

CITY OF WASHINGTON, ILLINOIS
INCREMENTAL TAX FUND

FINANCIAL AND COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2022

**CITY OF WASHINGTON, ILLINOIS
INCREMENTAL TAX FUND**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
SUPPLEMENTARY INFORMATION	
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION	3
Balance Sheet	4
Schedule of Revenues, Expenditures and Changes in Fund Balance	5
Notes to the Financial Statements	6

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT
COMPLIANCE WITH PUBLIC ACT 85-1142

December 2, 2022

The Honorable City Mayor
Members of the City Council
City of Washington, Illinois

We have audited the basic financial statements of the City of Washington, Illinois, for the year ended April 30, 2022, and have issued our report thereon dated December 2, 2022.

We have also audited the City's compliance with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142). The management of the City of Washington, Illinois, is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the City complied in all material respects with the requirements referred to above. An audit includes examining, on a test basis, evidence about the City of Washington, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the City of Washington, Illinois, complied, in all material respects, with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois public Act 85-1142).

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION

December 2, 2022

The Honorable City Mayor
Members of the City Council
City of Washington, Illinois

We have audited the basic financial statements of the City of Washington, Illinois, for the year ended April 30, 2022, and have issued our report thereon dated December 2, 2022 which expressed an unmodified opinion on those financial statements. The financial statements are the responsibility of the City of Washington, Illinois' management. Our responsibility is to express opinions on the basic financial statements based on our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Washington, Illinois. The Balance Sheet and Schedule of Revenues, Expenditures and Changes in Fund Balance for the Incremental Tax Fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and derives from and relates directly to the underlying and other records used to prepare the basic financial statements. That information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

**CITY OF WASHINGTON, ILLINOIS
INCREMENTAL TAX FUND**

**Balance Sheet
April 30, 2022**

ASSETS	
Cash and Investments	\$ 986,305
Receivables - Net of Allowances	
Taxes	243,312
Due from Other Governments	<u>9,139</u>
Total Assets	<u><u>1,238,756</u></u>
LIABILITIES	
Accounts Payable	393
Accrued Payroll	<u>373</u>
Total Liabilities	766
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>245,046</u>
Total Liabilities and Deferred Inflows of Resources	245,812
FUND BALANCE	
Restricted	<u>992,944</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>1,238,756</u></u>

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

**CITY OF WASHINGTON, ILLINOIS
INCREMENTAL TAX FUND**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended April 30, 2022**

Revenues	
Taxes	
Property Taxes	\$ 243,312
Intergovernmental	
Grants	39,357
Interest Income	2,257
Total Revenues	<u>284,926</u>
Expenditures	
General Government	
Personnel	16,278
Operations	368,015
Other	11,747
Capital Outlay	43,112
Total Expenditures	<u>439,152</u>
Net Change in Fund Balance	(154,226)
Fund Balance - Beginning	<u>1,147,170</u>
Fund Balance - Ending	<u>992,944</u>

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

**CITY OF WASHINGTON, ILLINOIS
INCREMENTAL TAX FUND**

**Notes to the Financial Statements
April 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Balance Sheet and Schedule of Revenues, Expenditures and Changes in Fund Balance for the Incremental Tax Fund is intended to present the financial activity of only that fund of the City. The Incremental Tax Fund is reported as a nonmajor special revenue fund of the City. It does not purport to, and does not, present fairly the net position of the City as of April 30, 2022, or the changes in its net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows 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.

Basis of Accounting

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within seventy-five days after year end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A seventy-five-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND EQUITY

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

**CITY OF WASHINGTON, ILLINOIS
INCREMENTAL TAX FUND**

**Notes to the Financial Statements
April 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND EQUITY –
Continued**

Fund Balance

The Incremental Tax Fund fund balance is classified as “restricted” due to limitations on the use of those funds. Tax Increment Financing (TIF) funds may be used for costs associated with the development of property within the TIF, allowing blighted, declining, and underperforming areas to become viable again.

NOTE 2 – DEPOSITS AND INVESTMENTS

Statutes authorized the City to make 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 agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rates within the three highest classifications by at least two standard rating services.

The Incremental Tax Fund’s cash and investments of \$986,305 were comprised of deposits with financial institutions. As of year-end, all of the Incremental Tax Fund’s deposits were collateralized in accordance with their investment policy.

NOTE 3 – PROPERTY TAXES

Property taxes for 2021 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a tax Levy Resolution). Tax bills are prepared by the County and are payable in two installments, on or about June 1 and September 1 during the following year. The County collects such taxes and remits them periodically. The allowance of uncollectible taxes has been stated at 1.7% of the tax levy to reflect actual collection experience.

CITY OF WASHINGTON, ILLINOIS
DOWNTOWN SQUARE TIF

REPORT PERIOD: 5/01/21 – 4/30/22

DATE OF REPORT: January 4, 2023

ATTACHMENT D

STATEMENT OF ACTIVITIES

Setting forth activities undertaken furthering the objectives of the redevelopment plan

The City issued subsidy payments pursuant to prior redevelopment agreements during the reporting period, as detailed below:

- Third and final subsidy payment of \$96,153.33 to Aberdeen Enterprises, LLC, for the building interior and exterior improvements at 114 and 118 Peoria Street;
- Second and final subsidy payment of \$8,615 to Bonnie Alexander Declaration of Trust Dated January 4, 2019, for the building interior and exterior improvements at Alexander Financial at 117 Peoria Street;
- First and final subsidy payment of \$28,382 to Curt Reynolds of Brunk's Sports Center for the building interior and exterior renovation at 122 N. Main Street;
- First subsidy payment of \$75,000 to Grist Mill Ventures for property acquisition for an eventual construction project at 140 Washington Square;
- First two subsidy payments totaling \$46,372 to Jake Webber for the building interior and exterior improvements at 105 Washington Square; and
- First and final subsidy payment of \$46,440 to Washington Historical Society for the building interior improvements at 128 Washington Square.

The City Council, as part of its FY 21-22 budget, made its annual decision to reserve/earmark funds for the TIF district. Funds were earmarked for specific capital improvements and for undesignated private redevelopment assistance. The reservation of funds is done for purposes of long-term planning in the TIF.

On August 20, 2021, the State of Illinois through Public Act 102-0446 approved the extension of the TIF district until December 21, 2033. It was previously scheduled to expire on December 21, 2021. As part of that extension, 59 parcels were removed from the TIF boundaries. The City Council approved an ordinance to extend and amend the TIF boundaries on November 1, 2021.

On Friday, October 29, 2021, the City convened the annual meeting of the TIF 2 Joint Review Board (JRB). City staff discussed the recent activities within TIF 2 and reviewed with the JRB the TIF redevelopment plan and budget.

CITY OF WASHINGTON, ILLINOIS
DOWNTOWN SQUARE TIF

REPORT PERIOD: 5/01/21 – 4/30/22

DATE OF REPORT: January 4, 2023

ATTACHMENT E

AGREEMENTS

Agreements entered into by the municipality

The City entered into five (5) agreements with individual property owners to assist with private improvements or to purchase/sell real estate within the TIF District. The agreements are summarized below:

The City entered into an agreement with Washington Historical Society to renovate the interior of the building at 128 Washington Square. The estimated total project cost is \$161,988. The agreement called for the City to reimburse Washington Historical Society the lesser of \$48,597 or thirty percent (30%) of the actual project cost to be paid in a single installment. The agreement was approved on May 17, 2021.

The City entered into an agreement with Kris Hasten of SKL Partnership to renovate the interior and exterior of the building at 123 Washington Square. The estimated total project cost is \$90,498. The agreement called for the City to reimburse Ms. Hasten the lesser of \$36,199 or forty percent (40%) of the actual project cost to be paid in a single installment. The agreement was approved on November 15, 2021.

The City entered into an agreement with Jake Webber of Country Financial to renovate the interior and exterior of the building at 105 Washington Square. The estimated total project cost is \$172,474. The agreement called for the City to reimburse Mr. Webber the lesser of \$8,637 or forty percent (40%) of the actual project cost to be paid in a single installment. The agreement was approved on December 6, 2021.

The City entered into an agreement with Jenny McCoy of FTR7, LLC – Series CB2 to renovate the interior and exterior of the building at 104 N. High Street. The estimated total project cost is \$279,967. The agreement called for the City to reimburse Ms. McCoy the lesser of \$69,992 or twenty-five percent (25%) of the actual project cost to be paid in a single installment. The agreement was approved on December 20, 2021.

The City entered into an agreement with Grist Mill Ventures, LLC to assist with the acquisition, demolition, and professional services associated with the eventual construction of a new building at 140 Washington Square. The estimated total project cost is \$5,600,000. The agreement called for the City to reimburse Grist Mill Ventures up to \$980,000 of the eligible project items to be paid in multiple installments. The agreement was approved on December 20, 2021.