5,006	49,030
Notes payable, noncurrent	310,367	-	310,367
G.O. bonds payable, noncurrent	3,102,000	-	3,102,000
Total noncurrent liabilities	3,456,391	5,006	3,461,397
Total liabilities	5,926,956	56,686	5,983,642
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	360,400	-	360,400
Total deferred inflows of resources	360,400	-	360,400
Total liabilities and deferred inflows of resources	6,287,356	56,686	6,344,042
NET POSITION			
Net investment in capital assets	9,175,163	649,179	9,824,342
Restricted for maintenance of roadways	792,325	-	792,325
Restricted for economic development	1,591,544	-	1,591,544
Restricted for public safety	20,008	-	20,008
Restricted for debt service	553,128	-	553,128
Unrestricted	(583,768)	393,447	(190,321)
Total net position	\$ 11,548,400	\$ 1,042,626	\$ 12,591,026

The accompanying notes are an integral part of this statement.

Village of Sherman , Illinois
STATEMENT OF ACTIVITIES
Year ended April 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 635,352	\$ 85,812	\$ -	\$ -	\$ (549,540)	\$ -	\$ (549,540)
Public safety	885,607	2,922	2,990	-	(879,695)	-	(879,695)
Streets and public works	861,263	-	191,171	45,562	(624,530)	-	(624,530)
Culture and recreation	504,793	191,569	4,550	-	(308,674)	-	(308,674)
Economic development	652,072	-	-	-	(652,072)	-	(652,072)
Interest on long-term debt	88,461	-	-	-	(88,461)	-	(88,461)
Total governmental activities	3,627,548	280,303	198,711	45,562	(3,102,972)	-	(3,102,972)
Business-type activities	925,878	713,669	-	-	-	(212,209)	(212,209)
Total	\$ 4,553,426	\$ 993,972	\$ 198,711	\$ 45,562	(3,102,972)	(212,209)	(3,315,181)

General Revenues

Property taxes	2,029,682	-	2,029,682
Sales and use tax	946,469	-	946,469
Intergovernmental	830,558	-	830,558
Investment income	73,537	2,756	76,293
Other revenue	120,453	-	120,453
Extraordinary item - gain on cancellation of debt	619,194	-	619,194
Total general revenues	4,619,893	2,756	4,622,649
Change in net position	1,516,921	(209,453)	1,307,468
Net position, beginning of year	10,031,479	1,252,079	11,283,558
Net position, end of year	\$ 11,548,400	\$ 1,042,626	\$ 12,591,026

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2023

	General Fund	Tax Increment Financing fund	Motor Fuel Tax Fund	Infrastructure Project Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,626,125	\$ 1,573,494	\$ 792,029	\$ 409,605	\$ 4,401,253
Investments	255,235	-	-	-	255,235
Property tax receivable	360,400	-	-	-	360,400
Other receivables	192,818	-	16,602	-	209,420
Due from other funds	674,710	54,914	-	-	729,624
Prepaid expenses	41,200	-	-	-	41,200
Total assets	\$ 3,150,488	\$ 1,628,408	\$ 808,631	\$ 409,605	\$ 5,997,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 146,570	\$ 1,997	\$ 2,975	\$ -	\$ 151,542
Accrued payroll	11,420	348	-	-	11,768
Due to other funds	611,406	34,519	13,331	-	659,256
Unearned revenue	636,412	-	-	-	636,412
Total liabilities	1,405,808	36,864	16,306	-	1,458,978
Deferred inflows of resources					
Unavailable revenue - property taxes	360,400	-	-	-	360,400
Total liabilities and deferred inflows of resources	1,766,208	36,864	16,306	-	1,819,378
FUND BALANCES					
Nonspendable	41,200	-	-	-	41,200
Restricted					
Maintenance of roadways	-	-	792,325	-	792,325
Economic development	-	1,591,544	-	-	1,591,544
Public safety	20,008	-	-	-	20,008
Capital projects	-	-	-	409,605	409,605
Debt service	553,128	-	-	-	553,128
Unrestricted					
Assigned for culture and recreation	39,225	-	-	-	39,225
Unassigned	730,719	-	-	-	730,719
Total fund balances	1,384,280	1,591,544	792,325	409,605	4,177,754
Total liabilities, deferred inflows of resources and fund balances	\$ 3,150,488	\$ 1,628,408	\$ 808,631	\$ 409,605	\$ 5,997,132

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
April 30, 2023

RECONCILIATION TO STATEMENT OF NET POSITION

Fund balance - governmental funds	\$ 4,177,754
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in the governmental activities of \$ 16,785,893, net of accumulated depreciation of \$ 4,288,013, are not financial resources, and therefore, are not reported in the funds	12,497,880
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences payable	(62,876)
Accrued interest payable	(258,272)
Notes payable, current	(107,955)
G.O. bonds payable, current	(212,000)
TIF bonds payable, current	(1,073,764)
Notes payable, noncurrent	(310,367)
G.O. bonds payable, noncurrent	(3,102,000)
Total long-term liabilities	<u>(5,127,234)</u>
Net position of governmental activities	<u>\$ 11,548,400</u>

The accompanying notes are an integral part of this statement.

Village of Sherman , Illinois
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended April 30, 2023

	General Fund	Tax Increment Financing fund	Motor Fuel Tax Fund	Infrastructure Project Fund	Total Governmental Funds
REVENUES					
Property taxes	\$ 427,345	\$ 1,602,337	\$ -	\$ -	\$ 2,029,682
Sales and use taxes	945,348	1,121	-	-	946,469
Intergovernmental	830,558	-	236,733	-	1,067,291
Licenses and permits	85,812	-	-	-	85,812
Fines	2,922	-	-	-	2,922
Investment income	24,918	16,814	19,622	12,183	73,537
Contributions	7,540	-	-	-	7,540
Park events	191,569	-	-	-	191,569
Other revenues	120,453	-	-	-	120,453
Total revenues	2,636,465	1,620,272	256,355	12,183	4,525,275
EXPENDITURES					
Current					
General government	564,044	-	-	-	564,044
Public safety	811,333	-	-	-	811,333
Streets and public works	474,765	-	111,301	-	586,066
Culture and recreation	335,657	-	-	-	335,657
Economic development	-	621,875	-	-	621,875
Debt service					
Principal	322,037	714,952	-	-	1,036,989
Interest	76,862	140,931	-	-	217,793
Capital outlay	672,769	230,179	-	1,855,460	2,758,408
Total expenditures	3,257,467	1,707,937	111,301	1,855,460	6,932,165
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(621,002)	(87,665)	145,054	(1,843,277)	(2,406,890)
OTHER FINANCING SOURCES (USES)					
Loans issued	244,122	-	-	-	244,122
Total other financing sources (uses)	244,122	-	-	-	244,122
EXTRAORDINARY ITEM					
Debt cancellation	-	164,278	-	-	164,278
Net change in fund balances	(376,880)	76,613	145,054	(1,843,277)	(1,998,490)
Fund balances at beginning of year	1,761,160	1,514,931	647,271	2,252,882	6,176,244
Fund balances at end of year	\$ 1,384,280	\$ 1,591,544	\$ 792,325	\$ 409,605	\$ 4,177,754

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended April 30, 2023

RECONCILIATION TO STATEMENT OF ACTIVITIES

Net change in fund balances - total governmental funds \$ (1,998,490)

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

The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.

Capital debt obligation principal payments	1,036,989
Notes issued	(244,122)
Gain on cancellation of debt	454,916

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	(24,345)
Change in accrued interest payable	129,332

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

Capital asset purchases	2,639,593
Depreciation expenses	<u>(476,952)</u>

Change in net position of governmental activities	<u>\$ 1,516,921</u>
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The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUND
April 30, 2023

	Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 412,666
Accounts receivable	107,835
Due from General Fund	604,214
Total current assets	1,124,715
Noncurrent assets	
Land	295,156
Capital assets, net of accumulated depreciation	354,023
Total noncurrent assets	649,179
Total assets	1,773,894
LIABILITIES	
Current liabilities	
Accounts payable	45,383
Accrued payroll	2,089
Due to General Fund	674,582
Compensated absences payable - current	4,208
Total current liabilities	726,262
Noncurrent liabilities	
Compensated absences payable - noncurrent	5,006
Total noncurrent liabilities	5,006
Total liabilities	731,268
NET POSITION	
Net investment in capital assets	649,179
Unrestricted	393,447
Total net position	\$ 1,042,626

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year ended April 30, 2023

	<u>Sewer Fund</u>
Operating revenues	
Charges for services	\$ 713,669
Operating expenses	
Salaries	150,428
Maintenance and supplies	178,710
Sanitary usage	485,366
Collection fees	22,646
Depreciation	62,146
Miscellaneous	<u>26,582</u>
Total operating expenses	<u>925,878</u>
Operating loss	<u>(212,209)</u>
Nonoperating revenues (expenses)	
Investment income	<u>2,756</u>
Total nonoperating revenues (expenses)	<u>2,756</u>
Change in net position	(209,453)
Total net position, beginning of year	<u>1,252,079</u>
Total net position, end of year	<u><u>\$ 1,042,626</u></u>

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year ended April 30, 2023

	Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 674,634
Cash paid to suppliers	(677,806)
Cash paid to employees	(154,723)
	<u>(157,895)</u>
Net cash from operating activities	<u>(157,895)</u>
Cash flows from noncapital financing activities	
Payments to interfund accounts	1,784,978
Proceeds from interfund accounts	(1,689,169)
	<u>95,809</u>
Net cash from noncapital financing activities	<u>95,809</u>
Cash flows from capital financing activities	
Purchase of capital assets	<u>-</u>
	<u>-</u>
Net cash from capital financing activities	<u>-</u>
Cash flows from investing activities	
Interest received	<u>2,756</u>
	<u>2,756</u>
Net cash from investing activities	<u>2,756</u>
Net decrease in cash and cash equivalents	(59,330)
Cash and cash equivalents, beginning of year	<u>471,996</u>
Cash and cash equivalents, end of year	<u>\$ 412,666</u>
Cash and cash equivalents consists of the following:	
Cash and cash equivalents	\$ 412,666
Restricted cash and cash equivalents	<u>-</u>
	<u>\$ 412,666</u>
Reconciliation of operating income to net cash from operating activities	
Operating loss	\$ (212,209)
Adjustment to reconcile operating income to net cash from operating activities	
Depreciation	62,146
Changes in assets and liabilities	
Accounts receivable	(39,035)
Accounts payable	35,498
Accrued payroll	243
Compensated absences payable	(4,538)
	<u>(157,895)</u>
Net cash from operating activities	<u>\$ (157,895)</u>

The accompanying notes are an integral part of this statement.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The Village 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, 2023.

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

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

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the activities of the primary government. As a general rule, the effect of material interfund activity has been eliminated from these statements. Exceptions to this general rule are administrative charges between the Village's General Fund and the Sewer Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Government-Wide and Fund Financial Statements

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the Village at year end. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Village.

Fund Financial Statements

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus

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

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

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

The Village reports the following major governmental funds:

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

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

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

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

The Village reports the following major proprietary fund:

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

4. Cash and Cash Equivalents

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

5. Capital Assets

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

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

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

Buildings	40 years
Vehicles	5 years
Equipment	5-10 years
Computers	5 years
Infrastructure	20-40 years
Sewer plant treatment facilities	40 years

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5. Capital Assets

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

6. Long-Term Debt

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Equity Classification

Government-Wide Statements

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

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7. Equity Classification

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

Governmental Fund Financial Statements

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

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

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

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

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

Unassigned: Amounts that are available for any purpose.

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

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption/acquisition of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents a consumption/acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

9. Use of Estimates

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

10. Investments

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

11. Compensated Absences

Vested or accumulated 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 accrue to employees. A liability in the governmental funds is reported only if the benefit has matured.

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

12. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through October 29, 2024. See Note L for subsequent events.

NOTE B | CASH AND CASH EQUIVALENTS

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

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

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions the Village's investment policy requires all deposits with financial institutions in excess of federal depository insurance to be collateralized with collateral held at an independent third-party institution in the name of the Village as evidenced by a written agreement. As of April 30, 2023, the Village's deposits held at various financial institutions were in excess of FDIC insurance and collateral by \$ 6,001.

b. Investments

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

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE B | CASH AND CASH EQUIVALENTS

b. Investments

	Fair Value	Less than 1	1-5	6-10	More Than 10
Negotiable CDs	\$ 255,235	\$ 255,235	\$ -	\$ -	\$ -

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity by primarily investing in certificates of deposit. Certificates of deposit and money market funds are not rated.

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

Concentration of credit risk – The Village places no limit on the amount the Village may invest in any one issuer. The Village’s investments are in certificates of deposit.

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

NOTE C | PROPERTY TAXES

The property tax levy ordinance must be filed in Sangamon County by the last Tuesday in December on the assessed valuation as of January 1. The 2022 tax levy becomes an enforceable lien against the property on January 1, 2022. These taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to each government unit their respective share of the collections. Since the 2022 levy will be collected in fiscal year 2024 and is intended to finance the 2024 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources. The 2023 tax levy has not been recorded as a receivable at April 30, 2023. Although the tax attached as a lien on the property as of January 1, 2023, the tax will not be levied until December 2023, and, accordingly, is not measurable at April 30, 2023.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE C | PROPERTY TAXES

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.

NOTE D | RECEIVABLES

The following receivables are included in other receivables on the statement of net position as of April 30, 2023:

Sales and use tax receivable	\$ 177,431
Video gaming tax receivable	12,939
Motor fuel tax allotment receivable	16,602
Other receivables	<u>2,448</u>
Total governmental activities	209,420
Sewer accounts receivable	<u>107,835</u>
Total primary government	<u>\$ 317,255</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE E | CAPITAL ASSETS

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

	Balance <u>May 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2023</u>
<i>Governmental activities</i>				
Capital assets not being depreciated				
Land	\$ 1,707,225	\$ -	\$ -	\$ 1,707,225
Construction in progress	<u>312,103</u>	<u>236,229</u>	<u>312,103</u>	<u>236,229</u>
Total	2,019,328	236,229	312,103	1,943,454
Other capital assets				
Buildings	750,502	-	-	750,502
Vehicles	808,757	47,677	43,605	812,829
Equipment	1,091,439	109,621	-	1,201,060
Computers	37,805	9,696	-	47,501
Infrastructure	<u>9,482,073</u>	<u>2,548,473</u>	<u>-</u>	<u>12,030,546</u>
Total other capital assets	12,170,576	2,715,467	43,605	14,842,438
Less accumulated depreciation for				
Buildings	362,670	18,762	-	381,432
Vehicles	593,373	60,271	43,605	610,039
Equipment	670,312	81,673	-	751,985
Computers	32,898	2,760	-	35,658
Infrastructure	<u>2,195,412</u>	<u>313,486</u>	<u>-</u>	<u>2,508,898</u>
Total accumulated depreciation	<u>3,854,665</u>	<u>476,952</u>	<u>43,605</u>	<u>4,288,012</u>
Other capital assets, net	<u>8,315,911</u>	<u>2,238,515</u>	<u>-</u>	<u>10,554,426</u>
Governmental activities capital assets, net	<u>\$10,335,239</u>	<u>\$ 2,474,744</u>	<u>\$ 312,103</u>	<u>\$12,497,880</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE E | CAPITAL ASSETS

	<u>Balance</u> <u>May 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2023</u>
<i>Business-type activities</i>				
Capital assets not being depreciated				
Land	\$ 295,156	\$ -	\$ -	\$ 295,156
Other capital assets				
Sewer plant treatment facility	2,359,500	-	-	2,359,500
Vehicles	89,793	-	-	89,793
Equipment	44,982	-	-	44,982
Total other capital assets	2,494,275	-	-	2,494,275
Less accumulated depreciation for				
Sewer plant treatment facility	1,964,083	58,988	-	2,023,071
Vehicles	89,793	-	-	89,793
Equipment	24,230	3,158	-	27,388
Total accumulated depreciation	2,078,106	62,146	-	2,140,252
Other capital assets, net	416,169	(62,146)	-	354,023
Business-type activities capital assets, net	\$ 711,325	\$ (62,146)	\$ -	\$ 649,179

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

Governmental activities	
General government	\$ 22,115
Public safety	46,916
Streets and public works	252,802
Culture and recreation	155,119
	<u>\$ 476,952</u>
Business-type activities	
Sewer	<u>\$ 62,146</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE F | RISK MANAGEMENT ASSOCIATION

The Village is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the Village participates in the Illinois Municipal League Risk Management Association (IMLRMA). The Village pays an annual premium to IMLRMA for its coverage. Settled claims have not exceeded the coverage in any of the past three fiscal years. The Village's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The Village is not aware of any additional assessments owed as of April 30, 2023.

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

NOTE G | DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full-time employees, permits them to defer a portion of their salary until future years. The Village also elected to make a matching contribution up to 4% of an employee's annual salary. An employee is eligible to participate when hired and is vested 100% immediately. The amounts deferred and earnings thereon, are not available to employees until termination, retirement, death, or an unforeseeable emergency. During the year, the Village contributed \$ 27,876 for the matching contribution.

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

NOTE H | LONG-TERM DEBT

Governmental Activities

Notes Payable (Direct Borrowing)

In fiscal year 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, 2023 was \$ 5,394.

In fiscal year 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, 2023 was \$ 15,871.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE H | LONG-TERM DEBT

In fiscal year 2020 the Village entered into an agreement with a financial institution to finance the purchase of a mower for streets 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, 2023 was \$ 8,114.

In fiscal year 2020 the Village entered into an agreement with a financial institution to finance the purchase of a mower for streets 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, 2023 was \$ 1,146.

In fiscal year 2020 the Village entered into an agreement with a financial institution to finance the purchase of police radios. The Village borrowed \$ 21,773 at an interest rate of 3.50% to be paid in monthly payments of \$ 638 beginning September 11, 2020 with a final payment due August 11, 2023. The principal balance as of April 30, 2023 was \$ 2,536.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a truck for streets and public works. The Village borrowed \$ 59,950 at an interest rate of 0.80% to be paid in monthly payments of \$ 1,020 beginning August 16, 2021 with a final payment due July 16, 2026. The principal balance as of April 30, 2023 was \$ 39,243.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000 at an interest rate of 0.80% to be paid in monthly payments of \$ 851 beginning August 6, 2021 with a final payment due July 6, 2026. The principal balance as of April 30, 2023 was \$ 32,730.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 50,000 at an interest rate of 0.80% to be paid in monthly payments of \$ 851 beginning December 5, 2021 with a final payment due November 5, 2026. The principal balance as of April 30, 2023 was \$ 36,037.

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 23,005 at an interest rate of 1.63% to be paid in monthly payments of \$ 655 beginning May 1, 2022 with a final payment due April 1, 2025. The principal balance as of April 30, 2023 was \$ 15,463.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE H | LONG-TERM DEBT

In fiscal year 2022 the Village entered into an agreement with a financial institution to finance the purchase of a truck for streets and public works. The Village borrowed \$ 46,346 at an interest rate of 0.80% to be paid in monthly payments of \$ 788 beginning October 2, 2021 with a final payment due September 2, 2026. The principal balance as of April 30, 2023 was \$ 31,872.

In fiscal year 2023 the Village entered into an agreement with a financial institution to finance the purchase of a mower and utility trailer. The village borrowed \$ 33,871 at an interest rate of 3.59% to be paid in monthly payments of \$ 994 beginning December 2022 with a final payment due in November 2025. The principal balance as of April 30, 2023 was \$ 29,382.

In fiscal year 2023, the Village entered into an agreement with a financial institution to finance the purchase of a Ford F150 Police responder. The village borrowed \$ 50,250 at an interest rate of 3.33% to be paid in monthly payments of \$ 911 beginning October 2022 with a final payment due in September 2027. The principal balance as of April 30, 2023 was \$ 44,810.

In fiscal year 2023, the Village entered into an agreement with a financial institution to finance the purchase of a snowplow truck. The Village borrowed \$ 160,000 at an interest rate of 4.24% to be paid in monthly payments of \$ 1,643 beginning December 2022 with a final payment due in November 2032. The principal balance as of April 30, 2023 was \$ 155,723.

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

<u>Year ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 107,955	\$ 10,323	\$ 118,278
2025	92,280	8,193	100,473
2026	73,403	6,325	79,728
2027	41,139	5,020	46,159
2028	20,274	4,000	24,274
2029 - 2033	<u>83,271</u>	<u>8,729</u>	<u>92,000</u>
	<u>\$ 418,322</u>	<u>\$ 42,590</u>	<u>\$ 460,912</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE H | LONG-TERM DEBT

General Obligation Bonds (Direct Borrowing)

\$ 3,730,000 General Obligation Bonds, Series 2021 dated February 23, 2021, due in semi-annual installments of \$ 207,000 to \$ 270,000 through November 1, 2036; interest at 1.08% to 2.30%. These bonds were issued for the purpose of financing costs of refunding the Village’s General Obligation Bonds, Series 2016 and costs of construction of street improvements and other municipal projects within the Village. The amount of bonds outstanding as of April 30, 2023 was \$ 3,314,000.

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

<u>Year ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 212,000	\$ 65,422	\$ 277,422
2025	214,000	62,709	276,709
2026	217,000	59,756	276,756
2027	221,000	56,544	277,544
2028	224,000	53,052	277,052
2029 - 2033	1,183,000	202,304	1,385,304
2034 - 2037	<u>1,043,000</u>	<u>66,012</u>	<u>1,109,012</u>
	<u>\$ 3,314,000</u>	<u>\$ 565,799</u>	<u>\$ 3,879,799</u>

Tax Increment Financing 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”. These taxes are deemed to be “Pledged Taxes”, irrevocable until the obligations are discharged.

The 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 BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE H | LONG-TERM DEBT

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. The remaining balance on the bonds of \$ 361,000 was paid off during the year ended April 30, 2023.

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, 2023 , there were unpaid principal and interest payments of \$ 1,033,397 from prior fiscal years 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, 2023. The unpaid principal and interest is included in the year ending April 30, 2024 debt service payments below.

The annual debt service requirements are as follows:

<u>Year ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,073,764	\$ 233,421	\$ 1,307,185

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE H | LONG-TERM DEBT

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 remained in effect until the expiration of the Route 66 TIF District in October 2022. The obligation of \$ 454,916 expired during fiscal year 2023 and is included as a gain on cancellation of debt on the statement of activities.

Changes in Long-Term Liabilities:

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

	Balance			Amount Due	
	May 1, 2022	Additions	Reductions	Balance April 30, 2023	Within One Year
Governmental activities					
Notes payable	\$ 287,237	\$ 244,122	\$ 113,037	\$ 418,322	\$ 107,955
General obligation bonds	3,523,000	-	209,000	3,314,000	212,000
TIF Bonds	1,788,716	-	714,952	1,073,764	1,073,764
TIF note payable	454,916	-	454,916	-	-
Compensated absences	<u>38,531</u>	<u>75,364</u>	<u>51,019</u>	<u>62,876</u>	<u>18,852</u>
Total	<u>\$ 6,092,400</u>	<u>\$ 319,486</u>	<u>\$ 1,542,924</u>	<u>\$ 4,868,962</u>	<u>\$ 1,412,571</u>

	Balance			Amount Due	
	May 1, 2022	Additions	Reductions	Balance April 30, 2023	Within One Year
Business-type activities					
Compensated absences	\$ 13,752	\$ 4,977	\$ 9,515	\$ 9,214	\$ 4,208
Total	<u>\$ 13,752</u>	<u>\$ 4,977</u>	<u>\$ 9,515</u>	<u>\$ 9,214</u>	<u>\$ 4,208</u>

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE I | INTERFUND BALANCES

Interfund receivable and payable balances at April 30, 2023 consisted of:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
TIF Fund	\$ -	\$ 20,395
Motor Fuel Tax Fund	13,331	-
Sewer	<u>674,582</u>	<u>604,214</u>
	687,913	624,609
TIF Fund		
General Fund	20,395	-
TIF Fund	<u>34,519</u>	<u>34,519</u>
	54,914	34,519
Motor Fuel Tax Fund		
General Fund	-	13,331
Sewer Fund		
General Fund	<u>604,214</u>	<u>674,582</u>
Total interfund receivables/payables	<u>\$ 1,347,041</u>	<u>\$ 1,347,041</u>

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

NOTE J | 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 allowed for reimbursement of 75% of the incremental property taxes generated by the organization to assist with redevelopment costs. The agreement expired upon the earliest of (1) the payment of \$ 190,500 to the organization, or (2) December 31, 2022. Upon the expiration of the agreement, the remaining balance due of \$ 164,278 expired and is included in cancellation of debt on the statement of activities.

Village of Sherman, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2023

NOTE K | COMMITMENTS

The Village has multiple construction contract commitments for capital improvements. Total outstanding construction commitments as of April 30, 2023 are \$ 414,152.

NOTE L | SUBSEQUENT EVENTS

In October 2023, the Village entered into an agreement with a financial institution to finance the purchase of a mower. The Village borrowed \$ 22,473 at an interest rate of 4.62% to be paid in monthly increments beginning November 2023 with a final payment due in October 2026.

In November 2023, the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 55,000 at an interest rate of 4.70% to be paid in monthly increments beginning December 2023 with a final payment due in November 2028.

In December 2023, the Village entered into an agreement with a financial institution to finance the purchase of two public works trucks. The Village borrowed \$ 88,272 at an interest rate of 5.15% to be paid in monthly increments beginning January 2024 with a final payment due in December 2028.

In May 2024, Village-wide capital project funding allocations not to exceed \$ 1,328,696 were approved.

In July 2024, the Village entered into an agreement with a financial institution to finance the purchase of a police vehicle. The Village borrowed \$ 65,272 at an interest rate of 5.05% to be paid in monthly increments beginning August 2024 with a final payment due in July 2029.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2023

	General Fund			Variance with Final Budget Over/ (Under)
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 357,409	\$ 357,409	\$ 382,136	\$ 24,727
Road and bridge taxes	43,500	43,500	45,209	1,709
Sales and use taxes	600,000	600,000	926,691	326,691
Personal property replacement taxes	360	360	1,197	837
Income taxes	618,238	618,238	755,056	136,818
Video gaming tax	45,000	45,000	68,468	23,468
Cannabis tax	9,112	9,112	7,357	(1,755)
Franchise fees	45,000	45,000	47,049	2,049
Licenses	26,850	26,850	26,350	(500)
Building permits	5,000	5,000	12,413	7,413
Fines	8,000	8,000	2,923	(5,077)
Charges for services	22,400	22,400	22,400	-
Investment income	16,500	16,500	24,918	8,418
Contributions	8,500	8,500	26,640	18,140
Grants	773,000	773,000	318,371	(454,629)
Park events revenue	250,000	250,000	191,569	(58,431)
Miscellaneous	10,000	10,000	78,953	68,953
Total revenues	2,838,869	2,838,869	2,937,700	98,831
EXPENDITURES				
General government				
Finance				
Insurance	66,000	66,000	56,352	(9,648)
Auditing	9,000	9,000	-	(9,000)
Finance total	75,000	75,000	56,352	(18,648)
Legal				
Attorney	25,000	25,000	16,403	(8,597)
Legal total	25,000	25,000	16,403	(8,597)

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2023

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	Original Budget	Final Budget	Actual	
Village Hall:				
Salaries	\$ 170,465	\$ 170,465	\$ 150,063	\$ (20,402)
Payroll expenditures	33,094	33,094	36,374	3,280
Telecommunications	5,000	5,000	3,553	(1,447)
IT support	12,000	12,000	1,167	(10,833)
Office supplies	2,500	2,500	1,232	(1,268)
Printing	16,000	16,000	5,723	(10,277)
Postage	6,500	6,500	482	(6,018)
Training	7,000	7,000	4,566	(2,434)
Dues and membership	15,000	15,000	27,954	12,954
Public relations	20,000	20,000	20,579	579
Utilities	8,500	8,500	32,668	24,168
Building maintenance	10,000	10,000	9,597	(403)
Community events	20,000	20,000	50,096	30,096
Website	3,000	3,000	2,295	(705)
Miscellaneous	1,000	1,000	19,726	18,726
Village Hall total	<u>330,059</u>	<u>330,059</u>	<u>366,075</u>	<u>36,016</u>
Contingency				
Contingency	275,482	275,482	116,470	(159,012)
Contingency total	<u>275,482</u>	<u>275,482</u>	<u>116,470</u>	<u>(159,012)</u>
General government total	<u>705,541</u>	<u>705,541</u>	<u>555,300</u>	<u>(150,241)</u>
Public Safety				
Public health and safety				
Salaries	6,600	6,600	-	(6,600)
Payroll expenditures	505	505	-	(505)
Animal control	1,000	1,000	678	(322)
Computer/software	500	500	-	(500)
Equipment repairs	1,500	1,500	2,829	1,329
Training	740	740	376	(364)
Uniforms	500	500	12	(488)
Miscellaneous	75	75	-	(75)
Public health and safety total	<u>11,420</u>	<u>11,420</u>	<u>3,895</u>	<u>(7,525)</u>

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2023

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	
Police				
Salaries	\$ 485,041	\$ 485,041	\$ 492,891	\$ 7,850
Payroll expenditures	150,032	150,032	164,717	14,685
Telecommunications	21,000	21,000	26,314	5,314
IT support	6,000	6,000	7,325	1,325
Gasoline	35,000	35,000	35,276	276
Equipment repairs and maintenance	17,500	17,500	20,792	3,292
Building maintenance	6,500	6,500	5,144	(1,356)
Training	10,000	10,000	5,960	(4,040)
Ammunition and firearms	6,000	6,000	3,970	(2,030)
Uniforms and equipment	20,000	20,000	14,561	(5,439)
Calendar fund	1,500	1,500	-	(1,500)
Neighborhood watch	-	-	5,262	5,262
Supplies	6,000	6,000	3,639	(2,361)
Utilities	6,000	6,000	9,183	3,183
Community events	-	-	595	595
Police total	<u>770,573</u>	<u>770,573</u>	<u>795,629</u>	<u>25,056</u>
Public safety total	<u>781,993</u>	<u>781,993</u>	<u>799,524</u>	<u>17,531</u>
Streets and public works				
Streets and alleys				
Salaries	392,625	392,625	225,498	(167,127)
Payroll expenditures	52,893	52,893	43,708	(9,185)
Gas and oil	15,000	15,000	9,530	(5,470)
Diesel fuel	3,500	3,500	6,624	3,124
Equipment maintenance and repair	17,000	17,000	31,236	14,236
Telephone	2,000	2,000	1,804	(196)
Miscellaneous/supplies	8,000	8,000	22,213	14,213
Clean-up day	3,200	3,200	4,751	1,551
Streets and alleys total	<u>494,218</u>	<u>494,218</u>	<u>345,364</u>	<u>(148,854)</u>
Engineering				
Engineering	65,000	65,000	127,026	62,026
Engineering total	<u>65,000</u>	<u>65,000</u>	<u>127,026</u>	<u>62,026</u>
Streets and public works total	<u>559,218</u>	<u>559,218</u>	<u>472,390</u>	<u>(86,828)</u>

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2023

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Culture and recreation				
Parks and recreation				
Diesel fuel	\$ 3,500	\$ 3,500	\$ 5,160	\$ 1,660
Park maintenance	30,000	30,000	29,750	(250)
Utilities	10,000	10,000	141	(9,859)
Equipment supplies	30,000	30,000	65,349	35,349
Park events	210,000	210,000	266,214	56,214
Miscellaneous/supplies	-	-	3,720	3,720
Parks and recreation total	<u>283,500</u>	<u>283,500</u>	<u>370,334</u>	<u>86,834</u>
Culture and recreation total	<u>283,500</u>	<u>283,500</u>	<u>370,334</u>	<u>86,834</u>
Debt service				
Bond payment	209,000	209,000	209,000	-
Bond interest	67,888	67,888	67,888	-
Capital lease principal	170,965	170,965	113,037	(57,928)
Capital lease interest	-	-	8,973	8,973
Debt service total	<u>447,853</u>	<u>447,853</u>	<u>398,898</u>	<u>(48,955)</u>
Capital outlay				
Police	50,000	50,000	57,808	7,808
Streets and alleys	408,250	408,250	441,610	33,360
Parks and recreation	38,332	38,332	43,725	5,393
Village hall	32,500	32,500	31,537	(963)
Capital outlay total	<u>529,082</u>	<u>529,082</u>	<u>574,680</u>	<u>45,598</u>
Total expenditures	<u>3,307,187</u>	<u>3,307,187</u>	<u>3,171,126</u>	<u>(136,061)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(468,318)</u>	<u>(468,318)</u>	<u>(233,426)</u>	<u>234,892</u>

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2023

	General Fund (Continued)			Variance with Final Budget Over/ (Under)
	Original Budget	Final Budget	Actual	
OTHER FINANCING SOURCES (USES)				
Loan proceeds	\$ 415,000	\$ 415,000	\$ 244,122	\$ (170,878)
Total other financing sources (uses)	<u>415,000</u>	<u>415,000</u>	<u>244,122</u>	<u>(170,878)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (53,318)</u>	<u>\$ (53,318)</u>	10,696	<u>\$ 64,014</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS			<u>(387,576)</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			(376,880)	
FUND BALANCE, BEGINNING OF YEAR			<u>1,761,160</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,384,280</u>	

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2023

	Tax Increment Financing Fund			Variance with Final Budget Over/ (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Property taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,602,337	\$ 102,337
Investment income	4,000	4,000	16,814	12,814
Sales tax	-	-	1,121	1,121
Total revenues	<u>1,504,000</u>	<u>1,504,000</u>	<u>1,620,272</u>	<u>116,272</u>
EXPENDITURES				
Economic development				
Salaries	-	-	16,615	16,615
Engineering	120,000	120,000	2,292	(117,708)
Legal fees	40,000	40,000	-	(40,000)
Audit	4,500	4,500	-	(4,500)
Surplus distribution	565,000	565,000	605,120	40,120
Miscellaneous	-	-	60	60
Debt service				
Principal	251,000	251,000	714,952	463,952
Interest	25,000	25,000	140,931	115,931
Capital outlay	<u>1,690,000</u>	<u>1,690,000</u>	<u>227,887</u>	<u>(1,462,113)</u>
Total expenditures	<u>2,695,500</u>	<u>2,695,500</u>	<u>1,707,857</u>	<u>(987,643)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,191,500)</u>	<u>\$ (1,191,500)</u>	(87,585)	<u>\$ 1,103,915</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS				
			<u>164,198</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			76,613	
FUND BALANCE, BEGINNING OF YEAR			<u>1,514,931</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,591,544</u>	

See accompanying independent auditors' report.

Village of Sherman, Illinois
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
MAJOR FUNDS
Year ended April 30, 2023

	Motor Fuel Tax Fund			Variance with Final Budget Over/ (Under)
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	
REVENUES				
Motor fuel tax	\$ 109,816	\$ 109,816	\$ 188,234	\$ 78,418
Intergovernmental	96,000	96,000	45,562	(50,438)
Investment income	3,000	3,000	19,622	16,622
Total revenues	<u>208,816</u>	<u>208,816</u>	<u>253,418</u>	<u>44,602</u>
EXPENDITURES				
Streets and public works				
Snow removal, patching, mowing	17,500	17,500	4,687	(12,813)
Engineering	2,440	2,440	2,440	-
Commodities	19,600	19,600	-	(19,600)
Miscellaneous projects	-	-	26,633	26,633
Operating supplies	20,500	20,500	2,719	(17,781)
Street lighting	60,000	60,000	69,235	9,235
Signal maintenance	2,000	2,000	3,296	1,296
Total expenditures	<u>122,040</u>	<u>122,040</u>	<u>109,010</u>	<u>(13,030)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 86,776</u>	<u>\$ 86,776</u>	144,408	<u>\$ 57,632</u>
RECONCILIATION TO MODIFIED ACCRUAL BASIS - NET CHANGE RESULTING FROM RECORDING ACCOUNTS RECEIVABLE, PAYABLE, AND OTHER ACCRUED ITEMS				
			<u>646</u>	
NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS			145,054	
FUND BALANCE, BEGINNING OF YEAR			<u>647,271</u>	
FUND BALANCE, END OF YEAR			<u>\$ 792,325</u>	

See accompanying independent auditors' report.

Village of Sherman, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2023

NOTE A | BUDGET

The appropriations ordinance and budget is prepared on a cash basis by fund. Prior to passage, the governing body holds public hearings and may add to, subtract from, or change appropriations. A final appropriation ordinance and budget must be filed with the County Clerk within 30 days of its adoption. Expenditures are budgeted by operational line item which constitutes the legal level of control. The amounts reflected in the financial statements represent the final amended appropriations.

NOTE B | RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

The budgetary comparison schedules for the General Fund, Tax Increment Financing Fund, and Motor Fuel Tax Fund present comparisons of the budget on a cash basis with actual data on the cash basis. Because accounting principles applied for the purpose of developing data on a budgetary basis differ from those used to present basic financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis and timing differences in excess (deficiency) of revenue over expenditures for the year ended April 30, 2023 is presented on each budgetary comparison schedule in the line item titled “Reconciliation to modified accrual basis – net change resulting from recording accounts receivable, payable, and other accrued items.”

NOTE C | EXCESS OVER BUDGET

The following operational line items had an excess of expenditures over appropriations for the year ended April 30, 2023:

General Fund		
Village Hall Payroll Expenditures	\$	3,280
Village Hall Dues and Membership		12,954
Village Hall Public Relations		579
Village Hall Utilities		24,168
Village Hall Community Events		30,096
Village Hall Miscellaneous		18,726
Public Safety Equipment Repairs		1,329
Police Salaries		7,850
Police Payroll Expenditures		14,685
Police Telecommunications		5,314
Police IT Support		1,325
Police Gasoline		276
Police Equipment Repairs and Maintenance		3,292
Police Neighborhood Watch		5,262

Village of Sherman, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
April 30, 2023

NOTE C | EXCESS OVER BUDGET

General Fund (Continued)		
Police Utilities	\$	3,183
Police Community Events		595
Streets and Alleys Diesel Fuel		3,124
Streets and Alleys Equipment Maint. & Repair		14,236
Streets and Alleys Misc./Supplies		14,213
Streets and Alleys Clean-up Day		1,551
Engineering		62,026
Parks and Recreation Diesel Fuel		1,660
Parks and Recreation Equipment Supplies		35,349
Parks and Recreation Park Events		56,214
Parks and Recreation Misc./Supplies		3,720
Debt Service Capital Lease Interest		8,973
Capital Outlay Police		7,808
Capital Outlay Streets and Alleys		33,360
Capital Outlay Parks and Recreation		5,393
Tax Increment Financing Fund		
Salaries	\$	16,615
Surplus Distribution		40,120
Miscellaneous		60
Debt Service Principal		463,952
Debt Service Interest		115,931
Motor Fuel Tax Fund		
Miscellaneous Projects	\$	26,633
Street Lighting		9,235
Signal Maintenance		1,296

SUPPLEMENTARY INFORMATION

Village of Sherman, Illinois
TAX INCREMENT FINANCING FUND
COMBINING BALANCE SHEET BY SUBFUND
April 30, 2023

	Original TIF District	Route 66 TIF District	Rail Pointe TIF District	Total TIF Fund
ASSETS				
Cash and cash equivalents	\$ 881,476	\$ 170,826	\$ 521,192	\$ 1,573,494
Property tax receivable	-	-	-	-
Due from other funds	50,442	-	4,472	54,914
Total assets	<u>\$ 931,918</u>	<u>\$ 170,826</u>	<u>\$ 525,664</u>	<u>\$ 1,628,408</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,997	\$ -	\$ -	\$ 1,997
Accrued payroll	348	-	-	348
Due to other funds	-	-	34,519	34,519
Total liabilities	2,345	-	34,519	36,864
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	2,345	-	34,519	36,864
FUND BALANCES				
Restricted for economic development	929,573	170,826	491,145	1,591,544
Total fund balances	<u>929,573</u>	<u>170,826</u>	<u>491,145</u>	<u>1,591,544</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 931,918</u>	<u>\$ 170,826</u>	<u>\$ 525,664</u>	<u>\$ 1,628,408</u>

The accompanying notes are an integral part of this statement.

Village of Sherman , Illinois
TAX INCREMENT FINANCING FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BY SUBFUND
Year ended April 30, 2023

	<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	\$ 1,210,240	\$ 322,275	\$ 69,822	\$ 1,602,337
Investment income	9,604	3,091	4,119	16,814
Sales tax	-	-	1,121	1,121
Total revenues	1,219,844	325,366	75,062	1,620,272
EXPENDITURES				
Current				
Salaries	16,695	-	-	16,695
Miscellaneous	60	-	-	60
Surplus distribution	605,120	-	-	605,120
Debt service				
Principal	-	714,952	-	714,952
Interest	-	140,931	-	140,931
Capital outlay	230,179	-	-	230,179
Total expenditures	852,054	855,883	-	1,707,937
Excess (deficiency) of revenues over expenditures	367,790	(530,517)	75,062	(87,665)
EXTRAORDINARY ITEM				
Debt cancellation	164,278	-	-	164,278
Net change in fund balances	532,068	(530,517)	75,062	76,613
Fund balances at beginning of year	397,505	701,343	416,083	1,514,931
Fund balances at end of year	\$ 929,573	\$ 170,826	\$ 491,145	\$ 1,591,544

The accompanying notes are an integral part of this statement.



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Springfield, IL 62704

Independent Accountants' Report on Management's Assertion of Compliance

The Board of Trustees
Village of Sherman, Illinois

We have examined management's assertion that the Village of Sherman, Illinois, complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act (Illinois Public Act 85-1142) during the year ended April 30, 2023. Management is responsible for the Village of Sherman, Illinois' assertion. Our responsibility is to express an opinion on management's assertion about the Village's compliance with the specific requirements based on our examination.

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

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

Our examination does not provide a legal determination on the Village of Sherman, Illinois' compliance with statutory requirements.

In our opinion, management's assertion that the Village of Sherman, Illinois complied with the aforementioned requirements for the year ended April 30, 2023 is fairly stated in all material respects.

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

Kerber, Eck & Braeckel LLP

Springfield, Illinois
October 29, 2024