

# McGladrey & Pullen

Certified Public Accountants

## Village of Matteson, Illinois

Tax Incremental Finance District I  
Tax Incremental Finance District II  
Tax Incremental Finance District III

Financial and Compliance Report  
April 30, 2005

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Honorable President and  
Members of the Board of Trustees  
Village of Matteson, Illinois

We have audited the accompanying financial statements of the Tax Incremental Finance District I, Tax Incremental Finance District II, and the Tax Incremental Finance District III of the Village of Matteson, Illinois, as of and for the year ended April 30, 2005. These financial statements are the responsibility of the Village's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the financial statements present only the Tax Incremental Finance District I, Tax Incremental Finance District II, and the Tax Incremental Finance District III of the Village of Matteson, Illinois, and are not intended to present fairly the financial position and results of operations of the Village of Matteson, Illinois, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tax Incremental Finance District I, Tax Incremental Finance District II, and the Tax Incremental Finance District III of the Village of Matteson, Illinois, as of April 30, 2005, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also issued a report dated August 5, 2005, on the Tax Incremental Financing Districts' compliance with certain laws, regulations, contracts and grants.

*McGladrey & Pullen, LLP*

Mokena, Illinois  
August 5, 2005

Village of Matteson, Illinois  
Tax Incremental Finance District - Debt Service Funds

Balance Sheets  
April 30, 2005

	1996 Village Hall/ Village Green TIF III Bonds	1997B Village Hall/ Village Green TIF III Bonds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 27,872
Receivables		
Property taxes	100,422	12,227
Miscellaneous	102,009	-
	<u>202,431</u>	<u>40,099</u>
<b>Total assets</b>	<b>\$ 202,431</b>	<b>\$ 40,099</b>
<b>Liabilities And Fund Balances</b>		
Liabilities:		
Due to other funds	\$ 67,356	\$ 27,619
Deferred revenue	100,422	12,227
<b>Total liabilities</b>	<u>167,778</u>	<u>39,846</u>
Fund Balances, unreserved	<u>34,653</u>	<u>253</u>
<b>Total liabilities and fund balances</b>	<b>\$ 202,431</b>	<b>\$ 40,099</b>

See Notes to Financial Statements.

Village of Matteson, Illinois  
Tax Incremental Finance District - Debt Service Funds

Statements of Revenues, Expenditures and Changes in Fund Balances  
Year Ended April 30, 2005

	1997A TIF I Bonds	1996 Village Hall/ Village Green TIF III Bonds	1997B Village Hall/ Village Green TIF III Bonds
Revenues:			
Property taxes	\$ -	\$ 381,706	\$ 16,628
Interest	-	25	485
	-	381,731	17,113
Expenditures, debt service:			
Principal retirement	-	330,000	-
Interest and fees	-	53,692	18,713
<b>Total expenditures</b>	-	383,692	18,713
Excess of revenues or (expenditures)	-	(1,961)	(1,600)
Other financing sources:			
Operating transfer in	-	-	-
Operating transfer (out)	(885)		
Excess revenues and other financing sources or (expenditures)	(885)	(1,961)	(1,600)
Fund balances:			
May 1, 2004	885	36,614	1,853
April 30, 2005	\$ -	\$ 34,653	\$ 253

See Notes to Financial Statements.

Village of Matteson, Illinois  
Tax Incremental Finance District - Capital Projects Funds

Balance Sheets  
April 30, 2005

	Tax Incremental Finance District I	Tax Incremental Finance District II	Tax Incremental Finance District III
<b>Assets</b>			
Cash and cash equivalents	\$ 419,916	\$ 689,380	\$ -
Receivables, other	823	223	155
<b>Total assets</b>	<b>\$ 420,739</b>	<b>\$ 689,603</b>	<b>\$ 155</b>
<b>Liabilities And Fund Balances</b>			
Liabilities			
Due to the other funds	\$ 5,851	\$ -	\$ 80,840
Fund Balances, unreserved (deficit)	414,888	689,603	(80,685)
<b>Total liabilities and fund balances</b>	<b>\$ 420,739</b>	<b>\$ 689,603</b>	<b>\$ 155</b>

See Notes to Financial Statements.

Village of Matteson, Illinois  
Tax Incremental Finance District - Capital Projects Funds

Statements of Revenues, Expenditures and Changes in Fund Balances  
Year Ended April 30, 2005

	Tax Incremental Finance District I	Tax Incremental Finance District II	Tax Incremental Finance District III
Revenues:			
Property taxes	\$ 1,608,610	\$ 443,312	\$ -
Interest	40,382	21,045	-
<b>Total revenues</b>	<u>1,648,992</u>	<u>464,357</u>	<u>-</u>
Expenditures:			
Capital outlay	<u>2,595</u>	<u>347</u>	<u>-</u>
Excess of revenues or (expenditures)	1,646,397	464,010	-
Other financing (uses), operating transfer (out)	<u>(7,014,146)</u>	<u>(1,452,850)</u>	<u>-</u>
Excess revenues or (expenditures and other financing uses)	(5,367,749)	(988,840)	-
Fund balances (deficit):			
May 1, 2004	<u>5,782,637</u>	<u>1,678,443</u>	<u>(80,685)</u>
April 30, 2005	<u>\$ 414,888</u>	<u>\$ 689,603</u>	<u>\$ (80,685)</u>

See Notes to Financial Statements.

Village of Matteson, Illinois  
Tax Incremental Finance Districts

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies**

The financial statements present only the financial position and results of operations of the Tax Incremental Finance Districts of the Village of Matteson, Illinois.

The operations of the Tax Incremental Finance Districts are accounted for through capital projects and debt service funds of the Village of Matteson, Illinois. Currently, only Tax Incremental Finance District I and Tax Incremental Finance District III have debt service funds as only these Districts have outstanding debt. The following describes the various Districts:

Tax Incremental Finance District I: The District was created to implement the Redevelopment Plan and Redevelopment Project at the Southgate Commerce Center and was established by Village ordinance on April 12, 1989.

Tax Incremental Finance District II: The District was created to implement the Redevelopment Plan and Redevelopment Project at Lincoln Mall established by Village ordinance on September 19, 1994.

Tax Incremental Finance District III: The District was created to implement the Redevelopment Plan and Redevelopment Project within the Matteson Commons area established by Village ordinance on July 3, 1995.

Basis of Accounting: The financial statements are prepared on the modified accrual basis of accounting. Revenue is recognized when it becomes both measurable and available, and expenditures generally are recognized when the related liability is incurred.

Property Taxes: The Village annually establishes a legal right to revenue from property tax assessments upon enactment of a tax levy ordinance by the Village Board. Property taxes are recognized as a receivable at the time they are levied. All property taxes for debt service have been abated. Property tax revenues represent incremental property tax receipts on taxable property within the tax incremental financing district for capital projects.

Property taxes are levied in December of each year. Tax bills are mailed at least 30 days prior to the collection deadline. Property tax installments are due in March and September in the year following the levy date. Property taxes are billed and collected by the County Treasurer of Cook County, Illinois.



Village of Matteson, Illinois  
Tax Incremental Finance Districts

**Notes to Financial Statements**

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**Note 2. Deposits and Investments**

The Village is authorized to make deposits in commercial banks and savings and loan institutions and make investments in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements under certain statutory restrictions, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. As of April 30, 2005, cash and cash equivalents of \$1,137,168 were invested in the Illinois Funds which is not subject to risk categorization.

**Note 3. Long-Term Debt**

General Obligation TIF III Bond Series 1996

The Village issued general obligation bonds on December 1, 1996 to provide financing for the purpose of constructing a new Village Hall and the Village Green. These bonds were partially refunded during 2004 by general obligation bond series 2003B. The remaining debt service requirements are due serially on December 1 through 2007, bearing interest at 5.15%. The Village has pledged future tax incremental finance property tax revenues from Redevelopment Project Area #3 (TIF #3) for the repayment of these bonds. Debt service requirements for these bonds are as follows:

	Principal	Interest
Year ending April 30:		
2006	\$ 345,000	\$ 36,307
2007	360,000	18,540
	<u>\$ 705,000</u>	<u>\$ 54,847</u>

Village of Matteson, Illinois  
 Tax Incremental Finance Districts

Notes to Financial Statements

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**Note 3. Long-Term Debt (continued)**

General Obligation TIF III Bond Series 1997B

The Village issued general obligation bonds on February 1, 1997 to provide financing for the purpose of constructing a new Village Hall and the Village Green. The bonds are due serially on December 1 through 2014, bearing interest at 5.00% to 5.125%. The Village has pledged future tax incremental finance property tax revenues within Redevelopment Project Area #3 (TIF #3) for the repayment of these bonds. Debt service requirements for these bonds are as follows:

	Principal	Interest
Year ending April 30:		
2006	\$ -	\$ 17,813
2007	-	17,813
2008	-	17,813
2009	-	17,813
2010	-	17,813
2011	-	17,813
2012	-	17,813
2013	100,000	17,813
2014	125,000	12,813
2015	125,000	6,406
	<u>\$ 350,000</u>	<u>\$ 161,723</u>

Village of Matteson, Illinois  
Tax Incremental Finance Districts

Notes to Financial Statements

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**Note 3. Long-Term Debt (continued)**

General Obligation Refunding Bond Series 2004A

On October 1, 2004, the Village issued \$3,305,000 in 2004A series general obligation refunding bonds with an average interest rate of 2.83 percent to advance refund \$3,075,000 of outstanding 1997A series general obligation TIF I bonds with an average interest rate of 4.96 percent. The proceeds (after bond issue premium of \$24,718 and payment of \$62,622 in issuance costs) were used to purchase \$3,267,096 in U.S. government securities. The U.S. government securities were deposited in an irrevocable trust with an escrow agent to provide for certain future debt service payments on the 1997A general obligation TIF I bonds. As a result, those bond payments are considered defeased and the liability for those bonds has been removed from the Village's financial statements. The refunding resulted in an economic gain of \$33,920, had no net effect on the life of the bonds and decreased the Village's future debt service by \$36,212. The debt is recorded in the government-wide financial statements of the Village. Debt service requirements for these bonds are as follows:

	Principal	Interest
Year ending April 30:		
2006	\$ 385,000	\$ 84,151
2007	395,000	74,526
2008	405,000	65,639
2009	415,000	55,514
2010	425,000	44,931
2011	445,000	31,119
2012	460,000	16,100
	\$ 2,930,000	\$ 371,980

# McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report on Compliance Based on an Audit of  
Financial Statements Performed in Accordance with  
Auditing Standards Generally Accepted  
in the United States of America**

To the Honorable President and  
Board of Trustees  
Village of Matteson, Illinois

We have audited the financial statements of the Tax Incremental Finance District I, Tax Incremental Finance District II and Tax Incremental Finance District III of the Village of Matteson, Illinois, as of and for the year ended April 30, 2005, and have issued our report thereon dated August 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants applicable to the Financing Districts, including the Village's compliance with subsection (q) of Section 11-74.4-3 of the State of Illinois Public Act 85-1142, *An Act in Relation to Tax Increment Financing*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance with the provisions referred to above.

This report is intended solely for the information and use of the members of the Board of Trustees and management and is not intended to be used and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Mokena, Illinois  
August 5, 2005