

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT
TAX INCREMENT FINANCING FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT AND
COMPLIANCE REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT TAX INCREMENT FINANCING FUND
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Lemont Downtown Canal District Tax Increment Financing Fund as of and for the year ended April 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Honorable Mayor and Board of Trustees
Village of Lemont

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Lemont Downtown Canal District Tax Increment Financing Fund as of April 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Village of Lemont Downtown Canal District Tax Increment Financing Fund and do not purport to, and do not, present fairly the financial position of the Village of Lemont, as of April 30, 2021, and the changes in financial position, or cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021 on our consideration of the Village of Lemont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lemont's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued a report dated September 17, 2021 on our consideration of the Village of Lemont Downtown Canal District Tax Increment Financing Fund's compliance with laws, regulations, contracts and grants.



Oak Brook, Illinois
September 17, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

The Honorable Mayor and Board of Trustees
Village of Lemont, Illinois

We have audited the financial statements of the Village of Lemont Downtown Canal District Tax Increment Financing Fund, as of and for the year ended April 30, 2021 and have issued our report thereon dated September 17, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the Village of Lemont failed to comply with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142, "An Act in Relation to Tax Increment Financing", insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Village of Lemont's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

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

Baker Tilly US, LLP

Oak Brook, Illinois
September 17, 2021

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT TAX INCREMENT FINANCING FUND
BALANCE SHEET
AS OF APRIL 30, 2021

Assets:

Cash and investments	\$ 114,297
Property taxes receivable	<u>186,611</u>
Total assets	<u><u>\$ 300,908</u></u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities:

Accounts payable	<u>\$ 23,821</u>
Total liabilities	<u>23,821</u>

Deferred Inflows of Resources:

Property taxes levied for future periods	<u>186,611</u>
Total deferred inflows of resources	<u>186,611</u>
Total liabilities and deferred inflows of resources	<u>210,432</u>

Fund Balance:

Restricted for economic development	<u>90,476</u>
Total fund balance	<u>90,476</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 300,908</u></u>

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT TAX INCREMENT FINANCING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED APRIL 30, 2021

Revenues:

Property taxes	\$ <u>384,765</u>
Total revenues	<u>384,765</u>

Expenditures:

Current:	
General government	1,040
Capital outlay	59,318
Debt service:	
Principal retirement	220,000
Interest and fees	<u>87,525</u>
Total expenditures	<u>367,883</u>
Net change in fund balance	16,882
Fund balance, beginning of year	<u>73,594</u>
Fund balance, end of year	<u>\$ 90,476</u>

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT TAX INCREMENT FINANCING FUND
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Downtown Canal District Tax Increment Financing Fund of the Village of Lemont, Illinois (the Village), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as 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.

Reporting Entity

The financial statements present only the Downtown Canal District Tax Increment Financing Fund and do not purport to, and do not, present fairly, the financial position of the Village of Lemont.

Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With the measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred outflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Village recognizes property taxes when they become both measurable and available and for the period intended to finance. Expenditures are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are property taxes and investment income.

Long-term Obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT TAX INCREMENT FINANCING FUND
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the Village board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the Village board. The Downtown Canal District Tax Increment Financing Fund does not report any assigned fund balances. A negative unassigned fund balance represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the Village's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

NOTE 2 – CASH AND INVESTMENTS

Permitted Deposits and Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes. These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value).

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, legality, safety, liquidity, and yield.

At April 30, 2021, the total cash and investments of the Funds was \$114,297. The cash and investments were comprised solely of deposits with financial institutions.

Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by an independent third party or by the Federal Reserve Bank. As of April 30, 2021 the Fund had no uninsured and uncollateralized deposits.

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT TAX INCREMENT FINANCING FUND
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

NOTE 3 – RECEIVABLES - TAXES

Property taxes are levied in December of each year on all taxable real property in the Village and attach as an enforceable lien on the property as of the preceding January 1st. Property taxes receivable represent the balance due on the 2020 levy. Tax bills are prepared by the County and issued on or about February 1, 2021, and are payable in two installments, on or about March 1, 2021 and August 1, 2021. Tax Increment Financing (TIF) property tax receipts are received in two installments similar to levied taxes described above. TIF property taxes are not levied, but are paid by the County from incremental property tax receipts of all taxing bodies within a TIF district. The County collects such taxes and remits them periodically. Management has determined that an allowance for uncollectible accounts is not necessary.

NOTE 4 – LONG-TERM DEBT

General Obligation Alternate Revenue Source Bonds

The Village issues bonds and obligations where the Village pledges incremental tax income derived from a separately created tax increment financing district (TIF). The Village TIF obligations include General Obligation Alternative Revenue Source Bonds.

The changes in the general long-term debt relating to the TIF during the year ended April 30, 2021, were as follows:

	Balance April 30, 2020	Increases	Decreases	Balance April 30, 2021
\$1,180,000 General Obligation Alternate Revenue Source Bonds Series 2015C, dated July 23, 2015 plus interest ranging from 2.0% to 4.00% due December 1, 2027	\$ 1,130,000	\$ -	\$ 15,000	\$ 1,115,000
\$1,940,000 General Obligation Alternative Revenue Source Bonds Series 2017B, dated December 1, 2017 plus interest ranging from 1.25% to 2.80% due December 1, 2029	1,645,000	-	205,000	1,440,000
Total	\$ 2,775,000	\$ -	\$ 220,000	\$ 2,555,000

VILLAGE OF LEMONT
DOWNTOWN CANAL DISTRICT TAX INCREMENT FINANCING FUND
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

NOTE 4 – LONG-TERM DEBT (CONTINUED)

General Obligation Alternate Revenue Source Bonds (Continued)

Annual debt service requirements to maturity for general obligation alternate revenue source bonds relating to the TIF are as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 230,000	\$ 83,110	\$ 313,110
2023	230,000	78,495	308,495
2024	240,000	72,745	312,745
2025	245,000	66,220	311,220
2026	255,000	59,555	314,555
2027 – 2030	1,355,000	130,305	1,485,305
Total	<u>\$ 2,555,000</u>	<u>\$ 490,430</u>	<u>\$ 3,045,430</u>

Pledged Revenue

The amount of pledges remaining as of April 30, 2021 is as follows:

<i>Debt Issue</i>	<i>Fund</i>	<i>Pledge Remaining</i>	<i>Commitment End Date</i>
TIF 2015C	TIF levy and sales/use taxes	\$ 1,279,055	12/01/2027
TIF 2017B	TIF levy, sales/use and income taxes	1,766,375	12/01/2029

A comparison of the pledged revenues collected and the related principal and interest expenditure for fiscal year 2021 is as follows:

<i>Debt Issue</i>	<i>Pledged Revenue Source</i>	<i>Pledged Revenue</i>	<i>Principal and Interest Paid</i>	<i>Estimated % of Revenue Pledged</i>
TIF 2015C	TIF levy and sales/use taxes	\$ 3,529,696	\$ 50,000	1.42
TIF 2017B	TIF levy, sales/use and income taxes	5,471,813	257,525	4.71