

CITY OF WASHINGTON, ILLINOIS  
INCREMENTAL TAX FUND  

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FINANCIAL AND COMPLIANCE REPORT



FOR THE FISCAL YEAR ENDED  
April 30, 2023

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

**TABLE OF CONTENTS**

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	<b>PAGE</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<u>1</u>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION</b>	<u>3</u>
Balance Sheet	<u>4</u>
Statement of Revenues, Expenditures and Changes in Fund Balance	<u>5</u>
Notes to the Financial Statements	<u>6</u>

**INDEPENDENT AUDITORS' REPORT**



**INDEPENDENT AUDITORS' REPORT**  
**COMPLIANCE WITH PUBLIC ACT 85-1142**

October 2, 2023

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, 2023, and have issued our report thereon dated October 2, 2023.

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**

October 2, 2023

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, 2023, and have issued our report thereon dated October 2, 2023, 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, 2023**

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<b>ASSETS</b>	
Cash and Investments	\$ 597,418
Receivables - Net of Allowances	
Taxes	235,209
Other	3,192
Due from Other Governments	<u>9,847</u>
 Total Assets	 <u><u>845,666</u></u>
 <b>LIABILITIES</b>	
Accounts Payable	1,081
Accrued Payroll	<u>279</u>
Total Liabilities	1,360
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>235,209</u>
Total Liabilities and Deferred Inflows of Resources	236,569
 <b>FUND BALANCE</b>	
Restricted	<u>609,097</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u><u>845,666</u></u>

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

**Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Fiscal Year Ended April 30, 2023**

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Revenues	
Taxes	
Property Taxes	\$ 235,209
Intergovernmental	
Grants	11,581
Interest Income	12,462
Miscellaneous	42
Total Revenues	<u>259,294</u>
Expenditures	
General Government	
Personnel	21,549
Operations	596,701
Other	24,891
Total Expenditures	<u>643,141</u>
Net Change in Fund Balance	(383,847)
Fund Balance - Beginning	<u>992,944</u>
Fund Balance - Ending	<u><u>609,097</u></u>



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

**Notes to the Financial Statements  
April 30, 2023**

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**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, 2023, 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.

**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.

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

**Notes to the Financial Statements  
April 30, 2023**

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**NOTE 2 - DEPOSITS AND INVESTMENTS**

Statues 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 \$597,418 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 2022 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: 5/01/22 – 4/30/23

DATE OF REPORT: November 6, 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:

- Six subsidy payments totaling \$475,000 to Grist Mill Ventures for property acquisition for an eventual construction project at 140 Washington Square;
- First and final subsidy payment of \$52,003.63 for building interior and exterior improvements at 104 N. High Street;
- Third and fourth of four subsidy payments totaling \$21,338.80 to Jake Webber for the building interior and exterior improvements at 105 Washington Square; and
- First subsidy payment of \$28,320.59 to Sentimental Journey for the building interior improvements at 123 Washington Square.

The City Council, as part of its FY 22-23 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 Friday, January 27, 2023, 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.