

VILLAGE OF TOLONO, ILLINOIS

Tolono, Illinois

**Financial Statements
and Supplementary Information**

For the Year Ended

April 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Village Trustees
Village of Tolono, Illinois
Tolono, Illinois

Report on the Financial Statements

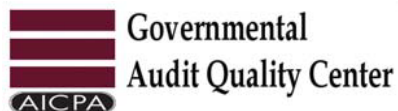
We have audited the accompanying modified cash basis financial statements of the governmental activities and governmental funds and the financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) of the business-type activities and proprietary funds of the Village of Tolono, Illinois as of and for the year ended April 30, 2013, 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 the modified cash basis of accounting described in Note 1 or GAAP, as applicable; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements of the governmental activities and governmental funds in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major governmental fund, and the GAAP basis financial position of the business-type activities and each major proprietary fund of the Village of Tolono, Illinois, as of April 30, 2013, the respective changes in modified cash basis or GAAP basis financial position, as applicable; and, where applicable, GAAP basis cash flows thereof, and the respective modified cash basis budgetary comparisons for the General Fund and each major special revenue fund for the year then ended.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the governmental activities and the governmental funds are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America, as applicable to the modified cash basis of accounting, require that the Schedule of Funding Progress for IMRF on page 28 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.

Management of the Village of Tolono, Illinois has omitted the management's discussion and analysis that 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Tolono, Illinois' basic financial statements. Schedules 1 through 3 and Table 1 are presented for purposes of additional analysis and are not required parts of the basic financial statements. Schedules 1 through 3 and Table 1 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Schedules 1 through 3 and Table 1 has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended April 30, 2013, 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 in Schedules 1 through 3 and Table 1 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended April 30, 2013.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
July 23, 2013

VILLAGE OF TOLONO, ILLINOIS

Statement of Net Position - Modified Cash Basis (Governmental Activities) and
GAAP Basis (Business-Type Activities)

April 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 1,971,481	\$ 885,410	\$ 2,856,891
Accounts Receivable	-	55,289	55,289
Supplies and Parts Inventory	-	12,830	12,830
Property and Equipment, Net:			
Land (Not Being Depreciated)	-	3,392	3,392
Waterworks System	-	322,701	322,701
Waterworks Equipment	-	23,925	23,925
Sewerage System	-	696,108	696,108
Sewerage Equipment	-	236,762	236,762
Total Assets	<u>1,971,481</u>	<u>2,236,417</u>	<u>4,207,898</u>
Liabilities			
Accounts Payable	-	77,927	77,927
General Obligation Bonds:			
Due Within One Year	100,000	-	100,000
Due After One Year	3,275,000	-	3,275,000
Total Liabilities	<u>3,375,000</u>	<u>77,927</u>	<u>3,452,927</u>
Net Position			
Net Investment in Capital Assets	-	1,282,888	1,282,888
Restricted for:			
Streets and Alleys	286,152	-	286,152
TIF District	204,374	-	204,374
Unrestricted	(1,894,045)	875,602	(1,018,443)
Total Net Position	<u>\$ (1,403,519)</u>	<u>\$ 2,158,490</u>	<u>\$ 754,971</u>

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS
 Statement of Activities - Modified Cash Basis (Governmental Activities) and
 GAAP Basis (Business-Type Activities)

For the Year Ended April 30, 2013

	Business-Type Activities		Governmental Activities					
	Total	Water and Sewer	Total	General Government	Public Works	Recreation	Public Safety	Redevelopment
Expenses								
Salaries and Related Expenses	\$ 476,472	\$ 135,654	\$ 340,818	\$ 50,644	\$ 85,004	\$ -	\$ 205,170	\$ -
Materials and Supplies	20,693	7,412	13,281	11,715	1,397	-	169	-
Contractual Services	1,798,673	171,324	1,627,349	83,574	58,426	-	75,825	1,409,524
Depreciation	129,502	129,502	-	-	-	-	-	-
Water Purchases	329,699	329,699	-	-	-	-	-	-
Electricity for Pumping	40,819	40,819	-	-	-	-	-	-
Debt Service and Issuance Costs	116,450	-	116,450	-	-	-	-	116,450
Capital Outlay	2,249,261	-	2,249,261	-	1,112	-	14,890	2,233,259
Other	59,869	3,121	56,748	28,614	-	26,848	1,286	-
Total Expenses	5,221,438	817,531	4,403,907	174,547	145,939	26,848	297,340	3,759,233
Program Revenues								
Charges for Services:								
User Fees, Fines, Licenses and Permits	788,902	767,030	21,872	1,255	5,070	-	15,547	-
Net Program Expense	4,432,536	50,501	4,382,035	\$ 173,292	\$ 140,869	\$ 26,848	\$ 281,793	\$ 3,759,233
General Revenues								
General Revenues								
Taxes:								
TIF District Receipts	1,155,342	-	1,155,342	-	-	-	-	-
Income Tax	330,581	-	330,581	-	-	-	-	-
Sales Tax	293,649	-	293,649	-	-	-	-	-
Property Tax	144,925	-	144,925	-	-	-	-	-
Motor Fuel Tax	82,846	-	82,846	-	-	-	-	-
Use Tax	54,906	-	54,906	-	-	-	-	-
Road and Bridge Allocation	25,736	-	25,736	-	-	-	-	-
Municipal Utility Tax	13,809	-	13,809	-	-	-	-	-
Replacement Tax	7,084	-	7,084	-	-	-	-	-
Gaming Tax	3,306	-	3,306	-	-	-	-	-
Interest Income	208	-	208	-	-	-	-	-
Other	42,627	-	42,627	-	-	-	-	-
Total General Revenues	2,155,019	-	2,155,019	-	-	-	-	-
Change in Net Position	(2,277,517)	(50,501)	(2,227,016)					
Net Position, May 1, 2012	3,032,488	2,208,991	823,497					
Net Position, April 30, 2013	\$ 754,971	\$ 2,158,490	\$ (1,403,519)					

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS

Balance Sheet - Modified Cash Basis

Governmental Funds

April 30, 2013

	General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
ASSETS						
Current Assets						
Cash	\$ 440,311	\$ 58,966	\$ 62,741	\$ 286,152	\$ 1,123,311	\$ 1,971,481
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities						
Fund Balances						
<i>Restricted</i>						
TIF District Bond Reserves	-	-	-	-	918,937	918,937
TIF District	-	-	-	-	204,374	204,374
Streets and Alleys	-	-	-	286,152	-	286,152
<i>Committed</i>	4,750	58,966	62,741	-	-	126,457
<i>Unassigned</i>	435,561	-	-	-	-	435,561
Total Fund Balances	440,311	58,966	62,741	286,152	1,123,311	1,971,481
Total Liabilities and Fund Balances	\$ 440,311	\$ 58,966	\$ 62,741	\$ 286,152	\$ 1,123,311	\$ 1,971,481

Reconciliation to Statement of Net Position

Total Fund Balances

\$ 1,971,481

The governmental funds are reported on the modified cash basis, which, as it applies to the governmental funds, as discussed in Note 1, does not include Bonds Payable. However, the modified cash basis, as it applies to the governmental activities on Exhibit A, as discussed in Note 1, does include Bonds Payable. This amount is the outstanding principal amount on the Bonds Payable.

Net Position of Governmental Activities

(3,375,000)

\$ (1,403,519)

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Modified Cash Basis

Governmental Funds

For the Year Ended April 30, 2013

	General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
Revenue						
Local Taxes:						
Property Tax	\$ 126,882	\$ 18,043	\$ -	\$ -	\$ -	\$ 144,925
Municipal Utility Tax	13,809	-	-	-	-	13,809
Road and Bridge Allocation	-	-	25,736	-	-	25,736
TIF District Receipts	-	-	-	-	1,155,342	1,155,342
State Taxes:						
Income Tax	330,581	-	-	-	-	330,581
Motor Fuel Tax	-	-	-	82,846	-	82,846
Sales Tax	293,649	-	-	-	-	293,649
Use Tax	54,906	-	-	-	-	54,906
Replacement Tax	7,084	-	-	-	-	7,084
Gaming Tax	-	-	3,306	-	-	3,306
Other:						
Licenses and Permits	1,255	-	5,070	-	-	6,325
Fines	-	15,547	-	-	-	15,547
Interest Income	45	-	-	163	-	208
Rental Income	12,822	-	-	-	-	12,822
Miscellaneous	13,209	1,772	3,099	11,725	-	29,805
Total Revenue	<u>854,242</u>	<u>35,362</u>	<u>37,211</u>	<u>94,734</u>	<u>1,155,342</u>	<u>2,176,891</u>
Expenditures						
Current:						
General Government	174,547	-	-	-	-	174,547
Public Works	37,165	-	107,657	5	-	144,827
Public Safety	28,382	254,068	-	-	-	282,450
Recreation	26,848	-	-	-	-	26,848
Redevelopment	-	-	-	-	1,409,524	1,409,524
Debt Service:						
Bond Issuance Costs	-	-	-	-	50,000	50,000
Principal Repayments	-	-	-	-	125,000	125,000
Interest Expense	-	-	-	-	66,450	66,450
Capital Outlay	-	14,890	1,112	-	2,233,259	2,249,261
Total Expenditures	<u>266,942</u>	<u>268,958</u>	<u>108,769</u>	<u>5</u>	<u>3,884,233</u>	<u>4,528,907</u>
Excess (Deficit) of Revenue Over Expenditures	<u>587,300</u>	<u>(233,596)</u>	<u>(71,558)</u>	<u>94,729</u>	<u>(2,728,891)</u>	<u>(2,352,016)</u>
Other Financing Sources (Uses)						
Transfers In	-	276,500	104,200	-	-	380,700
Transfers Out	<u>(380,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(380,700)</u>
Net Other Financing Sources (Uses)	<u>(380,700)</u>	<u>276,500</u>	<u>104,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	206,600	42,904	32,642	94,729	(2,728,891)	(2,352,016)
Fund Balances, May 1, 2012	<u>233,711</u>	<u>16,062</u>	<u>30,099</u>	<u>191,423</u>	<u>3,852,202</u>	<u>4,323,497</u>
Fund Balances, April 30, 2013	<u>\$ 440,311</u>	<u>\$ 58,966</u>	<u>\$ 62,741</u>	<u>\$ 286,152</u>	<u>\$ 1,123,311</u>	<u>\$ 1,971,481</u>
Reconciliation to the Statement of Activities						
Net Changes in Fund Balances						\$ (2,352,016)
Principal Repayment on Bonds Payable						125,000
Change in Net Position of Governmental Activities						<u>\$ (2,227,016)</u>

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS

Statement of Expenditures - Budget and Actual - Modified Cash Basis

Major Governmental Funds

For the Year Ended April 30, 2013

	Budget		Actual	Under/(Over) Budget
	Original	Final		
General Fund*				
<i>Current</i>				
General Government:				
Salaries and Related Expenditures	\$ 100,000	\$ 100,000	\$ 50,644	\$ 49,356
Materials and Supplies	43,800	43,800	11,715	32,085
Contractual Services	86,400	86,400	68,263	18,137
Other	25,300	25,300	28,614	(3,314)
Total General Government Expenditures	<u>255,500</u>	<u>255,500</u>	<u>159,236</u>	<u>96,264</u>
Public Works:				
Salaries and Related Expenditures	40,000	40,000	36,783	3,217
Materials and Supplies	-	-	207	(207)
Contractual Services	5,000	5,000	175	4,825
Total Public Works Expenditures	<u>45,000</u>	<u>45,000</u>	<u>37,165</u>	<u>7,835</u>
Public Safety:				
Salaries and Related Expenditures	40,000	40,000	28,297	11,703
Recreation:				
Other	32,500	32,500	26,848	5,652
Total General Fund Expenditures	<u>\$ 373,000</u>	<u>\$ 373,000</u>	<u>\$ 251,546</u>	<u>\$ 121,454</u>
Police Fund				
<i>Current</i>				
Public Safety:				
Salaries and Related Expenditures	\$ 204,000	\$ 204,000	\$ 176,873	\$ 27,127
Materials and Supplies	1,100	1,100	169	931
Contractual Services	96,900	96,900	75,740	21,160
Other	5,000	5,000	1,286	3,714
Total Public Safety Expenditures	<u>307,000</u>	<u>307,000</u>	<u>254,068</u>	<u>52,932</u>
<i>Capital Outlay</i>	31,000	31,000	14,890	16,110
Total Police Fund Expenditures	<u>\$ 338,000</u>	<u>\$ 338,000</u>	<u>\$ 268,958</u>	<u>\$ 69,042</u>
Street and Alley Fund				
<i>Current</i>				
Public Works:				
Salaries and Related Expenditures	\$ 40,000	\$ 40,000	\$ 48,221	\$ (8,221)
Materials and Supplies	21,500	21,500	1,190	20,310
Contractual Services	130,000	130,000	58,246	71,754
Other	3,000	3,000	-	3,000
Total Public Works Expenditures	<u>194,500</u>	<u>194,500</u>	<u>107,657</u>	<u>86,843</u>
<i>Capital Outlay</i>	40,000	40,000	1,112	38,888
Total Street and Alley Fund Expenditures	<u>\$ 234,500</u>	<u>\$ 234,500</u>	<u>\$ 108,769</u>	<u>\$ 125,731</u>
Motor Fuel Tax Fund				
<i>Current</i>				
Public Works:				
Street Maintenance	\$ -	\$ -	\$ 5	\$ (5)
Tax Increment Financing Fund				
<i>Current</i>				
Redevelopment and Debt Service				
Contractual Services	\$ 1,600,000	\$ 1,600,000	\$ 1,650,974	\$ (50,974)
<i>Capital Outlay</i>	2,400,000	2,400,000	2,233,259	166,741
Total Tax Increment Financing Expenditures	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 3,884,233</u>	<u>\$ 115,767</u>

* Excludes appropriations and actual amounts for the Audit Subfund and ESDA Subfund

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS

Balance Sheet

Proprietary Funds

April 30, 2013

	Enterprise Funds			Total
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	
ASSETS				
Current Assets				
Cash	\$ 433,221	\$ 85,280	\$ 366,909	\$ 885,410
Accounts Receivable	-	32,012	23,277	55,289
Supplies and Parts Inventory	-	12,830	-	12,830
Total Current Assets	<u>433,221</u>	<u>130,122</u>	<u>390,186</u>	<u>953,529</u>
Property and Equipment, Net				
Land (Not Being Depreciated)	-	1,392	2,000	3,392
Waterworks System and Equipment	-	346,626	-	346,626
Sewerage System and Equipment	-	-	932,870	932,870
Total Property and Equipment, Net	<u>-</u>	<u>348,018</u>	<u>934,870</u>	<u>1,282,888</u>
Total Assets	<u>\$ 433,221</u>	<u>\$ 478,140</u>	<u>\$ 1,325,056</u>	<u>\$ 2,236,417</u>
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts Payable	\$ -	\$ 38,181	\$ 39,746	\$ 77,927
Net Position				
Net Investment in Capital Assets	-	348,018	934,870	1,282,888
Unrestricted	433,221	91,941	350,440	875,602
Total Net Position	<u>433,221</u>	<u>439,959</u>	<u>1,285,310</u>	<u>2,158,490</u>
Total Liabilities and Net Position	<u>\$ 433,221</u>	<u>\$ 478,140</u>	<u>\$ 1,325,056</u>	<u>\$ 2,236,417</u>

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS

Statement of Revenues, Expenses, and
Changes in Net Position

Proprietary Funds

For the Year Ended April 30, 2013

	Enterprise Funds			Total
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	
Operating Revenue				
User Fees	\$ 125	\$ 446,517	\$ 320,388	\$ 767,030
Operating Expenses				
Contractual Services	-	24,967	146,357	171,324
Water Purchased	-	329,699	-	329,699
Electricity for Pumping	-	-	40,819	40,819
Depreciation	-	25,758	103,744	129,502
Salaries and Related Expenses	-	69,591	66,063	135,654
Materials and Supplies	-	5,940	1,472	7,412
Other	-	3,117	4	3,121
Total Operating Expenses	-	459,072	358,459	817,531
Change in Net Position	125	(12,555)	(38,071)	(50,501)
Net Position, May 1, 2012	433,096	452,514	1,323,381	2,208,991
Net Position, April 30, 2013	\$ 433,221	\$ 439,959	\$ 1,285,310	\$ 2,158,490

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS

Statement of Cash Flows

Proprietary Funds

For the Year Ended April 30, 2013

	Enterprise Funds			Total
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	
Cash Flows from Operating Activities				
Receipts from Customers	\$ 125	\$ 448,951	\$ 322,153	\$ 771,229
Payments to Vendors	-	(360,923)	(177,942)	(538,865)
Payments to Employees	-	(69,591)	(66,063)	(135,654)
Net Cash Provided by (Used In) Operating Activities	125	18,437	78,148	96,710
Cash, May 1, 2012	433,096	66,843	288,761	788,700
Cash, April 30, 2013	<u>\$ 433,221</u>	<u>\$ 85,280</u>	<u>\$ 366,909</u>	<u>\$ 885,410</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ 125	\$ (12,555)	\$ (38,071)	\$ (50,501)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	-	25,758	103,744	129,502
(Increase) Decrease in Accounts Receivable	-	2,434	1,765	4,199
Increase (Decrease) in Accounts Payable	-	2,800	10,710	13,510
Net Cash Provided by (Used In) Operating Activities	<u>\$ 125</u>	<u>\$ 18,437</u>	<u>\$ 78,148</u>	<u>\$ 96,710</u>

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS

Notes to Basic Financial Statements

April 30, 2013

1. Summary of Significant Accounting Policies

As discussed further in Note 1(c), the financial statements for the governmental activities and the governmental funds are presented on the modified cash basis of accounting and the financial statements for the business-type activities and the proprietary funds are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The modified cash basis of accounting differs from GAAP. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*.

For the year ended April 30, 2013, the Village implemented Governmental Accounting Standards Board 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard had no impact on the financial reporting for the Village for the year ended April 30, 2013.

a. Financial Reporting Entity

The Village's financial reporting entity is composed of the following:

Primary Government	Village of Tolono, Illinois
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In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*. Based on the operational and financial criteria of those statements, the Village does not have a component unit that should be reported as part of the reporting entity.

b. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. 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. Eliminations have been made within the governmental activities to prevent double counting of internal balances.

Fund Financial Statements

Fund financial statements of the reporting entity 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, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

The funds of the financial reporting entity are described below:

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 legally or administratively required to be accounted for in other funds.

The Village's General Fund as presented in the financial statements Exhibit C and Exhibit D includes the Audit and ESDA subfunds. The General fund information presented in the budgetary comparison financial statement, Exhibit E, includes only the Village's General Fund and excludes the Audit and ESDA subfunds.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects. The reporting entity includes the following special revenue funds, which are reported as major funds:

Fund	Brief Description
Police Fund	Accounts for operations of the Village's Police Department, which is supported by funds transferred from the General Fund and significantly funded by levied property taxes and fines committed to public safety.
Street and Alley Fund	Accounts for operations of the Village's Public Works Department, which is responsible for repair and maintenance of the Village's infrastructure including the storm sewers. This fund is supported by funds transferred from the General Fund and significantly funded by road and bridge property tax allocations from Champaign County and liquor license receipts, which are committed to this fund.
Motor Fuel Tax Fund	Accounts for the restricted motor fuel tax provided by the State of Illinois and expenditures paid for road repair and replacement.
Tax Increment Financing Fund	Accounts for property taxes received from the incremental increase in the assessed value of real property in the Village's TIF District and expenditures paid for redevelopment projects in the TIF District, debt service on TIF District bonds, and administration of the TIF District.

The Street and Alley Fund and Police Fund do not meet the requirements of a major fund; however, for the purpose of comparability, management of the Village has elected to include these funds as major funds of the reporting entity.

Proprietary Funds

Enterprise Fund – Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds that are reported as major funds:

Fund	Brief Description
Waterworks and Sewerage Fund	Previously accounted for the revenue from water and sewer services provided by the Village and provided funding to the Village's other proprietary funds, which operate the water and sewer systems. During Fiscal Year 2011, the Village began to account for water and sewer revenues in the Waterworks Operation and Sewerage Operation Funds, respectively.
Waterworks Operation Fund	Accounts for revenue from water services and expenses incurred to operate and maintain Village's water system
Sewerage Operation Fund	Accounts for revenues from sewer services and expenses incurred to operate and maintain the Village's sanitary sewer system

c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the “economic resources” measurement focus. The governmental activities are presented within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the “current financial resources” measurement focus, within the limitations of the modified cash basis, is used for governmental funds and the “economic resources” measurement focus is used for proprietary funds:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the governmental funds financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for long-term debt in the governmental activities and interfund balances for the governmental funds. This basis measures and reports cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipts and disbursements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in the financial statements for the governmental activities and governmental funds.

In the government-wide Statement of Net Position and Statement of Activities and the proprietary fund financial statements, business-type activities are presented using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

If the Village utilized the basis of accounting recognized as generally accepted in the United States of America for the governmental funds, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the government-wide financials would be presented on the accrual basis of accounting for the governmental activities.

d. Accounts Receivable

User accounts receivable is reported at the amount management expects to collect on balances outstanding at year-end. Based on high historical collection rates, no allowance for doubtful accounts receivable is provided at April 30, 2013.

e. Inventory

Inventory is valued at cost using the first-in, first-out method.

f. Property and Equipment

Proprietary fund property and equipment is valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated property and equipment is valued at estimated fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives. The estimated useful lives used are as follows:

Waterworks:

Water Mains	30	-	40	Years
Water Associated Equipment	10	-	30	Years
Water Meters	10	-	20	Years
Other Equipment	5	-	10	Years

Sewerage:

Sewerage Equipment	5	-	10	Years
Sewerage Plant			40	Years
Sewerage Distribution System			40	Years

The governmental activities do not capitalize or depreciate property and equipment.

g. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

h. Fund Balance

Fund balances are classified as follows:

Non-Spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact

Restricted – Amounts that can be spent only for specific purposes because of the Village charter, state or federal laws, or externally imposed conditions by grantors or creditors

Committed – Amounts that can be used only for specific purposes determined by a formal action or resolution by the Board of Village Trustees

Assigned – Amounts that are constrained by the Board of Village Trustees’ intent to be used for specific purposes but are neither restricted nor committed

Intent is expressed by (a) the Board of Village Trustees itself or (b) a body or official to which the Board of Village Trustees has delegated the authority to assign amounts to be used for specific purposes. The Village’s highest level of decision-making authority is the Board of Village Trustees, who is authorized to assign amounts to a specific purpose.

Unassigned – All amounts not included in other spendable classifications

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Village Trustees has provided otherwise in its commitment or assignment actions.

i. Program Revenues

Program Revenues on the Statement of Activities include the following:

Governmental Activities:

Fines	Amounts remitted to the Village by violators of Village ordinances
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Licenses and Permits	Amounts remitted to the Village by entities and persons making use of legal privileges issued by the Village
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Business-Type Activities:

User Fees	Fees paid by the public for water and sewerage service
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j. Operating and Non-Operating Revenues and Expenses of Proprietary Funds

Operating revenues and expenses for proprietary funds are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

k. Estimates

These financial statements include estimates and assumptions made by the Village's management that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Legal Budgets

Legal budgets are prepared in the form of an appropriations ordinance for Village funds using the same accounting basis and practices as are used to account for and prepare financial reports. Unexpended appropriations lapse at the end of the fiscal year. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board of Village Trustees after a public notice and hearing. Appropriations transfers between budget line items may be presented to the Board at their regular meetings. Each transfer must have Board approval. Such transfers are made before the fact and are reflected in the official minutes of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. There were no transfers made after fiscal year-end, as dictated by law. The Village does not prepare a budget for revenues.

A comparison of budget to actual expenditures is provided for the major governmental funds. As supplementary information, a budget to actual comparison is also provided for the Audit and ESDA subfunds since legal budgets were passed for those funds. The budget for the Motor Fuel Tax Fund is not from the appropriations ordinance, but instead represents the motor fuel tax project amount approved by the Board of Village Trustees for the summer of 2012.

3. Property Taxes

The Village's property tax is levied each year on or before the last Tuesday in December on all taxable real property located in the Village. The Board of Village Trustees passed the 2012 tax levy on December 4, 2012. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The Village receives significant distributions of tax receipts approximately one month after these due dates. Property tax receipts in these financial statements are from the 2011 tax levy.

4. Cash

The Village is authorized to invest excess funds in instruments outlined under Chapter 30, Section 235 of the Illinois Compiled Statutes. Such instruments include obligations of the U.S. Treasury, savings accounts, certificates of deposit, and money market mutual funds. The Village does not have a separate investment policy.

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits, including amounts in checking, savings, and money market accounts may not be returned to it. At April 30, 2013, \$2,608,704 of the Village's bank deposits of \$2,858,704, which reconciled to a book balance of \$2,856,891, was exposed to custodial credit risk. The \$2,608,704 balance exposed to custodial credit risk was collateralized by securities pledged by Busey Bank, but not held in the Village's name. The pledged securities had a market value of \$3,897,690 at April 30, 2013.

5. Property and Equipment, Net

The following is a summary of the changes in the property and equipment of the proprietary funds and business-type activities for the year ended April 30, 2013:

	<u>April 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2013</u>
Land (Not Depreciable)	\$ 3,392	\$ -	\$ -	\$ 3,392
Depreciable Property and Equipment:				
<i>Waterworks</i>				
System	805,502	-	-	805,502
Equipment and Vehicles	96,844	-	-	96,844
<i>Sewerage</i>				
System	2,833,500	-	-	2,833,500
Equipment and Vehicles	544,316	-	-	544,316
Less: Accumulated Depreciation	<u>(2,871,164)</u>	<u>(129,502)</u>	<u>-</u>	<u>(3,000,666)</u>
Property and Equipment, Net	<u>\$ 1,412,390</u>	<u>\$ (129,502)</u>	<u>\$ -</u>	<u>\$ 1,282,888</u>

Depreciation for fiscal year 2013 was \$25,758 for Waterworks and \$103,744 for Sewerage.

6. Pension Plan – Defined Benefit Pension Plan

Plan Description – The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit

provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy – As set by statute, the Village’s Regular Plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 used by the employer was 18.48 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Costs – The required contribution for calendar year 2012 was \$59,049.

Three Year Trend Information for the Regular Plan

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/12	\$ 59,049	100%	\$ 982
12/31/11	60,411	98%	982
12/31/10	52,686	100%	-

Because the Village accounts for IMRF in governmental funds, the net pension obligation is not included in these financial statements under the modified cash basis.

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0 percent annually. The actuarial value of your employer Regular Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The employer Regular Plan’s unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress – As of December 31, 2012, the most recent actuarial valuation date, the Regular Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$596,582 and the actuarial value of assets was \$(15,222), resulting in an underfunded actuarial accrued (UAAL) of \$611,804. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the Plan) was \$319,527 and the ratio of the UAAL to the covered payroll was 191 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

7. Tax Increment Financing General Obligation Bonds (Alternative Revenue Source)

On March 29, 2012, the Village issued \$3,500,000 of General Obligation Bonds (Alternate Revenue Source) to defray the costs associated with the redevelopment of the Tolono Tax Increment Financing (TIF) District in the Village of Tolono, and, consequently, these bonds have been accounted for in the TIF Fund. MidAmerica National Bank of Canton, Illinois is the paying agent and registrar for the issue known as the General Obligation Bond (Alternate Revenue Source), Series 2012. These bonds mature serially on December 15 of each calendar year through 2026 in amounts ranging from \$100,000 to \$475,000 and bearing interest ranging from 0.75 to 3.45 percent, payable June 15 and December 15 annually. These bonds are subject to early redemption at any time as of and after December 15, 2020 at the Village's discretion.

The Village has pledged future TIF Fund incremental property taxes to repay these bonds. Principal and interest on the bonds are payable through 2026 from the TIF Fund's incremental property taxes. Annual principal and interest on the bonds are expected to require approximately a maximum of 116 percent of such net revenues, after other TIF District annual commitments are honored.

There was principal and interest of \$191,450 paid for fiscal year 2013. Other TIF District commitments totaled \$1,025,664 for fiscal year 2013. The TIF Fund's incremental property tax revenues totaled \$1,155,342 for fiscal year 2013. At April 30, 2013, pledged future revenues totaled \$4,336,567, which was the amount of the remaining principal and interest on the bonds.

Aggregate future principal maturities and interest payments required on these bonds are as follows:

Fiscal Year Ended April 30	Principal	Interest	Total
2014	\$ 100,000	\$ 92,508	\$ 192,508
2015	100,000	91,508	191,508
2016	100,000	90,258	190,258
2017	150,000	88,808	238,808
2018	200,000	86,333	286,333
2019-2023	1,065,000	364,301	1,429,301
2024-2027	1,660,000	147,851	1,807,851
Total	<u>\$ 3,375,000</u>	<u>\$ 961,567</u>	<u>\$ 4,336,567</u>

The 2012 bond ordinance calls for two funded reserves. The bond fund reserve requires one half of the next principal and interest payment amounts to be set aside from each of the two property tax installments paid by the TIF District taxpayers. At April 30, 2013, the required balance in this reserve was \$0 because the Village has not received property tax payments for 2013 as of April 30, 2013. The project fund reserve requires the Village to hold the net proceeds from the bond issuance in reserve for payment of costs related to the capital projects and costs of issuance. At April 30, 2013 the balance in this reserve was \$918,937. When the capital projects are completed any remaining funds in this reserve are required to be transferred to the bond fund reserve.

8. Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the governmental activities for the year ended April 30, 2013:

	April 30, 2012	Issued	Retired	April 30, 2013	Due Within One Year
General Obligation					
Bond	<u>\$ 3,500,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 3,375,000</u>	<u>\$ 100,000</u>

9. Legal Debt Margin

At April 30, 2013, the estimated legal debt margin was determined as follows:

Assessed Valuation (Tax Year 2012)	<u>\$ 51,462,000</u>
Statutory Debt Limitation (8.625 percent of Assessed Valuation)	\$ 4,438,598
Total General Obligation Bond Indebtedness at April 30, 2013	<u>-</u>
Legal Debt Margin	<u>\$ 4,438,598</u>

Note: by Illinois statute, the legal debt margin excludes alternative revenue source debt.

10. Restricted Net Position and Fund Balances and Committed Fund Balance

As of April 30, 2013, the Village’s governmental activities and Motor Fuel Tax Fund had \$286,152 restricted for future street and alley maintenance expenditures. The restricted net position and fund balance for street and alley expenditures are from the motor fuel taxes provided by the State of Illinois and are restricted for that purpose by state statutes. As of April 30, 2013, the Village’s governmental activities and TIF Fund had \$204,374 restricted for future TIF District expenditures. The restricted net position and fund balance for TIF District expenditures are from the incremental increase in the assessed value of real property in the Village’s TIF District and are restricted by state statutes to redevelopment expenditures for the TIF District.

As of April 30, 2013, the Village’s TIF Fund had \$918,937 restricted for TIF District Bond Reserves. The restricted fund balance for TIF District projects and principal and interest expenditures are from the proceeds of the bond issue known as the General Obligation Bond (Alternate Revenue Source), Series 2012 less expenditures to date.

As of April 30, 2013, the General Fund had \$4,750 committed for future ESDA expenditures.

11. Restricted Property Tax Activity

The Village had the following restricted property tax activity in the General Fund during the year ended April 30, 2013:

	Restricted Purpose			
	Insurance Liability	IMRF	Audit	ESDA
Restricted Balance at April 30, 2012	\$ -	\$ -	\$ -	\$ -
Property Taxes Received	3,985	36,517	7,203	754
Expenditures Incurred	(3,985)	(36,517)	(7,203)	(754)
Restricted Balance at April 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

12. Interfund Transfers

The following is a schedule of interfund transfers made during the fiscal year:

	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$ -	\$ 380,700
Police Fund	276,500	-
Street and Alley Fund	104,200	-
Total All Funds	<u>\$ 380,700</u>	<u>\$ 380,700</u>

The purpose of the transfers from the General Fund to the other governmental funds was to cover necessary expenditures in these funds as deemed appropriate by the Village Board.

13. Risk of Loss

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended April 30, 2013, there were no significant reductions in coverage. There have been no settlement amounts that have exceeded insurance coverage or that have been uncovered by insurance in the past three years.

14. Tax Increment Financing District

In 2003, the Village established a Tax Increment Financing (TIF) District. This District is an area within the Village designated as a redevelopment project area. The Village redevelops, improves, and maintains the designated area in order to increase the assessed value, which generates more property tax receipts from that District. The activities of the TIF District are accounted for in the TIF Fund, a special revenue fund.

For the year ended April 30, 2013, property tax receipts of \$1,155,342 were received from the TIF District.

15. Redevelopment Commitments

The Village has entered into a number of redevelopment agreements with outside parties to encourage residential and commercial development within the Village's TIF District. As an incentive to developers, the Village has committed to reimburse certain eligible project expenses to developers from the TIF District's receipts over periods ranging from ten years to the life of the TIF District. As of April 30, 2013, the maximum amount committed to developers was \$9,808,178 and the total paid to developers was \$3,316,694. The timing of future payments for these commitments and the amounts of those payments cannot be estimated as they are dependent on the actual costs incurred by the developers and the attainment of agreed upon development milestones. In relation to one of its redevelopment agreements, the Village has committed to issue TIF revenue bonds to pay the developer for eligible project expenses in the event the incremental property tax generated by the redeveloped property is insufficient to pay the developer. Such bonds would not be general obligations of the Village, but would only be payable from the incremental property tax revenue generated by the property in the developer's project.

The Village has also entered into an agreement with the local school district to compensate that governmental unit for the impact of additional students resulting from residential development within the TIF District, which has been assisted by financial incentives or infrastructure improvements provided by the Village. This agreement will terminate with the end of the TIF District in 2026 or earlier if all redevelopment projects as listed in the TIF District's Redevelopment Plan have been completed. The timing of future payments for this commitment and the amounts of those payments cannot be estimated as they are dependent upon events that have not yet occurred. The amount paid in fiscal year 2013 was \$246,450.

The Village has also entered into an agreement with the local park district to pay a one-time lump sum payment in the amount of \$208,000 to that governmental unit for the reimbursement of capital costs incurred. The amount paid in fiscal year 2013 was \$208,000.

These financial statements do not include any expense/expenditure or liability related to the future payments on these redevelopment commitments.

16. Other Commitments

The Village has entered into an annexation agreement with a local business. The agreement requires the Village to rebate property taxes back to the business for a period of twenty years ending in fiscal year 2021. The total estimated amount to be rebated back to

the business over the twenty years is \$82,000. These rebates will be paid by the Village's General Fund. As of April 30, 2013, the Village has paid \$33,716 in rebate payments. These financial statements do not include any expense/expenditure or liability related to the unpaid portion of these commitments.

17. Employee Separation Pay Commitment

At separation from employment, employees are eligible to receive compensation for all unused vacation time. At April 30, 2013, the Village's potential liability for employee separation pay was \$13,173. These financial statements do not include a liability or expenditure/expense for this amount. The distribution of this commitment among the Village's funds approximates \$7,576 for the Police Fund, \$4,517 for the General Fund and \$1,080 for the Enterprise funds.

18. Lease Agreement

The Village has a lease agreement with a communications company for a parcel of Village land on which a communications tower was constructed. The initial five-year term of the lease ended in July 2012 with tenant options to renew for a total of fifteen additional years. The tenant exercised its first five-year renewal of the lease through July 2017. The lease agreement calls for monthly rental payments of \$925, adjusted annually by 3 percent from the date of execution.

The expected future minimum receipts consist of the following:

<u>Year Ending April 30</u>	
2014	\$ 13,157
2015	13,552
2016	13,959
2017	14,378
2018	3,621
	<u>\$ 58,667</u>

19. Other Capital Project Commitments

Through the date of the independent auditors' report, the Village has entered into contracts for the following:

<u>Purpose</u>	<u>Responsible Fund</u>	<u>Total Commitment</u>	<u>Fiscal Year of Expenditure</u>
Southeast Drainage Project	TIF	\$ 328,006	2014
Motor Fuel Program	MFT	257,425	2014
HMA Program	TIF	42,967	2014

Required Supplementary Information

Schedule of Funding Progress

(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ (15,222)	\$ 596,582	\$ 611,804	0.00%	\$ 319,527	191.47%
12/31/2011	(78,609)	516,830	595,439	0.00%	306,967	193.97%
12/31/2010	(159,242)	445,805	605,047	0.00%	299,352	202.12%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$(2,862). On a market basis, the funded ratio would be 0.00 percent.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Tolono. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100 percent funded.

VILLAGE OF TOLONO, ILLINOIS

Combining Balance Sheet - Modified Cash Basis

Audit and ESDA Subfunds

April 30, 2013

	<u>Audit Fund</u>	<u>ESDA Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ (2,129)</u>	<u>\$ 4,750</u>	<u>\$ 2,621</u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:			
Committed	-	4,750	4,750
Unassigned	<u>(2,129)</u>	<u>-</u>	<u>(2,129)</u>
Total Fund Balances	<u>(2,129)</u>	<u>4,750</u>	<u>2,621</u>
Total Liabilities and Fund Balances	<u>\$ (2,129)</u>	<u>\$ 4,750</u>	<u>\$ 2,621</u>

VILLAGE OF TOLONO, ILLINOIS

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Modified Cash Basis*Audit and ESDA Subfunds*

For the Year Ended April 30, 2013

	<u>Audit Fund</u>	<u>ESDA Fund</u>	<u>Total</u>
Revenue			
Local Taxes:			
Property Tax	\$ 7,203	\$ 754	\$ 7,957
Expenditures			
Current:			
General Government	15,311	-	15,311
Public Safety	-	85	85
Total Expenditures	<u>15,311</u>	<u>85</u>	<u>15,396</u>
Excess (Deficit) of Revenue Over Expenditures	(8,108)	669	(7,439)
Other Financing Sources			
Transfers In	<u>5,600</u>	<u>-</u>	<u>5,600</u>
Net Change in Fund Balances	(2,508)	669	(1,839)
Fund Balances, May 1, 2012	<u>379</u>	<u>4,081</u>	<u>4,460</u>
Fund Balances, April 30, 2013	<u>\$ (2,129)</u>	<u>\$ 4,750</u>	<u>\$ 2,621</u>

VILLAGE OF TOLONO, ILLINOIS

Statement of Expenditures - Budget and Actual - Modified Cash Basis

Audit and ESDA Subfunds

For the Year Ended April 30, 2013

	Budget		Actual	Under/(Over) Budget
	Original	Final		
Audit Fund				
Current:				
General Government				
Contractual Services	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 15,311</u>	<u>\$ 6,689</u>
ESDA Fund				
Current:				
Public Safety				
Contractual Services	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 85</u>	<u>\$ 12,915</u>

VILLAGE OF TOLONO, ILLINOIS

Property Tax Levies, Rates, Extensions, and Collections

For the Four Years Ended April 30

Fiscal Year of Receipt <i>Levy Year</i>	2014 <i>2012</i>	2013 <i>2011</i>	2012 <i>2010</i>	2011 <i>2009</i>
Assessed Valuations	<u>\$ 35,048,732</u>	<u>\$ 35,948,036</u>	<u>\$ 35,941,513</u>	<u>\$ 35,841,343</u>
Tax Levies				
General	\$ 80,458	\$ 78,100	\$ 77,233	\$ 75,300
Police Protection	18,500	18,000	17,817	17,360
ESDA	775	750	721	709
Audit	7,400	7,200	7,096	6,910
Insurance Liability	4,100	4,000	3,943	3,840
IMRF	37,800	36,600	36,183	35,330
Total Tax Levies	<u>\$ 149,033</u>	<u>\$ 144,650</u>	<u>\$ 142,993</u>	<u>\$ 139,449</u>
Tax Rates				
General	0.2296	0.2173	0.2149	0.2091
Police Protection	0.0528	0.0501	0.0496	0.0482
ESDA	0.0022	0.0021	0.0020	0.0020
Audit	0.0211	0.0200	0.0197	0.0192
Insurance Liability	0.0117	0.0111	0.0110	0.0107
IMRF	0.1078	0.1018	0.1007	0.0981
Total Tax Rates	<u>0.4252</u>	<u>0.4024</u>	<u>0.3979</u>	<u>0.3873</u>
Tax Extensions				
General	\$ 80,472	\$ 78,115	\$ 77,238	\$ 74,944
Police Protection	18,506	18,010	17,827	17,275
ESDA	771	755	719	717
Audit	7,395	7,190	7,080	6,882
Insurance Liability	4,101	3,990	3,954	3,835
IMRF	37,783	36,595	36,193	35,160
Total Tax Extensions	<u>\$ 149,028</u>	<u>\$ 144,655</u>	<u>\$ 143,011</u>	<u>\$ 138,813</u>
Tax Collections				
General		\$ 78,424	\$ 77,865	\$ 74,929
Police Protection		18,042	17,943	17,243
ESDA		754	719	706
Audit		7,203	7,122	6,870
Insurance Liability		3,985	3,971	3,807
IMRF		36,517	36,266	34,943
Total Tax Collections		<u>\$ 144,925</u>	<u>\$ 143,886</u>	<u>\$ 138,498</u>
Percentage of Extension Collected		<u>100.19%</u>	<u>100.61%</u>	<u>99.77%</u>

INDEPENDENT AUDITORS' REPORT
ON TAX INCREMENT FINANCING

Board of Village Trustees
Village of Tolono, Illinois
Tolono, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements and related notes of the Village of Tolono, Illinois as of and for the year ended April 30, 2013 as listed in the table of contents, and have issued our report thereon dated July 23, 2013.

In connection with our audit, we tested expenditures of the Village of Tolono, Illinois' Tax Increment Financing district. The results of our tests indicate that for the items tested, the Village of Tolono, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing". Additionally, nothing came to our attention that caused us to believe that the Village of Tolono, Illinois was not in compliance with the statutory requirements of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Village of Tolono, Illinois' noncompliance with the above-referenced statutory requirements, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Village Trustees, management, and others within the Village of Tolono, Illinois, and the Comptroller of the State of Illinois, and is not intended to be and should not be used by anyone other than these specified parties.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
July 23, 2013

