FY 2022
ANNUAL TAX INCREMENT FINANCE REPORT

STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

Name of Municipality:	**City of Tuscola**	Reporting Fiscal Year:	**2022**
County:	Douglas	Fiscal Year End:	**4/30/2022**
Unit Code:	**021/040/30**		

FY 2022 TIF Administrator Contact Information-Required

First Name:	**J. Drew**	Last Name:	**Hoel**		
Address:	214 N Main ST	Title:	City Administrator		
Telephone:	217-253-2112	City:	Tuscola	Zip:	61953
E-mail	dhoel@tuscola.org				

I attest to the best of my knowledge, that this FY 2022 report of the redevelopment project area(s)

in the **City/Village** of: **Tuscola**

is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and or Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.].

Written signature of TIF Administrator — **Date** 10/20/22

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTICT

Name of Redevelopment Project Area	Date Designated MM/DD/YYYY	Date Terminated MM/DD/YYYY
Amishland TIF Area - TIF 2	2/23/1998	N/A

*All statutory citations refer to one of two sections of the Illinois Municipal Code: The Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

SECTION 2 [Sections 2 through 8 must be completed for each redevelopment project area listed in Section 1.]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

Primary Use of Redevelopment Project Area*:	Retail

*Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

If "Combination/Mixed" List Component Types:	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act	X
Industrial Jobs Recovery Law	

Please utilize the information below to properly label the Attachments.

	No	Yes
For redevelopment projects beginning prior to FY 2022, were there any amendments, to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] **If yes, please enclose the amendment (labeled Attachment A).** For redevelopment projects beginning in or after FY 2022, were there any amendments, enactments or extensions to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] **If yes, please enclose the amendment, enactment or extension, and a copy of the redevelopment plan (labeled Attachment A).**	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] **Please enclose the CEO Certification (labeled Attachment B).**		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] **Please enclose the Legal Counsel Opinion (labeled Attachment C).**		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] **If yes, please enclose the Activities Statement (labled Attachment D).**		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] **If yes, please enclose the Agreement(s) (labeled Attachment E).**		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information (labeled Attachment F).	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] **If yes, please enclose the contract(s) or description of the contract(s) (labeled Attachment G).**	X	
Were there any reports ***submitted to*** the municipality ***by*** the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] **If yes, please enclose the Joint Review Board Report (labeled Attachment H).**	X	
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] **If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached (labeled Attachment J).**	X	
An analysis prepared by a financial advisor or underwriter, chosen by the municipality, setting forth the nature and term of obligation; projected debt service including required reserves and debt coverage; and actual debt service. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] **If attachment I is yes, the Analysis and an accompanying letter from the municipality outlining the contractual relationship between the municipality and the financial advisor/underwriter MUST be attached (labeled Attachment J).**	X	
Has a cumulative of $100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) **If yes, please enclose Audited financial statements of the special tax allocation fund (labeled Attachment K).**		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than $100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] **If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).**		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] **If yes, please enclose the list only, not actual agreements (labeled Attachment M).**	X	
For redevelopment projects beginning in or after FY 2022, did the developer identify to the municipality a stated rate of return for each redevelopment project area? Stated rates of return required to be reported shall be independently verified by a third party chosen by the municipality. **If yes, please enclose evidence of third party verification, may be in the form of a letter from the third party (labeled Attachment N).**	X	

SECTION 3.1 [65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d)]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

Provide an analysis of the special tax allocation fund.

Special Tax Allocation Fund Balance at Beginning of Reporting Period $ 23,814

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	$ 55,164	$ 1,813,627	100%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	$ 63	$ 1,927	0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

All Amount Deposited in Special Tax Allocation Fund	$ 55,227		
Cumulative Total Revenues/Cash Receipts		$ 1,815,554	100%
Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)	$ 11,709		
Transfers to Municipal Sources	$ -		
Distribution of Surplus			
Total Expenditures/Disbursements	$ 11,709		
Net/Income/Cash Receipts Over/(Under) Cash Disbursements	$ 43,518		
Previous Year Adjustment (Explain Below)	$ -		
FUND BALANCE, END OF REPORTING PERIOD*	$ 67,332		

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

Previous Year Explanation:

SECTION 3.2 A [65 ILCS 5/11-74.4-5 (d) (5) (c) and 65 ILCS 5/11-74.6-22 (d) (5)(c)]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	**Amounts**	**Reporting Fiscal Year**
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
Implementation and administration; Legal and Professional		
		$ -
2. Annual administrative cost.		
		$ -
3. Cost of marketing sites.		
Site Marketing Analysis		
		$ -
4. Property assembly cost and site preparation costs.		
Property Acquisition and Site Prep	52	
		$ 52
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of existing public or private building, leasehold improvements, and fixtures within a redevelopment project area.		
Tuscola Packaging Dock Construction	11,657	
		$ 11,657
6. Costs of the constructuion of public works or improvements.		
		$ -

SECTION 3.2 A
PAGE 2

7. Costs of eliminating or removing contaminants and other impediments.		
		$ -
8. Cost of job training and retraining projects.		
		$ -
9. Financing costs.		
		$ -
10. Capital costs.		
		$ -
11. Cost of reimbursing school districts for their increased costs caused by TIF assisted housing projects.		
		$ -
12. Cost of reimbursing library districts for their increased costs caused by TIF assisted housing projects.		
		$ -

SECTION 3.2 A
PAGE 3

13. Relocation costs.		
		$ -
14. Payments in lieu of taxes.		
		$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
		$ -
17. Cost of day care services.		
		$ -
18. Other.		
		$ -

TOTAL ITEMIZED EXPENDITURES		**$ 11,709**

Section 3.2 B [Information in the following section is not required by law, but may be helpful in creating fiscal transparency.]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

List all vendors, including other municipal funds, that were paid in excess of $10,000 during the current reporting year.

Name	Service	Amount
Tuscola Packaging Group, LLC	Developer	$ 11,657.00

SECTION 3.3 [65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FUND BALANCE BY SOURCE	$ 67,332

1. Description of Debt Obligations	**Amount of Original Issuance**	**Amount Designated**
Total Amount Designated for Obligations	$ -	$ -

2. Description of Project Costs to be Paid	**Amount of Original Issuance**	**Amount Designated**
Lot Development		$ 67,332
Total Amount Designated for Project Costs		$ 67,332

TOTAL AMOUNT DESIGNATED	$ 67,332
SURPLUS/(DEFICIT)	$ (0)

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

X	**Indicate an 'X' if no property was acquired by the municipality within the redevelopment project area.**

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (5):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (6):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (7):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 [20 ILCS 620/4.7 (7)(F)]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

PAGE 1

Page 1 MUST be included with TIF report. Pages 2 and 3 are to be included ONLY if projects are listed.

Select ONE of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	

2. The Municipality **DID** undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	
2a. The total number of **ALL** activities undertaken in furtherance of the objectives of the redevelopment plan:	

LIST ALL projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	**11/1/99 to Date**	**Estimated Investment for Subsequent Fiscal Year**	**Total Estimated to Complete Project**
Private Investment Undertaken (See Instructions)	$ 3,139,141	$ 6,000,000	$ 9,139,141
Public Investment Undertaken	$ 1,991,567	$ 400,000	$ 2,391,567
Ratio of Private/Public Investment	1 34/59		3 23/28

Project 1 Name: Amishland Country Acres

Private Investment Undertaken (See Instructions)	$ 3,139,141		$ 3,139,141
Public Investment Undertaken	$ 1,265,394		$ 1,265,394
Ratio of Private/Public Investment	2 25/52		2 25/52

Project 2 Name: Tuscola Boulevard Extension

Private Investment Undertaken (See Instructions)			$ -
Public Investment Undertaken	$ 606,173		$ 606,173
Ratio of Private/Public Investment	0		0

Project 3 Name: Tuscola Packaging Group, LLC

Private Investment Undertaken (See Instructions)			$ -
Public Investment Undertaken	$ 120,000		$ 120,000
Ratio of Private/Public Investment	0		0

Project 4 Name: The Carle Foundation

Private Investment Undertaken (See Instructions)		$ 6,000,000	$ 6,000,000
Public Investment Undertaken		$ 400,000	$ 400,000
Ratio of Private/Public Investment	0		15

Project 5 Name:

Private Investment Undertaken (See Instructions)			$ -
Public Investment Undertaken			$ -
Ratio of Private/Public Investment	0		0

Project 6 Name:

Private Investment Undertaken (See Instructions)			$ -
Public Investment Undertaken			$ -
Ratio of Private/Public Investment	0		0

SECTION 6 [Information requested in SECTION 6.1 is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.

SECTIONS 6.2, 6.3, and 6.4 are required by law, if applicable. (65 ILCS 5/11-74.4-5(d))]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

SECTION 6.1-For redevelopment projects beginning before FY 2022, complete the following information about job creation and retention.

Number of Jobs Retained	Number of Jobs Created	Job Description and Type (Temporary or Permanent)	Total Salaries Paid
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -

SECTION 6.2-For redevelopment projects beginning in or after FY 2022, complete the following information about projected job creation and actual job creation.

The number of jobs, if any, projected to be created at the time of approval of the redevelopment agreement	The number of jobs, if any, created as a result of the development to date, for the reporting period, under the same guidelines and assumptions as was used for the projections used at the time of approval of the redevelopment agreement
0	0

SECTION 6.3-For redevelopment projects beginning in or after FY 2022, complete the following information about increment projected to be created and actual increment created.

The amount of increment projected to be created at the time of approval of the redevelopment agreement	The amount of increment created as a result of the development to date, for the reporting period, using the same assumptions as was used for the projections used at the time of the approval of the redevelopment agreement

SECTION 6.4-For redevelopment projects beginning in or after FY 2022, provide the stated rate of return identified by the developer to the municipality and verified by an independent third party, if any:

SECTION 7 [Information in the following section is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

Provide a general description of the redevelopment project area using only major boundaries.

The Amishland TIF Area - TIF 2 is located south of US Route 36 and south of the I-57 North bound exit ramp in Tuscola, Douglas County, Illinois. The area is bounded on the south and west side by the Scattering Forks drainage ditch.

Optional Documents	Enclosed
Legal description of redevelopment project area	
Map of District	X

City of Tuscola, IL

City of Tuscola - Amishland TIF Area - TIF 2

LEGEND

TIFAreas - Polygon layer

- TIF 1
- Barker Prairie ST TIF 3
- Amishland TIF 2

City of Tuscola ~ July 29, 2022

SECTION 8 [Information in the following section is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.]

FY 2022

Name of Redevelopment Project Area:

City of Tuscola - Amishland TIF Area - TIF 2

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area.

Year of Designation	Base EAV	Reporting Fiscal Year EAV
1998	$ 22,380	$ 748,320

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

X	**Indicate an 'X' if the overlapping taxing districts did not receive a surplus.**

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
City of Tuscola	$ -
Tuscola Community Unit School District # 301	$ -
Douglas County	$ -
Tuscola Township	$ -
Tuscola Public Library	$ -
Parkland Junior College # 505	$ -
Douglas County Historical Museum District	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -

October 17, 2022 Attachment B

Office of the Illinois Comptroller
James R. Thompson Center
Local Government Division
100 West Randolph Street, Suite 15-500
Chicago, IL 60601

Re: City of Tuscola – Tax Increment Financing District
Amishland TIF Area – TIF No. 2

Dear Sir or Madam:

I, Daniel J. Kleiss, am the duly elected Chief Executive Officer of the City of Tuscola, County of Douglas, State of Illinois, and, as such, do hereby certify that the City of Tuscola has complied with all requirements pertaining to the Tax Increment Allocation Redevelopment Act during the most recent Municipal Fiscal Year (May 1, 2021 through April 30, 2022.)

10-20-2022
Date

Daniel J. Kleiss
Daniel J. Kleiss, Mayor

BECKETT LAW OFFICE, P.C.
Attorneys at Law

Chad S. Beckett
Andrew W. B. Bequette

Audrey C. Thompson

Of Counsel
J. Steven Beckett

Urbana Office
508 South Broadway
Urbana IL 61801
(217) 328-0263
(217) 328-0290 FAX

Tuscola Office
401 South Main
P. O. Box 348
Tuscola IL 61953-0348
(217) 253-2383
(217) 328-0290 FAX

Please reply to Tuscola Office

October 24, 2022

Attachment C

Office of the Illinois Comptroller
Local Government Division
100 West Randolph Street, Suite 15-500
Chicago, IL 60601

Re: City of Tuscola – Tax Increment Financing District – Amishland TIF

Greetings:

Please be advised that I am the city attorney for the City of Tuscola, County of Douglas, and State of Illinois. I have been city attorney throughout the fiscal year in question. Further, I have reviewed all pertinent information provided by the City to the Illinois Comptroller, I am familiar with the state statutes concerning the Tax Increment Allocation Redevelopment Act, and I am conversant with and familiar with the ordinances, regulations, and practices of the City of Tuscola concerning its implementation and operation of its TIF program. In my opinion, the City of Tuscola is in full compliance with the Tax Increment Allocation Redevelopment Act.

This opinion relates only to the time period set forth, being this fiscal year, and is based upon all information available to me as of the end of said fiscal year, said opinion being to the best of my knowledge and belief.

Very truly yours,

Andrew W.B. Bequette

Andrew W. B. Bequette,
City Attorney

AWBB/awbb
pc: The City of Tuscola

Attachment D

STATEMENT OF ACTIVITIES FURTHERING OBJECTIVES OF THE REDEVELOPMENT PLAN

AMISHLAND TIF AREA
Tuscola, IL

A. Redevelopment Plan Objectives

This redevelopment project area (Area) was established in February 1998. The objectives of the Tax Increment Redevelopment Plan are to:

1. Project Wide Objectives:

   a. Reduce or eliminate those conditions which qualify the Redevelopment Project Area as eligible for tax increment financing by carrying out the Redevelopment Plan, including installing the needed public improvements stated herein.

   b. Enhance the real estate tax base for the City and all other taxing districts, which extend into the Redevelopment Project Area through the implementation and completion of the activities identified herein.

   c. Encourage and assist private investment within the Redevelopment Area through the provision of financial assistance for new development as permitted by the State of Illinois Tax Increment Allocation Redevelopment Act.

   d. Improve the overall environment of the Area, including public safety and security measures, so as to encourage new investment wherever possible in a manner that is compatible with surrounding land uses.

e. Provide for safe and efficient traffic circulation, facilitate effective emergency response time and accessibility, and general access within the Redevelopment Area.

f. Complete all public and private actions required in this Redevelopment Plan in an expeditious manner.

B. Activities Undertaken/Projects Completed

1. Tuscola Packaging Group completed improvements to a loading dock area.

2. Carle Clinic committed to the purchase of approximately 6 acres from the City of Tuscola for the future construction of a 12,000 square foot medical clinic.

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (the "Agreement") is entered into on the date and by execution shown hereafter, by and between the **City of Tuscola**, a home rule Illinois Municipal Corporation (hereinafter referred to as the "City") and The Carle Foundation, (hereinafter referred to as "Developer").

WHEREAS, the City is the owner of certain real estate in Tuscola, Illinois (the "Property") as shown on the attached **Exhibit A** which is located within the boundaries of the Amishland TIF Area – TIF 2 Redevelopment Project Area (also referred to as "TIF Area"); and

WHEREAS, the TIF Area was established in accordance with the State of Illinois Tax Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et. seq. (the "TIF Act"); and

WHEREAS, Developer and the City propose a program (hereinafter the "Project") to revitalize, expand and/or improve the Property pursuant to the TIF Act; and

WHEREAS, Developer and the City agree that the work required on the Property in order to accomplish the Project cannot be accomplished without the transfer of the property from the City to Developer pursuant to the terms detailed herein; and

WHEREAS, the City did invite proposals for the sale and redevelopment of the Property by public notice in the *Tuscola Review* on December 8, 2021; and

WHEREAS, it is the desire of the City and Developer that the City assist in the revitalization of the subject Property under the City's authority pursuant to the TIF Act; and

WHEREAS, the City is authorized to sell or transfer real estate to a developer under the provisions of the TIF Act and the various City of Tuscola Ordinances that established the TIF Area pursuant to the Act; and

NOW, THEREFORE, in consideration of the promises and agreements set forth below, the parties, for and in consideration of the representations relative to the proposed Project hereby agree as follows:

SECTION 1. RECITALS. The Parties agree that all recitals contained in this Agreement are true and correct, and said recitals are hereby incorporated into the Agreement as though they were fully set forth in Section 1.

SECTION 2. PRIOR AGREEMENTS. That Developer has commenced with work under this Agreement; which work is consistent with this Agreement. Further, that Developer commenced the Project with the understanding that the Property was to be sold to Developer pursuant to this Agreement to be executed between the City and Developer.

SECTION 3. PROJECT AND MUTUAL OBLIGATIONS.

3.1 <u>Developer Obligations:</u>

a. Developer shall purchase the entire property for $280,000, payable at a real estate closing to be effected within three months of execution of this Redevelopment Agreement.

b. Developer currently owns and operates a facility at 301 E Southline Road, Tuscola, Illinois. In the event Developer determines it wishes to no longer own the Southline Road facility, it shall give the right of first refusal to the City. Developer shall either make an offer to purchase the property to the

City or if Developer receives either a bona fide written offer by a willing third party to purchase all or part of the Property which Developer intends to accept, or a purchase agreement which Developer intends to enter into (collectively, "Offer"), Developer shall give written notice to the City at the address provided below accompanied by a copy of such Offer at least fifteen (15) days before the date of contemplated sale. Within thirty (30) business days after receipt of the written notice, the City shall have the right to notify Developer that it is exercising its Right of First Refusal and will purchase the Property pursuant to a purchase agreement which incorporates the terms and conditions of the Offer. If the City fails to exercise its Right of First Refusal within the time stated above, this Right of First Refusal shall have no more force and effect. The parties agree that this Right of First Refusal shall exist separate and apart from this Agreement and from an expiration of the City's TIF District. At the closing in this matter, the parties agree to execute a separate document showing the City's interest in the Southline Road property and agree to record the document at the City's expense.

c. Developer agrees to implement the project and to work with the City to complete the project, which, in general, has the goal of creating a new medical facility within the project area, as proposed in the RFP, attached hereto as Exhibit B.

d. Developer shall obtain and comply with any and all necessary building, electrical, demolition, sign, and other applicable and required permits from the City and shall pay all fees associated therewith. City

acknowledges that the project area is appropriately zoned for a medical facility.

e. Developer guarantees and covenants that the Project will be completed pursuant to local, state, and federal standards and guidelines, including, but not necessarily limited to, the City of Tuscola Code of Ordinances, the International Building Code (2015), the International Residential Code (2015), the International Fire Code (2015), the National Electric Code (2014), the Illinois Plumbing Code, the NFPA Life Safety Code, the Illinois Accessibility Code, the Illinois Carbon Monoxide Detector Act, and the Illinois Energy Conservation Code (2015).

f. Developer shall pay, when due, all taxes and assessments on said premises. It is acknowledged that Developer is an Illinois not-for-profit corporation organized for charitable purposes and may apply for and receive exemption from certain taxes and assessments.

3.2 <u>City Obligations:</u>

a. City shall transfer the entire property for $280,000, payable at a real estate closing to be effected within three months of execution of this Redevelopment Agreement.

3.3 <u>Tax Liability:</u> Developer shall be solely responsible for determining what, if any, tax liability it has incurred pursuant to this Redevelopment Agreement herein and for payment of the same.

SECTION 4. AGREEMENT AS TO TRANSFER OF PREMISES AND CLOSING.

4.1 <u>Closing Place and Date:</u> Closing shall be at an hour and place mutually agreeable by the City and Developer. The closing date shall be within three months of execution of this Redevelopment Agreement;

4.2 **Possession:** The City shall deliver possession of the property to Developer at closing.

4.3 **Taxes and Assessments:** If this option is exercised, the City shall pay or give credit to Developer for all real estate taxes and assessments which are or may become a lien against the property at or before closing. All real estate tax for the property for the period prior to the closing shall be the responsibility of the City. Credit to Developer for general real estate taxes not yet payable shall be computed to day of closing upon the most current tax information available at the time of closing.

4.4. **Documentary Transfer Stamps:** At closing, the City shall pay any documentary transfer revenue stamp tax or the transfer tax customarily imposed upon a Seller in the State of Illinois. Developer shall pay the remaining costs of recording the deed.

4.5 **Title Insurance:** If this option is exercised, at closing, the City shall pay for an owner's title insurance policy and initial search for the commitment. Said title insurance policy shall conform to the terms of the insurance commitment previously submitted.

4.6 **Premises Purchased As Is:** Developer has inspected or has had the opportunity to inspect the premises and is satisfied with the condition of the premises and accepts it in its present condition "AS IS" as of the date of this Agreement. Developer acknowledges that the City has made no representations or warranties concerning the conditions of the premises and the City specifically states that THEY MAKE NO REPRESENTATIONS OR WARRANTIES AS TO THE CONDITION OF THE PROPERTY OR ITS FITNESS FOR ITS PARTICULAR USE.

4.7 **Survey:** Developer may, at Developer's sole expense, cause to have the property surveyed.

4.8 **Warranty of Title:** The City warrants unto Developer that the City either owns, exclusively, the land described above, or possesses full right, title and authority to convey the same unto Developer.

4.9 **Environmental issues:** The City makes no representations as to the environmental condition of the property. Developer has the option of having any environmental studies or testing done at its own expense. If Developer takes title at closing, Developer accepts ownership of the Property as is.

SECTION 5. TIF ACT AMENDMENTS. The parties expressly understand and agree that all payments provided for in this Agreement shall be at all times subject to the requirements and restrictions of the TIF Act.

SECTION 6. "BUT FOR" TIF CERTIFICATION. Developer certifies that without the commitment from the City to selling the Property to Developer at the price detailed herein, it will not be able to proceed with the Project.

SECTION 7. PRIOR AGREEMENTS . This document and exhibits shall inure to the benefit of, and shall be binding upon the parties hereto and their respective heirs, executors, successors, and assign. This Agreement may be recorded as set forth below, and may be modified only by written amendment signed by Developer and the City, and in a manner consistent with the TIF Act, which amendment shall become effective upon recording by either party in the Recorder's Office in Douglas County, Illinois.

SECTION 8. ASSIGNMENT. Either party may assign the rights, duties, and obligations of this Agreement only with the prior written consent of the other party.

SECTION 9. WARRANTIES OF THE CITY. The City represents and warrants to Developer that it is empowered and authorized to execute and deliver this Agreement and to render and deliver the assistance described herein, and to execute and deliver all other agreements and documents, if any, required hereunder to be executed and delivered by the City. This Agreement has been, and each such document at the time it is executed and delivered will be, duly executed and delivered on behalf of the City pursuant to its legal power and authority to do so. When executed and delivered to Developer, all such

agreements shall constitute a legal, valid, and binding obligation of the City, enforceable in accordance with the terms of all such agreements.

SECTION 10. WARRANTIES OF DEVELOPER.

10.1 Developer represents and warrants to the City that Developer is duly organized and existing under the laws of the State of Illinois and that all proceedings of Developer necessary to authorize the negotiation and execution of this Agreement and the consummation of the transactions contemplated by this Agreement have been taken in accordance with applicable law.

10.2 Developer represents and warrants to the City that this Agreement has been duly authorized, executed, and delivered by Developer, and will be enforceable against Developer by its terms, except to the extent that such enforceability shall be limited by bankruptcy, or solvency, or similar laws of general application affecting the enforcement of creditor rights, and by equitable principles.

10.3 Developer represents and warrants to the City that the execution and delivery of this Agreement, and the consummation of the transactions contemplated in this Agreement will not violate any provision of its operating agreement or any other contract, agreement, court order or decree to which Developer may be a party or to which Developer may be subject, or any applicable federal or state law or municipal ordinance.

SECTION 11. DEFAULT. In the event of any default in or breach of any term or condition of this Agreement by either party, or any successor or assignee, the defaulting

or breaching party (or successor or assignee) shall, upon written notice from the other party, proceed immediately to cure or remedy such default or breach, and shall, in any event, within thirty (30) days after receipt of the notice, commence to cure or remedy such default. Prior to taking action against one another, the parties must meet, or attempt to schedule a meeting, either in person or by telephone, in good faith to resolve the items of default or breach without resolution.

In case such cure or remedy is not taken or diligently pursued, or the default or breach shall not be cured or remedied within a reasonable time, the aggrieved party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach.

Remedies shall include, but not be limited to, proceedings to compel specific performance by the defaulting or breaching party.

The venue for proceedings shall be the Sixth Judicial Circuit Court of Illinois, Douglas County, and the Agreement will be interpreted pursuant to the laws of the State of Illinois.

SECTION 12. NON-DISCRIMINATION. Developer agrees that neither the Property nor any portion thereof, shall be sold to, leased, or used by Developer in a manner to permit discrimination or restriction on the basis of race, creed, ethnic origin or identity, race, color, gender, sexual orientation, religion, marital status, age, handicap, or national origin, and that the development of and construction and operations on the Property shall be in compliance with all effective laws, ordinances, and regulations relating to discrimination on any of the foregoing grounds.

SECTION 13. HOLD HARMLESS. Developer shall indemnify and hold harmless the City of Tuscola, its agents, consultants, officers, and employees against all injuries,

deaths, losses, damages, claims, suits, liabilities, judgments, costs, and expenses (including any liabilities, judgments, costs and reasonable attorneys' fees) which may arise directly or indirectly from the failure of Developer or any contractor or agent or employee thereof (so long as such contractor, subcontractor, or agent or employee thereof is hired by Developer) to timely pay any contractor, subcontractor, laborer or material man, from any default or breach of the terms of this Agreement by Developer, or from any gross negligence or reckless or willful misconduct of Developer or any contractor, subcontractor agent or employee thereof (so long as such contractor, subcontractor or agent or employee is hired by Developer). Developer shall, at Developer's own cost and expense, appear, defend and pay all charges of attorneys' costs, and other expenses arising therefrom or incurred in connection therewith. If any judgment shall be rendered against the City of Tuscola, its agents, consultants, officers, officials or employees on any such action, Developer shall, at Developer's own expense, satisfy and discharge the same. This paragraph shall not apply and Developer shall have no obligation whatsoever, with respect to any acts of negligence or reckless or willful misconduct on the part of the City or any of its officers, agents, employees or contractors.

To the fullest extent permitted by law, Developer shall indemnify and hold harmless the City, the City's affiliates, consultants and agents and employees from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the work performed on property or land owned by the City, provided that such claim, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury or to destruction of tangible property (other than the work itself) including loss of use resulting therefrom, but only to the extent caused in whole or in part by acts or omissions of Developer, Developer's employees or agents, Developer's, Developer's employees or agents, anyone directly or indirectly employed by

them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by a party indemnified here under.

The Illinois Prevailing Wage Act, 820 ILCS 120/0.01 et. seq. has been substantially amended and Developer is advised to familiarize itself with the requirements of the statute. Developer shall be solely responsible for determining if the Illinois Prevailing Wage Act applies to the Project and if necessary shall comply with the Illinois Prevailing Wage Act and any amendments to said Act and shall cooperate with the City's efforts to guarantee compliance with the Illinois Prevailing Wage Act, particularly as amendments to the Prevailing Wage Act went into effect on January 1, 2010. In not limiting the foregoing, Developer shall also indemnify and hold harmless the City, its agent, officers and employees against all damages, claims, suits, liabilities, judgments, fines, penalties, cost and expenses which may arise directly or indirectly from any violation of the Illinois Prevailing Wage Act, 820 ILCS 120/0.01 et. seq., in connection with the Project.

SECTION 14. NO JOINT VENTURE, AGENCY, OR PARTNERSHIP CREATED. Neither anything in the Agreement nor any acts of the City and/or Developer under this Agreement shall be construed by the parties or any third person or entity to create the relationship of a partnership, agency, or joint venture between the City or Developer. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any official, officer, agent, employee, or attorney of the City in his or her individual capacity, and neither the members of the Corporate Authorities nor any other official or employee of the City shall be personally liable under this Agreement or be subject to any personal liability or accountability by reason of or in connection with or arising out of the execution, delivery and performance of this Agreement, or any failure in that connection.

SECTION 15. NOTICES. Any notice required or permitted hereunder shall be in writing, signed by the party giving the notice, and shall be deemed given when (a) hand delivered to the party to whom the notice is addressed; (b) mailed by certified mail, return receipt requested, United States mail, postage prepaid; or (c) delivered by overnight courier delivery service (i.e., Federal Express, UPS, etc.) and addressed to the party at the address shown as follows:

To Developer:	To The City:
The Carle Foundation Attn: Legal Services 611 W. Park Street Urbana, IL 61801	City of Tuscola Attention: City Administrator 214 N. Main St. Tuscola, IL 61953

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on this 24 day of January, 2022.

CITY OF TUSCOLA, ILLINOIS

Daniel J. Kleiss

Daniel J. Kleiss, Mayor

ATTEST:

Elizabeth A. Leamon

Elizabeth A. Leamon, City Clerk

Developer

The Carle Foundation

By:_____

Name: _____

Title: _____

Attachments:

_____Exhibit A – Property Location Map With Legal Description

_____Exhibit B – RFP Proposal Submitted by Developer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on this _____ day of January, 2022.

CITY OF TUSCOLA, ILLINOIS

_____

Daniel J. Kleiss, Mayor

ATTEST:

_____

Elizabeth A. Leamon, City Clerk

Developer

The Carle Foundation

By: _____

Name: Nick Crompton

Title: VP of Facilities

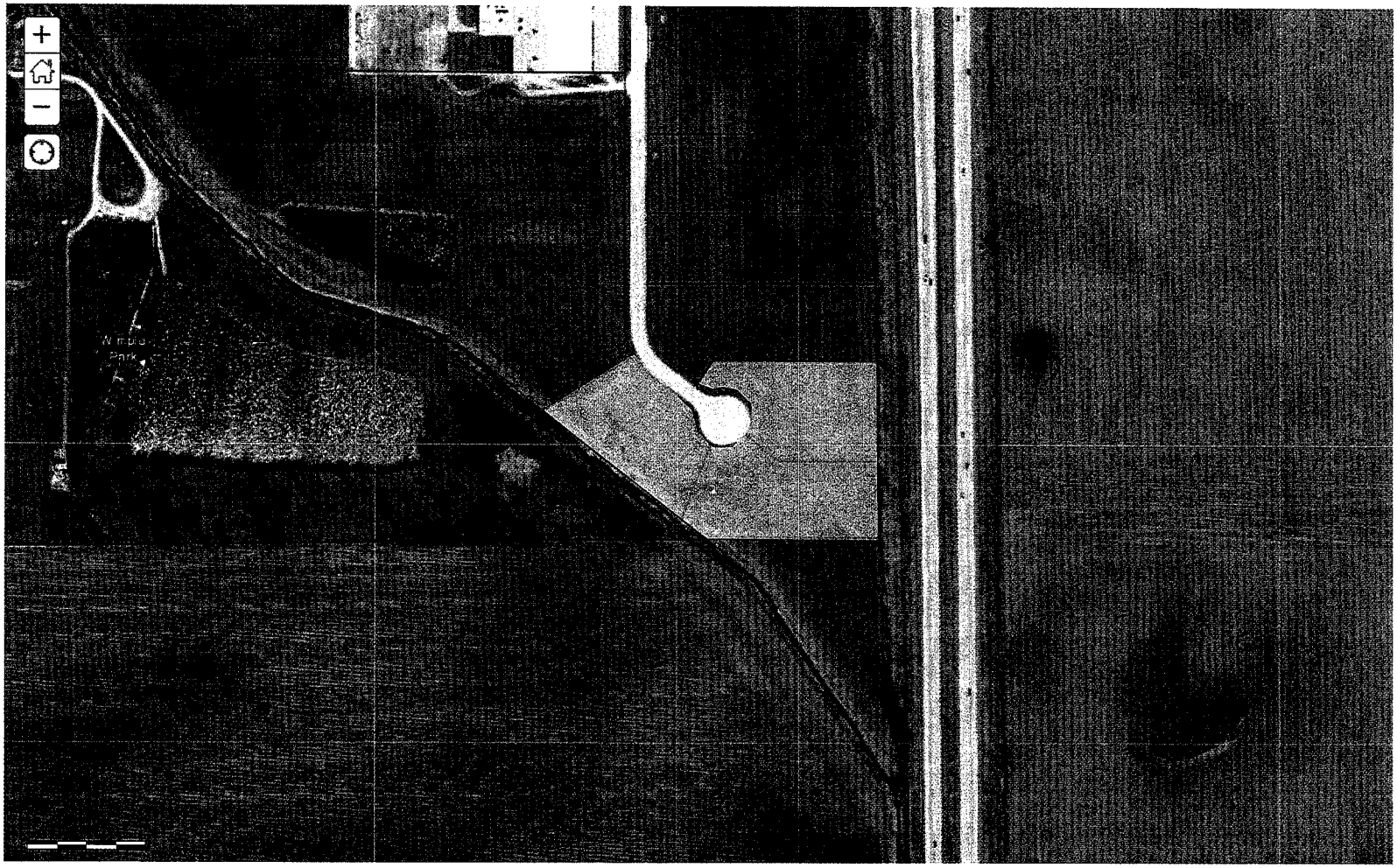
Attachments:

_____Exhibit A – Property Location Map With Legal Description

_____Exhibit B – RFP Proposal Submitted by Developer

City of Tuscola, IL

Exhibit A



Lots 1,2 and 7 of Amishland Country Village Phase II

LEGEND

parcels

City of Tuscola ~ May 17, 2021

Carle

December 21, 2021

City Clerk
Tuscola City Hall
214 N. Main Street
Tuscola, IL 61953

Re: Amishland Sites

In response to the City of Tuscola request for proposals, Carle Health submits the following offer for purchase of Lots 1, 2 and 7 of Amishland County Village Phase II in the City of Tuscola, Douglas County.

Purchase Price: $280,000.00 Cash

Project Summary:
Carle Health will construct a single story 12,000 square foot medical clinic. The building will accommodate space for eight providers utilizing sixteen exam rooms, two treatment rooms, and an outpatient lab and imaging space. Proper support spaces such as offices, receiving, waiting room, telecom and IT data room are included in the program. The development will include a walking path on the property that the staff and community can access and aims to promote a healthier work environment and life style. A surface parking lot is also planned for the site. The surface lot will include planting islands for trees and vegetation, site lighting for safety and adequate fire access will be incorporated.

Mechanical equipment will be screened on the roof which will keep it out of sight and also help reduce noise pollution. The exterior of the clinic will be constructed in a mixture of brick, metal panels and an aluminum glass storefront. The grounds will also be professionally landscaped and irrigated. A no maintenance landscape plan which will focus on native plants and grasses will be implemented on a majority of the site.

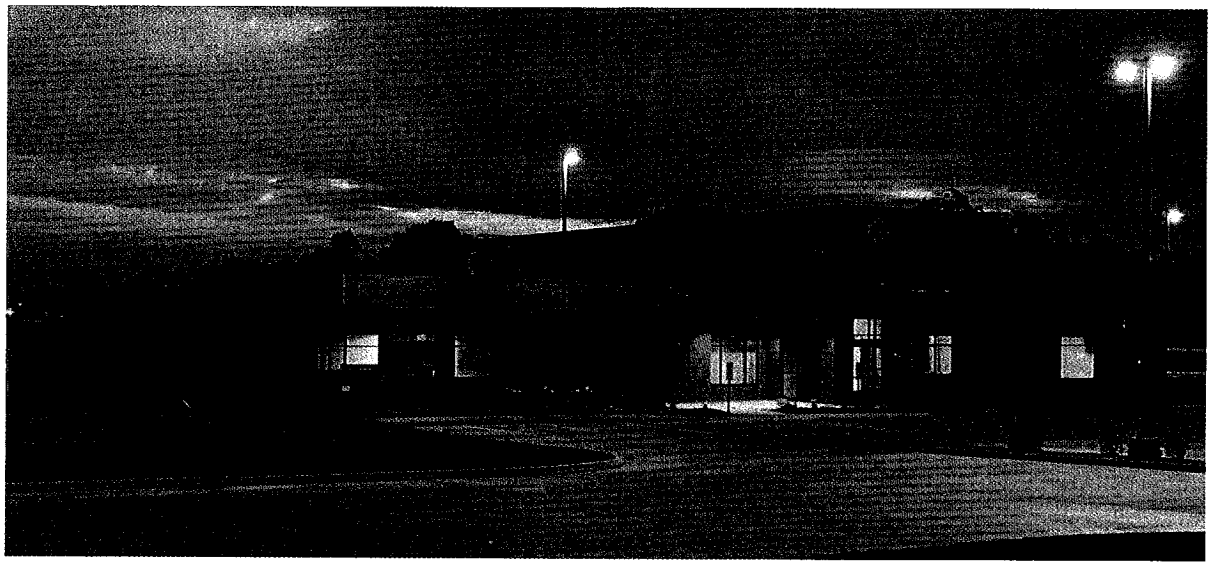
The following pictures represent a clinic and office support building with the Carle Health organization. These facilities were recently completed and set the precedent for the types of exterior materials to be used in the single story Tuscola Clinic.

Carle Health is excited for the opportunity to expand its delivery of quality care to the community.

Marty Smith

Marty Smith
Real Estate Manager
Carle Facility Planning and Construction
406 N. Busey Ave | Urbana, Illinois 61801
Direct (217) 326-2695 | Cell (217) 493-6431
Marty.Smith@carle.com | carle.org

CarleHealth



ATTACHMENT K

CITY OF TUSCOLA
Tuscola, Illinois

ANNUAL FINANCIAL REPORT

April 30, 2022

LWH CPAs

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Tuscola
Tuscola, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Tuscola, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Tuscola, Illinois, as of April 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Tuscola, Illinois, and to meet our 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.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Tuscola, Illinois' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 City of Tuscola, Illinois' 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Tuscola, Illinois' ability to continue as a going concern for a reasonable period of time.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net position liability and related ratios, schedule of employer contributions, and budgetary comparison information on pages 6-18 and 63-76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tuscola, Illinois' basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are 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 audit 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022 on our consideration of the City of Tuscola, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Tuscola, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tuscola, Illinois' internal control over financial reporting and compliance.

Larsson Woodyard + Henson, LLP

Tuscola, Illinois
October 19, 2022

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Tuscola
Tuscola, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Tuscola, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise City of Tuscola, Illinois' basic financial statements, and have issued our report thereon dated October 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Tuscola, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tuscola, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Tuscola, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tuscola, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larsson Woodyard + Henson, LLP

Tuscola, Illinois
October 19, 2022

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2022

As management of the City of Tuscola, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Tuscola for the fiscal year ended April 30, 2022.

Financial Highlights

- The assets of the City of Tuscola exceeded its liabilities at the close of the most recent fiscal year by $45,995,945 (*net position*).

- The City's total net position increased by $2,316,812 during the year compared to last fiscal year's net position.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $9,099,813. Of this amount, $3,805,683 is not specifically assigned to a particular use so it is *available for spending* at the government's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unassigned fund balance for the general fund was $3,535,253.

- City of Tuscola's total debt decreased by $68,560 during the current fiscal year. The City's only loan or bonded indebtedness is in the water and sewer funds and amounts to $847,862 at April 30, 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Tuscola's basic financial statements. The City of Tuscola's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Tuscola's finances, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the City of Tuscola's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Tuscola is improving or deteriorating.

- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tuscola include general government, public safety, public recreation, development, public library, tourism and roadways. The business-type activities of the City of Tuscola include the City of Tuscola Water and Sewer services. The government-wide financial statements do not include funds classified as Fiduciary Funds (discussed further below), because the resources of those funds are not available to support the City's programs.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Tuscola, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Tuscola can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Tuscola maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, TIF Fund, Motor Fuel Tax Fund, Tourism Fund and Library Fund all of which are considered to be major funds.

The City of Tuscola adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-27 of this report.

Proprietary funds. The City of Tuscola maintains two proprietary funds (also called Enterprise Funds). Enterprise Funds are presented as *business-type activities* in the government-wide financial statements. The City of Tuscola uses one enterprise fund to account for its Water service activities and one enterprise fund to account for its Sewer service activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer services, which are considered to be major funds of the City of Tuscola.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

Custodial funds. Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Tuscola's own programs. The City of Tuscola maintains one custodial fund. The Garbage Fund is for the purpose of billing and collecting revenue for Advanced Disposal, the contracted garbage hauler in the City. The accounting used for custodial funds is much like that used for proprietary funds. The basic custodial fund financial statement can be found on page 31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-62 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This supplementary information includes information concerning the City of Tuscola's progress in funding its obligation to provide pension benefits to its employees, additional information about the operation of the water and sewer funds, legal debt margin calculations and assessed valuations, tax rates, taxes extended and collected information about the property tax funding system. Required supplementary information can be found on pages 63-77 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Tuscola, assets exceeded liabilities by $45,995,945 at the close of the most recent fiscal year.

The largest portion of the City of Tuscola's net position (74 *percent*) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Tuscola uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Tuscola's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table reflects the condensed Statement of Net position.

Summary of City of Tuscola's Net Position

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Current and Other Assets	$ 11,363,626	$ 11,032,694	$ 3,325,946	$ 2,999,425	$ 14,689,572	$ 14,032,119
Net Pension Asset	1,667,875	743,708	-	-	1,667,875	743,708
Capital Assets	25,928,443	26,087,455	8,168,157	8,663,573	34,096,600	34,751,028
Total Assets	$ 38,959,944	$ 37,863,857	$ 11,494,103	$ 11,662,998	$ 50,454,047	$ 49,526,855
Deferred Outflow of Resources	$ 276,573	$ 518,236	$ -	$ -	$ 276,573	$ 518,236
Defer'd Outflows of Resources	$ 276,573	$ 518,236	$ -	$ -	$ 276,573	$ 518,236
Long-term Liabilities	$ 46,136	$ 46,372	$ 789,624	$ 858,409	$ 835,760	$ 904,781
Other Liabilities	232,754	2,027,719	249,835	241,187	482,589	2,268,906
Total Liabilities	$ 278,890	$ 2,074,091	$ 1,039,459	$ 1,099,596	$ 1,318,349	$ 3,173,687
Deferred Inflows of Resources						
Def Inflows rel to Pensions	$ 1,367,968	$ 1,143,943	$ -	$ -	$ 1,367,968	$ 1,143,943
Unavai. Rev. - Grant	-	-	-	-	-	-
Unavai. Rev. - Property Taxes	2,048,358	2,048,328	-	-	2,048,358	2,048,328
Total Defer'd Inflows of Res.	$ 3,416,326	$ 3,192,271	$ -	$ -	$ 3,416,326	$ 3,192,271
Net Position:						
Net Invest. in Capital Assets	$ 25,928,443	$ 26,087,455	$ 7,320,296	$ 7,747,151	$ 33,248,739	$ 33,834,606
Restricted	912,621	692,373	271,094	255,537	1,183,715	947,910
Unrestricted	8,700,237	6,335,903	2,863,254	2,560,714	11,563,491	8,896,617
Total Net Position	$ 35,541,301	$ 33,115,731	$ 10,454,644	$ 10,563,402	$ 45,995,945	$ 43,679,133

An additional portion of the City of Tuscola's net position for Governmental Activities ($912,621) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net position, *unrestricted net position* ($8,700,237) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The following table summarizes the revenues and expenses of the City's activities:

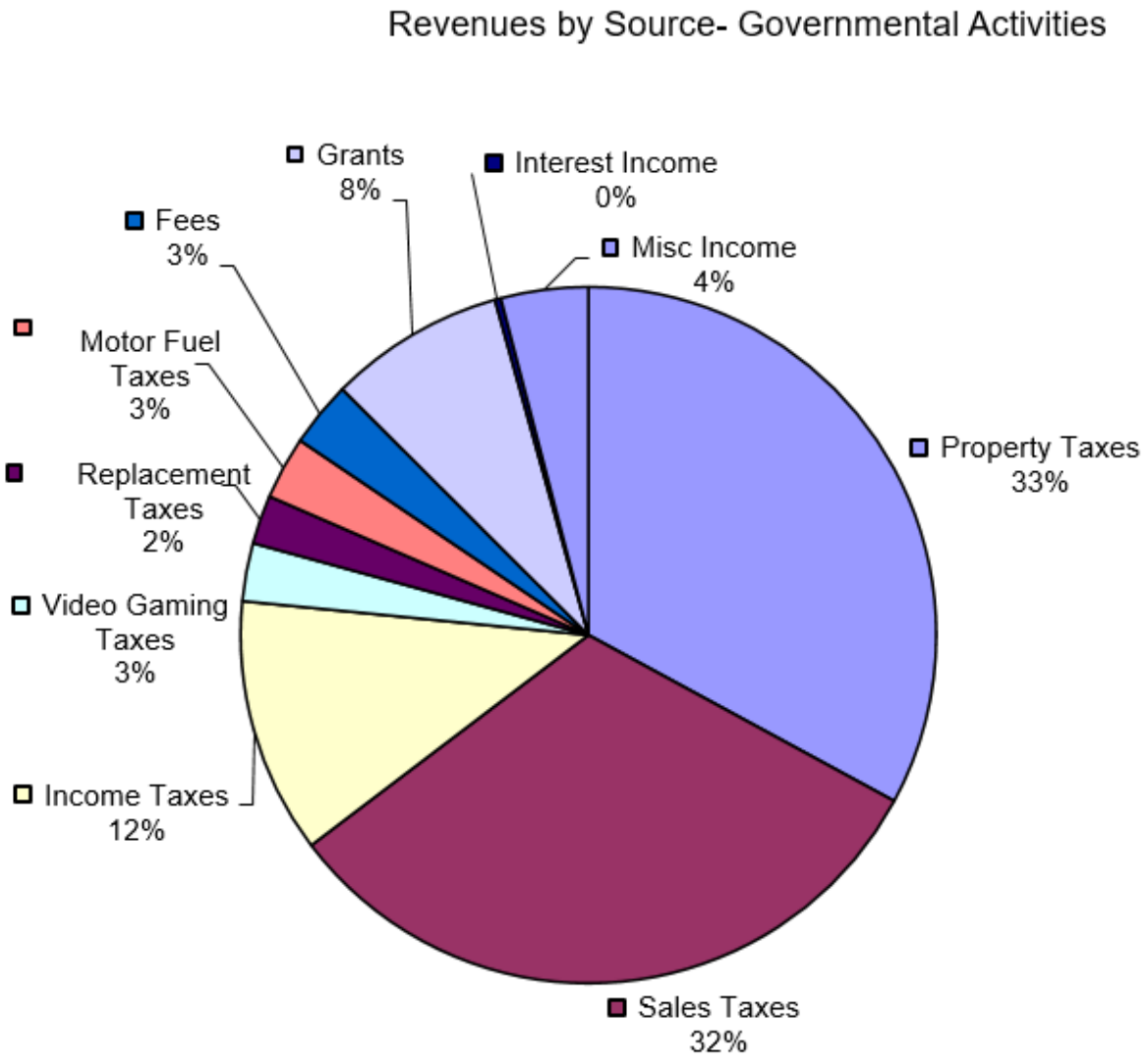
City of Tuscola's Revenues, Expenses and Net Position

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Revenues:						
Program Revenues						
Charges for Services	$ 185,927	$ 112,902	$ 1,752,106	$ 1,716,365	$ 1,938,033	$ 1,829,267
Grants & Contributions	500,026	1,416,468	-	154,804	500,026	1,571,272
General Revenues:						
Property Taxes	2,012,007	2,000,227	-	-	2,012,007	2,000,227
Sales Taxes	1,942,356	1,545,281	-	-	1,942,356	1,545,281
Income Taxes	726,215	543,793	-	-	726,215	543,793
Replacement Taxes	138,669	64,203	-	-	138,669	64,203
Motor Fuel Taxes	178,594	160,402	-	-	178,594	160,402
Video Gaming Taxes	164,825	91,252	-	-	164,825	91,252
Investment Earnings	17,090	19,913	2,799	4,330	19,889	24,243
Memorial Income	2,393					
Investment Impairment	(3,123)	80	-	-	(3,123)	80
Miscellaneous	248,805	91,630	16,479	13,888	265,284	105,518
Total Revenues	$ 6,113,784	$ 6,046,151	$ 1,771,384	$ 1,889,387	$ 7,885,168	$ 7,935,538
Expenses:						
General Government	247,939	474,361	-	-	247,939	474,361
Public Safety	1,162,502	1,050,568	-	-	1,162,502	1,050,568
Public Works	1,132,783	1,127,767	-	-	1,132,783	1,127,767
Culture and Recreation	659,243	539,656	-	-	659,243	539,656
Development	394,450	549,485	-	-	394,450	549,485
Interest on L-T Debt	-	5,919	-	-	-	5,919
Water Department	-	-	1,236,656	1,066,002	1,236,656	1,066,002
Sew er Department	-	-	643,486	609,759	643,486	609,759
Total Expenses	3,596,917	3,747,756	1,880,142	1,675,761	5,477,059	5,423,517
Change in Net Position	2,516,867	2,298,395	(108,758)	213,626	2,408,109	2,512,021
Net Position, Beginning	33,024,434	30,817,336	10,563,402	10,349,776	43,587,836	41,167,112
Net Position, Ending	$ 35,541,301	$ 33,115,731	$ 10,454,644	$ 10,563,402	$ 45,995,945	$43,679,133

Revenues for the City are generated from a number of different sources and are dependent on different financial factors. The majority of revenue is derived from sales taxes and property taxes, as illustrated in the chart below. Property taxes are a stable source of revenues, not dependent on economic trends and fluctuations. The City has maintained its property tax rate such that large increases in any one year should not be necessary. Sales tax revenues, conversely, are heavily dependent on economic trends and the success of a smaller number of local businesses. With the recent effects of changes to Illinois sales tax laws pertaining to on-line purchases, the City of Tuscola now captures much local sales tax from on-

line purchases ***delivered*** to Tuscola addresses instead of only sales at brick-and-mortar stores located in Tuscola. This change has had a large positive impact on sales tax collections, with sales tax revenues for FY 22 rising back up to pre-pandemic levels. Property taxes are derived solely from local property owners, while sales taxes are partly paid by out-of-town shoppers. Keeping sales tax revenues strong and the local economy growing is taking some of the financial burden of running the City's programs off of the local citizenry. Having a balance between those two revenues is essential to the stability of the operations of the City.

During the fiscal year ending April 30, 2022, the City obtained significant funding through grants and contributions. Those grants included the American Rescue Plan Act (ARPA) for assistance with Coronavirus related costs; Firefighter Small Equipment grant from the Office of the State Fire Marshall and the Illinois Department of Transportation's Local Bond Funds for a future bondable road project.

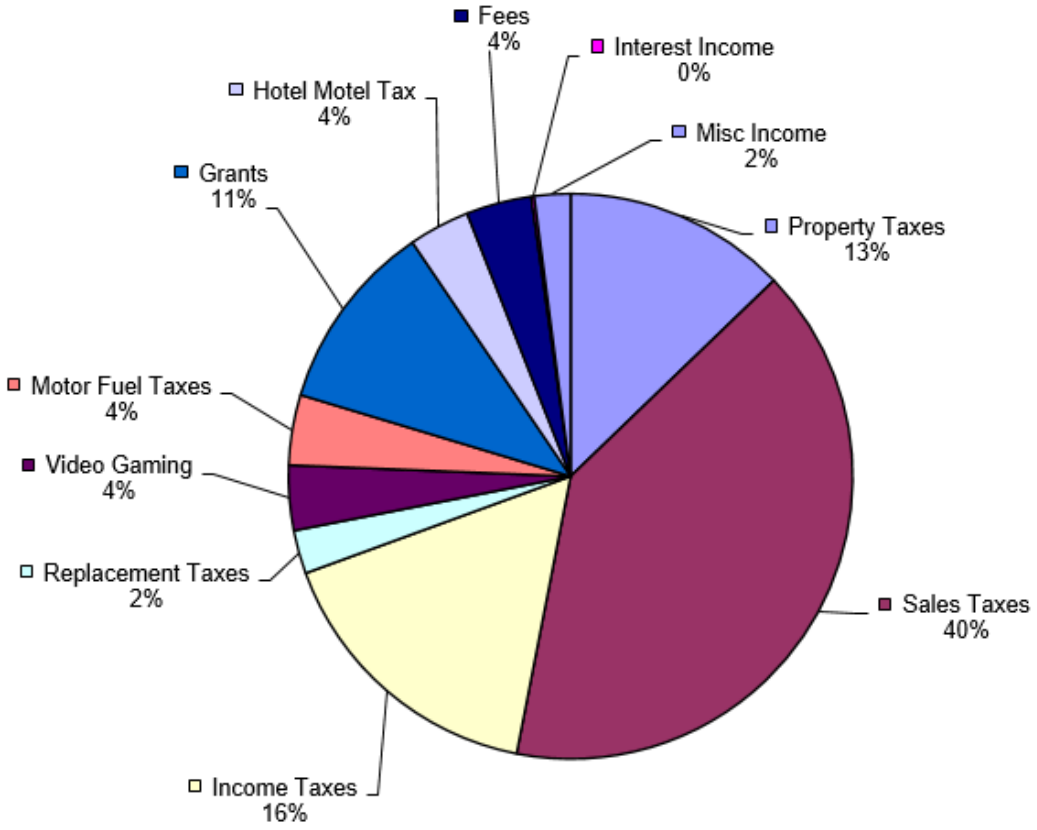


The City of Tuscola is unique in that it has a very successful Tax Increment Financing (TIF) District that provides revenues from property tax increment to fund most of the City's economic development plans. While property tax revenues are a main source of overall revenue for the City's combined funds, the amounts of these types of revenues that are attributable to the TIF District are significant (64%). Two

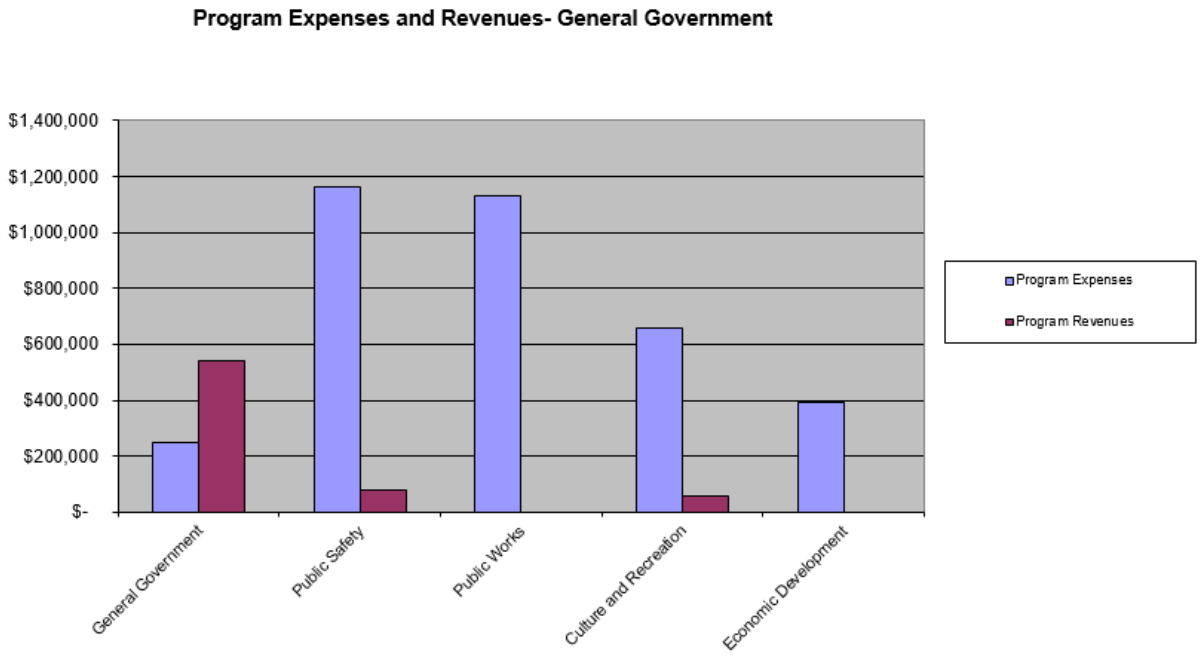
of the City's TIF districts, TIF 1 and Amishland TIF, are scheduled to expire within the next fiscal year, thus final projects and activities are currently being completed in those districts.

When the general government funds are analyzed independently of the Tax Increment Financing Fund, one gets a clearer picture of the priorities of the City's government. As shown in the following chart, the City government has made a priority of keeping property tax levies low to keep the burden off local residents. This is possible due to the high percentage (38%) of sales taxes, paid in large part by out-of-town shoppers.

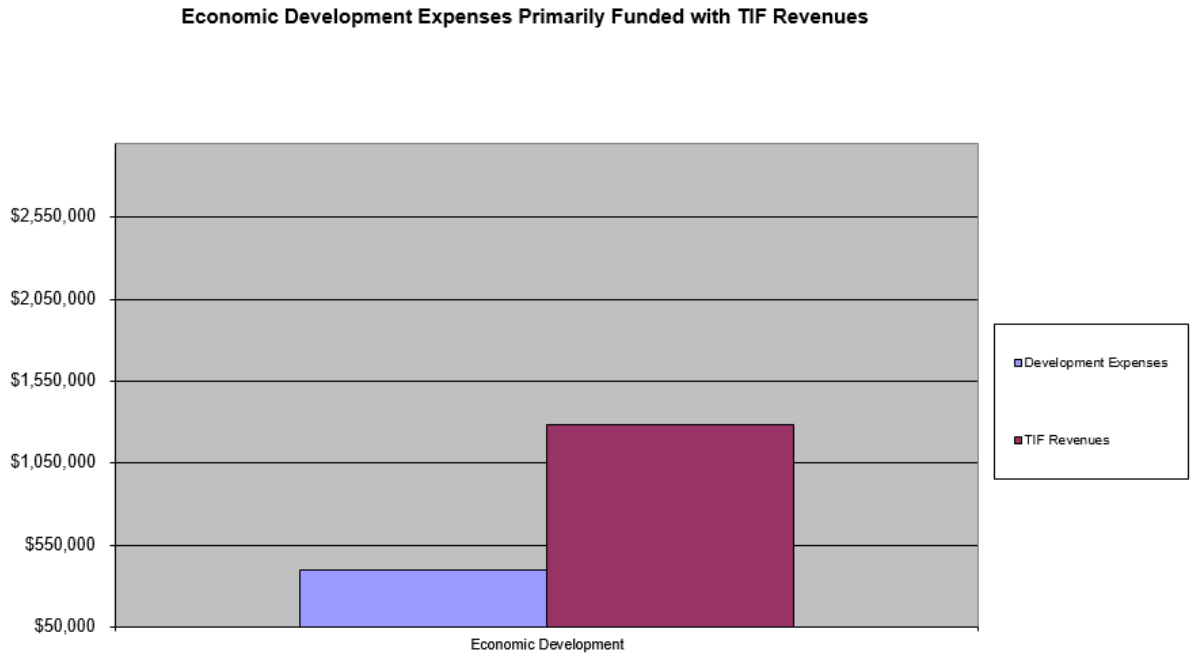
Revenues by Source- Governmental Activities Only (excluding TIF & Library)



The largest program expenses for the City for the fiscal year ending April 30, 2022 were Public Safety at $1,162,502 and Public Works at $1,132,783. Public Works and Public Safety are high priorities for the City as it shows in the spending for those programs. Culture and Recreation expenses for the fiscal year were next largest at $659,243, this is due in large part to the expenditures related to a multi-year grant from the Illinois Department of Natural Resources for capital improvements to Ervin Park. Economic Development expenses were $394,450 for this year. As explained later, the city's focus on economic development would not be possible without the City's Tax Increment Financing District Revenue. General government expenses were at $247,939 for the year. General government expenses account for only 7% of the total program expenses. A breakdown by program of expenses and program revenues follows.



The City of Tuscola funds a vast majority of the economic development programs with Tax Increment Financing revenues, not with General Fund revenues. The following chart shows the current year TIF revenues were the primary means to fund all other expenditures for economic development projects for FY 2022.



Financial Analysis of the Government's Funds

As noted earlier, the City of Tuscola uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Tuscola's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Tuscola's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Tuscola. At the end of the current fiscal year, total fund balance of the general fund was $7,815,938, of that $213,240 is non-spendable or restricted while $4,067,445 is committed by the city council to specific future purposes. For the near term, the city council has allowed a portion of those committed funds to be used as a loan to the TIF fund. The TIF fund is using the money to fund the Barker-Prairie TIF infrastructure improvements that will be repaid from property tax increment over the next few years until the expiration of the Barker-Prairie TIF district. This intra-government loan will ultimately save taxpayers tens of thousands of dollars over issuing bonds for this infrastructure improvement TIF project.

The City's TIF funds are primarily used to assist local businesses in funding projects for economic growth within the TIF districts. Those projects in FY 2022 included the extension of Progress Boulevard to support the new Kirby Foods development. The TIF fund also has on-going receipts of principal and interest income from low interest loans on past TIF funded projects. A complete accounting of TIF funded activities is available in the annual TIF report compiled by the City and submitted to the Office of the Comptroller- State of Illinois.

The City Motor Fuel Tax Funds are used for local street maintenance, as approved by the Illinois Department of Transportation. Specifically, the funds were used for the annual chip & tar maintenance program during FY 2022.

The City's Tourism Funds are derived from a tax on local hotel operators. In FY 2008, the City Council voted to raise the tax percentage from 5% to 6%. Funds derived from the tax are dedicated to tourism and marketing efforts within the City.

Proprietary funds. The City of Tuscola maintains two proprietary funds, the Water Fund and the Sewer Fund. These fund financials provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the proprietary funds at the end of the year amounted to $10,454,644.

The Water Fund revenues come from fees charged to users of the City's water system. Expenses for the operation of the water system are paid exclusively from those funds. The City's water system, as any infrastructure system, is continually being upgraded and maintained. The Water Fund revenues are also used for debt service on Illinois EPA revolving loan funds. Those loan funds were used to complete a major pipeline upgrade and maintenance to the city's water tower.

The Sewer Fund revenues come from fees charged to users of the City's sewer system. Expenses for the operation of the sewer system are paid exclusively from those funds. The City's sewer system, as any infrastructure system, is continually being upgraded and maintained using sewer system fund balances. Illinois EPA revolving loan funds were used to upgrade the city's sewer treatment facility. Those funds are also being repaid from the sewer fund revenues.

General Fund Budgetary Highlights

The City staff develops a working budget prior to the beginning of each fiscal year. This working budget is based on City Council goals of what programs to fund, capital projects and purchases desired, levels of taxation, types and amounts of user fees, estimates of State revenues, historical operating expenses and desired cash reserves and fund balance. The working budget is presented to the City Council and adopted by majority vote. The City staff use this budget to guide operations throughout the fiscal year.

The legal spending limits of the City of Tuscola, as in many municipal governments, are set by the appropriation budget. The appropriation budget is also developed by City staff taking into account the maximum acceptable spending for operations and other possible contingencies. The appropriation budget is passed via ordinance of the City Council in accordance with State statues. The City Council may vote to transfer appropriated amounts between departments or line items as needed during the year. But there are very few remedies, as described in the State statutes, if the total appropriation amount needs to be raised or lowered.

During the fiscal year 2022 there was no change in overall appropriations amounts between the original and final amended appropriation budget.

Capital Asset and Debt Administration

Capital assets. The City of Tuscola's investment in capital assets for its governmental and business-type activities as of April 30, 2022, amounts to $34,096,600 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, water system, sewer system, storm sewer system, parks, roads, highways, and bridges. The following Comparative Statement of Capital Assets, net of depreciation shows the change in assets for the governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Land	$ 3,262,001	$ 3,276,202	$ 637,198	$ 637,198	$ 3,899,199	$ 3,913,400
Land Improvements	1,454,237	1,400,508	-	-	1,454,237	1,400,508
Buildings	2,783,680	2,922,836	-	-	2,783,680	2,922,836
Plant, Machinery & Equipment	222,616	202,518	4,300,825	4,589,233	4,523,441	4,791,751
Vehicles	975,103	1,057,549	103,604	119,974	1,078,707	1,177,523
Distribution System	-	-	3,118,745	3,317,168	3,118,745	3,317,168
Infrastructure	17,230,806	17,227,842	-	-	17,230,806	17,227,842
Work in Progress	-	-	7,785	-	7,785	-
	$ 25,928,443	$ 26,087,455	$ 8,168,157	$ 8,663,573	$ 34,096,600	$ 34,751,028

Additional information on the City of Tuscola's capital assets can be found in Note 3 in the Notes to Financial Statements of this report.

Long-term debt. At the end of the current fiscal year, the City of Tuscola had outstanding two (2) IEPA loans totaling $847,862 and the City also incurs long-term debt in the form of accrued compensated absences and pension liabilities. Following is a comparative statement of outstanding debt:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds-Alternate Revenue Bonds	$ -	$ -	$ -	$ -	$ -	$ -
IEPA Loan Payable	-	-	847,862	916,422	847,862	916,422
Less deferred charge on refunding	-	-	-	-	-	-
Net Pension liability	-	-	-	-	-	-
Compensated Absences	63,435	65,699	16,798	15,381	80,233	81,080
Total	$ 63,435	$ 65,699	$ 864,660	$ 931,803	$ 928,095	$ 997,502

The City of Tuscola's total debt decreased by $68,560 during the current fiscal year. Additional information on the City's long-term debt can be found in Note 3 in the Notes to Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

Since the beginning of 2020, all aspects of life, business and government have been dominated by the Coronavirus Pandemic. Worldwide, this novel virus wreaked havoc to people's lives, and Tuscola has certainly not been excluded from that. While early in the pandemic, rural areas such as Tuscola had relatively limited actual outbreaks of the illness, small governments were nonetheless affected by the economic and social consequences of the virus and associated mandated shut-downs. The City of Tuscola incurred additional costs due to virus mitigation efforts, most of which have been covered by grant income from the state and federal government. However, decreased revenues due to mandated shut-downs of businesses and a general slowing of the economy may continue to affect the City's budgets and cash flows for potentially several years past the pandemic. It is fortunate for the City of Tuscola that sufficient reserve funds were set up after the 9/11 crisis and have been built and maintained over the years. Those reserve funds, along with Federal and State grants, should allow the City to continue operations at near normal levels through the pandemic and post-pandemic era.

The Outlets of Tuscola Shopping Center lies within the limits of the City of Tuscola and is a major contributor to the area's economy, as the Center is a large employer and a large generator of local Sales and Property taxes. This contribution helps make the City of Tuscola more financially sound than many communities of similar size or population. Conversely, this also creates financial vulnerabilities for the City in the event of a drastic change in the Center operation. Recent trends in brick-and-mortar retail, along with the devastating effects of the pandemic and shutdown, have taken a toll on the center with declining revenues and closing of a number of stores. Additionally, property tax reduction appeals have

successfully reduced local property tax income from the property. The City is participating in on-going efforts to revitalize and market the property.

During the City's fiscal year ending April 30, 2021, Illinois' Level the Playing Field laws, based on the Federal Marketplace Fairness Act, have been fully implemented to require on-line retailers to begin collecting retail occupation taxes, including locally imposed taxes (aka "sales taxes"), on sales based on the delivery address, where there is no brick-and-mortar presence of that retailer in Illinois. Capturing those sales had an immediate and large impact on the City's sales and home rule sales tax receipts. FY 22 sales tax receipts increased 35% over FY 21 and home rule receipts increased 50% over FY 21. Since these taxes are now imposed on retailers, and thus are no longer reported as use tax, the City's use tax receipts did decline 10% from FY 21 to FY 22. The net overall sales tax type revenues to the City increased 32% from FY 21 to FY 22, with FY 22 totals in the range of the totals for pre-pandemic years when most of the outlet mall stores were occupied. Assuming the bulk of this increase is due to these changes in tax collection laws, the City would expect continued stabilization and improvement in the sales tax receipts.

A new area of interstate-adjacent, commercial properties has been developed within the City at the intersection of I-57 and Route 36. This 36-acre development is now home to a Love's Travel Center, and may house other interstate-centric businesses in the future. With the development of this area, the City of Tuscola funded the cost of the public access road. That road is a direct connection from the southbound exit of I-57 straight north into the property across Route 36. This type of road access is key to interstate retail development and should serve the area well in attracting additional business.

The City has enjoyed a very successful Tax Increment Financing District, which includes the Tuscola Outlet Mall property, downtown business district and the Route 36 corridor, since 1986. That TIF district has generated significant revenues that the City has reinvested in those retail areas of the city. That TIF district, along with the Amishland TIF district, are due to expire in FY 2022. The expiration of those TIF districts will cause a shift in property tax revenues from economic development functions. The City will necessarily work to revise economic development spending priorities and sources. Additionally, that shift will result in an increase in EAV for general government taxing authority and additional general government revenues.

The rate setting (not including TIF EAV of ($17,294,442) equalized assessed value (EAV) of taxable property in the City for 2021 levy year was $64,087,586, which represents one-third market value. Residential properties make up 85% of the EAV for the 2021 levy year. Commercial developments constitute 14% of the EAV. Keeping the City's tax rate low has been a long-standing goal of the City's leadership. After a 10 year period of lowering rates each year, the Council has in recent years maintained a flat rate with only small increases in the prior few years' levies. It is expected that, barring unforeseen events, this goal will continue to drive tax levy decisions in future years. However, as the TIF districts sunset, the 2022 tax year rate setting EAV will increase by the amount of the TIF EAV such that the City will likely increase the tax levy to capture the success of the TIF district investments.

The State of Illinois collects and distributes sales and income tax revenues to the City of Tuscola, as it does to all local governments. Those tax revenues are a significant portion of the general fund revenues for the City. In recent years, the State of Illinois has encountered a mounting fiscal crisis, punctuated by the fact that the General Revenue fund of the state is reaching the largest backlog of unpaid bills in state history. Since issuing bonds to pay down their backlog of unpaid bills, the State is currently caught up in payments to local governments. Due to these financial problems, some state legislators have proposed changes to state law that could negatively impact the City's revenues of sales, replacement taxes and/or

income tax. At this point, none of these changes have been enacted into law, but the State's financial issues, and how the state will address them, remain a potential future dilemma for the City's state tax revenues.

There are currently no other known contingencies that would force a major change in the City's budgeting, spending, or taxation.

Requests for Information

This financial report is designed to provide a general overview of the City of Tuscola's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tuscola, 214 N. Main St., Tuscola, IL 61953.

BASIC FINANCIAL STATEMENTS

CITY OF TUSCOLA

STATEMENT OF NET POSITION
APRIL 30, 2022

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	$ 8,099,596	$ 2,605,381	$ 10,704,977
Due from Douglas County	2,051,336	-	2,051,336
Due from State of Illinois	688,328	-	688,328
Receivables, net	10,619	167,219	177,838
Loans receivable	50,585	-	50,585
Prepaid items	123,695	13,889	137,584
Investment in joint venture	-	229,303	229,303
Restricted cash	339,467	310,154	649,621
Total Current Assets	11,363,626	3,325,946	14,689,572
Noncurrent Assets			
Capital assets (not being depreciated):			
Land	3,262,001	637,198	3,899,199
Construction in Progress		7,785	7,785
Capital assets (net of accumulated depreciation):			
Land improvements	1,454,237	-	1,454,237
Buildings	2,783,680	-	2,783,680
Plant, machinery and equipment	222,616	4,300,825	4,523,441
Vehicles	975,103	103,604	1,078,707
Infrastructure	17,230,806	3,118,745	20,349,551
Total Capital Assets	25,928,443	8,168,157	34,096,600
Net pension asset	1,667,875	-	1,667,875
Total Noncurrent Assets	27,596,318	8,168,157	35,764,475
Total Assets	38,959,944	11,494,103	50,454,047
Deferred Outflows of Resources			
Deferred outflows related to pensions	276,573	-	276,573
Total Deferred Outflows of Resources	276,573	-	276,573

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF NET POSITION (CONCLUDED)
APRIL 30, 2022

LIABILITIES	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Accounts payable	70,787	119,102	189,889
Accrued payroll	144,668	15,253	159,921
Accrued interest	-	1,385	1,385
Customer deposits	-	39,060	39,060
Accrued compensated absences - current	17,299	5,615	22,914
Debt - due within one year	-	69,420	69,420
Total Current Liabilities	232,754	249,835	482,589
Noncurrent Liabilities			
Accrued compensated absences	46,136	11,183	57,319
Debt - due after more than one year	-	778,441	778,441
Total Noncurrent Liabilities	46,136	789,624	835,760
Total Liabilities	278,890	1,039,459	1,318,349
Deferred Inflows of Resources			
Deferred inflows related to pensions	1,367,968	-	1,367,968
Unavailable revenue - property taxes	2,048,358	-	2,048,358
Total Deferred Inflows of Resources	3,416,326	-	3,416,326
NET POSITION			
Net investment in capital assets, net of related debt	25,928,443	7,320,296	33,248,739
Restricted for:			
General services	53,149	-	53,149
Public safety	37,820	-	37,820
Park improvements	2,457	-	2,457
Debt service	-	80,500	80,500
Transportation projects	285,356	-	285,356
Development	533,839	-	533,839
Required bond reserve	-	190,594	190,594
Unrestricted	8,700,237	2,863,254	11,563,491
Total Net Position	$ 35,541,301	$ 10,454,644	$ 45,995,945

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	*Charges for Services*	*Operating Grants and Contributions*	*Capital Grants and Contributions*	*Governmental Activities*	*Business-Type Activities*	*Total*
Functions/Programs							
Governmental activities:							
General government	$ 247,939	$ 50,617	$ 488,866	$ -	$ 291,544	$ -	$ 291,544
Public safety	1,162,502	76,754	-	-	(1,085,748)	-	(1,085,748)
Public works	1,132,783	-	-	11,160	(1,121,623)	-	(1,121,623)
Culture and recreation	659,243	58,556	-	-	(600,687)	-	(600,687)
Development	394,450	-	-	-	(394,450)	-	(394,450)
Total Governmental Activities	3,596,917	185,927	488,866	11,160	(2,910,964)	-	(2,910,964)
Business-type activities:							
Water	1,236,656	1,093,277			-	(143,379)	(143,379)
Sewer	643,485	658,829			-	15,344	15,344
Total Business-Type Activities	1,880,141	1,752,106			-	(128,035)	(128,035)
Total Primary Government	$ 5,477,058	$ 1,938,033	$ 488,866	$ 11,160	(2,910,964)	(128,035)	(3,038,999)
General Revenues:							
Property taxes					2,012,007	-	2,012,007
Sales taxes					1,942,356	-	1,942,356
Income taxes					726,215	-	726,215
Replacement taxes					138,669	-	138,669
Motor fuel taxes					178,594	-	178,594
Video gaming taxes					164,825	-	164,825
Interest income					17,090	2,799	19,889
Memorial income					2,393	-	2,393
Impairment loss on investment					(3,123)	-	(3,123)
Miscellaneous income					248,805	16,478	265,283
Total General Revenues					5,427,831	19,277	5,447,108
Change in Net Position					2,516,867	(108,758)	2,408,109
Net Position - Beginning of Year (Restated)					33,024,434	10,563,402	43,587,836
Net Position - Ending					$ 35,541,301	$ 10,454,644	$ 45,995,945

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2022

	General	Tax Increment Financing	Motor Fuel Tax	Tourism	Library	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 7,093,828	$ 315,616	$ 270,323	$ 287,798	$132,031	$ 8,099,596
Due from Douglas County	573,101	1,319,810	-	-	158,425	2,051,336
Due from State of Illinois	666,677	-	15,033	-	6,618	688,328
Accounts receivable	-	-	-	10,619	-	10,619
Loans receivable	-	50,585	-	-	-	50,585
Prepaid items	119,814	933	-	1,175	1,773	123,695
Restricted cash	93,426	-	246,041	-	-	339,467
Total Assets	$ 8,546,846	$ 1,686,944	$ 531,397	$ 299,592	$298,847	$ 11,363,626
Liabilities						
Accounts payable	$ 29,049	$ 40,389	$ -	$ 121	$ 1,228	$ 70,787
Accrued salaries	131,736	5,730	-	2,256	4,946	144,668
Total Liabilities	160,785	46,119	-	2,377	6,174	215,455
Deferred Inflows of Resources						
Unavailable revenue - property taxes	570,123	1,319,810	-	-	158,425	2,048,358
Total Deferred Inflows of Resources	570,123	1,319,810	-	-	158,425	2,048,358

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BALANCE SHEET - GOVERNMENTAL FUNDS (CONCLUDED)
APRIL 30, 2022

	General	Tax Increment Financing	Motor Fuel Tax	Tourism	Library	Total Governmental Funds
Fund Balances						
Non-spendable:						
Prepaid items	119,814	-	-	1,175	1,773	122,762
Long term receivables	-	50,585	-	-	-	50,585
Restricted:						
General services	53,149	-	-	-	-	53,149
Public safety	37,820	-	-	-	-	37,820
Park improvements	2,457	-	-	-	-	2,457
Development	-	-	246,041	287,798	-	533,839
Restrictions by state statutes	-	-	285,356	-	-	285,356
Assigned:						
Reserve funds	3,647,445	-	-	-	-	3,647,445
Capital replacement funds	420,000	-	-	-	-	420,000
Development	-	-	-	8,242	-	8,242
Culture and recreation	-	-	-	-	132,475	132,475
Unassigned	3,535,253	270,430	-	-	-	3,805,683
Total Fund Balances	7,815,938	321,015	531,397	297,215	134,248	9,099,813
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,546,846	$ 1,686,944	$ 531,397	$ 299,592	$298,847	$ 11,363,626

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2022

Total Fund Balance - Governmental Funds	$ 9,099,813
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.	25,928,443
Net pension assets are not current financial resources and, therefore, are not reported in the funds.	1,667,875
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows:	
Deferred outflows of resources	276,573
Deferred inflows of resources	(1,367,968)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows:	
Accrued compensated absences	(63,435)
Net Position of Governmental Activities	$ 35,541,301

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	General	Tax Increment Financing	Motor Fuel Tax	Tourism	Library	Total Governmental Funds
Revenues						
Property taxes	$ 568,554	$ 1,285,461	$ -	$ -	$ 157,992	$ 2,012,007
Sales taxes	1,787,026	-	-	-	-	1,787,026
State income taxes	726,215	-	-	-	-	726,215
Replacement taxes	110,436	-	-	-	28,233	138,669
Motor fuel taxes	-	-	178,594	-	-	178,594
Sales taxes - city	-	-	-	155,330	-	155,330
Video gaming taxes	164,825	-	-	-	-	164,825
Fines and fees	53,125	-	-	3,847	7,487	64,459
Grant income	383,841	-	98,417	-	6,608	488,866
Licenses and permits	33,297	-	-	-	-	33,297
Rent	13,045	-	-	-	-	13,045
Franchise fees	17,320	-	-	-	-	17,320
Interest income	6,959	9,237	453	294	147	17,090
Fire insurance	12,295	-	-	-	-	12,295
Pool income	45,511	-	-	-	-	45,511
Memorial funds	-	-	-	-	2,393	2,393
Miscellaneous	79,284	166,962	-	-	2,559	248,805
Total Revenues	4,001,733	1,461,660	277,464	159,471	205,419	6,105,747
Expenditures						
Current:						
General government	634,857	-	-	-	-	634,857
Public safety	1,063,204	-	-	-	-	1,063,204
Public works	521,773	-	-	-	-	521,773
Culture and recreation	301,537	-	-	-	161,915	463,452
Development	-	2,033,461	-	153,489	-	2,186,950

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONCLUDED)
FOR THE YEAR ENDED APRIL 30, 2022

	General	Tax Increment Financing	Motor Fuel Tax	Tourism	Library	Total Governmental Funds
Capital Outlay	282,115	435,819	66,543	6,491	18,784	809,752
Total Expenditures	2,803,486	2,469,280	66,543	159,980	180,699	5,679,988
Excess of revenues over (under) expenditures	1,198,247	(1,007,620)	210,921	(509)	24,720	425,759
Other Financing Sources (Uses)						
Impairment loss on investment	(3,123)	-	-	-	-	(3,123)
Total Other Financing Sources (Uses)	(3,123)	-	-	-	-	(3,123)
Net Change in Fund Balance	1,195,124	(1,007,620)	210,921	(509)	24,720	422,636
Fund Balances - Beginning (Restated)	6,620,814	1,328,635	320,476	297,724	109,528	8,677,177
Fund Balances - Ending	$ 7,815,938	$ 321,015	$ 531,397	$ 297,215	$ 134,248	$ 9,099,813

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED APRIL 30, 2022

Net change in fund balances - total governmental funds	$	422,636
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while government activities report depreciation expense to allocate those expenditures over the life of the assets.		
Capital asset purchases capitalized		809,752
Gain (Loss) on Asset Disposal		(24,027)
Depreciation expense		(955,897)
Fair value of donated asset		11,160
Governmental funds report TIF expenditures when the redevelopment requirements have been satisfied. Governmental Activities report the asset/expenditure when the commitment is made.		1,792,500
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Reduction of benefit liability, net		458,479
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds as follows:		
Accrued compensated absences		2,264
Change in Net Position of Governmental Activities	$	2,516,867

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
APRIL 30, 2022

	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,046,265	$ 1,559,116	$ 2,605,381
Accounts receivable, net	103,612	63,607	167,219
Prepaid items	7,609	6,280	13,889
Cash and cash equivalents-restricted	274,438	35,716	310,154
Investment in joint venture	229,303	-	229,303
Total Current Assets	1,661,227	1,664,719	3,325,946
Noncurrent Assets			
Capital assets:			
Property, plant and equipment	7,794,524	12,072,573	19,867,097
Accumulated Depreciation	(4,431,607)	(7,267,333)	(11,698,940)
Total Noncurrent Assets	3,362,917	4,805,240	8,168,157
Total Assets	5,024,144	6,469,959	11,494,103
Liabilities			
Current Liabilities			
Accounts payable	102,829	16,273	119,102
Customer deposits	39,060	-	39,060
Accrued payroll	8,356	6,897	15,253
Accrued interest	1,134	251	1,385
Accrued compensated absences - current	3,101	2,514	5,615
IEPA loans - current	60,375	9,045	69,420
Total Current Liabilities	214,855	34,980	249,835
Noncurrent Liabilities			
Accrued compensated absences	5,804	5,379	11,183
IEPA loans	681,508	96,933	778,441
Total Noncurrent Liabilities	687,312	102,312	789,624
Total Liabilities	902,167	137,292	1,039,459
Net Position			
Net investment in capital assets	2,621,034	4,699,262	7,320,296
Restricted:			
Restricted for debt service	70,000	10,500	80,500
Required bond reserves	165,378	25,216	190,594
Unrestricted	1,265,565	1,597,689	2,863,254
Total Net Position	$ 4,121,977	$ 6,332,667	$ 10,454,644

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	Water	Sewer	Total
Operating Revenues			
Charges for services	$ 1,093,277	$ 658,829	$ 1,752,106
Miscellaneous	16,358	120	16,478
Total Operating Revenues	1,109,635	658,949	1,768,584
Operating Expenses			
Personnel services	242,661	180,571	423,232
Supplies and materials	89,632	59,947	149,579
Contractual services	664,995	102,091	767,086
Depreciation and amortization	229,626	296,427	526,053
Total Operating Expenses	1,226,914	639,036	1,865,950
Operating Income (Loss)	(117,279)	19,913	(97,366)
Non-Operating Revenues (Expenses)			
Interest income	1,256	1,543	2,799
Sprayfield farm income (loss), net	-	(3,062)	(3,062)
Interest expense	(9,742)	(1,387)	(11,129)
Total Non-Operating Revenues (expenses)	(8,486)	(2,906)	(11,392)
Change in net position	(125,765)	17,007	(108,758)
Net Position - Beginning	4,247,742	6,315,660	10,563,402
Net Position - Ending	$ 4,121,977	$ 6,332,667	$ 10,454,644

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	Water	Sewer	Totals
Cash Flows from Operating Activities			
Receipts from users	$ 1,095,223	$ 661,824	$ 1,757,047
Payments to suppliers	(641,984)	(188,889)	(830,873)
Payments to employees	(242,478)	(179,653)	(422,131)
Other receipts (payments)	16,358	120	16,478
Net cash provided (used) by operating activities	227,119	293,402	520,521
Cash Flows from Capital and Related Financing Activities			
Sale (Purchase) of capital assets	(14,355)	(16,283)	(30,638)
Interest paid on capital debt	(9,833)	(1,408)	(11,241)
Principal paid on capital debt	(59,627)	(8,934)	(68,561)
Net cash provided (used) by capital and related financing activities	(83,815)	(26,625)	(110,440)
Cash Flows from Investing Activities			
Interest on cash and investments	1,256	1,543	2,799
Sprayfield farm income (loss)	-	(3,062)	(3,062)
Net cash provided (used) by investing activities	1,256	(1,519)	(263)
Net increase (decrease) in cash and cash equivalents	144,560	265,258	409,818
Cash and cash equivalents, beginning of the year	1,176,143	1,329,574	2,505,717
Cash and cash equivalents, end of the year	$ 1,320,703	$ 1,594,832	$ 2,915,535
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	$ (117,279)	$ 19,913	$ (97,366)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	229,626	296,427	526,053
Change in assets and liabilities:			
(Increase) decrease-accounts receivable	3,386	2,995	6,381
(Increase) decrease-prepaid insurance	2,653	542	3,195
(Increase) decrease-joint venture equity	73,722	-	73,722
Increase (decrease)-accounts payable	36,268	(27,395)	8,873
Increase (decrease)-accrued payroll	(571)	257	(314)
Increase (decrease)-customer deposits	(1,440)	-	(1,440)
Increase (decrease)-accrued compensated absences	754	663	1,417
Net Cash Provided (Used) By Operating Activities	$ 227,119	$ 293,402	$ 520,521

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
APRIL 30, 2022

	Custodial Funds
ASSETS	
Accounts receivable	$ 33,247
Total Assets	33,247
LIABILITIES	
Accounts payable	33,247
Total Liabilities	33,247
NET POSITION	
Total Net Position	$ -

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION- FIDUCIARY FUNDS
APRIL 30, 2022

	Custodial Funds
ADDITIONS	
Garbage fees	$ 309,572
DEDUCTIONS	
Payments to the garbage company	309,462
Due to garbage company	(182)
Bad debt write off	292
Total Deductions	309,572
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - Ending	$ -

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

General Statement

The City of Tuscola (City) complies with generally accepted accounting principles (GAAP) as applied to governmental units. This requires the use of the accrual basis of accounting for government-wide financial statements and proprietary funds financial statements and a modified accrual basis of accounting for the governmental funds financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial reporting entity, basis of accounting, and other significant policies employed by the City are summarized as follows:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Tuscola (the primary government) and all funds of the City.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditure or expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The City has decided all funds will be presented as major funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

Fund Financial Statements (Concluded)

The funds of the financial reporting entity are described below:

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund – To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

TIF Fund – To account for the incremental property taxes realized within the TIF Districts of the City. Expenditures of these revenues are restricted to capital improvements and redevelopment.

Motor Fuel Tax Fund – To account for revenues received and expenditures paid for street maintenance.

Tourism Fund – To account for revenues and expenditures for promoting tourism in the City. Hotel/motel taxes provide revenues for operations.

Library Fund – To account for revenues received and expenditures paid for library operations.

The City has presented the following major proprietary funds:

Water Fund – To account for the operation of water services to the residents of the City.

Sewer Fund – To account for the operation of sewer services to the residents of the City.

Custodial funds report resources held in trust by the City as an agent for individuals or private organizations. The City has the following agency funds:

Garbage Fund – To account for amounts billed and collected for sanitary services provided to residents of the City.

The City's agency funds are presented in the custodial fund financial statement. Since by definition these assets are being held for the benefit of a third party (see above) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. (The City's deferred outflows of resources and deferred inflows of resources are noncurrent.) 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.

b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

c. Custodial funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Custodial funds are presented using the accrual basis of accounting.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Concluded)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include employee license taxes, property taxes, grants, entitlements, and donations. The City considers property taxes as available in the year for which the taxes were levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The revenues susceptible to accrual are taxes, intergovernmental, interest revenue, and charges for services. Permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Unearned Revenue

The City reports unearned revenue on its government-wide statement of net position and the fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand and savings accounts of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit, or short-term investments with an original maturity of three months or less.

Cash deposits and certificates of deposit are reported at carrying amount which reasonably estimates fair value. Additional cash disclosures are presented in Note 3.

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

Major receivable balances for the governmental activities include property taxes, intergovernmental receivables, hotel/motel taxes, and tax increment financing note receivables. Business-type activities report amounts owed for utility services as their major receivables.

In the fund financial statements, receivables in governmental funds include revenue accruals such as hotel/motel taxes and other similar intergovernmental revenues, as well as, tax increment financing note receivables since they are usually both measurable and available.

Non-exchange transactions collectible but not available are deferred. Interest and investment earnings are recorded when earned only if paid within sixty days since they would be considered both measurable and available. Proprietary fund receivables include revenues earned at year-end and not yet received. Utility accounts receivable compose all of the proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3 for details of interfund transactions, including receivables and payables, at year-end.

Capital Assets

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statement

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004.

Assets capitalized have an original cost of $5,000. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Concluded)

Government-Wide Statement (Concluded)

Capital assets of the primary government are depreciated over the estimated useful lives using the straight-line method. Depreciation of all exhaustible capital assets is recorded as all allocated expense in the Statement of Activities, with the accumulated depreciation reflected in the Statement of Net Position. The estimated useful lives are as follows:

Land improvements	30-50 Years
Buildings	5-100 Years
Building improvements	30-50 Years
Infrastructure	30-125 Years
Equipment	5-30 Years
Furnishings and fixtures	5-30 Years
Vehicles	3-30 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Prepaid Items

In the government-wide and fund financial statements, prepaid expenditures/expenses are deferred and expensed over the term when the services are received.

Deferred Outflows/Inflows of Resources

Government-Wide Statement

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents the consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualifies for reporting in the category. These are the deferred charges on refunding and deferred outflows related to pensions (deferred pension contributions and deferred difference between projected and actuarial earnings on pension plans investments reported in the Statement of Net Position).

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Concluded)

Government-Wide Statement (Concluded)

A deferred pension contribution results from pension contributions subsequent to the measurement date of the pension plan. This amount is deferred and recognized as a component of the change in pension plan liability in the next measurement period. A difference between projected and actuarial earnings on pension plan investments results from actual investment earnings above or below actuarial projected earnings. This item, difference between projected and actuarial earnings on pension plan investments, is deferred and amortized over 5 years in future periods as a component of the pension expense.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Government has only one type of item related to the City's pension plans that qualifies for reporting in this category. A difference between projected and actuarial earnings on pension plan investments results from actual investment earnings above or below actuarial projected earnings. This item, difference between projected and actuarial earnings on pension plan investments, is deferred and amortized over 5 years in future periods as a component of the pension expense.

Fund Financial Statements

The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting as deferred inflows of resources. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for two sources: property taxes and intergovernmental taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Restricted Assets

Certain proceeds of enterprise fund debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited to applicable bond covenants.

Certain resources in the governmental funds are set aside and classified as restricted because their use has been limited by legal or contractual provisions. Additional cash disclosures are presented in Note 3.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Debt (Concluded)

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, loans payable and accrued compensated absences.

Accumulations for paid time off (PTO) are recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the matured compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

Governmental fund equity is classified as fund balance and displayed in five components:

a. Non-spendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact indefinitely.

b. Restricted fund balance includes amounts that can be spent only for the specific purpose stipulated by creditors, grantors, contributors, or laws or regulations of other governments.

c. Committed fund balance includes amounts that can be used only for the specific purposes determined by the City Council through the approval of City ordinances. Commitments may be changed or lifted only by the City Council making the same formal action that imposed the constraint originally.

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Concluded)

Fund Statements (Concluded)

d. Assigned fund balance comprises the amounts intended to be used for a specific purpose. Intent can be expressed by the City Council. No formal action is required.

e. Unassigned fund balance is the residual balance not contained in non-spendable fund balance or restricted fund balance or committed fund balance or assigned fund balance.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Proprietary fund equity is classified the same as in the government-wide statements.

Interfund Transactions

Amounts provided with a requirement for repayment are reported as interfund receivables and payables. Interfund services provided and used are accounted for as revenues, expenditures, or expenses. 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/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Operating and Non-Operating Revenues and Expenses – Proprietary Funds

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by function:	Current (further classified by character) Debt Service Capital Outlay

Proprietary Fund – by operating and non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Stewardship, Compliance, and Accountability

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

Fund Accounting Requirements

The City complies with all state and local laws and regulations requiring the use of separate funds.

Note 1 - Summary of Significant Accounting Policies (Concluded)

Stewardship, Compliance, and Accountability (Concluded)

Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements or contractual agreements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions on Use
Motor Fuel Tax	Projects approved by the State of Illinois
Grants	Grant Program Expenditures
Bond Proceeds	Defeasance of debt and Capital Projects

For the year ended April 30, 2022, the City complied in all material respects with these revenue restrictions.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 19, 2022, the date financial statements were available to be issued.

- The City Council approved various vehicle and equipment purchases subsequent to the end of the fiscal year ending April 30, 2022, including a 2022 Case Backhoe in the amount of $87,500 and a Toro ZTR mower in the amount of $12,946.

On May 9, 2022, the City Council approved a change order with Beniach Construction for pavement striping in addition to the Progress BLVD extension project in the amount of $22,592.

On June 13, 2022, the City Council was notified of a grant award to the city from Illinois Department of Commerce and Economic Opportunity for a Community Development Block Grant in the amount of $550,000 for water main replacements throughout the Meadowview Subdivision. The City had previously committed up to $65,000 of its own funds to the project for a total project estimated cost of $615,000. On June 27, 2022, the City Council approved professional services agreements with Milano & Grunloah for administration of the grant in the amount of $30,000 and for water main engineering services in the amount of $100,000.

On July 25, 2022 the City Council approved a proposal for a pavement assessment for $49,168 to AP Tech.

On September 12, 2022 the City Council approved a resolution to support the commitment of local funds of $210,368 for the Community Development Block Grant for the Meadowview water main replacement project. They also approved a bid from Cross Construction for improvements to downtown, in the amount of $635,255.

Note 2 - Property Taxes

Property tax bills are prepared by the County and issued on or about May 1 of each year. City property tax revenues are recorded as a receivable when assessed because the City has an enforceable legal claim to the resources. At this time, the receivable is offset by a deferred inflow since this amount is normally not collected within a time period to be available and is intended to finance the operations of fiscal year ending April 30, 2022. Property taxes are recognized during the period for which they are levied.

The due dates and collection period for all property taxes for the fiscal year ended April 30, 2022, are as follows:

Description	Date
Assessment and enforceable lien	January 1, 2021
Levy	December 13, 2021
Face value amount payment dates	1st half by July 1, 2022
	2nd half by September 1, 2022

No provision has been made for delinquent property taxes since the amount has historically been immaterial to the financial statements.

Note 3 - Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's investment policy requires all investments be made in accordance with applicable legal requirements with consideration of investment safety. Accordingly, the City maintains collateral agreements with its financial institutions. Deposits are secured with collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Every banking institution has FDIC insurance. At each banking institution, time deposit accounts are insured up to $250,000 by FDIC insurance, and demand accounts are insured up to $250,000 by FDIC insurance. The City's investment in The Illinois Funds is not subject to custodial credit risk.

All deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City. During the year ended April 30, 2022, the City's cash and cash equivalents consisted of demand deposits, deposits in The Illinois Funds (described below), restricted cash, and petty cash of $350. At year-end, the carrying amount of the City's demand deposits were $580,074. The bank balance was subject to deposit risk as follows:

Deposits covered by FDIC insurance	$509,328
Uninsured and collateral held by third party bank in the City's name	70,746
Total	$580,074

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

The City maintains deposits in The Illinois Funds. The activities of The Illinois Funds are governed by the Treasurer's published investment policies, which were developed in accordance with the State statute. Deposits in The Illinois Funds are valued at share price, the price for which the investment could be sold. As of April 30, 2022, $10,886,846 was deposited into accounts with The Illinois Funds.

The City formerly maintained deposits in the Illinois Metropolitan Investment Fund (IMET), in the original amount of $13,884. This fund is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and is managed by a Board of Trustees elected from the participating members. Deposits in the IMET are valued at share price, the price for which the investment could be sold. On September 29, 2014, certain repurchase agreements with IMET, which were part of IMET's Convenience Fund, that were backed by First Farmers Financial, LLC (FFF) securities, that were believed to be guaranteed by the United States Department of Agriculture (USDA), were in default. The loans were allegedly guaranteed by the USDA but since the loan documents were forged, by FFF, the USDA has decided at this time to not provide a financial guarantee for the loans. As a result, as of September 30, 2014, each member's proportionate share of the Convenience Fund was placed into a restricted account at IMET and not eligible for withdrawal. On October 24, 2014 the IMET Board of Trustees voted to remove the value of the repurchase agreements from the books and records of the Convenience Fund and transfer the member's proportionate share of the IMET restricted account; therefore setting up a Liquidating Trust with each member's proportionate share from which IMET will distribute future proceeds from recovery efforts that are currently on-going. As of April 30, 2022, a total of $8,254 had been recovered and distributed to the City of Tuscola. The case and Liquidating Trust accounts have been closed as all legal routes to recover funds has been exhausted, all monies available have been recovered, fees have been paid and funds have been distributed to participants. The total loss on this deposit was $5,630, which was recognized over the past 7 fiscal years, including $3,123 recognized in FY 2022.

Credit rating risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City's Treasurer. Investing is performed in accordance with investment policies adopted by the City Council, complying with State Statutes. The Illinois Funds investment pools were rated AAAmmf by Fitch Ratings, Inc. as of June 15, 2021.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are diversified to minimize the risk of loss resulting from overconcentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Interest rate risk is minimized by having maturities of less than 1 year for 100% of the City's investments.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy states that investments are subject to concentration of credit risk when 5% or more of the total are in securities of a single issuer. As of April 30, 2022, the City's investment in The Illinois Funds represent more than 5% of the total cash investment portfolio.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Capital Assets

Capital asset activity for the year ended April 30, 2022, was as follows:

Governmental Activities:	Balance May 1, 2021	Increases	Decreases	Balance April 30, 2022
Capital assets, not being depreciated:				
Land	$ 1,869,654	$ 0	$ 14,201	$ 1,855,453
Land-Rights of way	1,406,548	0	0	1,406,548
Total capital assets, not being depreciated	3,276,202	0	14,201	3,262,001
Capital assets, being depreciated:				
Land improvements	2,458,273	151,854	139,514	2,470,613
Buildings	5,676,566	33,468	39,430	5,670,604
Infrastructure	26,895,611	505,298	58,774	27,342,135
Equipment & Vehicles	2,750,406	52,695	26,802	2,776,299
PME-Portable Machinery/Equip (as corrected)	1,114,646	58,814	0	1,173,460
Library Collection (as corrected)	371,071	18,784	31,144	358,711
Totals at historical cost	39,266,573	820,913	295,664	39,791,822
Less accumulated depreciation:				
Land improvements	1,057,765	98,124	139,514	1,016,375
Buildings	2,753,730	162,797	29,603	2,886,924
Infrastructure	9,667,769	502,334	58,774	10,111,329
Equipment & Vehicles	1,692,857	135,142	26,802	1,801,197
PME-Portable Machinery/Equip (as corrected)	986,056	32,705	0	1,018,761
Library Collection (as corrected)	297,143	24,795	31,144	290,794
Total accumulated depreciation	16,455,320	955,897	285,837	17,125,380
Total capital assets, being depreciated, net	22,811,253	(134,984)	9,827	22,666,442
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 26,087,455	$ (134,984)	$ 24,028	$ 25,928,443

Depreciation expense was charged to governmental activities as follows:

General government	$ 49,798
Public Safety	99,298
Public Works	611,010
Culture and Recreation	195,791
Total Depreciation Expense Governmental Activities	$955,897

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Business-Type Activities:	Balance May 1, 2021	Increases	Decreases	Balance April 30, 2022
Capital assets, not being depreciated:				
Land	$ 637,198	$ 0	$ 0	$ 637,198
Construction in Progress	0	7,785	0	7,785
Total capital assets, not being depreciated	637,198	7,785	0	644,983
Capital assets, being depreciated:				
Infrastructure	7,232,919	0	0	7,232,919
Plant/mechanical	11,576,497	16,282	0	11,592,779
Vehicles & equipment	310,235	0	0	310,235
PME-Portable Machinery/Equip	79,610	6,570	0	86,180
Totals at historical cost	19,199,261	22,852	0	19,222,113
Less accumulated depreciation:				
Infrastructure	3,915,751	198,423	0	4,114,174
Plant/mechanical	7,021,011	302,358	0	7,323,369
Vehicles & equipment	190,261	16,370	0	206,631
PME-Portable Machinery/Equip	45,863	8,902	0	54,765
Total accumulated depreciation	11,172,886	526,053	0	11,698,939
Total capital assets, being depreciated, net	8,026,375	(503,201)	0	7,523,174
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 8,663,573	$ (495,416)	$ 0	$ 8,168,157

Depreciation expense was charged to business-type activities as follows:

Water	$ 229,626
Sewer	296,427
Total Depreciation Expense Business-type Activities	$ $526,053

Accounts Payable

Payables in the governmental and proprietary funds are composed of payables to vendors and accrued expenditures.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Long-Term Liabilities

The City's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of April 30, 2022, the governmental long-term liabilities consisted of the following:

Accrued compensated absences:	
Current portion	$ 17,299
Noncurrent portion	46,136
Total Accrued Compensated Absences	$ 63,435

Business-Type Activities

As of April 30, 2022, the long-term liabilities payable from proprietary fund resources consisted of the following:

Loans payable:	
Current portion	$ 69,420
Noncurrent portion	778,441
Total Loans Payable Payments	$ 847,861
Accrued compensated absences:	
Current portion	$ 5,615
Noncurrent portion	11,183
Total Accrued Compensated Absences	$ 16,798

Loans Payable

Illinois Environmental Protection Agency – On October 1, 2014, the City entered into a loan agreement (Project L17-3758) in the amount of $948,769, including capitalized interest of $22,516, with the Illinois Environmental Protection Agency to finance the acquisition and installation of various capital projects to increase capacity in the water supply lines in the central/west side of the City. $228,896 of the loan agreement will not be repaid as it was forgiven by the Illinois Environmental Protection Agency. Interest is charged at a rate 1.25%. Interest paid on said loan is payable on April 24th and October 24th in each year until paid. Both principal and interest on said loan shall be payable at the office of Amalgamated Bank of Chicago, the authorized trustee of the Illinois Environmental Protection Agency, Water Revolving Fund, in Chicago, Illinois. The note is required to be fully paid within 20 years from the date of issue and is backed by the full faith and credit of the City. The ordinance requires that moneys be accumulated in debt service accounts in the Water Fund, named "Bond and Interest", which should consist of 1/6th of the interest next due and 1/12th of the principal next due, with a restriction for paying principal and interest on bonds; "Depreciation", which should consist of 1/120th of 10% of the principal of the bonds per month, with a restriction for extraordinary repairs and maintenance of the system; and "Bond Reserve", which should consist of 1/24th maximum annual debt service, with a restriction to prevent or remedy payment default.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Long-Term Liabilities (Continued)

Illinois Environmental Protection Agency – On July 1, 2014, the City entered into a loan agreement (Project L17-4835) in the amount of $601,231 with the Illinois Environmental Protection Agency to finance the painting and maintenance to the elevated water storage tank. $150,890 of the loan agreement will not be repaid as it was forgiven by the Illinois Environmental Protection Agency. Interest is charged at a rate 1.25%. Interest paid on said loan is payable on January 14th and July 14th in each year until paid. Both principal and interest on said loan shall be payable at the office of Amalgamated Bank of Chicago, the authorized trustee of the Illinois Environmental Protection Agency, Water Revolving Fund, in Chicago, Illinois. The note is required to be fully paid within 20 years from the date of issue and is backed by the full faith and credit of the City. The ordinance requires that moneys be accumulated in debt service accounts in the Water Fund, named "Bond and Interest", which should consist of 1/6th of the interest next due and 1/12th of the principal next due, with a restriction for paying principal and interest on bonds; "Depreciation", which should consist of 1/120th of 10% of the principal of the bonds per month, with a restriction for extraordinary repairs and maintenance of the system; and "Bond Reserve", which should consist of 1/24th maximum annual debt service, with a restriction to prevent or remedy payment default.

Illinois Environmental Protection Agency – On February 21, 2014, the City entered into a loan agreement (Project L17-3671) in the amount of $238,466 with the Illinois Environmental Protection Agency to finance the wastewater supply system project. $59,987 of the loan agreement will not be repaid as it was forgiven by the Illinois Environmental Protection Agency. Interest is charged at a rate 1.25%. Interest paid on said loan is payable on February 21st and August 21st in each year until paid. Both principal and interest on said loan shall be payable at the office of Amalgamated Bank of Chicago, the authorized trustee of the Illinois Environmental Protection Agency, Water Revolving Fund, in Chicago, Illinois. The note is required to be fully paid within 20 years from the date of issue and is backed by the full faith and credit of the City. The ordinance requires that moneys be accumulated in debt service accounts in the Sewer Fund, named "Bond and Interest", which should consist of 1/6th of the interest next due and 1/12th of the principal next due, with a restriction for paying principal and interest on bonds; "Depreciation", which should consist of 1/120th of 10% of the principal of the bonds per month, with a restriction for extraordinary repairs and maintenance of the system; and "Bond Reserve", which should consist of 1/24th maximum annual debt service, with a restriction to prevent or remedy payment default.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended April 30, 2022:

Type of Liability:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Accrued compensated Absences	65,699	130,642	(132,906)	63,435	17,299
TOTAL GENERAL LONG-TERM LIABILITIES	$ 65,699	$ 130,642	$ (132,906)	$ 63,435	$ 17,299
Business-type activities:					
Loans payable:					
Project L17-3758	500,397	0	(37,226)	463,171	37,693
Project L17-4835	301,113	0	(22,401)	278,712	22,682
Project L17-3671	114,912	0	(8,934)	105,978	9,045
Total loans payable	916,422	0	(68,561)	847,861	69,420
Accrued compensated Absences	15,381	28,908	(27,491)	16,798	5,615
TOTAL BUSINESS LONG-TERM LIABILITIES	$ 931,803	$ 28,908	$ (96,052)	$ 864,659	$ 75,035

Annual Debt Service Requirements

The annual debt service requirements to maturity for bonds and loans as of April 30, 2022, are as follows:

Year Ending April 30	Business-Type Principal	Business-Type Interest
2023	$ 69,420	$ 10,382
2024	70,291	9,512
2025	71,172	8,630
2026	72,065	7,737
2027	72,968	6,834
2028-2032	378,798	20,215
2033-2034	113,147	1,385
TOTALS	$ 847,861	$ 64,695

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Legal Debt Margin

2020 Equalized Assessed Valuation	$ 60,574,189
	8.625%
Legal Debt Margin	5,224,524
Margin Used	847,861
Margin Remaining	$ 4,376,663

Accrued Compensated Absences

Compensated absence obligations arise from amounts due to City employees for vested amounts of vacation pay and sick pay which will be payable in the future. Typically, the compensated absence obligations have been paid by the General Fund, Tax Increment Financing Fund, Tourism Fund, Library Fund, Water Fund and Sewer Fund. Amounts accrued at April 30, 2022, are as follows:

	Governmental Activities	Business-type Activities
Accrued paid time off	$ 63,435	$ 16,798
Less current portion	(17,299)	(5,615)
LONG-TERM PORTION	$ 46,136	$ 11,183

Other Post-Employment Benefits (OPEB)

The City does not maintain a retiree healthcare plan. The City is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you-go amount necessary to provide current benefits to retirees. Any participating retired plan members would contribute 100 percent of their premium costs. An implicit rate subsidy exists though any retirees would contribute 100 percent of their premium because of the pooled aspects of providing health benefit coverage. The subsidy is generated as a result of the basic nature of insurance – one risk group subsidizes another to arrive at a blended premium. In all likelihood, current employees who are young and healthy subsidize older retirees. The City has no unionized workers and contribution requirements can be changed by the City Council at any time.

The City has one retiree included in its healthcare premiums at April 30, 2022 or during the year ending April 30, 2022. As a result, the City's implicit liability is some minimal amount below what is considered material for purposes of this audit report for the year ending April 30, 2022.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Revenues Due From County and State Governments

The following is a breakdown of the amounts due from the County and State governments in the government-wide financial statements at April 30, 2022:

Douglas County	
Property taxes	$ 2,048,357
Police fines	2,979
Total	$ 2,051,336
State of Illinois	
Sales tax	$ 221,816
Home rule sales tax	75,387
Income tax	147,157
Corporate pers. repl. tax	32,506
Gaming tax	31,738
Cannabis tax	641
Motor fuel tax	15,033
OSLAD Grant	164,050
Total	$ 688,328

Tax Increment Financing Loans Receivable

On July 9, 2012, the City Council approved a loan of $51,000 at 3% for 10 years to Jeremy and Lana Tengwall of Bailey James Enterprises, LLC for renovations at 123 W. Sale St. On July 22, 2013, the City Council approved additional amounts on this loan for a total of $300,000. Additionally, the interest rate will be at 1.5%. As of April 30, 2022, all amounts of this loan had been repaid and the loan was closed.

On March 23, 2011, the City Council approved a loan of $46,250 at 3% for 11 years to Edward Boutilier of Double B Properties for renovations at 134 W. Sale St. Prior to FY 22, all amounts of this loan was disbursed and the loan had entered the repayment phase. In a related transaction, on

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Tax Increment Financing Loans Receivable (Continued)

February 13, 2012, the City Council approved a loan of $59,500 at 3% for 10 years to Edward Boutilier of Red Barn Veterinary Services for renovations at 132 W. Sale St. On March 9, 2015, the City Council rescinded $17,765 of this loan. Prior to FY 22, $41,735 of this loan was disbursed and the loan had entered the repayment phase. On October 25, 2021, Eddie Boutilier and Red Barn Veterinary Services requested the City write off a portion of the debt owed on both loans so that the properties could be sold. The City Council rejected the offer but authorized the City Attorney to enter into negotiations with the parties. The Council further authorized the Mayor to execute a release of mortgage for the properties should an acceptable deal be reached among the parties. Acceptable terms were agreed and the mortgages on the properties were released by the City. Payment was made in full on the Red Barn Veterinary Services loan on 132 W Sale ST. At April 30, 2022, that loan was paid in full. On an outstanding principal, interest and late fees balance of $ 42,737.83 on the Eddie Boutilier loan on 134 W Sale ST, $24,595.24 was received by the City at the property sale closing. A promissory note was executed at that time for the remaining $18,142.57 whereby principals Eddie Boutilier and Linda March promised to repay the City for that amount over 36 months. Should payments occur without default, there is no interest on that amount. Should this note fall into default, 12% interest would apply. At April 30, 2022, $15,142.59 remained owed on this loan.

On January 13, 2014, the City Council approved a loan of $80,000 to Richard and Donna Kidwell of Daylight Donuts for renovations to the building at 901 E. Southline Road for use as a donut shop. As of April 30, 2018, all amounts of this loan had been disbursed and the loan had entered the repayment phase, with an outstanding balance of $51,264. On June 25, 2018, the City Council approved a mortgage assumption agreement of this mortgage with Austin Apgar. Under the agreement, the principal amount was reduced to $40,000, if a restaurant is opened on the site within 6 months. Further, the City Council agreed to forgive the loan completely if Apgar developed a $1.5 million addition to Lambo's development at Prairie ST and Route 36. On August 12, 2019 the City Council agreed to suspend principal payments for 12 months as the property is in the process of being sold for the opening of a Burgers and Beers Restaurant. On October 12, 2021, the City Council approved a time extension of this loan to April 30, 2022, due to slowdowns caused by the COVID-19 pandemic. At April 30, 2022, no business had been opened on the site and the loan balance was $34,942.

On April 27, 2015, the City Council approved a loan of $100,000 at 1.5% for 6.5 years to Flesor Family Confectionary, Inc. for the expansion and renovation of Flesor's Candy Kitchen at 101, 103, and 105 W. Sale St. As of April 30, 2022, the loan had been paid in full.

On September 28, 2015, the City Council approved a loan, not to exceed $18,300, at 3% for 6 years to Dr. William Hemmer for parking lot improvements to his property at 902 S. Court St. As of April 30, 2022, the loan had been paid in full.

On September 28, 2015, the City Council approved a loan, not to exceed $18,300, at 3% for 6 years to Dr. Jamison Boyd for parking lot improvements to his property at 902 S. Court St. As of April 30, 2022, the loan had been paid in full.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Tax Increment Financing Loans Receivable (Concluded)

On August 15, 2003, the City Council approved a loan of $184,664 at 3% for 18.5 years to Scott Kibler of Scott Kibler Agency, Inc. for renovations at 129 W. Sale St. As of April 30, 2022, the loan had been paid in full.

On June 10, 2013, the City Council approved a loan of $50,000 to John McDevitt of Yellow Dog Artworks for renovation to the HVAC system and roof at 100 N. Main St. The amount is to be added to the building purchase price upon completion of the project. On April 14, 2014, an additional amount of $80,425 was approved by City Council under the same terms. On February 13, 2017, the City Council was notified that McDevitt was terminating the purchase contract with the city on this property. Bend in the River, Inc. was approved to lease the building for one year at $100 per month, and is approved to assume the redevelopment agreement on the property with the City upon successful completion of that one-year lease. On February 26, 2018, the City Council approved a one-month lease extension and on March 26, 2018, the City Council approved a 12-month lease extension. On February 11, 2019, the City Council approved a one-year lease extension with the same terms except the lease goes to $150 per month. Again on March 22, 2021, the City Council approved a one year lease extension with the same terms through February 1, 2022.

On September 16, 2011, the City Council approved a loan of $43,834 at 3% for 10.5 years to Vintage Karma for renovations at 110 W. Sale St. As of April 30, 2022, the loan had been paid in full.

Tax Increment Financing Loan Project

The City approved and adopted tax increment financing in accordance with the terms of the Tax Increment Allocation Redevelopment Act of the State of Illinois. Accordingly, the City has adopted a redevelopment plan and project and designated a project area in compliance with the conditions of the Act. Under this plan, any increase in Property Tax incurred over the base amount on the date of enactment of the project will be allocated exclusively to the project area for purpose of economic development.

These tax increments collected under the Act and paid to the City will be deposited in a special fund designated as "The Special Tax Allocation Fund for the Tuscola Redevelopment Project Area". For the year ending April 30, 2022 the Tax Increment Fund received $1,285,461 in property taxes.

Tax Increment Grants

On May 14, 2018, the City Council approved a grant of $195,000 to Kenny and Angela Hogue for renovations to the property at 125 W Sale St for purposes of operating a restaurant and bar. On May 13, 2019, the City Council approved an additional $96,000 for this project to assist with cost overruns on the restaurant portion of this project, including electrical and HVAC work. At April 30, 2022, $290,845 of this grant had been disbursed.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Tax Increment Grants (Concluded)

On December 9, 2019, the City Council approved a $5,000 grant to Burgers and Beers for the extension of parking areas on the property at 901 E Southline Road. At April 30, 2022, none of these funds had been disbursed.

On April 12, 2021, the City Council approved a $120,000 grant to Tuscola Packaging Group LLC for the installation of loading docks on the property at 1304 Tuscola Boulevard. At April 30, 2022, all of these funds had been disbursed.

Tax Increment Other Redevelopment Agreements and Commitments

On April 24, 2017, the City Council approved a three-year agreement with Tuscola Economic Development, Inc. (TEDI) for purposes of the City employing an economic development director position for TEDI as its annual funding commitment to the organization at an amount not to exceed $100,000 per year. On January 24, 2022, the City Council approve an additional extension of the agreement with the same terms through December 31, 2022.

On February 14, 2011, the City Council approved a professional services agreement with Peckham, Guyton, Albers and Viets to begin the process of establishing a new TIF District at Barker and Prairie Streets for purposes of mitigating flood plain area so that a subdivision of single-family housing can be built on currently vacant, flood plain encumbered land lots. On October 10, 2011, the City Council entered into a redevelopment agreement with Owen Tucker for the development of the lots in the newly established Barker/Prairie TIF City #3. The agreement with Owen Tucker provided for a 60% tax rebate for properties developed between Barker, Newkirk, Prairie and Enterprise streets, up to 50% of the total project costs, or $399,346. At April 30, 2022, $172,208 had been rebated to Tucker for this portion of the agreement, leaving $227,138 owed to Tucker from future years' property taxes. During the year ended April 30, 2022, the City remitted $31,190 for the property tax abatement.

On March 11, 2019, the City Council ratified an agreement with 3-D Development, LLC, Love's Travel Stops & Country Stores, Inc. and Roserock Holdings, LLC to develop the property at the northwest corner of the I-57 and Route 36 intersection as a retail corridor with a Love's Travel Center as the anchor. Under the agreement, the City of Tuscola will provide reimbursement to the developer of up to $1,800,000 for the construction of an access road north of the existing I-57 south exit ramp. At April 30, 2022, all of the funds had been disbursed.

On September 13, 2021, the City Council approved a cost sharing agreement with Kirby Foods, Inc. for the extension of North Progress Boulevard from Apgar Avenue north to the end of the property owned by Kirby Foods. Under the agreement, the City would construct the road and Kirby Foods, Inc. would provide $150,000 toward the project. As of April 30, 2022, the road construction was substantially complete and the City had received the $150,000 from Kirby Foods toward the costs.

Note 3 - Detail Notes on Transaction Classes/Accounts (Continued)

Tax Increment Other Redevelopment Agreements and Commitments (Concluded)

On December 27, 2021, the City Council approved a proposal for purchase and redevelopment of Lots 1,2, and 7 of the Amishland Country Village Phase II with Carle Health. Under the agreement, Carle Health would purchase said lots in the total amount of $280,000 and would then construct a single-story 12,000 square foot medical clinic on the site. As of April 30, 2022, the sale was still pending.

Concentrated Credit Risk

The City's Water and Sewer Funds are principally engaged in the business of providing water and sewer services to City residents. The Water and Sewer Fund's give credit to customers for water and sewer service provided, with payment terms normal in the industry. The Water and Sewer Fund's ability to collect the amounts due from customers may be affected by general economic fluctuations in the City and the surrounding geographic area. The City has established an allowance for doubtful accounts in the Water Fund of $4,000 and in the Sewer Fund of $5,000 as of April 30, 2022.

Joint Venture

On May 10, 1993, the City of Tuscola entered into an intergovernmental agreement with the City of Arcola and Cabot Corporation to construct, maintain and operate a newly constructed water main. The purpose of this water main is to provide the cities, as well as Cabot Corporation and several residences, water from Northern Illinois Water Corporation. This agreement had an original term of 10 years beginning on May 10, 1993, and automatically renews every 5 years. The maximum total term is not to exceed 40 years. Each of the Cities designates 3 representatives to serve on the Tuscola-Arcola Water Main board. The mayor or administrator of the host City serves as the chairperson (with tiebreaker voting ability). The host City alternates with each meeting. The capital budgets for construction of this water main were funded 55% by the City of Tuscola and 45% by the City of Arcola, with Cabot Corporation reimbursing 12.5% of the total cost of construction up to a maximum of $450,000.

Each member agency (the Cities of Arcola and Tuscola) holds an equity interest in the water main capital assets according to each Cities share of water usage for the prior year and the proportion of funding provided by each City during a year. At April 30, 2022 the City of Tuscola's equity interest was 54.94%, or $229,303, which is reported in the Proprietary Funds as investment in joint venture.

A copy of the separate unaudited financial statements for Tuscola-Arcola Water Main may be obtained from the City of Tuscola, 214 N. Main Street, Tuscola, IL 61953. The responsibility for maintaining books and records for the joint venture is shared between the Cities.

Summary financial information for the Tuscola-Arcola Water Main as of and for the year ended April 30, 2022 is provided below.

Note 3 - Detail Notes on Transaction Classes/Accounts (Concluded)

Joint Venture (Concluded)

Financial Position as of April 30, 2022

Cash	$ 312,982
Accounts Receivable- customers	247
Accounts Receivable – City of Arcola	104,121
Total assets	$ 417,350
Total equity	$ 417,350

Results of Operations for Fiscal Year Ending April 30, 2022

Total revenues	$ 365,690
Total expenditures	(474,097)
Net income (loss)	(108,407)
Beginning total equity	525,757
Ending total equity	$ 417,350

Economic Dependency

The City of Tuscola receives its income primarily from local property taxes and state sales tax. There are a few large businesses that provide the City of Tuscola a significant amount of this revenue and would negatively impact their operations if they were to close.

Rebuild IL Bond Fund Grant

The City was awarded $295,250 from the Rebuild IL grant. It will be paid out in installments of $49,208.27, they received three installments for the year ended April 30, 2021. An additional two installments were received in the year ended April 30, 2022, with one final installment expected in the fiscal year ending April 30, 2023. The City plans to use the money to resurface South Washington Street and Parke Street. The grant money is shown in a restricted cash account until the money is spent.

Note 4 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and administered by Nationwide Retirement Solutions. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Contributions to the plan are recorded on the City's books as current salaries expenditures. All assets and income of the plan are held in trust by the plan administrator for the exclusive benefit of the participants and their beneficiaries. The City does not take an active role in the managing of the plan assets. Therefore, in accordance with GASB Statement No. 32, the deferred compensation plan is not reported in the City's financial statements.

Note 5 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City obtains coverage from commercial insurance companies to handle the risk of loss. There have been no decreases in insurance coverage from the prior year. There have been no settlements in excess of insurance coverage during the prior eight years.

Illinois Municipal League Risk Management Association - The City participates in the Illinois Municipal League Risk Management Association (IMLRMA). IMLRMA is an organization of municipalities in Illinois that have formed an association under the Illinois Intergovernmental Corporation Statute to pool its risk management needs. The pool is self-sustaining through member premiums and provides the following types of coverage: workmen's compensation, auto liability & comprehensive general liability, portable equipment, auto physical damage and property. An annual premium is charged to cover expected claims and administrative costs. The City and any other participating entities are subject to cover loss experiences that exceed predictions through additional premiums. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

Note 6 - Commitments and Contingencies

Grant Contingencies

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 7 - Pension Plan

IMRF Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

Note 7 - Pension Plan (Continued)

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	21
Inactive Plan Members entitled to but not yet receiving benefits	10
Active Plan Members	28
Total	59

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2021 was 7.79%. For the fiscal year ended April 30, 2022, the City contributed $113,664 to the plan. The accounting for pension plans is done on a calendar year basis. No adjustment had been reflected in the notes or the financial statements for any difference that may result from the City being on an April fiscal year end. Any difference in timing is considered to be immaterial. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Note 7 - Pension Plan (Continued)

Net Pension Liability

The City's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2021:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from year 2017 to 2019.
- Mortality for **non-disabled retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- Mortality for **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020
- Mortality for **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	-0.60%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70-5.50%
Cash Equivalents	1%	-0.90%
Total	100%	

Note 7 - Pension Plan (Continued)

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
Balances at December 31, 2020	$8,543,484	$9,287,192	($743,708)
Changes for the year:			
Service Cost	142,719	0	142,719
Interest on the Total Pension Liability	612,777	0	612,777
Changes of Benefit Terms	0	0	0
Differences Between Expected and Actual Experience of the Total Pension Liability	(11,117)	0	(11,117)
Changes of Assumptions	0	0	0
Contributions - Employer	0	120,425	(120,425)
Contributions - Employees	0	69,565	(69,565)
Net Investment Income	0	1,488,322	(1,488,322)
Benefit Payments, including Refunds of Employee Contributions	(325,494)	(325,494)	0
Other (Net Transfer)	0	(9,766)	9,766
Net Changes	418,885	1,343,052	(924,167)
Balances at December 31, 2021	$8,962,369	$10,630,244	($1,667,875)

Note 7 - Pension Plan (Concluded)

Sensitivity of the Net Pension Liability to Changes in the Single Discount Rate Assumptions

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net Pension Liability	($ 750,496)	($ 1,667,875)	($ 2,346,949)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City recognized an increase in pension asset of $924,167. At April 30, 2022, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	$ 56,474	$ 38,796	$ 17,678
Changes of assumptions	42,465	52,724	(10,259)
Net difference between projected and actual earnings on pension plan investments	177,634	1,276,448	(1,098,814)
Total Deferred Amounts to be recognized in pension expense in future periods	276,573	1,367,968	(1,091,395)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending December 31	Deferred Outflows of Resources
2022	($232,121)
2023	(425,233)
2024	(267,801)
2025	(166,240)
2026	-
Thereafter	-
Total	$ (1,091,395)

Note 8 – Prior Year Restatement

Accrued salaries for firefighters were inadvertently excluded from the prior year financial statements. Beginning balances have been restated to include the accrued salaries for firefighters as follows:

	Government-Wide Statements
	Governmental Activities
Beginning Net Position	33,115,731
Accrued Salaries were not recoded for 2021	(91,297)
Beginning Net Position (Restated)	33,024,434

	Governmental Funds
	General Fund
Beginning Fund Balance	6,712,111
Accrued Salaries were not recoded for 2021	(91,297)
Beginning Fund Balance (Restated)	6,620,814

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUSCOLA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Calendar Years Ending December 31,	2021	2020	2019
Total Pension Liability			
Service Cost	$ 142,719	$ 139,636	$ 145,172
Interest on the Total Pension Liability	612,777	580,800	557,721
Difference between Expected and Actual Experience of the Total Pension Liability	(11,117)	90,241	(69,467)
Changes of Assumption	-	(46,822)	-
Benefit Payments, Including Refunds of Employee Contributions	(325,494)	(323,170)	(301,487)
Net Change in Total Pension Liability	418,885	440,685	331,939
Total Pension Liability - Beginning	8,543,484	8,102,799	7,770,860
Total Pension Liability - Ending (A)	$ 8,962,369	$ 8,543,484	$ 8,102,799
Plan Fiduciary Net Position			
Contributions - Employer	$ 120,425	$ 122,997	$ 99,796
Contributions - Employees	69,565	67,996	66,335
Net Investment Income	1,488,322	1,131,414	1,254,604
Benefit Payments, Including Refunds of Employee Contributions	(325,494)	(323,170)	(301,487)
Other (Net Transfer)	(9,766)	64,172	(9,052)
Net Change in Plan Fiduciary Net Position	1,343,052	1,063,409	1,110,196
Plan Fiduciary Net Position - Beginning	9,287,192	8,223,783	7,113,587
Plan Fiduciary Net Position - Ending (B)	10,630,244	9,287,192	8,223,783
Net Pension Liability/(Asset) - Ending (A) - (B)	$ (1,667,875)	$ (743,708)	$ (120,984)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	118.61%	108.70%	101.49%
Covered Valuation Payroll	$ 1,545,888	$ 1,511,021	$ 1,474,107
Net Pension Liability as a Percentage of Covered Valuation Payroll	-107.89%	-49.22%	-8.21%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

2018	2017	2016	2015
$ 125,868	$ 136,805	$ 128,500	$ 135,003
532,034	520,082	490,430	464,222
16,047	(9,126)	34,719	(9,272)
204,785	(208,863)	(8,687)	8,307
(277,452)	(270,697)	(254,268)	(219,403)
601,282	168,201	390,694	378,857
7,169,578	7,001,377	6,610,683	6,231,826
$ 7,770,860	$ 7,169,578	$ 7,001,377	$ 6,610,683

$ 126,735	$ 118,904	$ 119,261	$ 127,492
60,671	60,253	65,588	56,574
(330,034)	1,095,323	423,784	30,553
(277,452)	(270,697)	(254,268)	(219,403)
93,880	(59,453)	51,594	(33,907)
(326,200)	944,330	405,959	(38,691)
7,439,787	6,495,457	6,089,498	6,128,189
7,113,587	7,439,787	6,495,457	6,089,498
$ 657,273	$ (270,209)	$ 505,920	$ 521,185
91.54%	103.77%	92.77%	92.12%
$ 1,348,242	$ 1,262,251	$ 1,208,310	$ 1,257,207
48.75%	-21.41%	41.87%	41.46%

CITY OF TUSCOLA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution As a Percentage of Covered Valuation Payroll
2015	122,452	127,492	(5,040)	1,257,207	10.14%
2016	119,260	119,261	(1)	1,208,310	9.87%
2017	118,904	118,904	-	1,262,251	9.42%
2018	126,735	126,735	-	1,348,242	9.40%
2019	99,797	99,796	1	1,474,107	6.77%
2020	122,997	122,997	-	1,511,021	8.14%
2021	120,425	120,425	-	1,545,888	7.79%

Estimated based on contribution rate of 7.79% and covered valuation payroll of $1,545,888.

Notes to Schedule:
This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Methods and Assumptions Used to Determine 2021 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	Non-taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 22-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 17 years for most employers (five employers were financed over 18 years, one employer was financed over 19 years; two employers were financed over 20 years; three employers were financed over 26 years; four employers were financed over 27 years and one employer was financed over 28 years).).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth :	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rate that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONCLUDED)

Methods and Assumptions Used to Determine 2019 Contribution Rates (Concluded):

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017(base year 2015). The IMRF specific rates were developed form the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017(base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2019 actuarial valuation.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	$ 572,399	$ 568,554	$ (3,845)
Sales taxes	1,359,000	1,787,026	428,026
State income taxes	500,000	726,215	226,215
Replacement taxes	41,000	110,436	69,436
Video gaming taxes	97,000	164,825	67,825
Fines and fees	42,500	53,125	10,625
Rent	7,500	13,045	5,545
Licenses and permits	32,500	33,297	797
Grant income	394,750	383,841	(10,909)
Franchise fees	13,245	17,320	4,075
Fire insurance	12,000	12,295	295
Pool income	51,400	45,511	(5,889)
Interest income	5,200	6,959	1,759
Miscellaneous	85,100	79,284	(5,816)
Total Revenues	3,213,594	4,001,733	788,139
Expenditures			
General government:			
Salaries - city officials and other	372,000	228,047	(143,953)
Payroll taxes	61,000	17,819	(43,181)
Employee benefits	135,000	65,042	(69,958)
Professional fees	250,000	85,935	(164,065)
Office and general expenses	185,000	22,903	(162,097)
Insurance	90,000	53,080	(36,920)
Publications	35,000	16,898	(18,102)
Maintenance	20,000	4,002	(15,998)
Utilities	45,000	17,157	(27,843)
Animal and bird control	180,000	15,099	(164,901)
Travel, training and education	30,000	7,726	(22,274)
Community activity subsidy	220,000	86,900	(133,100)
Substance abuse program	12,000	1,797	(10,203)
Miscellaneous	80,000	12,452	(67,548)
Total Expenditures - General Government	1,715,000	634,857	(1,080,143)

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public safety:			
Fire protection:			
Salaries	300,000	158,638	(141,362)
Payroll taxes	32,500	20,180	(12,320)
Employee benefits	10,000	2,268	(7,732)
Subscriptions	5,000	856	(4,144)
Special bequests	50,000	1,348	(48,652)
Utilities	25,000	5,589	(19,411)
Travel, training and education	25,000	7,046	(17,954)
Office and general expenses	25,000	3,392	(21,608)
Uniforms	7,500	-	(7,500)
Repairs and maintenance	285,000	33,456	(251,544)
Supplies and parts	85,000	24,947	(60,053)
Fire prevention	5,000	1,074	(3,926)
Miscellaneous	5,000	641	(4,359)
Total Expenditures - Fire Protection	860,000	259,435	(600,565)

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public safety (continued):			
Police protection:			
Salaries	825,000	462,028	(362,972)
Payroll taxes	25,000	9,128	(15,872)
Employee benefits	275,000	138,286	(136,714)
Communications	25,000	11,008	(13,992)
Office and general expenses	22,500	5,601	(16,899)
Uniforms	10,000	1,431	(8,569)
Repairs and maintenance	210,000	53,857	(156,143)
Utilities	20,000	6,011	(13,989)
Subscriptions	7,500	250	(7,250)
Travel, training and education	15,000	8,426	(6,574)
Drug fund	20,000	4,642	(15,358)
K-9 unit	10,000	-	(10,000)
Miscellaneous	15,000	4,274	(10,726)
Total Expenditures - Police Protection	1,480,000	704,942	(775,058)
Building inspection:			
Salaries	80,000	56,169	(23,831)
Payroll taxes	8,500	3,703	(4,797)
Employee benefits	62,500	34,782	(27,718)
Insurance	500	50	(450)
Office and general expenses	22,500	3,159	(19,341)
Travel, training and education	10,000	-	(10,000)
Professional fees	120,000	-	(120,000)
Repairs and maintenance	40,000	964	(39,036)
Miscellaneous	1,500	-	(1,500)
Total Expenditures - Building Inspection	345,500	98,827	(246,673)
Total Expenditures - Public Safety	2,685,500	1,063,204	(1,622,296)

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public works:			
Streets and alleys:			
Salaries	445,000	273,330	(171,670)
Payroll taxes	55,000	20,460	(34,540)
Employee benefits	200,000	112,821	(87,179)
Communications	5,000	452	(4,548)
Travel, training and education	5,000	135	(4,865)
Vehicle fuel	50,000	15,775	(34,225)
Vehicle maintenance	150,000	20,318	(129,682)
Utilities	100,000	38,065	(61,935)
Small equipment	52,500	7,493	(45,007)
Supplies and parts	20,000	1,857	(18,143)
Repairs and maintenance	300,000	1,597	(298,403)
Street, alley and curb maintenance	250,000	25,857	(224,143)
Sidewalks	25,000	2,884	(22,116)
Miscellaneous	5,000	729	(4,271)
Total Expenditures - Streets and Alleys	1,662,500	521,773	(1,140,727)
Total Expenditures - Public Works	1,662,500	521,773	(1,140,727)

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Culture and recreation:			
Park:			
Salaries	172,500	113,608	(58,892)
Payroll taxes	16,000	7,858	(8,142)
Employee benefits	90,000	61,937	(28,063)
Repairs and maintenance	145,000	23,542	(121,458)
Communications	5,000	698	(4,302)
Travel, training and education	5,000	-	(5,000)
Utilities	50,000	11,779	(38,221)
Supplies and parts	41,500	4,264	(37,236)
Miscellaneous	25,000	1,862	(23,138)
Total Expenditures - Park	550,000	225,548	(324,452)
Pool:			
Salaries	125,000	46,051	(78,949)
Payroll taxes	12,500	3,834	(8,666)
Supplies	80,000	2,796	(77,204)
Repairs and maintenance	95,000	5,174	(89,826)
Advertising	5,000	150	(4,850)
Communications	5,000	846	(4,154)
Training	15,000	4,825	(10,175)
Utilities	50,000	11,999	(38,001)
Miscellaneous	20,000	314	(19,686)
Total Expenditures - Pool	407,500	75,989	(331,511)
Total Expenditures - Culture and Recreation	957,500	301,537	(655,963)

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONCLUDED)
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Expenditures (concluded)			
Development:			
Economic development	2,000,000	-	(2,000,000)
Total Expenditures - Development	2,000,000	-	(2,000,000)
Capital outlay:			
General government	500,000	-	(500,000)
Fire protection	1,000,000	58,814	(941,186)
Police protection	500,000	43,524	(456,476)
Building inspection	75,000	-	(75,000)
Streets and alleys	1,000,000	2,884	(997,116)
Municipal building	1,000,000	22,360	(977,640)
Park	1,000,000	154,533	(845,467)
Pool	500,000	-	(500,000)
Total Expenditures - Capital Outlay	5,575,000	282,115	(5,292,885)
Total Expenditures	14,595,500	2,803,486	(11,792,014)
Excess (deficiency) of revenues over (under) expenditures	(11,381,906)	1,198,247	12,580,153
Other Financing Sources (Uses)			
Impairment loss on investment	-	(3,123)	(3,123)
Total Other Financing Sources (Uses)	-	(3,123)	(3,123)
Net Change in Fund Balances	$ (11,381,906)	1,195,124	$ 12,577,030
Fund Balances - Beginning (Restated)		6,620,814	
Fund Balances - Ending		$ 7,815,938	

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	$ 1,315,000	$ 1,285,461	$ (29,539)
Miscellaneous income	15,000	166,962	151,962
Interest income	7,700	9,237	1,537
Total Revenues	1,337,700	1,461,660	123,960
Expenditures			
Current:			
Development	15,375,500	2,033,461	(13,342,039)
Debt service:			
Principal	500,000	-	(500,000)
Interest expense	150,000	-	(150,000)
Capital outlay	2,050,000	435,819	(1,614,181)
Total Expenditures	18,075,500	2,469,280	(15,606,220)
Excess (deficiency) of revenues over (under) expenditures	(16,737,800)	(1,007,620)	15,730,180
Net Change in Fund balances	$ (16,737,800)	(1,007,620)	$ 15,730,180
Fund Balances - Beginning		1,328,635	
Fund Balances - Ending		$ 321,015	

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Revenues			
Motor fuel tax	$ 176,288	$ 178,594	$ 2,306
Grant income	98,417	98,417	-
Interest income	350	453	103
Total Revenues	275,055	277,464	2,409
Expenditures			
Current:			
Public works	250,000	-	(250,000)
Debt service:			
Principal	500,000	-	(500,000)
Interest expense	150,000	-	(150,000)
Capital outlay	1,500,000	66,543	(1,433,457)
Total Expenditures	2,400,000	66,543	(2,333,457)
Excess (deficiency) of revenues over (under) expenditures	$ (2,124,945)	210,921	$ 2,335,866
Fund Balances - Beginning		320,476	
Fund Balances - Ending		$ 531,397	

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - TOURISM FUND
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Revenues			
Sales taxes - city	$ 125,000	$ 155,330	$ 30,330
Fines and fees	1,500	3,847	2,347
Interest income	750	294	(456)
Miscellaneous	500	-	(500)
Total Revenues	127,750	159,471	31,721
Expenditures			
Current:			
Development	972,000	153,489	(818,511)
Capital outlay	150,000	6,491	(143,509)
Total Expenditures	1,122,000	159,980	(962,020)
Excess (deficiency) of revenues over (under) expenditures	$ (994,250)	(509)	$ 993,741
Fund Balances - Beginning		297,724	
Fund Balances - Ending		$ 297,215	

The notes to the financial statements are an integral part of this statement.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - LIBRARY FUND
FOR THE YEAR ENDED APRIL 30, 2022

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	$ 158,386	$ 157,992	$ (394)
Replacement taxes	11,000	28,233	17,233
Fines and fees	4,500	7,487	2,987
Memorial funds	1,000	2,393	1,393
Interest income	200	147	(53)
Grant income	5,600	6,608	1,008
Miscellaneous	1,000	2,559	1,559
Total Revenues	181,686	205,419	23,733
Expenditures			
Current:			
Culture and recreation	857,500	161,915	(695,585)
Capital outlay	100,000	18,784	(81,216)
Total Expenditures	957,500	180,699	(776,801)
Excess (deficiency) of revenues over (under) expenditures	(775,814)	24,720	800,534
Net Change in Fund Balances	$ (775,814)	24,720	$ 800,534
Fund Balances - Beginning		109,528	
Fund Balances - Ending		$ 134,248	

The notes to the financial statements are an integral part of this statement.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 - Budgets and Budgetary Accounting

The City legally adopts annual budgets for all governmental and proprietary funds. The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Prior to the end of the first quarter, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing on May 1. The operating budget includes proposed expenditures and the means of financing those. The operating budget is the goal that the city department supervisors and council use to manage day to day decisions for the city, but the budgeted items are flexible to be easily changed as operating needs change.

2. Prior to July 31, the appropriations budget is legally enacted through passage of an ordinance. The appropriations ordinance budget sets the absolute legal spending limit for each budgeted line item of the city. There are very few instances that allow a change of the appropriations ordinance budget, so it is imperative that all contingencies are considered prior to the passage of this ordinance. For this reason, the appropriation ordinance contains inflated amounts as the highest possible spending for all contingencies must be planned for in that document.

3. The appropriations ordinance must be available for public inspection for a minimum of 10 days prior to the adoption of the ordinance. Public hearings are conducted by the City to obtain taxpayer comments. At least one public hearing must be held no later than 10 days prior to final approval of the appropriations ordinance. The final proposed document was made available to the public, and its availability publicly announced at a meeting of the city council on June 28, 2021. The appropriation hearing was held on July 12, 2021. The appropriations ordinance for the fiscal year ending April 30, 2022 was adopted on July 12, 2021.

4. The City Treasurer is authorized to transfer appropriated amounts between departments and their line items; however, any revisions that alter the total expenditures must be approved by the City Council.

5. Formal budgetary integration is employed as a management control device during the year; and, the budget is legally adopted. Budget amendments are also legally adopted.

6. The budget is adopted on the modified accrued basis of accounting.

The legal level of control at which expenditures may not legally exceed appropriations is the fund.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. In accordance with generally accepted accounting principles (GAAP), encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There are no encumbrances at April 30, 2022.

Note 2 - Appropriations Deficit

No funds that adopted budgets annually had excess expenditures over appropriations for the fiscal year ended April 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

CITY OF TUSCOLA

EQUALIZED ASSESSED VALUATIONS, TAX RATES, TAXES EXTENDED AND COLLECTED
April 30, 2022

Tax Levy Year	2021	2020	2019	2018	2017
Equalized Assessed Valuation (not including TIF Districts)	$64,087,586	$60,574,189	$60,366,592	$60,650,359	$58,847,927
Tax Rates (Per $100 Equalized Assessed Valuation)					
General corporate	$ 0.1487	$ 0.1573	$ 0.1510	$ 0.1466	$ 0.1474
Audit	0.0112	0.0118	0.0113	0.0109	0.0109
ESDA	-	-	-	-	-
Liability insurance	0.0876	0.0926	0.0889	0.0863	0.0867
Social security	0.0731	0.0773	0.0742	0.0720	0.0723
Fire protection	0.1593	0.1686	0.1618	0.1571	0.1579
Parks	0.0725	0.0767	0.0736	0.0714	0.0717
Police protection	0.1470	0.1555	0.1493	0.1449	0.1456
IMRF	0.1105	0.1169	0.1122	0.1089	0.1094
Library	0.2472	0.2615	0.2574	0.2499	0.2512
Workmans compensation	0.0495	0.0523	0.0502	0.0487	0.0489
Total Tax Rate	$ 1.1066	$ 1.1705	$ 1.1299	$ 1.0967	$ 1.1020
Equalized Assessed Valuation - TIF Districts only	$17,294,442	$16,624,683	$16,504,227	$16,516,787	$19,572,240
TIF Districts	$ 7.6314	$ 7.9388	$ 7.8682	$ 7.7720	$ 8.0444
Tax Extensions					
General corporate	$ 95,298	$ 95,283	$ 91,154	$ 88,913	$ 86,742
Audit	7,178	7,148	6,821	6,611	6,414
ESDA	-	-	-	-	-
Liability insurance	56,141	56,092	53,666	52,341	51,021
Social security	46,848	46,824	44,792	43,668	42,547
Road and bridge	19,354	19,505	19,015	19,590	20,000
Fire protection	102,092	102,128	97,673	95,282	92,921
Parks	46,464	46,460	44,430	43,304	42,194
Police protection	94,209	94,193	90,127	87,882	85,683
IMRF	70,817	70,811	67,731	66,048	64,380
Library	158,425	158,402	155,384	151,565	147,826
Workmans compensation	31,723	31,680	30,304	29,537	28,777
TIF Districts	1,319,810	1,319,802	1,298,587	1,283,686	1,574,471
Taxes extended - in total	$ 2,048,359	$ 2,048,328	$ 1,999,684	$ 1,968,427	$ 2,242,976

CITY OF TUSCOLA

EQUALIZED ASSESSED VALUATIONS, TAX RATES, TAXES EXTENDED AND COLLECTED (CONCLUDED)
April 30, 2022

Tax Levy Year	2021	2020	2019	2018	2017
Taxes Collected					
General corporate	$ -	$ 95,027	$ 91,157	$ 88,569	$ 86,926
Audit	-	7,128	6,822	6,585	6,428
Civil defense	-	-	-	-	-
Liability insurance	-	55,941	53,668	52,139	51,129
Social security	-	46,698	44,794	43,499	42,638
Road and bridge	-	19,359	19,004	19,533	19,706
Fire protection	-	101,854	97,679	94,913	93,118
Park	-	46,335	44,431	43,137	42,284
Police protection	-	93,939	90,130	87,542	85,865
IMRF	-	70,621	67,734	65,793	64,516
Library	-	157,977	155,389	150,978	148,132
Workmen's compensation	-	31,595	30,305	29,423	28,838
TIF Districts	-	1,285,332	1,298,357	1,281,094	1,645,083
Taxes collected	$ -	$ 2,011,806	$ 1,999,470	$ 1,963,205	$ 2,314,663
Percentage of Extensions Collected	0.00%	98.22%	99.99%	99.73%	103.20%

ATTACHMENT L

LWH CPAs
Larsson, Woodyard & Henson, LLP
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

To the City Council
City of Tuscola, Illinois

We have examined the City of Tuscola, Illinois' Tax Increment Financing Fund #2'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 85-1142) during the year ended April 30, 2022. 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's 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's compliance with specified requirements.

In our opinion, the City of Tuscola, Illinois, complied in all material respects with the aforementioned requirements during the year ended April 30, 2022.

This report is intended solely for the information and use of the 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.

Larsson Woodyard + Henson, LLP

Tuscola, Illinois
October 25, 2022