

VILLAGE OF TOLONO, ILLINOIS

Tolono, Illinois

**Financial Statements
and Supplementary Information**

For the Year Ended

April 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

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, 2015, and the related notes to the financial statements, which collectively comprise the Village of Tolono, Illinois' 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, 2015, and 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 30 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 requires 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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.

Martin, Hood, Friese & Associates, LLC

Champaign, Illinois
August 04, 2015

VILLAGE OF TOLONO, ILLINOIS
Statement of Net Position - Modified Cash Basis (Governmental Activities) and
GAAP Basis (Business-Type Activities)
April 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 1,211,952	\$ 966,580	\$ 2,178,532
Accounts Receivable	-	53,458	53,458
Supplies and Parts Inventory	-	12,830	12,830
Cash - Restricted	154,335	-	154,335
Property and Equipment, Net:			
Land (Not Being Depreciated)	-	3,392	3,392
Waterworks System	-	284,600	284,600
Waterworks Equipment	-	16,339	16,339
Sewerage System	-	571,045	571,045
Sewerage Equipment	-	173,194	173,194
Total Assets	<u>1,366,287</u>	<u>2,081,438</u>	<u>3,447,725</u>
Liabilities			
Accounts Payable	-	84,659	84,659
Noncurrent Liabilities:			
Due Within One Year	105,000	-	105,000
Due After One Year	3,240,814	-	3,240,814
Total Liabilities	<u>3,345,814</u>	<u>84,659</u>	<u>3,430,473</u>
Net Position			
Net Investment in Capital Assets	-	1,048,570	1,048,570
Restricted for:			
Streets and Alleys	210,426	-	210,426
TIF District	295,580	-	295,580
Unrestricted	(2,485,533)	948,209	(1,537,324)
Total Net Position	<u>\$ (1,979,527)</u>	<u>\$ 1,996,779</u>	<u>\$ 17,252</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, 2015

	Business-Type Activities		Governmental Activities					
	Total	Water and Sewer	Total	General Government	Public Works	Public Safety	Recreation	Redevelopment
Expenses								
Salaries and Related Expenses	\$ 467,507	\$ 129,235	\$ 338,272	\$ 44,664	\$ 86,199	\$ 207,409	\$ -	\$ -
Materials and Supplies	15,289	7,834	7,455	4,636	1,066	1,753	-	-
Contractual Services	1,831,815	201,732	1,630,083	95,676	120,334	115,338	-	1,298,735
Depreciation	110,106	110,106	-	-	-	-	-	-
Water Purchases	306,855	306,855	-	-	-	-	-	-
Electricity for Pumping	44,021	44,021	-	-	-	-	-	-
Interest	91,508	-	91,508	-	-	-	-	91,508
Capital Outlay	156,613	-	156,613	-	121,700	30,100	-	4,813
Other	54,678	6,592	48,086	24,781	1,745	682	20,878	-
Total Expenses	3,078,392	806,375	2,272,017	169,757	331,044	355,282	20,878	1,395,056
Program Revenues								
Charges for Services:								
User Fees, Fines, Licenses and Permits	740,491	718,577	21,914	-	8,221	13,693	-	-
Net Program Expense	2,337,901	87,798	2,250,103	\$ 169,757	\$ 322,823	\$ 341,589	\$ 20,878	\$ 1,395,056

General Revenues*General Revenues*

Taxes:			
TIF District Receipts	1,198,220	-	1,198,220
Income Tax	334,722	-	334,722
Sales Tax	241,060	-	241,060
Property Tax	151,547	-	151,547
Motor Fuel Tax	106,264	-	106,264
Use Tax	66,379	-	66,379
Road and Bridge Allocation	26,866	-	26,866
Municipal Utility Tax	20,742	-	20,742
Replacement Tax	7,910	-	7,910
Gaming Tax	23,676	-	23,676
Interest Income	83	-	83
Other	23,746	-	23,746
Total General Revenues	2,201,215	-	2,201,215
Change in Net Position	(136,686)	(87,798)	(48,888)
Net Position, May 1, 2014	153,938	2,084,577	(1,930,639)
Net Position, April 30, 2015	\$ 17,252	\$ 1,996,779	\$ (1,979,527)

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS
Balance Sheet - Modified Cash Basis
Governmental Funds
April 30, 2015

ASSETS					
Current Assets	Cash	General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund
					Tax Increment Financing Fund
		\$ 705,946	\$ -	\$ -	\$ 210,426
					\$ 295,580
					\$ 1,211,952
Other Assets	Cash - Restricted				
		General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund
		-	-	-	-
		491,035	-	-	-
		491,035	-	-	-
					154,335
					491,035
					645,370
					154,335
					449,915
		\$ 1,196,981	\$ -	\$ -	\$ 210,426
					\$ 1,857,322
LIABILITIES AND FUND BALANCES					
Liabilities	Due to Other Funds				
		General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund
		\$ -	\$ 339,335	\$ 151,700	\$ -
					\$ 491,035
Fund Balances	Restricted				
		General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund
		-	-	-	-
		-	-	-	-
		-	-	-	210,426
		1,196,981	(339,335)	(151,700)	-
		1,196,981	(339,335)	(151,700)	210,426
					449,915
		\$ 1,196,981	\$ -	\$ -	\$ 210,426
					\$ 1,857,322
Total Liabilities and Fund Balances					
		\$ 1,196,981	\$ -	\$ -	\$ 210,426
					\$ 1,857,322

Reconciliation to Statement of Net Position

Total Fund Balances

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 Long Term Debt. However, the modified cash basis, as it applies to the governmental activities on Exhibit A, as discussed in Note 1, does include Long Term Debt. This amount is the outstanding principal amount on the Long Term Debt.

Net Position of Governmental Activities

\$ 1,366,287	
(3,345,814)	
\$ (1,979,527)	

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, 2015

	General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
Revenues						
Local Taxes:						
Property Tax	\$ 132,742	\$ 18,805	\$ -	\$ -	\$ -	\$ 151,547
Municipal Utility Tax	20,742	-	-	-	-	20,742
Road and Bridge Allocation	-	-	26,866	-	-	26,866
TIF District Receipts	-	-	-	-	1,198,220	1,198,220
State Taxes:						
Income Tax	334,722	-	-	-	-	334,722
Motor Fuel Tax	-	-	-	106,264	-	106,264
Sales Tax	241,060	-	-	-	-	241,060
Use Tax	66,379	-	-	-	-	66,379
Replacement Tax	7,910	-	-	-	-	7,910
Gaming Tax	-	-	23,676	-	-	23,676
Other:						
Licenses and Permits	-	-	8,221	-	-	8,221
Fines	-	13,693	-	-	-	13,693
Interest Income	-	-	-	83	-	83
Rental Income	12,465	-	-	-	-	12,465
Miscellaneous	337	8,653	2,291	-	-	11,281
Total Revenues	<u>816,357</u>	<u>41,151</u>	<u>61,054</u>	<u>106,347</u>	<u>1,198,220</u>	<u>2,223,129</u>
Expenditures						
Current:						
General Government	169,757	-	-	-	-	169,757
Public Works	46,325	-	154,889	8,130	-	209,344
Public Safety	32,473	292,709	-	-	-	325,182
Recreation	20,878	-	-	-	-	20,878
Redevelopment	-	-	-	-	1,298,735	1,298,735
Debt Service:						
Principal Repayments	-	-	-	-	100,000	100,000
Interest Expense	-	-	-	-	91,508	91,508
Capital Outlay	71,267	30,100	50,433	-	4,813	156,613
Total Expenditures	<u>340,700</u>	<u>322,809</u>	<u>205,322</u>	<u>8,130</u>	<u>1,495,056</u>	<u>2,372,017</u>
Excess (Deficit) of Revenue Over Expenditures	<u>475,657</u>	<u>(281,658)</u>	<u>(144,268)</u>	<u>98,217</u>	<u>(296,836)</u>	<u>(148,888)</u>
Other Financing Sources (Uses)						
Debt Certificate Proceeds	-	-	-	-	170,814	170,814
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,814</u>	<u>170,814</u>
Net Change in Fund Balances	<u>475,657</u>	<u>(281,658)</u>	<u>(144,268)</u>	<u>98,217</u>	<u>(126,022)</u>	<u>21,926</u>
Fund Balances, May 1, 2014	<u>721,324</u>	<u>(57,677)</u>	<u>(7,432)</u>	<u>112,209</u>	<u>575,937</u>	<u>1,344,361</u>
Fund Balances, April 30, 2015	<u>\$ 1,196,981</u>	<u>\$ (339,335)</u>	<u>\$ (151,700)</u>	<u>\$ 210,426</u>	<u>\$ 449,915</u>	<u>\$ 1,366,287</u>
Reconciliation to the Statement of Activities						
Net Changes in Fund Balances						\$ 21,926
Principal Advances on Debt Certificates						(170,814)
Principal Repayment on Bonds Payable						100,000
Change in Net Position of Governmental Activities						<u>\$ (48,888)</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, 2015

	Budget		Actual	Under/(Over) Budget
	Original	Final		
General Fund*				
<i>Current</i>				
General Government:				
Salaries and Related Expenditures	\$ 111,500	\$ 111,500	\$ 44,664	\$ 66,836
Materials and Supplies	10,500	10,500	4,636	5,864
Contractual Services	138,500	138,500	81,309	57,191
Other	26,500	26,500	24,781	1,719
Total General Government Expenditures	<u>287,000</u>	<u>287,000</u>	<u>155,390</u>	<u>131,610</u>
Public Works:				
Salaries and Related Expenditures	-	-	34,595	(34,595)
Contractual Services	-	-	11,730	(11,730)
Total Public Works Expenditures	<u>-</u>	<u>-</u>	<u>46,325</u>	<u>(46,325)</u>
Public Safety:				
Salaries and Related Expenditures	-	-	23,973	(23,973)
Recreation:				
Other	30,000	30,000	20,878	9,122
Total Current Expenditures	<u>317,000</u>	<u>317,000</u>	<u>246,566</u>	<u>70,434</u>
<i>Capital Outlay</i>	<u>-</u>	<u>-</u>	<u>71,267</u>	<u>(71,267)</u>
Total General Fund Expenditures	<u>\$ 317,000</u>	<u>\$ 317,000</u>	<u>\$ 317,833</u>	<u>\$ (833)</u>
Police Fund				
<i>Current</i>				
Public Safety:				
Salaries and Related Expenditures	\$ 242,700	\$ 242,700	\$ 183,436	\$ 59,264
Materials and Supplies	8,100	8,100	1,753	6,347
Contractual Services	80,200	80,200	106,838	(26,638)
Other	5,000	5,000	682	4,318
Total Public Safety Expenditures	<u>336,000</u>	<u>336,000</u>	<u>292,709</u>	<u>43,291</u>
<i>Capital Outlay</i>	<u>30,000</u>	<u>30,000</u>	<u>30,100</u>	<u>(100)</u>
Total Police Fund Expenditures	<u>\$ 366,000</u>	<u>\$ 366,000</u>	<u>\$ 322,809</u>	<u>\$ 43,191</u>
Street and Alley Fund				
<i>Current</i>				
Public Works:				
Salaries and Related Expenditures	\$ 73,000	\$ 73,000	\$ 51,604	\$ 21,396
Materials and Supplies	5,400	5,400	1,066	4,334
Contractual Services	164,100	164,100	100,474	63,626
Other	4,000	4,000	1,745	2,255
Total Public Works Expenditures	<u>246,500</u>	<u>246,500</u>	<u>154,889</u>	<u>91,611</u>
<i>Capital Outlay</i>	<u>60,000</u>	<u>60,000</u>	<u>50,433</u>	<u>9,567</u>
Total Street and Alley Fund Expenditures	<u>\$ 306,500</u>	<u>\$ 306,500</u>	<u>\$ 205,322</u>	<u>\$ 101,178</u>
Motor Fuel Tax Fund				
<i>Current</i>				
Public Works:				
Street Maintenance	\$ -	\$ -	\$ 8,130	\$ (8,130)
Tax Increment Financing Fund				
<i>Current</i>				
Redevelopment and Debt Service				
Contractual Services	\$ 2,020,000	\$ 2,020,000	\$ 1,490,243	\$ 529,757
<i>Capital Outlay</i>	<u>980,000</u>	<u>980,000</u>	<u>4,813</u>	<u>975,187</u>
Total Tax Increment Financing Expenditures	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 1,495,056</u>	<u>\$ 1,504,944</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, 2015

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	Total
ASSETS				
Current Assets				
Cash	\$ 433,221	\$ 78,138	\$ 455,221	\$ 966,580
Accounts Receivable	-	30,952	22,506	53,458
Supplies and Parts Inventory	-	12,830	-	12,830
Total Current Assets	433,221	121,920	477,727	1,032,868
Property and Equipment, Net				
Land (Not Being Depreciated)	-	1,392	2,000	3,392
Waterworks System and Equipment	-	300,939	-	300,939
Sewerage System and Equipment	-	-	744,239	744,239
Total Property and Equipment, Net	-	302,331	746,239	1,048,570
Total Assets	\$ 433,221	\$ 424,251	\$ 1,223,966	\$ 2,081,438
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts Payable	\$ -	\$ 55,700	\$ 28,959	\$ 84,659
Net Position				
Net Investment in Capital Assets	-	302,331	746,239	1,048,570
Unrestricted	433,221	66,220	448,768	948,209
Total Net Position	433,221	368,551	1,195,007	1,996,779
Total Liabilities and Net Position	\$ 433,221	\$ 424,251	\$ 1,223,966	\$ 2,081,438

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended April 30, 2015

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	Total
Operating Revenue				
User Fees	\$ -	\$ 417,788	\$ 300,789	\$ 718,577
Operating Expenses				
Contractual Services	-	43,451	158,281	201,732
Water Purchased	-	306,855	-	306,855
Electricity for Pumping	-	-	44,021	44,021
Depreciation	-	24,704	85,402	110,106
Salaries and Related Expenses	-	66,523	62,712	129,235
Materials and Supplies	-	5,238	2,596	7,834
Other	-	6,592	-	6,592
Total Operating Expenses	-	453,363	353,012	806,375
Change in Net Position	-	(35,575)	(52,223)	(87,798)
Net Position, May 1, 2014	433,221	404,126	1,247,230	2,084,577
Net Position, April 30, 2015	<u>\$ 433,221</u>	<u>\$ 368,551</u>	<u>\$ 1,195,007</u>	<u>\$ 1,996,779</u>

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2015

	Enterprise Funds			Total
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	
Cash Flows from Operating Activities				
Receipts from Customers	\$ -	\$ 415,850	\$ 299,380	\$ 715,230
Payments to Vendors	-	(345,351)	(201,669)	(547,020)
Payments to Employees	-	(66,523)	(62,712)	(129,235)
Net Cash Provided by (Used In) Operating Activities	-	3,976	34,999	38,975
Cash Flows from Capital and Related Financing Activities				
Purchase of Property and Equipment	-	(4,301)	-	(4,301)
Increase (Decrease) in Cash	-	(325)	34,999	34,674
Cash, May 1, 2014	433,221	78,463	420,222	931,906
Cash, April 30, 2015	<u>\$ 433,221</u>	<u>\$ 78,138</u>	<u>\$ 455,221</u>	<u>\$ 966,580</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ -	\$ (35,575)	\$ (52,223)	\$ (87,798)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Depreciation	-	24,704	85,402	110,106
(Increase) Decrease in Accounts Receivable	-	(1,938)	(1,409)	(3,347)
Increase (Decrease) in Accounts Payable	-	16,785	3,229	20,014
Net Cash Provided by (Used In) Operating Activities	<u>\$ -</u>	<u>\$ 3,976</u>	<u>\$ 34,999</u>	<u>\$ 38,975</u>

See Accompanying Notes

VILLAGE OF TOLONO, ILLINOIS
Notes to Basic Financial Statements
April 30, 2015

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*.

a. Financial Reporting Entity

The Village of Tolono, Illinois' (the Village) financial reporting entity is composed of the following:

Primary Government

Village of Tolono, Illinois

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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 that are restricted and committed, respectively, 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 debt, and administration of the TIF District.

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 Fund and Sewerage Operation Fund, respectively.
Waterworks Operation Fund	Accounts for revenue from water services and expenses incurred to operate and maintain the 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 changes in cash 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, 2015.

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 resolution of 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
Licenses and Permits	Amounts remitted to the Village by entities and persons making use of legal privileges issued by the Village

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 2014.

3. Budget Over/Under Expenditure

The Village overspent the General fund appropriation budget for fiscal year 2015 by \$833. The General fund over expenditure was due to an unbudgeted purchase of equipment that was separately approved by the Board of Village Trustees.

The Village overspent the MFT fund appropriation budget for fiscal year 2015 by \$8,130. The MFT fund over expenditure was due to no fiscal year 2015 MFT program being approved by the Board of Village Trustees.

4. 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 2014 tax levy on November 18, 2014. 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 2013 tax levy.

5. Cash

Cash – Restricted

At April 30, 2015, the Village's governmental activities and Tax Increment Financing Fund held \$154,335 of cash restricted by bond reserve requirements for future capital projects and debt service costs.

Authorized Investments

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, 2015, \$2,089,317 of the Village's bank deposits of \$2,339,317, which reconciled to a book balance of \$2,332,867, was exposed to custodial credit risk. The \$2,089,317 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 \$3,073,992 at April 30, 2015.

6. 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, 2015:

	April 30, 2014	Additions	Retirements	April 30, 2015
Land (Not Depreciable)	\$ 3,392	\$ -	\$ -	\$ 3,392
Depreciable Property and Equipment:				
<i>Waterworks</i>				
System	805,502	4,301	-	809,803
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	(3,129,179)	(110,106)	-	(3,239,285)
Property and Equipment, Net	<u>\$ 1,154,375</u>	<u>\$ (105,805)</u>	<u>\$ -</u>	<u>\$ 1,048,570</u>

Depreciation for fiscal year 2015 was \$24,704 for Waterworks and \$85,402 for Sewerage.

7. 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 (RSI). 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 2014 used by the employer was 18.63 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 2014 was \$55,481.

Three Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
12/31/14	\$ 55,481	100%	\$ 982
12/31/13	57,946	100%	982
12/31/12	59,049	100%	982

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 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress – As of December 31, 2014, the most recent actuarial valuation date, the Regular Plan was 16.88 percent funded. The actuarial accrued liability for benefits was \$727,543 and the actuarial value of assets was \$122,819, resulting in an underfunded actuarial accrued (UAAL) of \$604,724. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the Plan) was \$297,805 and the ratio of the UAAL to the covered payroll was 203 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.

8. 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 27 percent of such revenues. However, after other TIF District annual commitments are honored from the TIF Fund's incremental property taxes, annual principal and interest on the bonds are expected to require approximately a maximum of 348 percent of the remaining revenue.

There was principal and interest of \$191,508 paid for fiscal year 2015. Other TIF District commitments totaled \$1,103,546 for fiscal year 2015. The TIF Fund's incremental property tax revenues totaled \$1,198,220 for fiscal year 2015. At April 30, 2015, pledged future revenues totaled \$3,952,551, 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	Principal	Interest	Total
April 30			
2016	\$ 100,000	\$ 90,258	\$ 190,258
2017	150,000	88,808	238,808
2018	200,000	86,333	286,333
2019	205,000	82,633	287,633
2020	205,000	78,328	283,328
2021-2025	1,380,000	303,005	1,683,005
2026-2027	935,000	48,186	983,186
Total	<u>\$ 3,175,000</u>	<u>\$ 777,551</u>	<u>\$ 3,952,551</u>

The 2012 bond ordinance calls for two funded reserves. 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. Upon completion of the project, any remaining funds are required to be moved to the bond fund reserve. The Village has completed the project and the remaining balance of \$154,335 in the project fund was moved to the bond fund reserve. 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, 2015, the required balance from this requirement was \$0 because the Village has not received property tax payments for 2015 as of April 30, 2015. At April 30, 2015 the balances in the project fund reserve and the bond fund reserve were \$0 and \$154,335, respectively.

9. General Obligation Debt Certificates

In fiscal year 2015, the Village issued \$170,814 of general obligation (limited debt) debt certificates to defray the costs associated with the redevelopment of the TIF District in the Village of Tolono, and, consequently, these debt certificates have been accounted for in the TIF Fund. Hickory Point Bank & Trust of Champaign, Illinois is the purchaser for the issue known as the General Obligation Debt Certificates, Series 2015, which will total \$1,700,000 when the project is completed in fiscal year 2016. These debt certificates mature serially on March 17 of each calendar year through 2027 in amounts ranging from \$5,000 to \$335,000 and bearing interest ranging from 3.30 to 3.50 percent until March 17, 2023 and then bearing interest at the four-year Federal Home Loan Bank Chicago (FHLBC) rate on March 17, 2023 plus 1.75 percent with a cap of 5.00 percent, payable September 17 and March 17 annually.

Aggregate future principal maturities and interest payments required on these debt certificates are as follows for the fiscal years ending April 30:

Fiscal Year Ended April 30	Principal	Interest	Total
2016	\$ 5,000	\$ 5,637	\$ 10,637
2017	70,000	5,472	75,472
2018	60,000	3,162	63,162
2019	35,814	1,182	36,996
Total	<u>\$ 170,814</u>	<u>\$ 15,453</u>	<u>\$ 186,267</u>

Total interest paid in fiscal year 2015 on the debt certificates was \$0.

Under the terms of the debt certificate agreement, the Village has the capacity to borrow up to \$1,700,000. Should the Village borrow up to this limit, the aggregate future principal maturities and interest payments required on these debt certificates would be as follows for the fiscal years ending April 30:

Fiscal Year Ended April 30	Principal	Interest	Total
2016	\$ 5,000	\$ 56,100	\$ 61,100
2017	70,000	55,935	125,935
2018	60,000	53,625	113,625
2019	60,000	51,645	111,645
2020	65,000	52,675	117,675
2021-2025	780,000	224,835	1,004,835
2026-2027	660,000	35,820	695,820
Total	<u>\$ 1,700,000</u>	<u>\$ 530,635</u>	<u>\$ 2,230,635</u>

The 2015 debt certificate ordinance calls for one funded reserve. The project fund reserve requires the Village to hold the net proceeds from the debt certificate issuance in reserve for payment of costs related to the capital projects and costs of issuance. At April 30, 2015, the required balance from this reserve was \$0 because there were no net proceeds from the debt certificate issuance as of April 30, 2015.

10. 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, 2015:

	April 30, 2014	Issued	Retired	April 30, 2015	Due Within One Year
General Obligation Debt					
Certificates	\$ -	\$ 170,814	\$ -	\$ 170,814	\$ 5,000
General Obligation Bond	3,275,000	-	100,000	3,175,000	100,000
Total	<u>\$ 3,275,000</u>	<u>\$ 170,814</u>	<u>\$ 100,000</u>	<u>\$ 3,345,814</u>	<u>\$ 105,000</u>

11. Legal Debt Margin

At April 30, 2015, the estimated legal debt margin was determined as follows:

Assessed Valuation (Tax Year 2014)	<u>\$ 50,778,000</u>
Statutory Debt Limitation (8.625 percent of Assessed Valuation)	4,379,603
Total General Obligation Indebtedness at April 30, 2015	<u>170,814</u>
Legal Debt Margin	<u>\$ 4,208,789</u>

Note: By Illinois statute, the legal debt margin excludes alternative revenue source debt. The Village's General Obligation Bond is an alternative revenue source debt and thus it is not included in the legal debt margin calculation.

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

As of April 30, 2015, the Village's governmental activities and Motor Fuel Tax Fund had \$210,426 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, 2015, the Village's governmental activities and TIF Fund had \$295,580 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, 2015, the Village's TIF Fund had \$154,335 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.

13. Deficit Fund Balance

As of April 30, 2015, the Village had fund balance deficits of \$339,335 and \$151,700 in the Police Fund and Street and Alley Fund, respectively.

14. Restricted Property Tax Activity

The Village had the following restricted property tax activity in the General Fund during the year ended April 30, 2015:

	Insurance Liability	IMRF	Audit	ESDA
Restricted Balance at April 30, 2014	\$ -	\$ -	\$ -	\$ -
Property Taxes Received	3,016	38,303	7,516	773
Expenditures Incurred	<u>(3,016)</u>	<u>(38,303)</u>	<u>(7,516)</u>	<u>(773)</u>
Restricted Balance at April 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

15. Interfund Balances

Interfund receivables and payables at April 30, 2015 are summarized below:

	Due From Other Funds	Due To Other Funds
Governmental Funds:		
General Fund	\$ 491,035	\$ -
Police Fund	-	339,335
Street and Alley Fund	-	151,700
Total All Funds	<u>\$ 491,035</u>	<u>\$ 491,035</u>

The amounts due among the funds relate to working capital loans. The amounts due have no specific repayment date scheduled, however, repayment is expected within the next fiscal year.

16. Risk of Loss

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended April 30, 2015, 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.

17. 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, 2015, property tax receipts of \$1,198,220 were received from the TIF District.

18. 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, 2015, the maximum amount committed to developers was \$9,808,178 and the total paid to developers was \$4,488,722. 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 2015 was \$257,592.

The Village has also entered into an agreement with the local fire protection district to pay \$850,000 to that governmental unit for the reimbursement of capital costs incurred. Under the terms of the agreement, the Village made a one-time lump sum payment in the amount of \$250,000 in fiscal year 2015 and will make annual installments of \$50,000 to be paid on December 15 annually through 2026.

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

19. 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, 2015, the Village has paid \$48,072 in rebate payments. These financial statements do not include any expense/expenditure or liability related to the unpaid portion of these commitments.

20. Employee Separation Pay Commitment

At separation from employment, employees are eligible to receive compensation for all unused vacation time. At April 30, 2015, the Village's potential liability for employee separation pay was \$11,312. 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 \$6,584 for the Police Fund, \$3,208 for the General Fund and \$1,520 for the Enterprise funds.

21. 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:

Year Ending April 30	
2016	\$ 13,959
2017	14,378
2018	3,621
	<u>\$ 31,958</u>

22. Other Capital Commitments

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

Purpose	Responsible Fund	Total Commitment	Fiscal Year of Expenditure
Motor Fuel Program	MFT	\$ 127,299	2016
N. Calhoun Drainage Project	TIF	1,310,767	2016

VILLAGE OF TOLONO, ILLINOIS
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)
12/31/2014	\$ 122,819	\$ 727,543	\$ 604,724	16.88%	\$ 297,805	203.06%
12/31/2013	62,225	642,148	579,923	9.69%	311,703	186.05%
12/31/2012	(15,222)	596,582	611,804	0.00%	319,527	191.47%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$197,563. On a market basis, the funded ratio would be 27.15 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, 2015

	<u>Audit Fund</u>	<u>ESDA Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ (6,385)</u>	<u>\$ (7,818)</u>	<u>\$ (14,203)</u>
LIABILITIES AND FUND BALANCES			
Liabilities	\$ -	\$ -	\$ -
Fund Balances:			
Unassigned	<u>(6,385)</u>	<u>(7,818)</u>	<u>(14,203)</u>
Total Liabilities and Fund Balances	<u>\$ (6,385)</u>	<u>\$ (7,818)</u>	<u>\$ (14,203)</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, 2015

	<u>Audit Fund</u>	<u>ESDA Fund</u>	<u>Total</u>
Revenues			
Local Taxes:			
Property Tax	<u>\$ 7,516</u>	<u>\$ 773</u>	<u>\$ 8,289</u>
Expenditures			
Current:			
General Government	14,250	-	14,250
Public Safety	<u>-</u>	<u>8,617</u>	<u>8,617</u>
Total Expenditures	<u>14,250</u>	<u>8,617</u>	<u>22,867</u>
Net Change in Fund Balances	(6,734)	(7,844)	(14,578)
Fund Balances, May 1, 2014	<u>349</u>	<u>26</u>	<u>375</u>
Fund Balances, April 30, 2015	<u><u>\$ (6,385)</u></u>	<u><u>\$ (7,818)</u></u>	<u><u>\$ (14,203)</u></u>

VILLAGE OF TOLONO, ILLINOIS
Statement of Expenditures - Budget and Actual - Modified Cash Basis
Audit and ESDA Subfunds
For the Year Ended April 30, 2015

	Budget		Actual	Under/(Over) Budget
	Original	Final		
Audit Fund				
Current:				
General Government				
Contractual Services	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 14,250</u>	<u>\$ 7,750</u>
ESDA Fund				
Current:				
Public Safety				
Contractual Services	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 8,617</u>	<u>\$ 1,383</u>

Table 1

VILLAGE OF TOLONO, ILLINOIS
Property Tax Levies, Rates, Extensions, and Collections
For the Four Years Ended April 30

Fiscal Year of Receipt Levy Year	2016 <u>2014</u>	2015 <u>2013</u>	2014 <u>2012</u>	2013 <u>2011</u>
Assessed Valuations	<u>\$ 34,748,278</u>	<u>\$ 34,958,783</u>	<u>\$ 35,048,732</u>	<u>\$ 35,948,036</u>
Tax Levies				
General	\$ 83,100	\$ 81,840	\$ 80,458	\$ 78,100
Police Protection	19,100	18,820	18,500	18,000
ESDA	800	784	775	750
Audit	7,650	7,521	7,400	7,200
Insurance Liability	4,250	4,170	4,100	4,000
IMRF	39,000	38,425	37,800	36,600
Total Tax Levies	<u>\$ 153,900</u>	<u>\$ 151,560</u>	<u>\$ 149,033</u>	<u>\$ 144,650</u>
Tax Rates				
General	0.2391	0.2341	0.2296	0.2173
Police Protection	0.0550	0.0538	0.0528	0.0501
ESDA	0.0023	0.0022	0.0022	0.0021
Audit	0.0220	0.0215	0.0211	0.0200
Insurance Liability	0.0122	0.0119	0.0117	0.0111
IMRF	0.1122	0.1099	0.1078	0.1018
Total Tax Rates	<u>0.4428</u>	<u>0.4334</u>	<u>0.4252</u>	<u>0.4024</u>
Tax Extensions				
General	\$ 83,083	\$ 81,838	\$ 80,472	\$ 78,115
Police Protection	19,112	18,808	18,506	18,010
ESDA	799	769	771	755
Audit	7,645	7,516	7,395	7,190
Insurance Liability	4,239	4,160	4,101	3,990
IMRF	38,988	38,420	37,783	36,595
Total Tax Extensions	<u>\$ 153,866</u>	<u>\$ 151,511</u>	<u>\$ 149,028</u>	<u>\$ 144,655</u>
Tax Collections				
General		\$ 83,134	\$ 80,796	\$ 78,424
Police Protection		18,805	18,545	18,042
ESDA		773	776	754
Audit		7,516	7,406	7,203
Insurance Liability		3,016	4,090	3,985
IMRF		38,303	37,701	36,517
Total Tax Collections		<u>\$ 151,547</u>	<u>\$ 149,314</u>	<u>\$ 144,925</u>
Percentage of Extension Collected		<u>100.02%</u>	<u>100.19%</u>	<u>100.19%</u>

INDEPENDENT AUDITOR'S 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, 2015, as listed in the table of contents, and have issued our report thereon dated August 04, 2015.

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
August 04, 2015