

VILLAGE OF LEMONT
MAIN/ARCHER TAX INCREMENT FINANCING FUND

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2022

VILLAGE OF LEMONT
MAIN/ARCHER TAX INCREMENT FINANCING FUND
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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Village of Lemont Main/Archer Tax Increment Financing Fund (Fund), of the Village of Lemont, Illinois, as of and for the year ended April 30, 2022, and the related notes to the 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 financial position for the Fund, of the Village of Lemont, Illinois, as of April 30, 2022, and the changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). 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 Fund 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 opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Fund of the Village of Lemont, Illinois, are intended to present the financial position and the changes in the financial position of only the Fund. They do not purport to, and do not, present fairly the financial position of the Village of Lemont, Illinois, as of April 30, 2022, 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.

Responsibilities of Management for the Financial Statements

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.

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 and GAS 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 and GAS, 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 Fund'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.

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 that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022 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 solely 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 the effectiveness of Village of Lemont's 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 15, 2022

VILLAGE OF LEMONT
MAIN/ARCHER TAX INCREMENT FINANCING FUND
BALANCE SHEET
AS OF APRIL 30, 2022

Assets:

Cash and investments	\$ <u>425,058</u>
Total assets	\$ <u><u>425,058</u></u>

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

Liabilities:

Advances from other funds	\$ <u>450,890</u>
Total liabilities	<u>450,890</u>

Fund Balance (Deficit):

Unassigned	<u>(25,832)</u>
Total fund balance (deficit)	<u>(25,832)</u>
Total liabilities and fund balance (deficit)	\$ <u><u>425,058</u></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, 2022

Revenues:

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

Expenditures:

Current:	
General government	1,657
Debt service:	
Principal retirement	243,000
Interest and fees	<u>34,568</u>
Total expenditures	<u>279,225</u>

Excess (deficiency) of revenues over expenditures	<u>(274,125)</u>
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Other Financing Uses:

Transfer in	<u>274,000</u>
Total other financing uses	<u>274,000</u>

Net change in fund balance	(125)
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Fund balance (deficit), beginning of year	<u>(25,707)</u>
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Fund balance (deficit), end of year	<u><u>\$ (25,832)</u></u>
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VILLAGE OF LEMONT
MAIN/ARCHER TAX INCREMENT FINANCING FUND
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2022

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, 2022

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 Main/Archer 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, 2022, the total cash and investments of the Fund was \$425,058. 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, 2022 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, 2022

NOTE 3 – INTERFUND ADVANCES AND TRANSFERS

Advances from other funds represents a short term interfund loan from the Village’s General Fund to cover a cash deficit. The transfer in is from the General Fund and Gateway TIF Fund to account for debt service.

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, 2022, were as follows:

	Balance April 30, 2021	Increases	Decreases	Balance April 30, 2022
\$3,375,000 Taxable General Obligation Refunding Source Bonds, Series 2019B, dated November 14, 2019 plus interest of 1.8% due January 1, 2027	\$ <u>2,580,000</u>	\$ <u>-</u>	\$ <u>405,000</u>	\$ <u>2,175,000</u>
Total	\$ <u><u>2,580,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>405,000</u></u>	\$ <u><u>2,175,000</u></u>

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

	Principal	Interest	Total
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	455,000	11,148	466,148
Total	\$ <u><u>2,175,000</u></u>	\$ <u><u>153,714</u></u>	\$ <u><u>2,328,714</u></u>

VILLAGE OF LEMONT
MAIN/ARCHER TAX INCREMENT FINANCING FUND
 NOTES TO FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2022

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Pledged Revenue

The amount of pledges remaining as of April 30, 2022 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	\$	2,328,714	01/01/2027

A comparison of the pledged revenues collected and the related principal and interest expenditure for fiscal year 2022 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	\$	6,967,310	\$	462,138	6.63