

VILLAGE OF TOLONO, ILLINOIS
FINANCIAL STATEMENTS
For the year ended April 30, 2024



VILLAGE OF TOLONO
TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 3
Basic Financial Statements	
Statement of Net Position – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities)	4
Statement of Activities – Modified Cash Basis (Governmental Activities) and GAAP Basis (Business-Type Activities)	5
Balance Sheet – Modified Cash Basis – Governmental Funds	6
Reconciliation of the Total Governmental Funds Balances to the Net Position of Governmental Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds.....	12
Notes to Financial Statements	13-25
Statistical Information	
Schedule of Assessed Valuation, Tax Rates, Taxes Extended and Collections (Unaudited)	26
Schedule of Legal Debt (Unaudited)	27



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Board of Trustees
Village of Tolono, Illinois

Report on the Financial Statements

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, 2024, 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, 2024, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Tolono 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.

Sale of Utility Operations

As discussed in Note 13 in the notes to the financial statements, the Village of Tolono sold the water and sewer facilities, including the related rights to provide those services, on June 21, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Village of Tolono's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Tolono'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 of Tolono'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

Management has omitted the Management's Discussion and Analysis and Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the statistical information on pages 26 through 27 which does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

West & Company, LLC

Mattoon, Illinois
January 7, 2025

BASIC FINANCIAL STATEMENTS

VILLAGE OF TOLONO, ILLINOIS
STATEMENT OF NET POSITION – MODIFIED CASH BASIS (GOVERNMENTAL ACTIVITIES) AND
GAAP BASIS (BUSINESS-TYPE ACTIVITIES)
APRIL 30, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 11,652,599	\$ -	\$ 11,652,599
Total current assets	11,652,599	-	11,652,599
Total assets	11,652,599	-	11,652,599
LIABILITIES:			
Current liabilities:			
Payroll liabilities	14,792	-	14,792
Bond payable, current portion	800,000	-	800,000
Current unamortized premium on bonds payable	50,884	-	50,884
Total current liabilities	865,676	-	865,676
Noncurrent liabilities:			
Bond payable, net of current	1,730,000	-	1,730,000
Unamortized premium on bonds payable, net of current portion	82,685	-	82,685
Total noncurrent liabilities	1,812,685	-	1,812,685
Total liabilities	2,678,361	-	2,678,361
NET POSITION:			
Restricted	421,473	-	421,473
Unrestricted	8,552,765	-	8,552,765
Total net position	\$ 8,974,238	\$ -	\$ 8,974,238

VILLAGE OF TOLONO, ILLINOIS
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS (GOVERNMENTAL ACTIVITIES) AND GAAP BASIS (BUSINESS-TYPE
ACTIVITIES)
FOR THE YEAR ENDED APRIL 30, 2024

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Functions/Programs:							
Primary Government:							
Governmental activities:							
General government	\$ 403,655	\$ 24,890	\$ -	\$ -	\$ (378,765)	\$ -	\$ (378,765)
Public safety	649,462	2,934	-	-	(646,528)	-	(646,528)
Culture and recreation	31,871	16,006	-	-	(15,865)	-	(15,865)
Streets and alleys	881,188	23,537	-	-	(857,651)	-	(857,651)
Economic development	582,127	-	-	-	(582,127)	-	(582,127)
Total governmental activities	<u>2,548,303</u>	<u>67,367</u>	<u>-</u>	<u>-</u>	<u>(2,480,936)</u>	<u>-</u>	<u>(2,480,936)</u>
Business-type activities:							
Water	200,019	114,846	-	-	-	(85,173)	(85,173)
Sewer	128,476	77,730	-	-	-	(50,746)	(50,746)
Total business-type activities	<u>328,495</u>	<u>192,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,919)</u>	<u>(135,919)</u>
Total primary government	<u>\$ 2,876,798</u>	<u>\$ 259,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,480,936)</u>	<u>(135,919)</u>	<u>(2,616,855)</u>
General revenues:							
Property taxes					1,578,705	-	1,578,705
Municipal utilities tax					21,310	-	21,310
Telecommunications tax					29,328	-	29,328
State income tax					590,028	-	590,028
State sales tax					260,651	-	260,651
State use tax					137,665	-	137,665
State cannabis use tax					5,593	-	5,593
State motor fuel tax					158,129	-	158,129
State replacement tax					19,369	-	19,369
State video game tax					63,964	-	63,964
Interest income					239,537	-	239,537
Insurance claims					22,336	-	22,336
Other income					3,427	-	3,427
Proceeds on sale of assets					48,476	-	7,613,599
Transfers					9,343,806	(9,478,676)	(134,870)
Special item - sale of utility operations					-	7,565,123	7,565,123
Total general revenues, transfers, and special item					<u>12,522,324</u>	<u>(1,913,553)</u>	<u>10,608,771</u>
Change in net position					10,041,388	(2,049,472)	7,991,916
Net position, beginning of year					<u>(1,067,150)</u>	<u>2,049,472</u>	<u>982,322</u>
Net position, end of year					<u>\$ 8,974,238</u>	<u>\$ -</u>	<u>\$ 8,974,238</u>

VILLAGE OF TOLONO, ILLINOIS
BALANCE SHEET – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2024

	General	Police Fund	Street and Alley Fund	Motor Fuel Tax	Tax Increment Financing	Total
ASSETS:						
Cash and cash equivalents	\$ 11,209,126	\$ 22,000	\$ -	\$ 87,106	\$ 334,367	\$ 11,652,599
Total assets	<u>\$ 11,209,126</u>	<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 87,106</u>	<u>\$ 334,367</u>	<u>\$ 11,652,599</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Payroll liabilities	\$ 14,792	\$ -	\$ -	\$ -	\$ -	\$ 14,792
Total liabilities	<u>14,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,792</u>
Fund balances:						
Restricted for:						
Restricted for unspent levy allocations	-	-	-	-	334,367	334,367
Restricted for unspent motor fuel tax	-	-	-	87,106	-	87,106
Assigned for:						
Assigned for ESDA expenditures	10,000	-	-	-	-	10,000
Assigned for police related expenditures	-	22,000	-	-	-	22,000
Unassigned	<u>11,184,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,184,334</u>
Total fund balances	<u>11,194,334</u>	<u>22,000</u>	<u>-</u>	<u>87,106</u>	<u>334,367</u>	<u>11,637,807</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,209,126</u>	<u>\$ 22,000</u>	<u>\$ -</u>	<u>\$ 87,106</u>	<u>\$ 334,367</u>	<u>\$ 11,652,599</u>

VILLAGE OF TOLONO, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
APRIL 30, 2024

Total fund balances, governmental funds	\$ 11,637,807
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Amounts reported for governmental activities in the
statement of net position 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.

(2,663,569)

Net position of governmental activities

<u>\$ 8,974,238</u>

VILLAGE OF TOLONO, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2024

	General	Police Fund	Street and Alley Fund	Motor Fuel Tax	Tax Increment Financing	Total
Revenues:						
Property tax	\$ 159,549	\$ 22,608	\$ 22,681	\$ -	\$ 1,373,867	\$ 1,578,705
Municipal utilities tax	21,310	-	-	-	-	21,310
Telecommunications tax	29,328	-	-	-	-	29,328
State income tax	590,028	-	-	-	-	590,028
State sales tax	260,651	-	-	-	-	260,651
State use tax	137,665	-	-	-	-	137,665
State cannabis use tax	5,593	-	-	-	-	5,593
State motor fuel tax	-	-	-	158,129	-	158,129
State replacement tax	19,369	-	-	-	-	19,369
State video gaming tax	63,964	-	-	-	-	63,964
Licenses and permits	6,083	-	18,775	-	-	24,858
Fines and fees	-	2,934	-	-	-	2,934
Park maintenance fees	1,088	-	14,918	-	-	16,006
Rental income	17,683	-	-	-	-	17,683
Other fees	1,124	-	4,762	-	-	5,886
Interest income	239,537	-	-	-	-	239,537
Other income	2,452	975	-	-	-	3,427
Insurance claims	22,336	-	-	-	-	22,336
Sale of assets	39,672	-	8,804	-	-	48,476
Total revenues	1,617,432	26,517	69,940	158,129	1,373,867	3,245,885
Expenditures:						
Current						
General government	372,810	-	-	-	-	372,810
Public safety	67,563	457,128	-	-	-	524,691
Culture and recreation	31,871	-	-	-	-	31,871
Streets and alleys	3,850	-	574,752	130,000	-	708,602
Economic development	-	-	-	-	544,011	544,011
Capital outlay	30,845	124,771	171,719	-	-	327,335
Debt service:						
Principal	-	-	30,217	-	655,000	685,217
Interest	-	-	867	-	89,000	89,867
Total expenditures	506,939	581,899	777,555	130,000	1,288,011	3,284,404
Excess (deficiency) of revenues over (under) expenditures	1,110,493	(555,382)	(707,615)	28,129	85,856	(38,519)
Other financing sources						
Transfers in	8,080,809	555,382	707,615	-	-	9,343,806
Net change in fund balances	9,191,302	-	-	28,129	85,856	9,305,287
Fund balances, beginning of year	2,003,032	22,000	-	58,977	248,511	2,332,520
Fund balances, end of year	\$ 11,194,334	\$ 22,000	\$ -	\$ 87,106	\$ 334,367	\$ 11,637,807

VILLAGE OF TOLONO, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2024

Net change in fund balances, governmental funds	\$ 9,305,287
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Amounts reported for governmental activities in the statement of activities 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	685,217
Bond Premium Amortization	<u>50,884</u>

Change in net position of governmental activities	<u><u>\$ 10,041,388</u></u>
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The notes to financial statements are an integral part of this statement.

VILLAGE OF TOLONO, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2024

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable, net	-	-	-	-
Supplies and parts inventory	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Total current assets	-	-	-	-
Noncurrent assets:				
Land	-	-	-	-
Property, plant and equipment	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	-	-	-	-
LIABILITIES:				
Current liabilities:				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Customer deposits	-	-	-	-
Due to other funds	-	-	-	-
Capital leases, current portion	-	-	-	-
Total current liabilities	-	-	-	-
Noncurrent liabilities:				
Capital leases, net of current	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION:				
Net investment in capital assets	-	-	-	-
Unrestricted	-	-	-	-
Total net position	\$ -	\$ -	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

VILLAGE OF TOLONO, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2024

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operation Fund	Total
Operating revenues:				
User fees	\$ -	\$ 114,846	\$ 77,730	\$ 192,576
Total operating revenues	-	114,846	77,730	192,576
Operating expenses:				
Water purchased	-	100,428	-	100,428
Contractual services	-	8,493	42,908	51,401
Salaries and related expenses	-	18,704	15,204	33,908
Depreciation	-	41,755	48,477	90,232
Materials and supplies	-	13,669	2,154	15,823
Electricity for pumping	-	-	9,373	9,373
Repairs and maintenance	-	1,458	238	1,696
Fees and dues	-	1,916	1,578	3,494
Insurance	-	7,323	7,323	14,646
Telephone	-	117	1,079	1,196
Other	-	6,014	-	6,014
Total operating expenses	-	199,877	128,334	328,211
Operating loss	-	(85,031)	(50,604)	(135,635)
Nonoperating expenses:				
Interest expense	-	(142)	(142)	(284)
Total nonoperating expenses	-	(142)	(142)	(284)
Income before transfers and special item	-	(85,173)	(50,746)	(135,919)
Transfers out	(98,203)	(2,553,039)	(6,827,434)	(9,478,676)
Special item - sale of utility operations	-	1,650,164	5,914,959	7,565,123
Change in net position	(98,203)	(988,048)	(963,221)	(2,049,472)
Net position, beginning of the year	98,203	988,048	963,221	2,049,472
Net position, end of year	\$ -	\$ -	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

VILLAGE OF TOLONO, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2024

	Enterprise Funds			
	Waterworks and Sewerage Fund	Waterworks Operation Fund	Sewerage Operations Fund	Totals
Cash flows from operating activities:				
Receipts from customers	\$ -	\$ 206,841	\$ 139,372	\$ 346,213
Payments to suppliers	-	(185,029)	(79,345)	(264,374)
Payments to employees	-	(18,704)	(15,204)	(33,908)
Net cash provided by operating activities	-	3,108	44,823	47,931
Cash flows from noncapital financing activities:				
Interfund borrowings, net	-	-	(601,122)	(601,122)
Transfers	(98,203)	(2,478,545)	(6,767,058)	(9,343,806)
Net cash used by noncapital financing activities	(98,203)	(2,478,545)	(7,368,180)	(9,944,928)
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	(20,338)	(20,337)	(40,675)
Proceeds from sale of capital assets	-	2,091,946	7,374,054	9,466,000
Interest paid on capital debt	-	(142)	(142)	(284)
Principal paid on capital debt	-	(30,217)	(30,218)	(60,435)
Net cash provided by capital and related financing activities	-	2,041,249	7,323,357	9,364,606
Net decrease in cash and cash equivalents	(98,203)	(434,188)	-	(532,391)
Cash and cash equivalents, beginning of the year (including amount reported in restricted cash and cash equivalents)	98,203	434,188	-	532,391
Cash and cash equivalents, end of the year (including amount reported in restricted cash and cash equivalents)	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ -	\$ (85,031)	\$ (50,604)	\$ (135,635)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation expense	-	41,755	48,477	90,232
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	-	100,095	61,642	161,737
(Increase) decrease in supplies and parts inventory	-	11,515	-	11,515
(Increase) decrease in prepaid expenses	-	7,323	7,323	14,646
Increase (decrease) in customer deposits	-	(8,100)	-	(8,100)
Increase (decrease) in accounts payable	-	(63,725)	(21,291)	(85,016)
Increase (decrease) in accrued expenses	-	(724)	(724)	(1,448)
Total adjustments	-	46,384	46,950	93,334
Net cash provided by operating activities	\$ -	\$ 3,108	\$ 44,823	\$ 47,931

The notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Village of Tolono 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.

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 addition, the Village owned and operated two major enterprise activities: a water plant and a local sewer system. The water plant and sewer system were sold on June 20, 2023; therefore, the village is no longer affiliated with these utility services.

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.

Government-wide and Fund 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.

Fund Accounting

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/net position, revenues, and expenditures or expenses, as appropriate. 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 funds of the Village or meets the following criteria:

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Accounting - Continued

- Total assets, liabilities, revenues, or expenditures 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 of that individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are grouped, in the financial statements in this report, into fund types as follows:

Major Governmental Funds

General Fund – The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds – The 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:

Police Fund – The 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 – The Street and Alley Fund accounts for operations of the Village’s Public Works Department, which is responsible for repair and maintenance of the Village’s infrastructure including the storm sewers. This fund is supported by funds transferred from the general fund and significantly funded by road and bridge property tax allocations from Champaign County, and liquor license receipts, which are committed to this fund.

Motor Fuel Tax Fund – The 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 – The Tax Increment Financing (TIF) 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 Funds – 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:

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Accounting – Concluded

Proprietary Funds - Concluded

Waterworks and Sewerage Fund – The 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 – The Waterworks Operation Fund accounts for revenues from water services and expenses incurred for operating and maintaining the water system.

Sewerage Operation Fund – The 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.

Measurement Focus and Basis of Accounting

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 resource 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.

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting - Continued

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 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, Cash Equivalents, and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand and savings accounts of the Village. For purposes of the Statement of Cash Flows for proprietary funds, the Village considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash deposits are reported at cost.

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.

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.

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets - Concluded

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 financial statements are modified 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 to 40 years
Equipment	5 to 20 years
Infrastructure	10 to 40 years
Vehicles	5 to 15 years

Sewerage:

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

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.

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 are 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.

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications

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 No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Proprietary fund equity is classified the same as in the government-wide statements. The five components of fund balance are:

Nonspendable Fund Balance – 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 maintained intact.

Restricted Fund Balance – 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.

Committed Fund Balance – 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. There amounts are committed through 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.

Assigned Fund Balance – 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. Assignment may take place after the end of the reporting period.

Unassigned Fund Balance – 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.

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-wide Statements – Continued

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.

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.

Use of Estimates

The preparation of financial statements in conformity with 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 January 7, 2025, the date on which the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

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.

Deposits

Separate bank accounts are maintained for all Village funds, which are all held at financial institutions. At April 30, 2024, the carrying amount of the Village's deposits, including petty cash, was \$11,652,599. The bank balance of these deposits totaled \$11,686,216.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be recovered. The Village's investment policy requires the financial institutions utilized by the Village to provide appropriate collateral for deposits in excess of FDIC insurance limits. Credit risk on investments is mitigated by limiting investments to those specified in state and local statute. As of April 30, 2024, of the Village's total bank balance, \$250,000 was secured by federal depository insurance and \$11,436,216 was collateralized with securities held by the pledging financial institution's trust department in the Village's name.

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. TRANSFERS

Transfers between funds during the year ended April 30, 2024 were as follows:

Transfers Out	Transfers In				
	Governmental Activities	General Fund	Police Fund	Street and Alley Fund	Total
Waterworks and Sewerage Fund	\$ -	\$ 98,203	\$ -	\$ -	\$ 98,203
Waterworks Operation Fund	74,494	2,478,545	-	-	2,553,039
Sewerage Operation Fund	60,376	6,767,058	-	-	6,827,434
General Fund	-	-	555,382	707,615	1,262,997
Total	\$ 134,870	\$ 9,343,806	\$ 555,382	\$ 707,615	\$ 10,741,673

The General Fund received transfers of cash totaling \$9,343,806 from the Water and Sewer Funds as a result of the sale of the utility operations. There was a total of \$1,262,997 transferred from the General Fund to the Police Fund and Street and Alley Fund. In addition, capital asset, net of accumulated depreciation, of \$134,870 were transferred from the Water and Sewer Funds to the Governmental Activities. The capital assets transferred to the governmental activities will now be used by Village's various governmental departments. Due to the modified cash basis presentation, the governmental activities do not display a capital asset or related transfer in.

4. CAPITAL ASSETS

Capital asset activity for the year ending April 30, 2024, consists of the following for business-type activities:

	Balances May 1, 2023	Additions	Retirements/ Transfers	Balances April 30, 2024
Capital assets not being depreciated:				
Land	\$ 3,392	\$ -	\$ 3,392	\$ -
Total capital assets not being depreciated	3,392	-	3,392	-
Depreciable capital assets:				
Buildings/Improvements	1,610,527	-	1,610,527	-
Equipment	1,088,628	5,085	1,093,713	-
Infrastructure	3,259,972	-	3,259,972	-
Vehicles	56,778	35,595	92,373	-
Total depreciable assets	6,015,905	40,680	6,056,585	-
Accumulated depreciation				
Buildings/Improvements	1,123,513	9,293	1,132,805	-
Equipment	627,925	42,514	670,439	-
Infrastructure	2,131,762	7,927	2,139,689	-
Vehicles	50,793	30,498	81,291	-
Total accumulated depreciation	3,933,993	90,232	4,024,225	-
Depreciable capital assets, net of accumulated depreciation	2,081,912	(49,552)	2,032,360	-
Total capital assets, net	\$ 2,085,304	\$ (49,552)	\$ 2,035,752	\$ -

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS - Concluded

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

Business-type activities:

Water	\$ 41,755
Sewer	48,477
Total	<u>\$ 90,232</u>

5. LONG-TERM DEBT

Governmental Activities

On December 14, 2020, the Village issued Series 2020 G.O. Refunding Bonds (Alternative Revenue Source), 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 (Alternative 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, 2024. The unamortized bond premium balance was \$133,569 at April 30, 2024.

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, 2024, pledged future revenues totaled \$2,684,050, which was the amount of the remaining principal and interest on the bonds.

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, 2024, there was \$42,290 of accumulated depreciation on this asset. Current year expense of \$14,710 is recorded to depreciation expense. This capital lease was paid off in full during the fiscal year ended April 30, 2024.

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM DEBT - Continued

Governmental/Business-Type Activities – Continued

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, 2024, there was \$12,516 of accumulated depreciation on this asset. Current year expense of \$4,354 is recorded to depreciation expense. This capital lease was paid off in full during the fiscal year ended April 30, 2024.

The debt service requirements to retire all notes payable outstanding as of April 30, 2024 are as follows:

Years ending April 30,	<u>Governmental Activities</u>	
	Principal	Interest
2025	800,000	75,900
2026	855,000	51,900
2027	875,000	26,250
Total	<u>\$2,530,000</u>	<u>\$ 154,050</u>

6. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the current year:

	Balance May 1, 2023	Additions	Reductions	Balance April 30, 2024	Due Within One Year
Governmental activities:					
G.O. Bonds	3,185,000	-	(655,000)	2,530,000	800,000
Unamortized bond premium	184,453	-	(50,884)	133,569	50,884
Capital Lease - (310SL JD Backhoe Loader)	21,393	-	(21,393)	-	-
Capital Lease - (325G JD Loader and Bucket)	8,824	-	(8,824)	-	-
Total governmental activities	<u>\$ 3,399,670</u>	<u>\$ -</u>	<u>\$ (736,101)</u>	<u>\$ 2,663,569</u>	<u>\$ 850,884</u>
Business-type activities:					
Capital Lease - (310SL JD Backhoe Loader)	42,786	\$ -	(42,786)	-	\$ -
Capital Lease - (325G JD Loader and Bucket)	17,649	-	(17,649)	-	-
Total business-type activities	<u>\$ 60,435</u>	<u>\$ -</u>	<u>\$ (60,435)</u>	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

7. 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 beneficiaries. The Village's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension plan. A summary of IMRF's pension benefits is provided in the following "Benefits Provided" section. 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 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 1 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 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>8</u>
Total	<u><u>34</u></u>

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

7. ILLINOIS MUNICIPAL RETIREMENT FUND – Continued

Contributions

As set by statute, the Village's Regular Plan Members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's annual required contribution rate for calendar year 2023 was 9.80 percent. For the fiscal year ended April 30, 2024, the Village contributed \$48,402. 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.

8. RISK MANAGEMENT AND UNCERTAINTIES

Insurance

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.

9. COMMITMENTS AND CONTINGENCIES

Tax Increment Financing 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, 2024 was \$544,011.

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, 2024 was \$0.

VILLAGE OF TOLONO, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES – Continued

Fire Protection District Commitments

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.

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

11. 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, 2024, actual cash expenditures did not exceed appropriations. The budget for the village was passed on July 5, 2023.

12. 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 2023 tax levy was adopted by the Board on December 5, 2023. The 2022 tax levy was adopted by the Board on November 1, 2022. 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 2022 tax levy.

13. SALE OF UTILITY OPERATIONS

The Village of Tolono sold the water and sewer facilities, including the rights to provide those services, to Illinois American Water on June 20, 2023. The total proceeds of \$9,4660,000 from the utilities sale were allocated \$1,987,860 to the water facility and \$7,148,140 for the sewer facility. The capital assets remaining in the Water and Sewer Funds after this sale were then transferred to the Governmental Activities as these capital assets will now be used by the Village's various governmental departments. The total balance of capital assets, net of accumulated depreciation, that were transferred from the water and sewer funds to the Governmental Activities was \$134,870.

STATISTICAL INFORMATION

VILLAGE OF TOLONO, ILLINOIS
SCHEDULE OF ASSESSED VALUATION, TAX RATES,
TAXES EXTENDED AND COLLECTIONS (Unaudited)
April 30, 2024

Tax Levy Year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Equalized Assessed Valuation (not including TIF Districts)	<u>\$ 45,914,121</u>	<u>\$ 42,884,758</u>	<u>\$ 40,448,934</u>	<u>\$ 39,538,784</u>	<u>\$ 39,176,439</u>
TAX RATES					
General	0.2135 %	0.2286 %	0.2307 %	0.2320 %	0.2239 %
IMRF	0.0997	0.1071	0.1082	0.1089	0.1053
Liability insurance	0.0109	0.0117	0.0118	0.0118	0.0115
Audit	0.0195	0.0209	0.0212	0.0213	0.0269
ESDA	0.0022	0.0023	0.0023	0.0023	0.0085
Police protection	0.0491	0.0526	0.0532	0.0535	0.0518
Revenue recapture	<u>0.0011</u>	<u>0.0006</u>	<u>0.0006</u>	<u>-</u>	<u>-</u>
Total Tax Rate	<u>0.3960 %</u>	<u>0.4238 %</u>	<u>0.4280 %</u>	<u>0.4298 %</u>	<u>0.4279 %</u>
TAX EXTENSIONS					
General	\$ 98,027	\$ 98,035	\$ 93,316	\$ 91,730	\$ 87,716
IMRF	45,776	45,930	43,766	43,058	41,253
Liability insurance	5,005	5,018	4,773	4,666	4,505
Audit	8,953	8,963	8,575	8,422	10,538
ESDA	1,010	986	930	909	3,330
Police protection	22,544	22,557	21,519	21,153	20,293
Revenue recapture	<u>505</u>	<u>257</u>	<u>243</u>	<u>-</u>	<u>-</u>
Total Tax Extensions	<u>\$ 181,820</u>	<u>\$ 181,746</u>	<u>\$ 173,122</u>	<u>\$ 169,938</u>	<u>\$ 167,635</u>
TAXES COLLECTED					
General		\$ 98,580	\$ 93,793	\$ 91,970	\$ 87,437
IMRF		45,974	43,875	43,167	41,122
Liability insurance		5,022	4,785	4,677	4,491
Audit		8,983	8,597	8,444	10,505
ESDA		989	933	912	3,319
Police protection		<u>22,608</u>	<u>21,573</u>	<u>21,208</u>	<u>20,229</u>
Taxes Collected		182,156	173,556	170,378	167,103
ADDITIONS/SUBTRACTIONS					
Village's share of road and bridge levy		<u>22,681</u>	<u>24,792</u>	<u>24,756</u>	<u>23,741</u>
Total Tax Collections		<u>\$ 204,837</u>	<u>\$ 198,348</u>	<u>\$ 195,134</u>	<u>\$ 190,844</u>
Percentage of Extensions Collected		<u>100.23%</u>	<u>100.25%</u>	<u>100.26%</u>	<u>99.68%</u>

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

VILLAGE OF TOLONO, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN (Unaudited)
April 30, 2024

Assessed valuation, tax levy year 2023	<u>\$ 45,914,121</u>
Debt limit - 8.625%	\$ 3,960,093
Outstanding debt subject to the debt margin	<u>-</u>
Legal debt margin	<u>\$ 3,960,093</u>