

**Village of Downers Grove
Downtown Redevelopment
Tax Increment Financing Funds**

Independent Auditor's Reports and Financial Statements

December 31, 2021

**Village of Downers Grove
Downtown Redevelopment
Tax Increment Financing Funds
December 31, 2021**

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Independent Auditor's Report

The Honorable Mayor and Members
of the Village Council
Village of Downers Grove, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the General Obligation Bonds Downtown Redevelopment TIF Fund (a debt service fund) and the Downtown Redevelopment TIF Fund (a special revenue fund) (together the Downtown Redevelopment TIF District Funds or the Funds) of the Village of Downers Grove, Illinois, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Downtown Redevelopment TIF District Funds of the Village of Downers Grove, Illinois, as of December 31, 2021, and the changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and the Funds, 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 opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Downtown Redevelopment TIF District Funds and do not purport to, and do not, present fairly the financial position of the Village of Downers Grove, Illinois, as of December 31, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are 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.

Auditor's 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 auditor's 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 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, 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 Village'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 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.

FORVIS, LLP

Oakbrook Terrace, Illinois
June 16, 2022

Village of Downers Grove Downtown Redevelopment Tax Increment Financing Funds

Balance Sheet
December 31, 2021

	General Obligation Bonds Downtown Redevelopment TIF Fund	Downtown Redevelopment TIF Fund
Assets		
Cash and investments	\$ -	\$ -
Property tax receivable	-	-
	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities	\$ -	\$ -
Deferred Inflows of Resources		
Property taxes levied for future periods	-	-
Fund Balances		
Restricted for economic development	-	-
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ -</u>

**Village of Downers Grove
Downtown Redevelopment
Tax Increment Financing Funds**
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2021

	General Obligation Bonds Downtown Redevelopment TIF Fund	Downtown Redevelopment TIF Fund
Revenues		
Property tax revenue	\$ -	\$ 4,731,218
Expenditures		
Current		
Community development	-	208,835
Debt service		
Principal retirement	5,010,000	-
Interest and other	100,996	-
Total expenditures	5,110,996	208,835
Excess (Deficiency) of Revenue Over Expenditures	(5,110,996)	4,522,383
Other Financing Sources (Uses)		
Transfers from other funds	5,110,996	300,000
Transfers to other funds	-	(5,110,996)
Total other financing sources (uses)	5,110,996	(4,810,996)
Net Change in Fund Balances	-	(288,613)
Fund Balances, Beginning of Year	-	288,613
Fund Balances, End of Year	\$ -	\$ -

Village of Downers Grove Downtown Redevelopment Tax Increment Financing Funds

Notes to Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies

The financial statements of the Downtown Redevelopment Tax Increment Financing District Funds (Funds) of the Village of Downers Grove, Illinois (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. The more significant of the Village's accounting policies are described below.

Reporting Entity

The financial statements present only the Downtown Redevelopment Tax Increment Financing Funds, funds of the Village of Downers Grove. They do not purport to, and do not, present fairly the financial position of the Village of Downers Grove, Illinois, the changes in its financial position or, where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America.

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.

The General Obligation Bonds Downtown Redevelopment TIF Fund is classified as a Governmental Debt Service Fund. The Downtown Redevelopment TIF Fund is classified as Governmental Special Revenue Fund.

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 and current liabilities 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

Village of Downers Grove Downtown Redevelopment Tax Increment Financing Funds

Notes to Financial Statements

December 31, 2021

measurable and available and for the period intended to finance. A one-year availability period is used for revenue recognition for all other governmental fund revenues. 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 uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as expenditures.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Fund Balance

Equity is classified as fund balance in the financial statements and displayed in five components:

Nonspendable - includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g., inventory or prepaid items).

Restricted - includes amounts constrained for a specific purpose by external parties (e.g., Debt Service, Economic Development, State and Federal Grant Funds).

Committed - includes amounts constrained for a specific purpose by a government using its highest level of decision-making authority, the Village Council. This formal action (ordinance) must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Council that originally created the commitment.

Assigned - includes amounts constrained for a specific purpose by the Village Council or by an official that has been delegated authority to assign amounts. The Village Council may also take official action to assign amounts. Additionally, all remaining positive spendable amounts in governmental funds that are neither restricted nor committed are considered assigned. Assignments may take place after the end of the reporting period.

Village of Downers Grove Downtown Redevelopment Tax Increment Financing Funds

Notes to Financial Statements

December 31, 2021

Unassigned - includes negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Interfund Transactions

Interfund transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

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 December 31, 2021, the total cash and investments of the Funds was \$0.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate

Village of Downers Grove Downtown Redevelopment Tax Increment Financing Funds

Notes to Financial Statements

December 31, 2021

risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations in shorter-term securities.

Custodial Credit Risk

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village, an independent third-party or the Federal Reserve Bank in the Village's name. At year end, the Fund did not have any deposits that were exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Village limits its exposure to credit risk limiting investments to the safest types of securities; pre-qualifying the financial institutions, intermediaries, and advisors with which the Village will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Illinois Funds are rated AAA.

Note 3: Receivables – Taxes

Property taxes for 2021 attach as an enforceable lien on January 1 of the year of the levy on property values assessed as the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2022 and August 1, 2022, and are payable in two installments, on or about June 1, 2022 and September 1, 2022. 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. As the 2021 tax levy is intended to fund expenditures for the 2022 fiscal year, these taxes are deferred as of December 31, 2021.

Village of Downers Grove Downtown Redevelopment Tax Increment Financing Funds

Notes to Financial Statements

December 31, 2021

Note 4: Long-Term Debt

General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government and are not reported at the fund level.

The changes in the general long-term debt related to the TIF (not reported herein) during the year ended December 31, 2021, were as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021
\$5,805,000 General Obligation Refunding Bonds, Series 2010A, dated March 4, 2010, due in installments of \$175,000 to \$2,690,000 beginning January 1, 2011, plus interest ranging from 2.00% to 5.00%, due January 1, 2021.	\$ 2,690,000	\$ -	\$ 2,690,000	\$ -
\$5,150,000 General Obligation Refunding Bonds, Series 2010B, dated November 10, 2010, due in installments of \$200,000 to \$1,210,000 beginning January 1, 2014, plus interest ranging from 3.00% to 4.00%, due January 1, 2021.	1,210,000	-	1,210,000	-
\$2,255,000 General Obligation Refunding Bonds, Series 2017, dated October 3, 2017, due in installments of \$15,000 to \$1,110,000 beginning January 1, 2018, plus interest of 1.720%, due January 1, 2021.	1,110,000	-	1,110,000	-
Total	\$ 5,010,000	\$ -	\$ 5,010,000	\$ -

Note 5: Transfers

In the current year, the Downtown Redevelopment TIF Fund transferred \$5,110,996 to the General Obligation Bonds Downtown Redevelopment TIF Fund to fund scheduled debt service. The General Obligation Bonds Downtown Redevelopment TIF Fund also received a transfer in of \$300,000 from the Village's Parking Fund.



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Independent Auditor's Report on Compliance With Public Act 85-1142

The Honorable Mayor and Members
of the Village Council
Village of Downers Grove, Illinois

We have audited the Village of Downers Grove's compliance with the provisions of subsection (q) of Section 11-74.4-5 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for its Downtown Redevelopment Tax Increment Financing Funds for the year ended December 31, 2021. The management of the Downers Grove, Illinois is responsible for the Village'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 Village complied in all material respects with the requirements referred to above. An audit includes examining, on a test basis, evidence about the Downers Grove, Illinois' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Downers Grove, Illinois complied, in all material respects, with the requirements of subsection (q) of Section 11-74.4-5 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) for the Downtown Redevelopment Tax Increment Financing Funds for the year ended December 31, 2021.

FORVIS, LLP

Oakbrook Terrace, Illinois
June 16, 2022