

**VILLAGE OF PALESTINE
PALESTINE, ILLINOIS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

April 30, 2024

**Village of Palestine
April 30, 2024
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Trustees of
Village of Palestine
Palestine, Illinois

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Palestine, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise Village of Palestine'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, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Palestine, as of April 30, 2024, and the respective changes in modified cash basis financial position and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

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 Village of Palestine, 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 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, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements, Concluded

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 Village of Palestine'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 Village of Palestine'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Palestine's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The budgetary comparison information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Albert & Phipps, LLP

Terre Haute, Indiana
January 2, 2025

Village of Palestine
Statement of Net Position - Modified Cash Basis
April 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 388,663	\$ 19,539	\$ 408,202
Notes receivable	99,617	-	99,617
Restricted cash	53,180	21,922	75,102
Capital assets (net of accumulated depreciation)	508,532	242,711	751,243
Total assets	<u>\$ 1,049,992</u>	<u>\$ 284,172</u>	<u>\$ 1,334,164</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Payroll liabilities	\$ 2,518	\$ -	\$ 2,518
Customer deposits	-	21,922	21,922
Due within one year:			
Notes payable	15,335	-	15,335
Due after one year:			
Notes payable	41,967	-	41,967
Total liabilities	<u>59,820</u>	<u>21,922</u>	<u>81,742</u>
Net Position:			
Invested in capital assets, net of related debt	451,230	242,711	693,941
Restricted for:			
Community development	120,249	-	120,249
American Rescue Plan Act funds	32,548	-	32,548
IMRF	118,274	-	118,274
Other purposes	150,182	-	150,182
Unrestricted	117,689	19,539	137,228
Total net position	<u>990,172</u>	<u>262,250</u>	<u>1,252,422</u>
Total liabilities and net position	<u>\$ 1,049,992</u>	<u>\$ 284,172</u>	<u>\$ 1,334,164</u>

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

Village of Palestine
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary Government:						
Governmental activities:						
General government	\$ 288,218	\$ -	\$ -	\$ -	\$ (288,218)	\$ (288,218)
Public safety	197,177	-	9,275	-	(187,902)	(187,902)
Transportation and public works	254,010	-	54,099	-	(199,911)	(199,911)
Interest paid on long-term debt	3,792	-	-	-	(3,792)	(3,792)
Total governmental activities	<u>743,197</u>	<u>-</u>	<u>63,374</u>	<u>-</u>	<u>(679,823)</u>	<u>(679,823)</u>
Business-type activities:						
Sewer service	160,836	139,429	-	-	(21,407)	(21,407)
Total business-type activities	<u>160,836</u>	<u>139,429</u>	<u>-</u>	<u>-</u>	<u>(21,407)</u>	<u>(21,407)</u>
Total primary government	<u>\$ 904,033</u>	<u>\$ 139,429</u>	<u>\$ 63,374</u>	<u>\$ -</u>	<u>(679,823)</u>	<u>(701,230)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				139,452	-	139,452
Local taxes				12,932	-	12,932
Intergovernmental:						
State income taxes				201,860	-	201,860
Replacement tax				11,708	-	11,708
Sales tax				128,167	-	128,167
Local use tax				49,011	-	49,011
Pull tabs and gaming				19,610	-	19,610
Licenses and permits				9,105	-	9,105
Fees and fines				24,925	-	24,925
Revenue from use of property and equipment				1,875	-	1,875
Interest				6,203	343	6,546
Miscellaneous				12,607	-	12,607
Gain on sale of capital assets				14,395	-	14,395
Total general revenues				<u>631,850</u>	<u>343</u>	<u>632,193</u>
Change in net position				(47,973)	(21,064)	(69,037)
Net position - beginning				1,038,145	283,314	1,321,459
Net position - ending				<u>\$ 990,172</u>	<u>\$ 262,250</u>	<u>\$ 1,252,422</u>

**Village of Palestine
Balance Sheet - Modified Cash Basis
Governmental Funds
April 30, 2024**

	General Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 238,481	\$ 71,169	\$ 79,013	\$ 388,663
Notes receivable	99,617	-	-	99,617
Restricted cash	53,180	-	-	53,180
Total assets	<u>\$ 391,278</u>	<u>\$ 71,169</u>	<u>\$ 79,013</u>	<u>\$ 541,460</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll liabilities	\$ 2,518	\$ -	\$ -	\$ 2,518
Total liabilities	<u>2,518</u>	<u>-</u>	<u>-</u>	<u>2,518</u>
Fund Balances:				
Restricted:				
Other purposes	271,071	71,169	79,013	421,253
Unassigned	117,689	-	-	117,689
Total fund balances	<u>388,760</u>	<u>71,169</u>	<u>79,013</u>	<u>538,942</u>
Total liabilities and fund balances	<u>\$ 391,278</u>	<u>\$ 71,169</u>	<u>\$ 79,013</u>	

Reconciliation to Statement of Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$994,473 net of accumulated depreciation of \$485,941 are not financial resources and, therefore, are not reported in the funds.

508,532

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.

(57,302)

Net position of governmental activities

\$ 990,172

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

Village of Palestine
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended April 30, 2024

	General Fund	Motor Fuel Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 70,565	\$ -	\$ 68,887	\$ 139,452
Local taxes	12,932	-	-	12,932
Intergovernmental:				
State income tax	201,860	-	-	201,860
Replacement tax	11,708	-	-	11,708
Sales tax	128,167	-	-	128,167
Local use tax	49,011	-	-	49,011
Pull tabs and gaming	19,610	-	-	19,610
Motor fuel taxes	-	54,099	-	54,099
Licenses and permits	9,105	-	-	9,105
Fees and fines	24,925	-	-	24,925
Revenue from use of property and equipment	1,875	-	-	1,875
Interest	4,096	885	1,222	6,203
Operating grants and contributions	9,275	-	-	9,275
Miscellaneous	9,818	2,789	-	12,607
Total revenues	<u>552,947</u>	<u>57,773</u>	<u>70,109</u>	<u>680,829</u>
EXPENDITURES				
Current:				
General government	249,295	-	32,601	281,896
Public safety	176,608	-	10,211	186,819
Transportation and public works	165,477	53,261	7,623	226,361
Debt service:				
Principal	17,940	-	-	17,940
Interest	3,792	-	-	3,792
Capital outlay	11,457	19,000	-	30,457
Total expenditures	<u>624,569</u>	<u>72,261</u>	<u>50,435</u>	<u>747,265</u>
Excess (deficiency) of revenues over (under) expenditures	(71,622)	(14,488)	19,674	(66,436)
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	-	-	20,000
Transfers out	-	-	(20,000)	(20,000)
Proceeds from sale of capital assets	14,395	-	-	14,395
Other financing sources (uses)	<u>34,395</u>	<u>-</u>	<u>(20,000)</u>	<u>14,395</u>
Net change in fund balances	(37,227)	(14,488)	(326)	(52,041)
Fund balances - beginning	<u>425,987</u>	<u>85,657</u>	<u>79,339</u>	<u>590,983</u>
Fund balances - ending	<u>\$ 388,760</u>	<u>\$ 71,169</u>	<u>\$ 79,013</u>	<u>\$ 538,942</u>

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

Village of Palestine
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds - Modified Cash Basis to the
Statement of Activities - Modified Cash Basis
For the Year Ended April 30, 2024

Net change in fund balances - total governmental funds		\$ (52,041)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
	Capital Outlay	30,457
	Depreciation	<u>(44,329)</u> <u>(13,872)</u>
<p>Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds in the current period.</p>		
	Proceeds	-
	Repayments	<u>17,940</u> <u>17,940</u>
Change in net position of governmental activities		<u>\$ (47,973)</u>

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

Village of Palestine
Statement of Net Position - Modified Cash Basis
Proprietary Funds
April 30, 2024

	Business-type Activities
	<u>Enterprise Funds</u>
	<u>Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 19,539
Total current assets	<u>19,539</u>
Noncurrent assets:	
Restricted cash	21,922
Capital assets (net of accumulated depreciation)	<u>242,711</u>
Total noncurrent assets	<u>264,633</u>
Total assets	<u>\$ 284,172</u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Customer deposits	\$ 21,922
Total current liabilities	<u>21,922</u>
Net position:	
Invested in capital assets, net of related debt	242,711
Unrestricted	<u>19,539</u>
Total net position	<u>262,250</u>
Total liabilities and net position	<u>\$ 284,172</u>

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

Village of Palestine
Statement of Revenues, Expenses and Changes in Net Position -
Modified Cash Basis - Proprietary Funds
For the Year Ended April 30, 2024

	Business-type Activities Enterprise Funds	Sewer Fund
OPERATING REVENUES:		
Charges for services	\$ 139,429	
Total operating revenues	139,429	
OPERATING EXPENSES:		
Personal services	77,989	
Contractual services	13,036	
Support services	12,815	
Utilities	9,507	
Repairs and maintenance	10,192	
Other supplies and materials	9,203	
Depreciation	28,094	
Total operating expenses	160,836	
Operating income (loss)	(21,407)	
NONOPERATING REVENUES (EXPENSES):		
Interest income	343	
Total nonoperating revenues (expenses)	343	
Change in net position	(21,064)	
Total net position - beginning	283,314	
Total net position - ending	\$ 262,250	

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

Village of Palestine
Statement of Cash Flows -
Modified Cash Basis - Proprietary Funds
For the Year Ended April 30, 2024

		Business-type Activities Enterprise Funds <u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$	142,289
Payments to suppliers		(54,753)
Payments to employees		<u>(77,989)</u>
Net cash provided by operating activities		<u>9,547</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets		<u>-</u>
Net cash used in capital and related financing activities		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income		<u>343</u>
Net cash provided by investing activities		<u>343</u>
Net increase in cash and cash equivalents		9,890
Balance - beginning of year		<u>31,571</u>
Balance - end of year	\$	<u><u>41,461</u></u>
Reconciliation of operating income to net cash provide by operating activities:		
Operating income (loss)	\$	(21,407)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation		28,094
Increase in customer deposits		<u>2,860</u>
Net cash provided by operating activities	\$	<u><u>9,547</u></u>
Cash per Statement of Net Position:		
Cash and cash equivalents	\$	19,539
Restricted cash		<u>21,922</u>
	\$	<u><u>41,461</u></u>

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

Village of Palestine
Notes to Financial Statements
April 30, 2024

Note 1: Summary of Significant Accounting Policies

The financial statements of the Village of Palestine have been prepared in conformity with the modified cash basis of accounting. This modified cash basis of accounting differs from generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Village are described below.

A. Reporting Entity

The Village operates under the cities and villages organization section of the Illinois Compiled Statutes, Chapter 65. It provides for the following services as authorized by statute: public safety street maintenance and repairs, public utility services (sewer) as well as public election and other functions. The financial statements of the Village include all organizations, activities, functions and component units for which the Village is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the Village is able to influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organizations' resources; the Village is legally obligated or has otherwise assumed responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

B. Government-wide Financial Statements

The basic financial statements include both government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the Village that are governmental in nature (which normally are supported by taxes and intergovernmental revenues) and those that are considered business-type activities (which rely to a significant extent on fees and charges for support). The statement of net position presents the financial condition of the governmental and business-type activities of the Village at year end.

The statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, transportation and public works, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or activity, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Village.

C. Fund Financial Statements

During the year, the Village segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column. The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Village maintains governmental and proprietary funds.

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 1: Summary of Significant Accounting Policies, Continued

C. Fund Financial Statements, Concluded

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Village's major governmental funds:

The General Fund accounts for all financial resources, except those required to be accounted for in another fund.

The Motor Fuel Tax fund accounts for revenues and expenditures for building and maintenance of Village streets and sidewalks.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and payments relating to the government's business activities are accounted for through proprietary funds. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. The following is the Village's major proprietary fund:

The Sewer Fund provides sanitary sewer waste collection and transmission services to Village citizens and accounts for operations that are financed in a manner similar to private business enterprises.

D. Measurement Focus

In the government-wide statement of net position – modified cash basis and the statement of activities – modified cash basis, both governmental activities and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, all governmental funds utilize a current financial resources measurement focus as applied to the modified cash basis of accounting. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The proprietary fund utilizes 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 noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

E. Basis of Accounting

In the government-wide statement of net position – modified cash basis and the statement of activities – modified cash basis and the fund financial statements, governmental and business-type activities are presented using the modified cash basis of accounting.

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 1: Summary of Significant Accounting Policies, Continued

E. Basis of Accounting, Concluded

This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. 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.

F. Cash and Cash Equivalents

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.

G. Capital Assets

In the government-wide financial statements, capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways and bridges) arising from cash transactions are accounted for as assets in the statement of net position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The Village has included infrastructure assets since May 1, 2004. Capital assets are defined by the Village as individual assets with an initial, individual cost of more than \$500 and an estimated useful life of one year or more. Such assets are recorded at historical costs if purchased or constructed, except for assets acquired before May 1, 2004, for which an estimated historical cost was not available, and are valued based on insured value at that date, adjusted for inflation to the date of acquisition. Donated capital assets are not recorded because they did not result from a cash transaction. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Equipment, Furniture and Fixtures	5-20
Sewer plant	30
Infrastructure	50

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

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 1: Summary of Significant Accounting Policies, Continued

H. Long-Term Obligations

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt arising from 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 payments 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.

I. Fund Balance/Net Position

Government-wide Statements

Equity is classified as net position and displayed in three components: (a) 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 borrowing that are attributable to the acquisition, construction or improvements of those assets; (b) restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation; and (c) unrestricted net position consists of all other net position that does not meet the definition of restricted or invested in capital assets, net of related debt.

Fund Financial Statements

Fund balance is the difference between assets and liabilities in a governmental fund. According to Government Accounting Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance and Unassigned Fund Balance based on the nature and the extent of the constraints placed on a government's fund balances. The Village reports a governmental fund's fund balance into the following classifications:

Non-spendable fund balance – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action of the Village Board. The Board of Trustees is the highest level of decision-making authority for the Village. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Board of Trustees.

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for a specific purpose. Only the Board of Trustees may assign amounts for specific purposes.

Unassigned fund balance – all other spendable amounts.

Proprietary fund equity is classified the same as in the government-wide statements.

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 1: Summary of Significant Accounting Policies, Concluded

I. Fund Balance/Net Position, Concluded

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed.

J. Use of Estimates

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires the Village's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

K. Concentration of Credit Risk

The Village extends credit to its customers. These customers are all in the same geographic area in the Village of Palestine.

L. Date of Management's Review

Management has evaluated subsequent events through January 2, 2025, the date which the financial statements were available to be issued.

Note 2: Cash

The Village is authorized by State statute to invest in obligations of the U.S. Treasury, agencies, instrumentalities, commercial paper noted within the three highest classifications by at least two standard rating services, obligations of state and their political subdivisions, savings accounts, credit union shares, and Illinois Public Treasurer's Investment Pools or such other officially recognized Illinois funds.

The Village's cash deposits consist of checking and savings accounts. The carrying amount and the bank balance of the Village's deposits at April 30, 2024, were \$483,304 and \$496,483, respectively. This includes petty cash of \$990. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. As of April 30, 2024, \$178,240 of the Village's bank balance of \$496,483 was exposed to custodial credit risk as follows:

Collateral held by pledging bank's trust department not in the Village's name	<u>\$ 178,240</u>
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Note 3: Restricted Cash

At April 30, 2024, the Village maintained restricted cash in the General Fund in the amount of \$53,180 for the Community Development Assistance Program and American Rescue Plan Act Funds. The Village also maintained restricted cash in the Sewer Fund for customer deposits in the amount of \$21,922.

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 4: Notes Receivable

The Village of Palestine is under a contractual agreement with the Illinois Department of Commerce and Community Affairs to implement an economic development program that significantly impacts its economic base. The loans have been recorded in the General Fund as a receivable and as a restricted fund balance. Proceeds have been loaned to the following parties:

Name	Interest Rate	Monthly Payment	Maturity Date	Balance
Greg Goodland	2%	\$ 412	4/1/2028	\$ 19,000
Home Plate, LLC	2%	175	4/1/2029	10,000
Kennedy Auto Care, LLC	2%	605	2/1/2028	26,330
Illiana Cores #4	2%	1,490	2/14/2025	44,287
				<u>\$ 99,617</u>

Note 5: Changes in Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

Capital Assets	Balance 4/30/2023	Additions	Deletions	Balance 4/30/2024
Assets Not Depreciated:				
Land	\$ 123,413	\$ -	\$ -	\$ 123,413
Assets Depreciated:				
Buildings	297,682	-	-	297,682
Infrastructure	159,481	19,000	-	178,481
Vehicles	207,160	-	500	206,660
Equipment	181,681	11,457	4,901	188,237
Total Capital Assets	<u>969,417</u>	<u>30,457</u>	<u>5,401</u>	<u>994,473</u>
Less: Accumulated Depreciation				
Buildings	(121,455)	(8,139)	-	(129,594)
Infrastructure	(32,981)	(8,055)	-	(41,036)
Vehicles	(126,429)	(21,505)	(500)	(147,434)
Equipment	(166,148)	(6,630)	(4,901)	(167,877)
Total Accumulated Depreciation	<u>(447,013)</u>	<u>(44,329)</u>	<u>(5,401)</u>	<u>(485,941)</u>
Capital Assets, Net	<u>\$ 522,404</u>	<u>\$ (13,872)</u>	<u>\$ -</u>	<u>\$ 508,532</u>

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 5: Changes in Capital Assets, Concluded

The following is a summary of changes in capital assets:

Business-type Activities

Capital Assets	Balance 4/30/2023	Additions	Deletions	Balance 4/30/2024
Assets Depreciated:				
Plant and Equipment	\$ 777,286	\$ -	\$ 669	\$ 776,617
Total Capital Assets	777,286	-	669	776,617
Less: Accumulated Depreciation				
Plant and Equipment	(506,481)	(28,094)	(669)	(533,906)
Total Accumulated Depreciation	(506,481)	(28,094)	(669)	(533,906)
Capital Assets, Net	<u>\$ 270,805</u>	<u>\$ (28,094)</u>	<u>\$ -</u>	<u>\$ 242,711</u>

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities

General government	\$ 6,323
Public safety	10,358
Transportation and public works	27,648
	<u>\$ 44,329</u>

Business-type Activities

Sewer	<u>\$ 28,094</u>
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Note 6: Changes in Long-Term Debt

Governmental Activities

The following debt was owed by the Village at April 30, 2024:

Description	Current	Long-Term	Total
First Robinson Savings Bank, N.A., interest at 6.00%, annual payments of \$18,773 due 12/6/2027 secured by equipment	<u>\$ 15,335</u>	<u>\$ 41,967</u>	<u>\$ 57,302</u>

The following is a summary of long-term debt transactions for the year ended April 30, 2024:

Note Payable, April 30, 2023	\$ 75,242
Plus: Additions	-
Less: Reductions	<u>(17,940)</u>
Note Payable, April 30, 2024	<u>\$ 57,302</u>

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 6: Changes in Long-Term Debt, Concluded

The annual requirements to amortize debt outstanding at April 30, 2024 are as follows:

Governmental Activities

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/30/2025	\$ 15,335	\$ 3,438	\$ 18,773
4/30/2026	16,255	2,518	18,773
4/30/2027	17,230	1,543	18,773
4/30/2028	8,482	509	8,991
4/30/2029	-	-	-
	<u>\$ 57,302</u>	<u>\$ 8,008</u>	<u>\$ 65,310</u>

Note 7: Fund Equity

As of April 30, 2024, the Village restricted the following fund balances because the revenue from the restricted tax levies exceeded the expenditures disbursed:

<u>Purpose</u>	<u>Amount</u>
General Fund:	
Community Development	\$ 120,249
American Rescue Plan Act funds	32,548
IMRF	118,274
Social Security Fund	47,325
Unemployment Insurance Fund	5,197
Workers Compensation Fund	9,163
Garbage Disposal Fund	10,390
Streets and Bridges	6,938
Motor Fuel Tax Fund	71,169
	<u>\$ 421,253</u>

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 8: Interfund Transfers

Individual interfund operating transfers for the year ended April 30, 2024 were:

Fund	Interfund Transfer In	Interfund Transfer Out
General Fund		
Garbage Disposal Fund	\$ 10,000	\$ -
Streets & Bridges Fund	10,000	-
Garbage Disposal Fund		
General Fund	-	10,000
Streets & Bridges Fund		
General Fund	-	10,000
	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Interfund transfers generally are annual transfers of funds approved by the trustees as permitted by statute. In the current year, interfund transfers were necessary to cover the expenditures in the General Fund on behalf of the Garbage Disposal Fund and Streets & Bridges Funds.

Note 9: Defined Benefit Pension Plan

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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

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 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For fiscal year ended April 30, 2024, the Village's actual contributions for pension cost for the plan was \$16,251. The covered payroll for fiscal year ended April 30, 2024 (annual payroll of active employees covered by the plan) was \$293,674.

Note 10: Post-Employment Health Care Benefits

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Village provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium, and, if applicable a 2% administration fee, is paid in full by the insured each month. This program is offered for a duration of 18 months after termination date and is subject to extension. There is no associated cost to the Village under this program.

Note 11: 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 its risk management needs. There have been no significant changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or the prior three years.

Village of Palestine
Notes to Financial Statements, Continued
April 30, 2024

Note 12: Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in August of the prior year and are payable in two installments in July and September. The 2023 levy was passed by the board on May 4, 2023. Property taxes are billed and collected by the County, which in turn, remits them to the Village. Payments are typically made by the County during the period August through November.

Village of Palestine
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
April 30, 2024

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Social Security Fund	Unemployment Insurance Fund	Workers Compensation Fund	Garbage Disposal Fund	Street and Bridges Fund	
ASSETS						
Cash and cash equivalents	\$ 47,324	\$ 5,200	\$ 9,159	\$ 10,390	\$ 6,940	\$ 79,013
Total assets	<u>\$ 47,324</u>	<u>\$ 5,200</u>	<u>\$ 9,159</u>	<u>\$ 10,390</u>	<u>\$ 6,940</u>	<u>\$ 79,013</u>
FUND BALANCES						
Fund Balances:						
Restricted:						
Other purposes	\$ 47,324	\$ 5,200	\$ 9,159	\$ 10,390	\$ 6,940	\$ 79,013
Total fund balances	<u>\$ 47,324</u>	<u>\$ 5,200</u>	<u>\$ 9,159</u>	<u>\$ 10,390</u>	<u>\$ 6,940</u>	<u>\$ 79,013</u>

Village of Palestine
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended April 30, 2024

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Social Security Fund	Unemployment Insurance Fund	Workers Compensation Fund	Garbage Disposal Fund	Street and Bridges Fund	
REVENUES						
Property taxes	\$ 24,707	\$ 3,955	\$ 19,766	\$ 12,852	\$ 7,607	\$ 68,887
Interest	707	95	260	150	10	1,222
Total revenues	<u>25,414</u>	<u>4,050</u>	<u>20,026</u>	<u>13,002</u>	<u>7,617</u>	<u>70,109</u>
EXPENDITURES						
Current:						
General government	9,613	2,988	20,000	-	-	32,601
Public safety	9,631	580	-	-	-	10,211
Transportation and public works	7,190	433	-	-	-	7,623
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>26,434</u>	<u>4,001</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>50,435</u>
Excess (deficiency) of revenues over (under) expenditures	(1,020)	49	26	13,002	7,617	19,674
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	(10,000)	(10,000)	(20,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(20,000)</u>
Net change in fund balances	(1,020)	49	26	3,002	(2,383)	(326)
Fund balances - beginning	<u>48,344</u>	<u>5,151</u>	<u>9,133</u>	<u>7,388</u>	<u>9,323</u>	<u>79,339</u>
Fund balances - ending	<u>\$ 47,324</u>	<u>\$ 5,200</u>	<u>\$ 9,159</u>	<u>\$ 10,390</u>	<u>\$ 6,940</u>	<u>\$ 79,013</u>

Village of Palestine
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended April 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Property taxes	\$ -	\$ -	\$ 70,565	\$ 70,565
Local taxes	-	-	12,932	12,932
Intergovernmental:				
State income tax	-	-	201,860	201,860
Replacement tax	-	-	11,708	11,708
Sales tax	-	-	128,167	128,167
Local use tax	-	-	49,011	49,011
Pull tabs and gaming	-	-	19,610	19,610
Licenses and permits	-	-	9,105	9,105
Fees and fines	-	-	24,925	24,925
Revenue from use of property and equipment	-	-	1,875	1,875
Interest	-	-	4,096	4,096
Operating grants and contributions	-	-	9,275	9,275
Miscellaneous	-	-	9,818	9,818
Total revenues	<u>-</u>	<u>-</u>	<u>552,947</u>	<u>552,947</u>
EXPENDITURES				
Current:				
General government	221,950	221,950	249,295	27,345
Public safety	115,500	115,500	176,608	61,108
Transportation and public works	125,200	125,200	165,477	40,277
Debt service:				
Principal	-	-	17,940	17,940
Interest	-	-	3,792	3,792
Capital outlay	<u>245,300</u>	<u>245,300</u>	<u>11,457</u>	<u>(233,843)</u>
Total expenditures	<u>707,950</u>	<u>707,950</u>	<u>624,569</u>	<u>(83,381)</u>
Excess (deficiency) of revenues over (under) expenditures	(707,950)	(707,950)	(71,622)	636,328
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	20,000	20,000
Proceeds from note payable	-	-	14,395	14,395
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>34,395</u>	<u>34,395</u>
Net change in fund balance	<u>\$ (707,950)</u>	<u>\$ (707,950)</u>	<u>(37,227)</u>	<u>\$ 670,723</u>
Fund balance - beginning			<u>425,987</u>	
Fund balance - ending			<u>\$ 388,760</u>	

Village of Palestine
Budgetary Comparison Schedule - Modified Cash Basis
Motor Fuel Tax Fund
For the Year Ended April 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Motor Fuel Tax	\$ -	\$ -	\$ 54,099	\$ 54,099
Interest	-	-	885	885
Miscellaneous	-	-	2,789	2,789
Total revenues	<u>-</u>	<u>-</u>	<u>57,773</u>	<u>57,773</u>
EXPENDITURES				
Current:				
Transportation and public works	28,000	28,000	53,261	25,261
Capital outlay	-	-	19,000	19,000
Total expenditures	<u>28,000</u>	<u>28,000</u>	<u>72,261</u>	<u>44,261</u>
Net change in fund balance	<u>\$ (28,000)</u>	<u>\$ (28,000)</u>	(14,488)	<u>\$ 13,512</u>
Fund balance - beginning			<u>85,657</u>	
Fund balance - ending			<u>\$ 71,169</u>	

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Village of Palestine
Notes to Other Information
April 30, 2024

Note 1: Budgets and Budgetary Accounting

The Village adopts an appropriations ordinance in accordance with the modified cash basis of accounting. All annual appropriations lapse at fiscal year end. Encumbrance accounting is not used by the Village. The Village follows these procedures in establishing the appropriation data reflected in the financial statements.

1. Prior to adoption, the Village prepares and submits to the Village Board a proposed appropriation ordinance for the fiscal year commencing the following May 1. The appropriation ordinance includes proposed expenditures but does not include the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to August 1, the appropriation ordinance is legally enacted through passage of an ordinance.
4. Appropriations are not adopted on a basis consistent with generally accepted accounting principles (GAAP), as they do not reflect modified accrual methods of accounting. The appropriations are instead adopted on the modified cash basis of accounting.
5. The Village may authorize transfers of appropriated amounts between departments within any fund. Any revision that alters the total expenditures of any fund must be approved by the Village Board in a manner similar to that of approving the original budget.
6. Expenditures may not legally exceed appropriated amounts for an individual fund.
7. The original appropriation ordinance was adopted May 4, 2023.
8. Appropriated amounts reflected in the financial statements are the amounts as approved on May 4, 2023.

Note 2: Individual Fund Disclosures

Actual expenditures exceeded appropriations for the year ended April 30, 2024 for the following fund.

	<u>Budget</u>	<u>Actual</u>	<u>Overexpenditure</u>
Motor Fuel Tax Fund	\$28,000	\$72,261	\$44,261