

**VILLAGE OF LEMONT**  
MAIN/ARCHER TAX INCREMENT FINANCING FUND

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

**VILLAGE OF LEMONT**  
**MAIN/ARCHER TAX INCREMENT FINANCING FUND**  
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AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

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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 Main/Archer 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 Main/Archer 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 Main/Archer 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 Main/Archer 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 Main/Archer 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.

*Baker Tilly US, LLP*

Oak Brook, Illinois  
September 17, 2021

**VILLAGE OF LEMONT**  
**MAIN/ARCHER TAX INCREMENT FINANCING FUND**  
BALANCE SHEET  
AS OF APRIL 30, 2021

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**Assets:**

Cash and investments	\$ 425,449
	<u>425,449</u>
Total assets	<u>\$ 425,449</u>

**Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)**

**Liabilities:**

Accounts payable	\$ 266
Due to other funds	<u>450,890</u>
	<u>451,156</u>
Total liabilities	<u>451,156</u>

**Fund Balance (Deficit):**

Unassigned	<u>(25,707)</u>
	<u>(25,707)</u>
Total fund balance (deficit)	<u>(25,707)</u>
	<u>425,449</u>
Total liabilities and fund balance (deficit)	<u>\$ 425,449</u>

**VILLAGE OF LEMONT**  
**MAIN/ARCHER TAX INCREMENT FINANCING FUND**  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED APRIL 30, 2021

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**Revenues:**

Other revenue	\$ <u>5,100</u>
Total revenues	<u>5,100</u>

**Expenditures:**

Current:	
General government	3,285
Debt service:	
Principal retirement	243,000
Interest and fees	<u>39,185</u>
Total expenditures	<u>285,470</u>

Excess (deficiency) of revenues over expenditures	<u>(280,370)</u>
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**Other Financing Uses:**

Transfer in	<u>300,000</u>
Total other financing uses	<u>300,000</u>

Net change in fund balance	19,630
Fund balance (deficit), beginning of year	<u>(45,337)</u>
Fund balance (deficit), end of year	<u><u>\$ (25,707)</u></u>

**VILLAGE OF LEMONT**  
**MAIN/ARCHER TAX INCREMENT FINANCING FUND**  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Main/Archer 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 Main/Archer Tax Increment Financing Fund, a fund of the Village of Lemont. They 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 inflows 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.

**VILLAGE OF LEMONT**  
**MAIN/ARCHER TAX INCREMENT FINANCING FUND**  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

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**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 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 Fund was \$425,449. The cash and investments were comprised of 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**  
**MAIN/ARCHER TAX INCREMENT FINANCING FUND**  
 NOTES TO FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

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**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 – DUE TO OTHER FUNDS**

Due to other funds represents a short term interfund loan from the Village's General Fund to cover a cash deficit.

**NOTE 5 – 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:

	<b>Balance April 30, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance April 30, 2021</b>
\$3,375,000 Taxable General Obligation Refunding Source Bonds, Series 2019B, dated November 14, 2019 plus interest of 1.8% due January 1, 2027	\$ 2,985,000	\$ -	\$ 405,000	\$ 2,580,000
Total	<u>\$ 2,985,000</u>	<u>\$ -</u>	<u>\$ 405,000</u>	<u>\$ 2,580,000</u>

**VILLAGE OF LEMONT**  
**MAIN/ARCHER TAX INCREMENT FINANCING FUND**  
 NOTES TO FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2021

**NOTE 5 – 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	\$ 405,000	\$ 57,138	\$ 462,138
2023	415,000	49,038	464,038
2024	425,000	40,530	465,530
2025	435,000	31,393	466,393
2026	445,000	21,605	466,605
2027 – 2028	455,000	11,148	466,148
Total	<u>\$ 2,580,000</u>	<u>\$ 210,852</u>	<u>\$ 2,790,852</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 2019B	TIF levy, sales/use and income taxes	\$ 2,790,852	01/01/2027

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 2019B	TIF levy, sales/use and income taxes	\$ 5,307,005	\$ 469,833	8.85