

**Village of Channahon, Illinois
Tax Increment Financing
District Fund**

**Independent Auditors' Report on
Supplementary Information and
Independent Accountants' Report**

For the Year Ended April 30, 2018

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	3
SUPPLEMENTARY INFORMATION	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to Supplementary Information	6 - 10
INDEPENDENT ACCOUNTANTS' REPORT	11

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Village President and Board of Trustees
Village of Channahon, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Channahon, Illinois (the Village), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon, dated October 10, 2018, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements.

The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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.

MILLER, COOPER & CO., LTD.



Certified Public Accountants

Deerfield, Illinois
October 10, 2018

SUPPLEMENTARY INFORMATION

Village of Channahon, Illinois

Tax Increment Financing District Fund

BALANCE SHEET

April 30, 2018

ASSETS

Cash and investments	\$ 595,185
Property taxes receivable - net allowance for uncollectible amounts	<u>7,936,907</u>
Total assets	<u>\$ 8,532,092</u>

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities	
Due to other funds	\$ <u>109,262</u>
Deferred inflows	
Property taxes levied for a future period	<u>7,936,907</u>
Fund balance	
Restricted	<u>485,923</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 8,532,092</u>

The accompanying notes are an integral part of this supplementary information.

Village of Channahon, Illinois
Tax Increment Financing District Fund
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended April 30, 2018

Revenues	
Property taxes	\$ 7,680,605
Interest income	<u>16,116</u>
Total revenues	<u>7,696,721</u>
Expenditures	
Current	
Taxing district surplus distribution	4,851,239
Redevelopment agreement payments	2,049,673
Legal and other professional fees	2,219
Dues and subscriptions	650
Audit fees	3,800
Debt service	
Principal	705,000
Interest and other	<u>91,800</u>
Total expenditures	<u>7,704,381</u>
Net change in fund balance	(7,660)
Fund balance, beginning of year	<u>493,583</u>
Fund balance, end of year	<u>\$ 485,923</u>

The accompanying notes are an integral part of this supplementary information.

Village of Channahon, Illinois
Tax Increment Financing District Fund
NOTES TO SUPPLEMENTARY INFORMATION
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Channahon, Illinois, Tax Incremental Financing (TIF) District Fund follows fund accounting principles appropriate for local governments and the requirements of the Tax Increment Allocation Redevelopment Act (P.A. 86-142). This supplementary information does not present the financial position or results of operations of the Village of Channahon, Illinois (the Village).

1. **Basis of Accounting**

This supplementary information is prepared on the modified accrual basis of accounting; accordingly, revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred. Debt service expenditures are recognized when due.

2. **Investments**

Investments of the Village are stated at fair value. Changes in fair value are included in investment income.

3. **Receivables**

The recognition of receivables and revenue associated with exchange and nonexchange transactions is as follows:

- * Derived tax receivables (such as: sales, income, and motor fuel taxes) are recognized when the underlying exchange has occurred.
- * Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- * Government mandates or voluntary nonexchange transaction receivables (such as: mandates or grants) are recognized when all eligibility requirements have been met.

Village of Channahon, Illinois
Tax Increment Financing District Fund
NOTES TO SUPPLEMENTARY INFORMATION
April 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds within the Village for goods provided, services rendered, and for lending/borrowing purposes. These receivables and payables are classified as "due from/to other funds" (the current portion of interfund balances) or "advances from/to other funds" (the noncurrent portion of interfund balances) on the balance sheet. At April 30, 2018, all interfund balances are classified as due from/to other funds because they are intended to be repaid within one year.

5. Deferred Inflows

In addition to liabilities, the TIF District may report deferred inflows of resources. Deferred inflows of resources represent the acquisition of resources that is applicable to future reporting periods. At April 30, 2018, the TIF District's property taxes levied for a future period are reported as deferred inflows of resources.

6. Fund Balance

The Fund reports restrictions of fund balance for amounts that are legally restricted by outside parties to be used for specific purposes.

7. Use of Estimates

In preparing supplementary information, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the supplementary information, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Village of Channahon, Illinois
Tax Increment Financing District Fund
NOTES TO SUPPLEMENTARY INFORMATION
April 30, 2018

NOTE B - DEPOSITS AND INVESTMENTS

1. Deposits

As of April 30, 2018, the TIF District Fund did not have any deposits with banks; however, the TIF District Fund held varying deposit balances throughout the fiscal year which were fully insured by the Federal Deposit Insurance Corporation.

2. Investments

Statutes authorize the Village to invest in direct and general obligations of the United States of America, obligations issued or guaranteed by instrumentalities or agencies of the United States of America, pre-refunded municipal obligations, direct and general obligations of any state, interest-bearing demand or time deposits or interest in money market portfolios issued by state banks or trust companies or national banking associations or savings and loan associations that are continuously and fully insured, corporate debt guaranteed by any corporation that is rated by Moody's and S & P in their two highest rating categories, repurchase agreements with maturities of 30 days or less, prime commercial paper of a United States corporation, public housing bonds issued by public agencies, shares of a diversified open-end management investment company or state pooled investment funds.

The Village's investments recorded in the TIF District Fund at April 30, 2018 are in U.S. Treasury obligations. These investments have a value of \$595,185, and are considered a level 2 investment. The investments held in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The relationship between the Village and the investment agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditorship. Additional information about the Village's investment policy and other deposits and investments of the Village are disclosed in the Village's April 30, 2018 Comprehensive Annual Financial Report.

Village of Channahon, Illinois
 Tax Increment Financing District Fund
 NOTES TO SUPPLEMENTARY INFORMATION
April 30, 2018

NOTE C - LONG-TERM LIABILITIES

The Village issued \$4,740,000 of Limited Obligation Tax Increment Revenue Bonds on April 16, 2013, at an interest rate of 4.00 percent, to provide resources to refund the Series 2000 Limited Obligation Tax Increment Revenue Bonds. Repayment of the Series 2013 bonds is to be made in annual installments through January 1, 2020, and will be financed by the TIF District property tax revenues. The Village used the proceeds of this issue to refund the remaining outstanding 2000 Tax Increment Revenue Bonds on May 16, 2016. The remaining principal balance of the 2013 bonds at April 30, 2018 is \$1,490,000. Annual debt service payments required to service these bonds as of April 30, 2018 are as follows:

Years Ending April 30,	Principal	Interest	Total
2019	\$ 730,000	\$ 59,600	\$ 789,600
2020	760,000	30,400	790,400
	\$ 1,490,000	\$ 90,000	\$ 1,580,000

The long-term debt attributed to the TIF District Fund described above is not reported in these financial statements, since these are fund financial statements.

NOTE D - PROPERTY TAXES

Property tax levies are recognized as revenues in the fiscal period they are intended to finance. The amounts recorded as revenue for fiscal year 2018 represent the taxes from the 2016 and prior year levies that have been collected by Will and Grundy Counties and have been distributed to the Village within sixty days of fiscal year-end.

The budget ordinance anticipates that the 2017 property tax levy will be used to finance fiscal year 2019 expenditures. The 2017 levy has been recognized as a receivable, less an allowance for uncollectible property taxes amounting to 1 percent, as of April 30, 2018, but recognition as revenue has been deferred to fiscal year 2019.

Village of Channahon, Illinois
Tax Increment Financing District Fund
NOTES TO SUPPLEMENTARY INFORMATION
April 30, 2018

NOTE D - PROPERTY TAXES (Continued)

The calendar of the 2017 property tax levy is as follows:

Levy Date - December 18, 2017

Lien Date - January 1, 2017

Due Date(s) - on or about June 1 and September 1, 2018

Estimated Collection Dates - May 16, 2018 through December 15, 2018

NOTE E - INTERFUND LOAN

At April 30, 2018, the TIF District Fund has a loan in the amount of \$109,262 from the General Fund.

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT ACCOUNTANTS' REPORT

To the Village President and Board of Trustees
Village of Channahon

We have examined management's assertion that the Village of Channahon, Illinois (the Village), complied 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), during the year ended April 30, 2018, for the Tax Increment Financing District Fund. The management of the Village is responsible for the Village's compliance with those related requirements and for its related assertion. Our responsibility is to express an opinion on management's assertion about the Village's compliance, referred to above, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion referred to above is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the Village of Channahon, Illinois, complied, in all material respects, with the aforementioned requirements, which are publicly available, is fairly stated for the year ended April 30, 2018.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
October 10, 2018