

VILLAGE OF TOLONO

Tolono, Illinois

Annual Financial Report

For the Year Ended April 30, 2023

Feller & Kuester CPAs PLLC
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Tolono
Tolono, Illinois

Opinions

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 (the Village), as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of April 30, 2023, and the respective changes in modified cash basis or GAAP basis financial position, as applicable; and, where applicable, GAAP basis cash flows thereof for the year then ended.

Basis for Opinions

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

Emphasis of Matter – 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.

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the IMRF Schedule of Changes in Net Position Liability and Related Ratios and IMRF Schedule of Contributions on pages 35 to 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 presented on the GAAP basis 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 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 the financial reporting for placing the basic financial statements prepared on the GAAP basis in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedule of property tax levies, rates, extensions, and collections on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of property tax levies, rates, extensions, and collections on page 38 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of property tax levies, rates, extensions, and collections is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Feller & Kuester CPAs PLLC

Feller & Kuester CPAs PLLC
Champaign, Illinois

December 15, 2023

VILLAGE OF TOLONO
STATEMENT OF NET POSITION - MODIFIED CASH BASIS (GOVERNMENTAL ACTIVITIES) AND
GAAP BASIS (BUSINESS-TYPE ACTIVITIES)
APRIL 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 1,742,614	\$ 524,291	\$ 2,266,905
Accounts Receivable	-	161,737	161,737
Supplies and Parts Inventory	-	11,515	11,515
Prepaid Expenses	-	14,646	14,646
Internal Balances	601,122	(601,122)	-
Restricted Assets:			
Cash and Cash Equivalents	-	8,100	8,100
Total Current Assets	<u>2,343,736</u>	<u>119,167</u>	<u>2,462,903</u>
<i>Noncurrent Assets:</i>			
Capital Assets, Net of Accumulated Depreciation:			
Land (Not Being Depreciated)	-	3,392	3,392
Other Capital Assets, Net	-	2,081,912	2,081,912
Total Noncurrent Assets	<u>-</u>	<u>2,085,304</u>	<u>2,085,304</u>
Total Assets	<u>2,343,736</u>	<u>2,204,471</u>	<u>4,548,207</u>
Liabilities			
<i>Current Liabilities:</i>			
Payroll Liabilities	11,216	-	11,216
Accounts Payable	-	85,016	85,016
Accrued Expenses	-	1,448	1,448
Customer Deposits	-	8,100	8,100
Bonds Payable, Current Portion	655,000	-	655,000
Unamortized Premium on Bonds Payable, Current Portion	50,884	-	50,884
Capital Leases, Current Portion	7,246	14,492	21,738
Total Current Liabilities	<u>724,346</u>	<u>109,056</u>	<u>833,402</u>
<i>Noncurrent Liabilities:</i>			
Bonds Payable, Net of Current	2,530,000	-	2,530,000
Unamortized Premium on Bonds Payable, Net of Current	133,569	-	133,569
Capital Leases, Net of Current	22,971	45,943	68,914
Total Noncurrent Liabilities	<u>2,686,540</u>	<u>45,943</u>	<u>2,732,483</u>
Total Liabilities	<u>3,410,886</u>	<u>154,999</u>	<u>3,565,885</u>
Net Position			
Net Investment in Capital Assets	(3,399,670)	2,024,869	(1,374,801)
Restricted for:			
Unspent American Rescue Plan Act Funds	230,800	-	230,800
Unspent Motor Fuel Tax	58,977	-	58,977
Unspent Levy Allocations	248,511	-	248,511
Unrestricted	<u>1,794,232</u>	<u>24,603</u>	<u>1,818,835</u>
Total Net Position	<u>\$ (1,067,150)</u>	<u>\$ 2,049,472</u>	<u>\$ 982,322</u>

See Accompanying Notes.

VILLAGE OF TOLONO
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS (GOVERNMENTAL ACTIVITIES) AND
GAAP BASIS (BUSINESS-TYPE ACTIVITIES)
FOR THE YEAR ENDED APRIL 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:							
<i>Governmental Activities:</i>							
General Government	\$ 327,303	\$ 22,902	\$ -	\$ 230,800	\$ (73,601)	\$ -	\$ (73,601)
Public Safety	512,415	4,572	-	-	(507,843)	-	(507,843)
Culture and Recreation	5,496	17,553	-	-	12,057	-	12,057
Streets and Alleys	669,205	18,054	-	-	(651,151)	-	(651,151)
Economic Development	778,354	-	-	-	(778,354)	-	(778,354)
Total Governmental Activities	<u>2,292,773</u>	<u>63,081</u>	<u>-</u>	<u>230,800</u>	<u>(1,998,892)</u>	<u>-</u>	<u>(1,998,892)</u>
<i>Business-Type Activities:</i>							
Water	661,263	805,327	-	-	-	144,064	144,064
Sewer	524,395	519,437	-	-	-	(4,958)	(4,958)
Total Business-Type Activities	<u>1,185,658</u>	<u>1,324,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,106</u>	<u>139,106</u>
Total Primary Government	<u>\$ 3,478,431</u>	<u>\$ 1,387,845</u>	<u>\$ -</u>	<u>\$ 230,800</u>	<u>(1,998,892)</u>	<u>139,106</u>	<u>(1,859,786)</u>
General Revenues:							
Taxes:							
Property Tax					1,509,046	-	1,509,046
Municipal Utilities Tax					21,310	-	21,310
Telecommunications Tax					28,968	-	28,968
State Income Tax					582,329	-	582,329
State Sales Tax					257,819	-	257,819
State Use Tax					146,756	-	146,756
State Cannabis Use Tax					5,674	-	5,674
State Motor Fuel Tax					181,609	-	181,609
State Replacement Tax					26,786	-	26,786
State Video Gaming Tax					65,870	-	65,870
Interest Income					987	-	987
Insurance Claims					10,078	76,608	86,686
Other Income					349	-	349
Stormwater Settlement					17,414	-	17,414
Proceeds on Sale of Uncapitalized Assets					17,502	-	17,502
Internal Activities					(14,095)	14,095	-
Total General Revenue					<u>2,858,402</u>	<u>90,703</u>	<u>2,949,105</u>
Change in Net Position					859,510	229,809	1,089,319
Net Position - Beginning of Year					(1,926,660)	1,819,663	(106,997)
Net Position - End of Year					<u>\$(1,067,150)</u>	<u>\$ 2,049,472</u>	<u>\$ 982,322</u>

See Accompanying Notes.

VILLAGE OF TOLONO
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2023

	General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
Assets						
Cash and Cash Equivalents	\$ 1,413,126	\$ 22,000	\$ -	\$ 58,977	\$ 248,511	\$ 1,742,614
Due from Other Funds	601,122	-	-	-	-	601,122
Total Assets	<u>\$ 2,014,248</u>	<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 58,977</u>	<u>\$ 248,511</u>	<u>\$ 2,343,736</u>
Liabilities						
Payroll Liabilities	\$ 11,216	\$ -	\$ -	\$ -	\$ -	\$ 11,216
Total Liabilities	<u>11,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,216</u>
Fund Balances						
Restricted	230,800	-	-	58,977	248,511	538,288
Assigned	10,000	22,000	-	-	-	32,000
Unassigned	1,762,232	-	-	-	-	1,762,232
Total Fund Balances	<u>2,003,032</u>	<u>22,000</u>	<u>-</u>	<u>58,977</u>	<u>248,511</u>	<u>2,332,520</u>
Total Liabilities and Fund Balances	<u>\$ 2,014,248</u>	<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 58,977</u>	<u>\$ 248,511</u>	<u>\$ 2,343,736</u>

Reconciliation to Statement of Net Position - Modified Cash Basis:

Total Fund Balances of Governmental Funds \$ 2,332,520
Amounts reported for Governmental Activities in the Statement of Net Position - Modified Cash Basis
are Different Because:

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 Liabilities. However, the modified cash basis, as it applies to the Governmental Activities, as discussed in Note 1, does include Long-Term Liabilities.

This amount is the outstanding principal amount on the Long-Term Liabilities.

Net Position of Governmental Activities (3,399,670)
\$(1,067,150)

See Accompanying Notes.

VILLAGE OF TOLONO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	General Fund	Police Fund	Street and Alley Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund	Total
Revenues						
<i>Local Taxes</i>						
Property Tax	\$ 151,983	\$ 21,573	\$ 24,792	\$ -	\$ 1,310,698	\$ 1,509,046
Municipal Utilities Tax	21,310	-	-	-	-	21,310
Telecommunications Tax	28,968	-	-	-	-	28,968
<i>Intergovernmental Receipts & Grants</i>						
State Income Tax	582,329	-	-	-	-	582,329
State Sales Tax	257,819	-	-	-	-	257,819
State Use Tax	146,756	-	-	-	-	146,756
State Cannabis Use Tax	5,674	-	-	-	-	5,674
State Motor Fuel Tax	-	-	-	181,609	-	181,609
State Replacement Tax	26,786	-	-	-	-	26,786
State Video Gaming Tax	65,870	-	-	-	-	65,870
American Rescue Plan Act Funds	230,800	-	-	-	-	230,800
<i>Other Sources</i>						
Licenses and Permits	3,573	-	14,846	-	-	18,419
Fines and Forfeitures	-	4,572	-	-	-	4,572
Park Maintenance Fees	1,546	-	16,007	-	-	17,553
Rental Income	17,168	-	-	-	-	17,168
Other Fees	2,161	-	3,208	-	-	5,369
Interest Income	987	-	-	-	-	987
Insurance Claims	10,078	-	-	-	-	10,078
Other Income	349	-	-	-	-	349
Stormwater Settlement	-	-	17,414	-	-	17,414
Sale of Uncapitalized Assets	17,502	-	-	-	-	17,502
Total Revenues	1,571,659	26,145	76,267	181,609	1,310,698	3,166,378
Expenditures						
<i>Current</i>						
General Government	327,303	-	-	-	-	327,303
Public Safety	10,470	406,874	-	-	-	417,344
Culture and Recreation	5,496	-	-	-	-	5,496
Streets and Alleys	17,400	-	261,636	276,248	-	555,284
Economic Development	-	-	-	-	732,538	732,538
<i>Capital Outlay</i>	-	95,071	112,884	-	-	207,955
<i>Debt Service:</i>						
Principal	-	-	7,050	-	385,000	392,050
Interest	-	-	1,037	-	96,700	97,737
Total Expenditures	360,669	501,945	382,607	276,248	1,214,238	2,735,707
Excess (Deficiency) of Revenue Over Expenditures	1,210,990	(475,800)	(306,340)	(94,639)	96,460	430,671
Other Financing Sources (Uses)						
Transfers In (Out)	(807,235)	486,800	306,340	-	-	(14,095)
Net Change in Fund Balances	403,755	11,000	-	(94,639)	96,460	416,576
Fund Balances - Beginning of Year	1,599,277	11,000	-	153,616	152,051	1,915,944
Fund Balances - End of Year	<u>\$ 2,003,032</u>	<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 58,977</u>	<u>\$ 248,511</u>	<u>\$ 2,332,520</u>

Reconciliation to the Statement of Activities - Modified Cash Basis:

Net Change in Fund Balances of Governmental Funds	\$ 416,576
Amounts Reported for Governmental Activities in the Statement of Activities - Modified Cash Basis are Different Because:	
New debt is an other financing source in governmental funds, while repayment of loan principal is an expenditure in the governmental funds, but the new debt increase long-term liabilities and the repayment reduces the long-term liabilities in the Statement of Net Position - Modified Cash Basis:	
Principal Paid on Long-Term Liabilities	392,050
Bond Premium Amortization	50,884
Change in Net Position of Governmental Activities	<u>\$ 859,510</u>

See Accompanying Notes.

VILLAGE OF TOLONO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2023

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	Total
Assets				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 98,203	\$ 426,088	\$ -	\$ 524,291
Accounts Receivable	-	100,095	61,642	161,737
Supplies and Parts Inventory	-	11,515	-	11,515
Prepaid Expenses	-	7,323	7,323	14,646
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	-	8,100	-	8,100
Total Current Assets	98,203	553,121	68,965	720,289
<i>Noncurrent Assets:</i>				
Capital Assets, Net				
Land (Not Being Depreciated)	-	1,392	2,000	3,392
Other Capital Assets, Net	-	536,301	1,545,611	2,081,912
Total Noncurrent Assets	-	537,693	1,547,611	2,085,304
Total Assets	98,203	1,090,814	1,616,576	2,805,593
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	-	63,725	21,291	85,016
Accrued Expenses	-	724	724	1,448
Customer Deposits	-	8,100	-	8,100
Due to Other Funds	-	-	601,122	601,122
Capital Leases, Current Portion	-	7,246	7,246	14,492
Total Current Liabilities	-	79,795	630,383	710,178
<i>Noncurrent Liabilities:</i>				
Capital Leases, Net of Current	-	22,971	22,972	45,943
Total Noncurrent Liabilities	-	22,971	22,972	45,943
Total Liabilities	-	102,766	653,355	756,121
Net Position				
Net Investment in Capital Assets	-	507,476	1,517,393	2,024,869
Unrestricted	98,203	480,572	(554,172)	24,603
Total Net Position	\$ 98,203	\$ 988,048	\$ 963,221	\$ 2,049,472

See Accompanying Notes.

VILLAGE OF TOLONO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	Total
Operating Revenue				
User Fees	\$ -	\$ 805,327	\$ 519,437	\$ 1,324,764
Total Operating Revenue	-	805,327	519,437	1,324,764
Operating Expenses				
Water Purchased	-	444,841	-	444,841
Contractual Services	-	43,063	208,686	251,749
Salaries and Related Expenses	-	69,334	84,965	154,299
Depreciation	-	49,165	95,111	144,276
Materials and Supplies	-	19,406	18,808	38,214
Electricity for Pumping	-	-	76,353	76,353
Repairs and Maintenance	-	12,985	11,725	24,710
Fees and Dues	-	2,782	6,611	9,393
Insurance	-	10,913	10,913	21,826
Telephone	-	608	5,176	5,784
Other	-	2,189	71	2,260
Total Operating Expenses	-	655,286	518,419	1,173,705
Operating Income (Loss)	-	150,041	1,018	151,059
Non-Operating Revenue (Expenses)				
Insurance Claims	-	-	76,608	76,608
Interest Expense	-	(5,977)	(5,976)	(11,953)
Total Non-Operating Revenue (Expenses)	-	(5,977)	70,632	64,655
Income (Loss) Before Transfers	-	144,064	71,650	215,714
Transfers				
Transfers In (Out)	-	-	14,095	14,095
Change in Net Position	-	144,064	85,745	229,809
Net Position - Beginning of Year	98,203	843,984	877,476	1,819,663
Net Position - End of Year	\$ 98,203	\$ 988,048	\$ 963,221	\$ 2,049,472

See Accompanying Notes.

VILLAGE OF TOLONO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	Total
Cash Flows from Operating Activities				
Receipts from Customers	\$ -	\$ 801,840	\$ 519,242	\$ 1,321,082
Payments to Suppliers of Good or Services	-	(507,947)	(321,256)	(829,203)
Payments to Employees for Services	-	(73,325)	(88,957)	(162,282)
Net Cash Provided by (Used in) Operating Activities	-	220,568	109,029	329,597
Cash Flows from Non-Capital Financing Activities				
Receipts of Insurance Claims	-	-	76,608	76,608
Transfer In from Other Funds	-	-	14,095	14,095
Net Cash Provided by (Used in) Non-Capital Financing Activities	-	-	90,703	90,703
Cash Flows from Capital and Related Financing Activities				
Payments of Capital Lease Obligations	-	(152,423)	(152,423)	(304,846)
Interest Paid on Capital Lease Obligations	-	(5,977)	(5,976)	(11,953)
Purchase of Capital Assets	-	(41,333)	(41,333)	(82,666)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(199,733)	(199,732)	(399,465)
Cash Flows from Investing Activities				
None	-	-	-	-
Net Increase in Cash and Cash Equivalents	-	20,835	-	20,835
Cash and Cash Equivalents - Beginning of Year	98,203	413,353	-	511,556
Cash and Cash Equivalents - End of Year	<u>\$ 98,203</u>	<u>\$ 434,188</u>	<u>\$ -</u>	<u>\$ 532,391</u>
Cash and Cash Equivalents	\$ 98,203	\$ 426,088	\$ -	\$ 524,291
Restricted Cash and Cash Equivalents	-	8,100	-	8,100
Total Cash and Cash Equivalents	<u>\$ 98,203</u>	<u>\$ 434,188</u>	<u>\$ -</u>	<u>\$ 532,391</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ -	\$ 150,041	\$ 1,018	\$ 151,059
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation Expense	-	49,165	95,111	144,276
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	-	(7,737)	(195)	(7,932)
(Increase) Decrease in Supplies and Parts Inventory	-	-	-	-
(Increase) Decrease in Prepaid Expenses	-	(71)	(71)	(142)
Increase (Decrease) in Customer Deposits	-	4,250	-	4,250
Increase (Decrease) in Accounts Payable	-	28,911	17,158	46,069
Increase (Decrease) in Accrued Expenses	-	(3,991)	(3,992)	(7,983)
Total Adjustments	-	70,527	108,011	178,538
Net Cash Provided by (Used in) Operating Activities	<u>\$ -</u>	<u>\$ 220,568</u>	<u>\$ 109,029</u>	<u>\$ 329,597</u>

See Accompanying Notes.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

NOTE 1 – Summary of Significant Accounting Policies

The Village of Tolono (the Village) has presented the financial statements for the governmental activities and the governmental funds 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) as applied to governments. The modified cash basis of accounting differs from GAAP. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting.

Financial Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the Village's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Village. Regardless of whether the component unit has a board or how its board is appointed, the Village is financially accountable if the component unit is fiscally dependent on the Village and can possibly provide a financial benefit or impose a financial burden on the Village.

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.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities) and the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities) display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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, net position/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 ten percent of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least five 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.

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 service or capital projects. The reporting entity included the following special revenue funds, which are reported as major funds:

<u>Fund</u>	<u>Brief Description</u>
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

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

allocations from Champaign County, and liquor license receipts, which are committed to this fund.

Motor Fuel Tax Fund

Accounts for 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 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:

<u>Fund</u>	<u>Brief Description</u>
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 the sewerage operation fund, respectively.
Waterworks Operation Fund	Accounts for revenues from water services and expenses incurred for operating and maintaining the water system.
Sewerage Operation Fund	Accounts for revenues from sewer services and expenses incurred for operating and maintaining the sanitary sewer system.

The waterworks and sewerage fund did not meet the requirements for presentation as a major fund; however, management has elected to include this fund as a major fund of the reporting entity to maintain consistency with past presentations.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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 – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities) and the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities), both governmental activities 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.
- All 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. These funds’ equities are 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 and governmental funds 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 payroll tax liabilities, due from and due to other funds and recording of long-term debt (excluding personnel related long-term debt) in the governmental activities, and payroll tax liabilities and due from and due to other funds for the governmental funds. 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

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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 these 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 and enterprise funds are presented using the accrual basis of accounting. On this basis, revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which the taxes are levied. Grants are recognized as revenue when eligibility requirements are met, such as allowable costs having been incurred.

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

Cash and Cash Equivalents

For the purpose of these statements, cash and cash equivalents include all cash and highly liquid investments acquired with an original maturity date of three months or less.

Restricted Assets

Restricted assets consist of cash and cash equivalents which are being held on behalf of a third party or which use has been restricted by the Board of Trustees.

Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers. Receivables are stated at the amount management expects to collect on outstanding balances. No allowance for uncollectible receivables has been recorded at year-end as management expects to collect all but an immaterial amount of other reported receivables.

Supplies and Parts Inventory

Supplies and parts inventory is valued at cost using the first-in, first-out method.

Prepaid Expenditures/Expenses

Prepaid expenditures/expenses such as for insurance or service contracts are deferred and expended/expensed over the term when the services are received.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g. roads, bridges, sidewalks, and similar items) are recorded at historical cost or estimated historical cost if actual is unavailable. Assets acquired are recorded at cost. Donated assets are recorded at their estimated fair market value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Items of property that are fully depreciated, sold, or otherwise disposed of are removed from the respective asset and accumulated depreciation accounts. Any gain or losses thereon are reflected in operations as appropriate.

In the government-wide financial statements, the Village has elected to not report capital assets and associated depreciation for the governmental activities. In the government-wide financial statements, the amount paid for capital assets of the governmental activities are accounted for as an expense of the associated function. Capital assets in the proprietary funds are capitalized in the fund in which the capital assets are utilized.

Depreciation is calculated on all capital assets (other than land and assets that appreciate in value) using the straight-line method with the following estimated useful lives:

Waterworks:

Buildings/Improvements	10-40 years
Equipment	5-20 years
Infrastructure	10-40 years
Vehicles	5-15 years

Sewerage:

Buildings/Improvements	10-40 years
Equipment	5-20 years
Infrastructure	10-40 years
Vehicles	5-15 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Long-Term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. All long-term debt to be repaid from business-type resources is reported as liabilities in government-wide and fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements, which is the debt proceeds are reported as liabilities at the time of occurrence and payment of principal is reported as reduction in debt outstanding and interest is reported as an expense.

Equity Classification

Government-Wide Statements

In the government-wide statements, equity is classified as net position and displayed in three components. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first and then unrestricted.

- Net Investment in Capital Assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other debt that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

Fund Financial Statements

In the governmental fund statements, fund equity is classified as fund balance and displayed in five components in accordance with GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Propriety fund equity is classified the same as in the government-wide statements. The five components of fund balance are:

- 1) Nonspendable - consists of fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints require them to be

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

maintained intact. At April 30, 2023, the Village did not report any amounts as nonspendable.

- 2) Restricted - consists of fund balances with constraints placed on their use either by external groups, by laws of higher authority governments or by constitutional provisions, or enabling legislation. At April 30, 2023, the Village reported the total amount of \$538,288 as restricted in the following components:
 - \$230,800 restricted in the general fund for unspent American Rescue Plan Act (ARPA) funds. This amount can only be spent for purposes outlined by the grant.
 - \$58,977 restricted in the motor fuel tax fund for unspent motor fuel tax. This amount can only be spent on street and alley improvements under state laws and procedures.
 - \$248,511 restricted in the tax increment financing fund for unspent special tax levy. This amount can only be used for economic development in the TIF District.
- 3) Committed - consists of fund balance amounts that are constrained for specific purposes that are internally imposed by formal action of the highest level of decision-making authority, the Village Trustees. These amounts are committed thru a resolution approved by the Village Trustees prior to year-end (actual amounts are determined after year-end). Any changes to the constraints imposed require amendment by the same type of Village Trustee resolution. At April 30, 2023, the Village did not report any amounts as committed.
- 4) Assigned - consists of fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned by financial management or official action of the Village Trustees and also includes all amounts in governmental funds, other than the general fund, that are not restricted or committed. Assignments may take place after the end of the reporting period. At April 30, 2023, the Village reported the total amount of \$32,000 in the following components:
 - \$10,000 assigned in the general fund for ESDA expenditures.
 - \$22,000 assigned in the police fund for police related expenditures.
- 5) Unassigned - consists of residual positive fund balance within the general fund which has not been classified within the other above categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. At April 30, 2023, the Village had \$1,762,232 as unassigned in the general fund.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first unless there are legal documents or contracts that prohibit this (ex. grant agreements). Additionally, if different levels of unrestricted funds are available for spending, the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

The Village does not maintain any rainy-day funds (amounts set aside for use in emergency situations or when a budgetary imbalance arises). The Village also does not utilize encumbrance accounting. Appropriations not spent at year-end lapse and may be acted upon as a supplemental appropriation, if required.

Program Revenues

In the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities), revenues that are derived directly from each activity or from parties outside the Village’s taxpayers are reported as program revenues. Program revenues include the following:

Governmental Activities

Charges for Services:

Licenses and Permits	Amounts remitted to the Village by entities and persons making use of legal privileges issued by the Village.
Fines and Forfeitures	Amounts remitted to the Village by violators of Village ordinances.
Park Maintenance Fees	Amounts remitted to the Village by Tolono Park District for services rendered in maintaining the park.
Rental Income	Amounts remitted to the Village by entities and persons for use of Village property.
Other Fees	Amounts remitted to the Village by entities and persons to pay for other fees.

Capital Grants and Contributions:

American Rescue Plan Act Funds	Revenue received from the Illinois Non-Entitlement Unit for providing municipal government services to Village residents.
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Business-Type Activities

Charges for Services:

User Fees	Fees paid by the public for water and sewerage usage.
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All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Operating and Non-Operating Revenues and Expenses of the Proprietary Funds

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

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities) and Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities), some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental fund and proprietary fund categories is reported as follows in the fund financial statements:

- Interfund Loans - Amounts provided with a requirement for repayment are reported as due to and due from other funds.
- Interfund Services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- Interfund Reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
- Interfund Transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- Internal Balances - Amounts reported in the fund financial statements as interfund loans are eliminated in the governmental and business-type columns of the Statement of Net Position – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities), except for the net residual amounts due between governmental and business-type activities which are reported as Internal Balances.
- Internal Activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities) except for the net amount of transfers between governmental and business-type activities, which are reported as Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities).

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting (governmental activities and governmental funds) and GAAP basis (business-type activities and proprietary funds) requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Subsequent Events

The Village has evaluated subsequent events through December 15, 2023, the date on which the financial statements were available to be issued. On June 20, 2023, the Village sold the water & wastewater systems to Illinois-American Water Company for \$9,466,000.

NOTE 2 – Legal Budget

Legal budgets are prepared in the form of an appropriations ordinance for the Village funds using the same accounting basis and practices as are used to account for and prepare financial reports. Unexpected appropriations lapse at the end of each 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 Village's Board of 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. For the year ended April 30, 2023, actual cash expenditures exceeded appropriations by \$33,366 in the motor fuel tax fund due to not appropriating enough for streets and highways expenditures, and \$46,024 in the sewerage operation fund due to not appropriating enough for operating and maintaining the sanitary sewer system. The budget for the village was passed on June 7, 2022.

NOTE 3 – Property Taxes

The Village's property tax is levied each year on all taxable real property located in the Village on or before the last Tuesday in December (by passage of the Tax Levy Ordinance). The 2022 tax levy was adopted by the Board on November 1, 2022. The 2021 tax levy was adopted by the Board on November 16, 2021. Property taxes attach as an enforceable lien on property as of January 1st on property values assessed as of the same date. Property taxes are payable in two installments on or around June 1st and September 1st. The Village usually receives approximately four distributions from July through November. Property taxes are recorded as revenue when they are received. Property tax revenues recorded in the current-year financial statements represent the collections of the 2021 tax levy.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

NOTE 4 – Cash and Cash Equivalents

The Village is authorized to invest excess funds in instruments outlined under Chapter 30, Section 235 of the Illinois Compiled Statutes. Such instructions include obligations of the U.S. Treasury, saving accounts, certificates of deposit, and money market mutual funds or such other officially recognized funds.

Custodial Credit Risk – Bank Deposit

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits, including amounts in checking, savings, certificate of deposits, and money market accounts may not be returned. The Village's investment policy addresses custodial credit risk by requiring depository banks to pledge sufficient collateral to cover deposits over federal deposit insurance limits. At April 30, 2023, the Village had a bank balance of \$2,393,655, which reconciled to a book balance of \$2,275,005, exposed to custodial credit risk. All uninsured deposits were collateralized by an irrevocable letter of credit issued by Busey Bank and held by the Federal Home Loan Bank of Chicago. The letter of credit had a limit of \$2,700,000 and was accessible by the Village through August 11, 2023. The table presented below is designed to disclose the level of custodial credit risk assumed by the Village based upon how its deposits were insured or secured with collateral at April 30, 2023. The categories of custodial credit risk are defined as follows:

Category 1 – Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Village or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village's name; or properly collateralized with no written and approved collateral agreement.

Type of Deposit	Total Bank Balance	Custody Credit Risk Category			
		1	2	3	
<i>Insured Deposits</i>	\$ 250,000	\$ 250,000	\$ -	\$ -	
<i>Uninsured Deposits</i>					
Collateralized	2,143,655	-	2,143,655	-	Total Bank
Uncollateralized	-	-	-	-	Balance
Total Deposits	<u>\$ 2,393,655</u>	<u>\$ 250,000</u>	<u>\$ 2,143,655</u>	<u>\$ -</u>	<u>\$ 2,393,655</u>

Reconciliation to Government-Wide Statement:

Cash and Cash Equivalents	\$ 2,266,905
Restricted Cash and Cash Equivalents	8,100
Outstanding Items	118,650
Total Bank Balance	<u>\$ 2,393,655</u>

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

NOTE 5 – Accounts Receivable

Accounts receivable include the following at April 30, 2023:

	Waterworks Operation Fund	Sewerage Operation Fund	Business-Type Activities
Billed	\$ 66,656	\$ 39,872	\$ 106,528
Unbilled	33,439	21,770	55,209
Total Accounts Receivable	<u>\$ 100,095</u>	<u>\$ 61,642</u>	<u>\$ 161,737</u>

NOTE 6 – Capital Assets

A summary of capital assets activity, for the fiscal year ended April 30, 2023, was as follows for business-type activities:

	Balance at <u>5/1/2022</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>4/30/2023</u>
Capital Assets Not Being Depreciated:				
Land	<u>\$ 3,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,392</u>
Other Capital Assets:				
Buildings/Improvements	1,610,527	-	-	1,610,527
Equipment	1,005,962	82,666	-	1,088,628
Infrastructure	3,259,972	-	-	3,259,972
Vehicles	56,778	-	-	56,778
Total Depreciable Property at Historical Cost	<u>5,933,239</u>	<u>82,666</u>	<u>-</u>	<u>6,015,905</u>
Less Accumulated Depreciation for:				
Buildings/Improvements	1,067,757	55,756	-	1,123,513
Equipment	585,804	42,121	-	627,925
Infrastructure	2,087,756	44,006	-	2,131,762
Vehicles	48,400	2,393	-	50,793
Total Accumulated Depreciation	<u>3,789,717</u>	<u>144,276</u>	<u>-</u>	<u>3,933,993</u>
Other Capital Assets, Net	<u>2,143,522</u>	<u>(61,610)</u>	<u>-</u>	<u>2,081,912</u>
Capital Assets, Net	<u>\$ 2,146,914</u>	<u>\$ (61,610)</u>	<u>\$ -</u>	<u>\$ 2,085,304</u>

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Depreciation expense was charged to the following functions on the Statement of Activities:

Business-Type Activities:	
Water	\$ 49,165
Sewer	95,111
Total Depreciation Expense	<u>\$ 144,276</u>

NOTE 7 – Interfund Loans

The following is a summary of interfund loans at April 30, 2023:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	\$ 601,122	\$ -
Sewerage Operation Fund	-	601,122
Total	<u>\$ 601,122</u>	<u>\$ 601,122</u>

The above interfund loan between the general fund and the sewerage operation fund represents the amount of money the general fund advanced to the sewerage operation fund to cover sewerage project costs incurred during the prior year. These interfund advances are expected to be repaid within one year.

NOTE 8 – Long-Term Debt

As of April 30, 2023, the long-term debt, arising from cash transactions, consisted of the following:

G.O. Refunding Bonds (Alternate Revenue Source) (Series 2020) – Governmental Activities:

G.O. Refunding Bonds (Alternate Revenue Source), Series 2020 dated December 14, 2020, were issued, with a reoffering premium of \$305,302, to refund all maturities of the Village's outstanding bonds, debt certificates, and notes held by the Village. G.O. Refunding Bonds (Alternate Revenue Source), Series 2020 were issued with UMB Bank in the amount of \$3,940,000, maturing annually on December 15th of each year, and bearing interest ranging from 2.00% to 3.00%, payable June 15th and December 15th annually, through their maturity date of December 15, 2026. The bonds are subject to early redemption at any time as of and after December 15, 2021, at the Village discretion. The bond premium of \$305,302 is being amortized over the life of the bonds and \$50,884 was amortized against interest expense during fiscal year ended April 30, 2023. The unamortized bond premium balance was \$184,453 at April 30, 2023.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

The Village has pledged future tax increment financing fund (TIF fund) incremental property taxes to repay these bonds. Principal and interest on the bonds are payable through fiscal year 2027 from the TIF fund's incremental property taxes. Annual principal and interest on the bonds are expected to require approximately an average of 53 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 85 percent of the remaining revenue assuming the remaining TIF fund developer commitments are required to be paid in full.

At April 30, 2023, pledged future revenues totaled \$3,428,050, which was the amount of the remaining principal and interest on the bonds.

Capital Lease – Governmental/Business-Type Activities:

On June 18, 2021, the Village entered into a \$110,320 capital lease with Martin Equipment of Illinois to lease/purchase a 2021 John Deere 310SL Backhoe Loader. The lease has a down payment due on June 18, 2021 in the amount of \$31,168, and then is due in five annual payments of \$17,176 starting June 18, 2022, with the final annual payment due June 18, 2026, with an option to purchase at the end of the lease for \$1. The lease bears an interest rate of 2.75%. Lease will be paid one-third with street and alley fund sources, one-third with waterworks operation fund sources and one-third with sewerage operation fund sources. At April 30, 2023, there was \$27,580 of accumulated depreciation on this asset. Current year expense of \$14,709 is recorded to depreciation expense.

Capital Lease – Governmental/Business-Type Activities:

On June 15, 2021, the Village entered into a \$32,650 capital lease with Martin Equipment of Illinois to lease/purchase a 2020 John Deere 325G Compact Track Loader and Bucket. The lease is due in five annual payments of \$7,085 starting June 15, 2022, with the final annual payment due June 15, 2026, with an option to purchase at the end of the lease for \$1. The lease bears an interest rate of 2.75%. Lease will be paid one-third with street and alley fund sources, one-third with waterworks operation fund sources and one-third with sewerage operation fund sources. At April 30, 2023, there was \$8,163 of accumulated depreciation on this asset. Current year expense of \$4,354 is recorded to depreciation expense.

Capital Lease – Business-Type Activities:

On July 2, 2019, the Village entered into a \$394,880 capital lease with Central Bank to lease/purchase new water meters and water meter software. The lease is due in seven annual payments of \$64,100 starting July 15, 2020, with the final annual payment due July 15, 2026, with an option to purchase at the end of the lease for \$1. The lease bears an interest rate of 3.31%. Lease will be paid fifty percent with waterworks operation fund sources and fifty percent with sewerage operation fund sources. At April 30, 2023, there was \$89,945 of accumulated depreciation on this asset. Current year expense of \$26,325 is recorded to depreciation expense. This capital lease was paid off in full on April 17, 2023.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2023:

Type of Debt	Balance May 1, 2022	Additions	Reductions	Balance April 30, 2023	Amount Due Within One Year
<i>Governmental Activities:</i>					
G.O. Refunding Bonds (ARS) (Series 2020)	\$ 3,570,000	\$ -	\$ 385,000	\$ 3,185,000	\$ 655,000
Unamortized Bond Premium	235,337	-	50,884	184,453	50,884
Capital Lease - (310SL JD Backhoe Loader)	26,384	-	4,991	21,393	5,130
Capital Lease - (325G JD Loader and Bucket)	10,883	-	2,059	8,824	2,116
Total Governmental	<u>\$ 3,842,604</u>	<u>\$ -</u>	<u>\$ 442,934</u>	<u>\$ 3,399,670</u>	<u>\$ 713,130</u>
<i>Business-Type Activities:</i>					
Capital Lease - (310SL JD Backhoe Loader)	52,768	-	9,982	42,786	10,260
Capital Lease - (325G JD Loader and Bucket)	21,767	-	4,118	17,649	4,232
Capital Lease - (Water Meters and Software)	290,746	-	290,746	-	-
Total Business-Type	<u>\$ 365,281</u>	<u>\$ -</u>	<u>\$ 304,846</u>	<u>\$ 60,435</u>	<u>\$ 14,492</u>

Interest expense for the governmental activities G.O. Refunding Bonds (Alternate Revenue Source), Series 2020 for the year ended April 30, 2023 was \$96,700. This amount was charged to the economic development function on the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities). Interest expense for the governmental activities Capital Lease (310SL JD Backhoe Loader) for the year ended April 30, 2023 was \$734. This amount was charged to the streets and alleys function on the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities). Interest expense for the governmental activities Capital Lease (325G JD Loader and Bucket) for the year ended April 30, 2023 was \$303. This amount was charged to the streets and alleys function on the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities).

Interest expense for the business-type activities Capital Lease (310SL JD Backhoe Loader) for the year ended April 30, 2023 was \$1,232. \$616 was charged to the water function and \$616 was charged to the sewer function on the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities). Interest expense for the business-type activities Capital Lease (325G JD Loader and Bucket) for the year ended April 30,

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

2023 was \$507. \$254 was charged to the water function and \$253 was charged to the sewer function on the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities). Interest expense for the business-type activities capital lease (Water Meters and Software) for the year ended April 30, 2023 was \$10,214. \$5,107 was charged to the water function and \$5,107 was charged to the sewer function on the Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities).

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of April 30, 2023, are as follows:

<i>Year Ended April 30,</i>	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 662,246	\$ 89,842	\$ 14,492	\$ 1,684
2025	807,448	76,540	14,896	1,280
2026	862,655	52,332	15,310	865
2027	882,868	26,469	15,737	438
Total	<u>\$ 3,215,217</u>	<u>\$ 245,183</u>	<u>\$ 60,435</u>	<u>\$ 4,267</u>

The debt service requirements to maturity schedule does not include the unamortized bond premium.

NOTE 9 – Interfund Transfers

The following is a summary of interfund transfers during the year ended April 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ -	\$ 807,235
Police Fund	486,800	-
Street and Alley Fund	306,340	-
Sewerage Operation Fund	14,095	-
Total	<u>\$ 807,235</u>	<u>\$ 807,235</u>

These transfers as determined by the Board were made to cover necessary expenditures and prevent deficient cash and cash equivalents balances.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

NOTE 10 – Pension Plans

Illinois Municipal Retirement Fund

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 their beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. Details of all benefits are available from IMRF. 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 Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided: IMRF has three benefit plans. The vast majority of IMRF members, including the Village, participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1st every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1st every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

Employees Covered by Benefit Terms: As of December 31, 2022, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	13
Active Plan Members	8
Total	<u>33</u>

Contributions: As set by statute, the Village's Regular Plan Members are required to contribute 4.5% 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 Village's annual required contribution rate for calendar years 2022 and 2023 was 15.76% and 10.14%, respectively. For calendar year 2022, the Village contributed \$65,247 to the plan. For the fiscal year ended April 30, 2023, the Village contributed \$58,612 to the plan. The Village 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability / (Asset): The Village's net pension liability / (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The following are the methods and assumptions used to determine total pension liability at December 31, 2022:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study of the period 2017 - 2019.
- For non-disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For Active Members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2022:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	35.5%	6.50%
International Equity	18.0%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternative Investments	9.5%	6.25% - 9.90%
Cash Equivalents	1.0%	4.00%
Total	100%	

Single Discount Rate: A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting Single Discount Rate is 7.25%.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

This section is presented for informational purposes only. As the Village funds the pension plan mainly through property tax levies received in the general fund, and the general fund is presented on the modified cash basis, the following accrual based financial statement elements are not recorded by the Village.

Sensitivity of the Net Pension Liability / (Asset) to Changes in the Discount Rate: The following presents the plan's net pension liability / (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability / (asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.25%	Current Discount 7.25%	1% Higher 8.25%
Total Pension Liability	\$ 2,283,573	\$ 2,043,898	\$ 1,850,394
Plan Fiduciary Net Position	1,727,812	1,727,812	1,727,812
Net Pension Liability / (Asset)	<u>\$ 555,761</u>	<u>\$ 316,086</u>	<u>\$ 122,582</u>

Changes in Net Pension Liability / (Asset): The Village's changes in net pension liability / (asset) for the calendar year ended December 31, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances at December 31, 2021	\$ 1,977,787	\$ 2,005,914	\$ (28,127)
Changes for the year:			
Service Cost	41,679	-	41,679
Interest on Total Pension Liability	140,301	-	140,301
Difference Between Expected and Actual Experience of the Total Pension Liability	11,001	-	11,001
Change of Assumptions	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(126,870)	(126,870)	-
Contributions - Employer	-	65,247	(65,247)
Contributions - Employee	-	18,630	(18,630)
Net Investment Income	-	(245,968)	245,968
Other (Net Transfer)	-	10,859	(10,859)
Net Changes	<u>66,111</u>	<u>(278,102)</u>	<u>344,213</u>
Balances at December 31, 2022	<u>\$ 2,043,898</u>	<u>\$ 1,727,812</u>	<u>\$ 316,086</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the year ended December 31, 2022, the Village recognized pension expense / (income) of \$47,650. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows / (Inflows) of Resources
Differences Between Expected and Actual Experience	\$ 6,307	\$ 14,482	\$ (8,175)
Changes of Assumptions	-	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>312,186</u>	<u>167,416</u>	<u>144,770</u>
Total Deferred Amounts to be Recognized in Pension Expense / (Income) in Future Periods	<u><u>\$ 318,493</u></u>	<u><u>\$ 181,898</u></u>	<u><u>\$ 136,595</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	Net Deferred Outflows / (Inflows) of Resources
2023	\$ (14,341)
2024	26,521
2025	46,367
2026	78,048
Total	<u><u>\$ 136,595</u></u>

NOTE 11 – Legal Debt Margin

The Village's legal debt margin is 8.625% of the most recent available equalized assessed valuation (EAV) of the Village per 65 ILCS 5/8-5-1.

2022 EAV	\$ 42,884,758
Debt Legal (%)	<u>8.625%</u>
Debt Margin	3,698,810
Current Debt	<u>90,652</u>
Remaining Debt Margin	<u><u>\$ 3,608,158</u></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.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

NOTE 12 – Restricted Property Tax Activity

The Village had the following restricted property tax activity in the general fund during the year ended April 30, 2023:

	Special Tax Levy			
	Insurance Liability	IMRF	Audit	ESDA
Restricted Balance at April 30, 2022	\$ -	\$ -	\$ -	\$ -
Property Taxes Received	4,785	43,875	8,597	933
Expenditures Incurred	(4,785)	(43,875)	(8,597)	(933)
Restricted Balance at April 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 13 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village purchases commercial insurance to cover these risks of loss. During the current fiscal year there were no significant reductions in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 – 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. 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 during the year ended April 30, 2023 was \$286,034.

VILLAGE OF TOLONO
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2023

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 15th annually through 2026.

The Village has also entered into an agreement with the local public library district to pay up to \$80,000 to that governmental unit for the reimbursement of capital costs incurred relating to carpet replacement. Under the terms of the agreement, the library district shall provide verified receipts, invoices, bills or statements of suppliers, contractors, or professionals together with Mechanic's Lien Waivers, if applicable, cancelled checks or other proof of payment as required by the Village, as verification that the Village's payment from the Village's TIF fund was spent on capital expenditures. The amount paid the year ended April 30, 2023 was \$0.

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

VILLAGE OF TOLONO
ILLINOIS MUNICIPAL RETIREMENT FUND
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 CALENDAR YEARS

<u>Calendar Year Ending December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability								
Service Cost	\$ 41,679	\$ 30,223	\$ 27,740	\$ 29,575	\$ 28,710	\$ 31,624	\$ 40,402	\$ 37,714
Interest on the Total Pension Liability	140,301	141,629	125,973	121,896	113,223	108,389	109,526	102,493
Benefit Changes	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	11,001	(77,746)	172,334	(125)	72,260	59,211	(84,966)	26,472
Assumption Changes	-	-	(5,932)	-	44,790	(53,768)	(17,012)	(3,648)
Benefit Payments and Refunds	(126,870)	(109,433)	(101,371)	(87,026)	(88,436)	(70,643)	(86,268)	(59,917)
Net Change in Total Pension Liability	66,111	(15,327)	218,744	64,320	170,547	74,813	(38,318)	103,114
Total Pension Liability - Beginning	1,977,787	1,993,114	1,774,370	1,710,050	1,539,503	1,464,690	1,503,008	1,399,894
Total Pension Liability - Ending (a)	<u>\$ 2,043,898</u>	<u>\$ 1,977,787</u>	<u>\$ 1,993,114</u>	<u>\$ 1,774,370</u>	<u>\$ 1,710,050</u>	<u>\$ 1,539,503</u>	<u>\$ 1,464,690</u>	<u>\$ 1,503,008</u>
Plan Fiduciary Net Position								
Employer Contributions	\$ 65,247	\$ 64,213	\$ 33,660	\$ 31,171	\$ 36,783	\$ 68,002	\$ 308,280	\$ 60,984
Employee Contributions	18,630	20,596	21,223	13,258	13,263	16,649	13,347	14,683
Pension Plan Net Investment Income	(245,968)	283,617	218,120	245,302	(72,208)	204,790	61,460	4,064
Benefit Payments and Refunds	(126,870)	(109,433)	(101,371)	(87,026)	(88,436)	(70,643)	(86,268)	(59,917)
Other	10,859	14,918	16,661	(63,905)	106,072	(11,481)	15,742	64,896
Net Change in Plan Fiduciary Net Position	(278,102)	273,911	188,293	138,800	(4,526)	207,317	312,561	84,710
Plan Fiduciary Net Position - Beginning	2,005,914	1,732,003	1,543,710	1,404,910	1,409,436	1,202,119	889,558	804,848
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,727,812</u>	<u>\$ 2,005,914</u>	<u>\$ 1,732,003</u>	<u>\$ 1,543,710</u>	<u>\$ 1,404,910</u>	<u>\$ 1,409,436</u>	<u>\$ 1,202,119</u>	<u>\$ 889,558</u>
Net Pension Liability / (Asset) - Ending (a) - (b)	<u>\$ 316,086</u>	<u>\$ (28,127)</u>	<u>\$ 261,111</u>	<u>\$ 230,660</u>	<u>\$ 305,140</u>	<u>\$ 130,067</u>	<u>\$ 262,571</u>	<u>\$ 613,450</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.54%	101.42%	86.90%	87.00%	82.16%	91.55%	82.07%	59.19%
Covered Valuation Payroll	\$ 414,007	\$ 457,678	\$ 278,405	\$ 294,623	\$ 294,742	\$ 369,975	\$ 296,590	\$ 326,289
Net Pension Liability as a Percentage of Covered Valuation Payroll	76.35%	-6.15%	93.79%	78.29%	103.53%	35.16%	88.53%	188.01%

NOTE: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**VILLAGE OF TOLONO
ILLINOIS MUNICIPAL RETIREMENT FUND
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
LAST 10 CALENDAR YEARS**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 60,983	\$ 60,984	\$ (1)	\$ 326,289	18.69%
2016	\$ 58,280	\$ 308,280	\$ (250,000)	\$ 296,590	103.94%
2017	\$ 68,001	\$ 68,002	\$ (1)	\$ 369,975	18.38%
2018	\$ 36,784	\$ 36,783	\$ 1	\$ 294,742	12.48%
2019	\$ 31,171	\$ 31,171	\$ -	\$ 294,623	10.58%
2020	\$ 33,659	\$ 33,660	\$ (1)	\$ 278,405	12.09%
2021	\$ 64,212	\$ 64,213	\$ (1)	\$ 457,678	14.03%
2022	\$ 65,248	\$ 65,247	\$ 1	\$ 414,007	15.76%

NOTE: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

VILLAGE OF TOLONO
ILLINOIS MUNICIPAL RETIREMENT FUND
NOTES TO SCHEDULES

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2022 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll; Closed
Remaining Amortization Period	21-Year Closed Period
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Wage Growth	2.75%
Price Inflation	2.25%
Salary Increases	2.85% to 13.75% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017 - 2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation.

VILLAGE OF TOLONO
SCHEDULE OF PROPERTY TAX LEVIES, RATES, EXTENSIONS, AND COLLECTIONS
FOR THE YEAR ENDED APRIL 30, 2023

<i>Tax Levy Year</i>	2022	2021	2020	2019	2018
Fiscal Year of Receipt	2024	2023	2022	2021	2020
Assessed Valuations	<u>\$42,884,758</u>	<u>\$40,448,934</u>	<u>\$39,538,784</u>	<u>\$39,176,439</u>	<u>\$38,963,640</u>
Tax Levies					
General	\$ 98,000	\$ 93,500	\$ 91,720	\$ 90,010	\$ 88,305
IMRF	45,900	43,800	43,027	42,225	41,425
Insurance Liability	4,980	4,750	4,652	4,566	4,480
Audit	8,960	8,550	8,415	10,758	8,080
ESDA	949	905	890	3,374	835
Police Protection	22,550	21,500	21,119	20,725	20,335
Total Tax Levies	<u>\$ 181,339</u>	<u>\$ 173,005</u>	<u>\$ 169,823</u>	<u>\$ 171,658</u>	<u>\$ 163,460</u>
Tax Rates					
General	0.2286	0.2307	0.2320	0.2239	0.2267
IMRF	0.1071	0.1082	0.1089	0.1053	0.1064
Insurance Liability	0.0117	0.0118	0.0118	0.0115	0.0115
Audit	0.0209	0.0212	0.0213	0.0269	0.0208
ESDA	0.0023	0.0023	0.0023	0.0085	0.0022
Police Protection	0.0526	0.0532	0.0535	0.0518	0.0522
Revenue Recapture	0.0006	0.0006	-	-	-
Total Tax Rates	<u>0.4238</u>	<u>0.4280</u>	<u>0.4298</u>	<u>0.4279</u>	<u>0.4198</u>
Tax Extensions					
General	\$ 98,035	\$ 93,316	\$ 91,730	\$ 87,716	\$ 88,331
IMRF	45,930	43,766	43,058	41,253	41,457
Insurance Liability	5,018	4,773	4,666	4,505	4,481
Audit	8,963	8,575	8,422	10,538	8,104
ESDA	986	930	909	3,330	857
Police Protection	22,557	21,519	21,153	20,293	20,339
Revenue Recapture	257	243	-	-	-
Total Tax Extensions	<u>\$ 181,746</u>	<u>\$ 173,122</u>	<u>\$ 169,938</u>	<u>\$ 167,635</u>	<u>\$ 163,569</u>
Tax Extension Collected					
General		\$ 93,793	\$ 91,970	\$ 87,437	\$ 88,403
IMRF		43,875	43,167	41,122	41,491
Insurance Liability		4,785	4,677	4,491	4,484
Audit		8,597	8,444	10,505	8,111
ESDA		933	912	3,319	858
Police Protection		21,573	21,208	20,229	20,356
Tax Extension Collected		<u>173,556</u>	<u>170,378</u>	<u>167,103</u>	<u>163,703</u>
Additions / Subtractions					
Village's Share of Road and Bridge Levy		<u>24,792</u>	<u>24,756</u>	<u>23,741</u>	<u>23,077</u>
Total Tax Collections		<u>\$ 198,348</u>	<u>\$ 195,134</u>	<u>\$ 190,844</u>	<u>\$ 186,780</u>
Percentage of Extensions Collected		<u>100.25%</u>	<u>100.26%</u>	<u>99.68%</u>	<u>100.08%</u>

Note: The above schedule does not include the tax increment area.

Feller & Kuester CPAs PLLC

Tax - Audit - Bookkeeping

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Phone - (217) 351-3192 Fax - (217) 351-4135 Email - admin@fellerkuester.com

INDEPENDENT AUDITOR'S REPORT ON TAX INCREMENT FINANCING

To the Board of Trustees
Village of Tolono
Tolono, Illinois

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act, in all material respects. An examination involves performing procedures to obtain evidence about the Village's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance by the Village, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination of the Village's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the year ended April 30, 2023.

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

Feller & Kuester CPAs PLLC

Feller & Kuester CPAs PLLC
Champaign, Illinois

December 15, 2023