

**CITY OF OLNEY
OLNEY, ILLINOIS**

**TAX INCREMENT FINANCING FUND
AUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED APRIL 30, 2018

**CITY OF OLNEY
TAX INCREMENT FINANCING FUND
AUDITED FINANCIAL STATEMENTS
YEAR ENDED APRIL 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Olney
Olney, Illinois

We have audited the financial statements of the Tax Increment Financing Fund of the City of Olney, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Tax Increment Financing Fund of the City of Olney, Illinois, as of April 30, 2018, and the respective changes in modified cash basis financial position thereof and the respective budgetary comparison for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis-of-matter

As discussed in Note 1, the financial statements present only the Tax Increment Financing Fund and do not purport to, and do not present fairly the financial position of the City of Olney, Illinois, as of April 30, 2018, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with the modified cash basis of accounting. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The signature is written in a cursive, slightly slanted style.

Kemper CPA Group LLP
Certified Public Accountants and Consultants

August 27, 2018



INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Mayor and City Council
City of Olney
Olney, Illinois

We have examined the City of Olney, Illinois' Tax Increment Financing Fund's compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 84-1417) for the year ended April 30, 2018. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Olney, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Olney, Illinois' compliance with specified requirements.

In our opinion, the City of Olney, Illinois, complied in all material respects with the aforementioned requirements during the year ended April 30, 2018.

This report is intended solely for the information and use of the Mayor, City Council, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'KEMPER CPA GROUP LLP'. The signature is written in a cursive, flowing style.

Kemper CPA Group LLP
Certified Public Accountants and Consultants

August 27, 2018

**CITY OF OLNEY, ILLINOIS
TAX INCREMENT FINANCING FUND
BALANCE SHEET - MODIFIED CASH BASIS
APRIL 30, 2018**

Assets:	
Cash	\$ 289,295
Total Assets	<u>\$ 289,295</u>
Fund Balance:	
Restricted	\$ 289,295
Total Fund Balance	<u>\$ 289,295</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLNEY, ILLINOIS
TAX INCREMENT FINANCING FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2018**

Revenue:	
Property taxes	\$ 115,102
Interest income	2,615
Total Revenue	<u>117,717</u>
Expenditures:	
Professional services	6,423
Redevelopment costs	15,210
Total Expenditures	<u>21,633</u>
Net Change in Fund Balance	96,084
Fund Balance - Beginning of Year	<u>193,211</u>
Fund Balance - End of Year	<u><u>\$ 289,295</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLNEY, ILLINOIS
TAX INCREMENT FINANCING FUND
BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2018**

	Budget	Actual	Actual Over (Under)
Revenue:			
Taxes	\$ 107,000	\$ 115,102	\$ 8,102
Interest income	1,000	2,615	1,615
Total Revenue	108,000	117,717	9,717
Expenditures:			
Legal fees & audit	6,450	6,423	(27)
Professional fees	8,300	-	(8,300)
Redevelopment costs	15,250	15,210	(40)
Total Expenditures	30,000	21,633	(8,367)
Net Change in Fund Balance	\$ 78,000	96,084	\$ 18,084
Fund Balance - Beginning of Year		193,211	
Fund Balance - End of Year		\$ 289,295	

The accompanying notes are an integral part of these financial statements.

CITY OF OLNEY, ILLINOIS
TAX INCREMENT FINANCING FUND
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The accompanying financial statements present only financial position and the results of operations for the Tax Increment Financing Fund and do not contain financial data for any other fund of the City of Olney, Illinois.

B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Tax Increment Financing Fund, a special revenue fund, is the only fund in the financial statements in this report. A special revenue fund is a governmental fund and is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The City maintains its accounting records for the Tax Increment Financing Fund on the modified cash basis. Accordingly, revenue and expenditures or expenses are recorded when received and disbursed. This differs from the generally accepted accounting principle of recording revenues and expenditures of governmental funds when they become measurable and available and when the related liability is incurred. As a result these statements are not intended to and do not present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

The City adopts its budget in accordance with the modified cash basis of accounting. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes both proposed expenditures and the expected revenue for the fiscal year.
2. Public hearings are conducted at an advertised location to obtain taxpayer comments on the proposed budget.
3. The City Council approves the original budget on April 24, 2017.

CITY OF OLNEY, ILLINOIS
TAX INCREMENT FINANCING FUND
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash

For purposes of the Statement of Assets, the City considers all checking, savings, certificates of deposits, and money market accounts, as cash. As such, the City does not maintain any cash equivalents.

F. Fund Equity

According to Government Auditing Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance based on the nature and extent of the constraints placed on a government's fund balances. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balance - amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned fund balance – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for a specific purpose. Only the City Council may assign amounts for specific purposes.

Unassigned fund balance – all other spendable amounts.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

G. Date of Management's Review

The City has evaluated subsequent events through August 27, 2018, the date which the financial statements were available to be issued.

CITY OF OLNEY, ILLINOIS
TAX INCREMENT FINANCING FUND
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 2 – CASH

A. Cash

The City maintains its' Tax Increment Financing Fund operating cash account at one bank. At April 30, 2018, the carrying amount and bank balance of the Tax Increment Financing Fund cash deposits was \$289,295.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of April 30, 2018, \$39,295 of the City's bank balance of \$289,295 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the City's name	\$ <u>39,295</u>
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NOTE 3 – FUND EQUITY

During the fiscal year ended April 30, 2018, the City Tax Increment Financing fund's cumulative excess of revenues over expenditures was considered restricted for development purposes in accordance with Illinois Compiled Statutes.