FY 2023
ANNUAL TAX INCREMENT FINANCE REPORT

SUSANA A. MENDOZA
ILLINOIS STATE COMPTROLLER

Name of Municipality:	**City of Tuscola**	Reporting Fiscal Year:	**2023**
County:	Douglas	Fiscal Year End:	**4/30/2023**
Unit Code:	**021/040/30**		

FY 2023 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 2023 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** 11/23/2023

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	12/31/2022

*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 2023

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 the 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 2023

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 $ 67,332

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	$ 55,834	$ 1,869,461	100%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	$ 5,888	$ 7,815	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	$ 61,722		
Cumulative Total Revenues/Cash Receipts		$ 1,877,276	100%
Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)	$ 129,052		
Transfers to Municipal Sources			
Distribution of Surplus			
Total Expenditures/Disbursements	$ 129,052		
Net/Income/Cash Receipts Over/(Under) Cash Disbursements	$ (67,330)		
Previous Year Adjustment (Explain Below)	$ (2)		
FUND BALANCE, END OF REPORTING PERIOD*	$ (0)		

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

Previous Year Explanation:

Correct Rounding difference of $2 between TIF report and audited financial statements

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 2023

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.		
		$ -
2. Annual administrative cost.		
		$ -
3. Cost of marketing sites.		
		$ -
4. Property assembly cost and site preparation costs.		
Property Acquisition and Site Prep		
		$ -
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.		
		$ -
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.		
		$ -

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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.		
Transfer to Escrow Account to pay for Project Costs pursuant to		
Ordinance No. 2022-O-8	129,052	
		$ 129,052

TOTAL ITEMIZED EXPENDITURES		**$ 129,052**

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

FY 2023

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
City of Tuscola- TIF 2 ESCROW Fund	Final TIF 2 closing	$ 129,052.38

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

FY 2023

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	$ (0)

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**
Redevelopment Agreements		
Public Works Projects		
Administrative Costs		
Total Amount Designated for Project Costs		$ -

TOTAL AMOUNT DESIGNATED	$ -
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 2023

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 2023

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 and 2b.)	X
2a. The total number of **ALL** activities undertaken in furtherance of the objectives of the redevelopment plan:	3
2b. The total number of **NEW** projects undertaken by the municipality in fiscal year 2022 and any fiscal year thereafter, within the Revelopment Project area, if any.	0

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	$ -	$ 3,139,141
Public Investment Undertaken	$ 1,991,567	$ -	$ 1,991,567
Ratio of Private/Public Investment	1 34/59		1 34/59

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:

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

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 2023

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
N/A			
			$ -

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

Project Name	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.	
	Temporary	Permanent	Temporary	Permanent
N/A				

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.

Project Name	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.
N/A		

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:

Project Name	Stated Rate of Return
N/A	

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 2023

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 2023

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	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -

ATTACHMENT A

ORDINANCE NO. 2022-O- 8

AN ORDINANCE DISSOLVING THE SPECIAL TAX ALLOCATION FUND AND TERMINATING THE DESIGNATION OF THE CITY OF TUSCOLA AMISHLAND TAX INCREMENT REDEVELOPMENT PROJECT AREA (AMISHLAND TIF) WITHIN THE CITY OF TUSCOLA, DOUGLAS COUNTY, ILLINOIS

WHEREAS, in accordance with and pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.), as supplemented and amended (the **"TIF Act"**), including by the power and authority of the City of Tuscola, Douglas County, Illinois (the **"City"**), the City Council of the City (the **"Corporate Authorities"**) adopted a series of ordinances (Ordinance Nos. 98-O-1, 98-O-2 and 98-O-3 on February 23, 1998) (collectively, the **"TIF Ordinances"**); and

WHEREAS, under and pursuant to the TIF Act and the TIF Ordinances, the City designated the Tuscola Tax Increment Redevelopment Project Area (the **"Redevelopment Project Area")**, approved the related redevelopment plan, as amended (the **"Redevelopment Plan"**), including the redevelopment projects described in the Redevelopment Plan (collectively, the **"Redevelopment Projects"**) and established a special tax allocation fund (the **"Fund"**) in connection therewith; and

WHEREAS, on or before October 31, 2022, the City will notify affected taxing districts of the pending termination of the Redevelopment Project Area, as a redevelopment project area, in accordance with the provisions of Section 11-74.4-8 of the TIF Act; and

WHEREAS, except for transfer of funds to the Escrow Account as described herein, all redevelopment project costs have been or will be paid, all obligations relating thereto have been or will be paid and retired prior to December 31, 2022; and

WHEREAS, in accordance with the provisions of Section 11-74.4-8 of the Act, the City desires to dissolve the special tax allocation fund relating to the Redevelopment Project Area and to terminate the designation of the Redevelopment Project Area as a redevelopment project area.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TUSCOLA, DOUGLAS COUNTY, ILLINOIS, as follows:

Section 1. Incorporation of Recitals. The foregoing recitals are incorporated into this Ordinance as the findings of the Corporate Authorities.

Section 2. Escrow Account. With respect to the Redevelopment Project Area, provisions will be made prior to December 31, 2022, to create an escrow account (the **"Escrow Account"**) and to transfer certain amounts from the Fund to the Escrow Account for the sole purposes of:

(i) paying amounts remaining to be paid in connection with certain payment obligations under existing Redevelopment Agreements, whereby projects were substantially underway but not expected to be complete by December 31, 2022;

(ii) paying final amounts on public works projects initiated by the City not later than October 1, 2022 but not expected to be complete by December 31, 2022; and

(iii) paying any administrative costs incurred by the City for staff, professional and legal services related to the administration of this Ordinance, the Redevelopment Plan, the Redevelopment Project Area, the Fund, and the Escrow Account.

(iv) Paying any refund of incremental real estate taxes attributable to the Redevelopment Project Area ordered by the Douglas County Clerk as a result of reductions in real property taxes due from property within the Redevelopment Project Area for which final and binding tax objection orders have been entered.

Section 3. Dissolution of Fund. The City Treasurer shall perform the final closing of the books and records of the Fund for the Redevelopment Project Area no later than December 31, 2022 and thereupon said Redevelopment Project Area is dissolved.

Section 4. Termination of Redevelopment Project Area. The designation of the Redevelopment Project Area as a redevelopment project area is hereby terminated as of December 31, 2022.

Section 5. Closing of Escrow Account. As soon as practical after the satisfying the purposes of the Escrow Account, as stated Section 2 of this Ordinance, any amounts remaining in the Escrow Account, if any, shall be declared surplus and distributed back to the affected taxing districts pursuant to Section 11-74.4-8 of the TIF Act and such Escrow Account closed.

Section 5. Additional Real Estate Tax Increment. In the event that additional incremental real estate taxes attributable to the Redevelopment Project Area shall be received by the City from the late payment of real estate taxes or for any other reason, after the dissolution of the Fund, such monies shall be declared as surplus funds and sent back to the Douglas County Treasurer for distribution back to the affected taxing bodies as prescribed in Section 11-74.4-8 of the TIF Act.

Section 6. Tax Objections Resulting in Reduced Real Estate Tax Increment. In the event incremental real estate taxes attributable to the Redevelopment Project Area received by the City are ordered refunded by the Douglas County Clerk as a result of final decisions in tax objections affecting real estate taxes payable prior to December 31, 2022, then the City will refund such incremental real estate taxes received solely from funds available in the Fund or Escrow Account established above.

Section 7. Effective Date of Ordinance. This Ordinance shall be in full force and effect upon its passage and approval in the manner provided by law.

Section 8. Invalidity. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 9. Conflicts. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby superseded.

Upon motion by HOEY, seconded by MORRIS, adopted this 11 day of OCTOBER, 2022 by roll call vote, as follows:

Voting "Aye" (names): Brace, Day, Hoey, Morris, Rund, Shoemaker, Stanfiter, Wallrop

Voting "Nay" (names):

Absent, n.v. (names):

Approved: October 11, 2022

(SEAL)

CITY OF MUSCOLA DOUGLAS COUNTY ILLINOIS SEAL

Elizabeth A. Leamon, City Clerk

Daniel J. Kleiss, Mayor

City of **Tuscola**
MEMBER OF THE ILLINOIS MUNICIPAL LEAGUE

Daniel J. Kleiss
Mayor

J. Drew Hoel
City Administrator

Beth Leamon
City Clerk

Alta Long
City Treasurer

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, 2022 through April 30, 2023.)

11/23/2023
Date

Daniel J. Kleiss
Daniel J. Kleiss, Mayor

214 NORTH MAIN STREET • TUSCOLA, ILLINOIS 61953
217.253.2112 • FAX 217.253.5026
WWW.TUSCOLA.ORG

TUMMELSON BRYAN & KNOX

Attorneys at Law

Andrew W. B. Bequette

abequette@tbklaw.com

115 North Broadway Avenue
P.O. Box 99
Urbana, IL 61803-0099
Phone: 217-367-2500
FAX: 217-367-2555

October 23, 2023

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. Carle Clinic purchased approximately 6 acres within the Redevelopment Project Area for the future construction of a 12,000 square foot medical clinic.

2. The Redevelopment Project Area was terminated as of December 31, 2022 pursuant to Ordinance 2022-O-8.

Attachment K

CITY OF TUSCOLA
Tuscola, Illinois

ANNUAL FINANCIAL REPORT

April 30, 2023

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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, 2023, 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, 2023, 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 as listed in the Table of Contents 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 other supplementary information section 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 November 21, 2023 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
November 21, 2023

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, 2023, 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 November 21, 2023.

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
November 21, 2023

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2023

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, 2023.

Financial Highlights

- The assets of the City of Tuscola exceeded its liabilities at the close of the most recent fiscal year by $48,336,575 (*net position*).

- The City's total net position increased by $2,350,141 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 $10,594,105. Of this amount, $3,512,074 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 $3,512,074.

- City of Tuscola's total debt decreased by $69,420 during the current fiscal year. The City's only loan or bonded indebtedness is in the water and sewer funds and amounts to $778,441 at April 30, 2023.

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 19-22 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 23-28 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 29-31 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 32 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 33-63 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 64-78 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 $48,336,575 at the close of the most recent fiscal year.

The largest portion of the City of Tuscola's net position (70 *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 2023	Governmental Activities 2022	Business-Type Activities 2023	Business-Type Activities 2022	Total 2023	Total 2022
Current and Other Assets	$ 11,878,118	$ 11,363,626	$ 3,526,452	$ 3,325,946	$ 15,404,570	$ 14,689,572
Net Pension Asset	-	1,667,875	-	-	-	1,667,875
Capital Assets	26,915,467	25,928,443	7,851,055	8,168,157	34,766,522	34,096,600
Total Assets	$ 38,793,585	$ 38,959,944	$ 11,377,507	$ 11,494,103	$ 50,171,092	$ 50,454,047
Deferred Outflow of Resources	$ 1,696,566	$ 276,573	$ -	$ -	$ 1,696,566	$ 276,573
Defer'd Outflows of Resources	$ 1,696,566	$ 276,573	$ -	$ -	$ 1,696,566	$ 276,573
Long-term Liabilities	$ 289,238	$ 46,136	$ 719,353	$ 789,624	$ 1,008,591	$ 835,760
Other Liabilities	340,602	232,754	318,966	249,835	659,568	482,589
Total Liabilities	$ 629,840	$ 278,890	$ 1,038,319	$ 1,039,459	$ 1,668,159	$ 1,318,349
Deferred Inflows of Resources						
Def Inflows rel to Pensions	$ 895,906	$ 1,367,968	$ -	$ -	$ 895,906	$ 1,367,968
Unavai. Rev. - Property Taxes	967,018	2,048,358	-	-	967,018	2,048,358
Total Defer'd Inflows of Res.	$ 1,862,924	$ 3,416,326	$ -	$ -	$ 1,862,924	$ 3,416,326
Net Position:						
Net Invest. in Capital Assets	$ 26,915,467	$ 25,928,443	$ 7,072,614	$ 7,320,296	$ 33,988,081	$ 33,248,739
Restricted	1,584,052	912,621	284,866	271,094	1,868,918	1,183,715
Unrestricted	9,497,868	8,700,237	2,981,708	2,863,254	12,479,576	11,563,491
Total Net Position	$ 37,997,387	$ 35,541,301	$ 10,339,188	$ 10,454,644	$ 48,336,575	$ 45,995,945

An additional portion of the City of Tuscola's net position for Governmental Activities ($1,584,052) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net position, *unrestricted net position* ($9,497,868) 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.

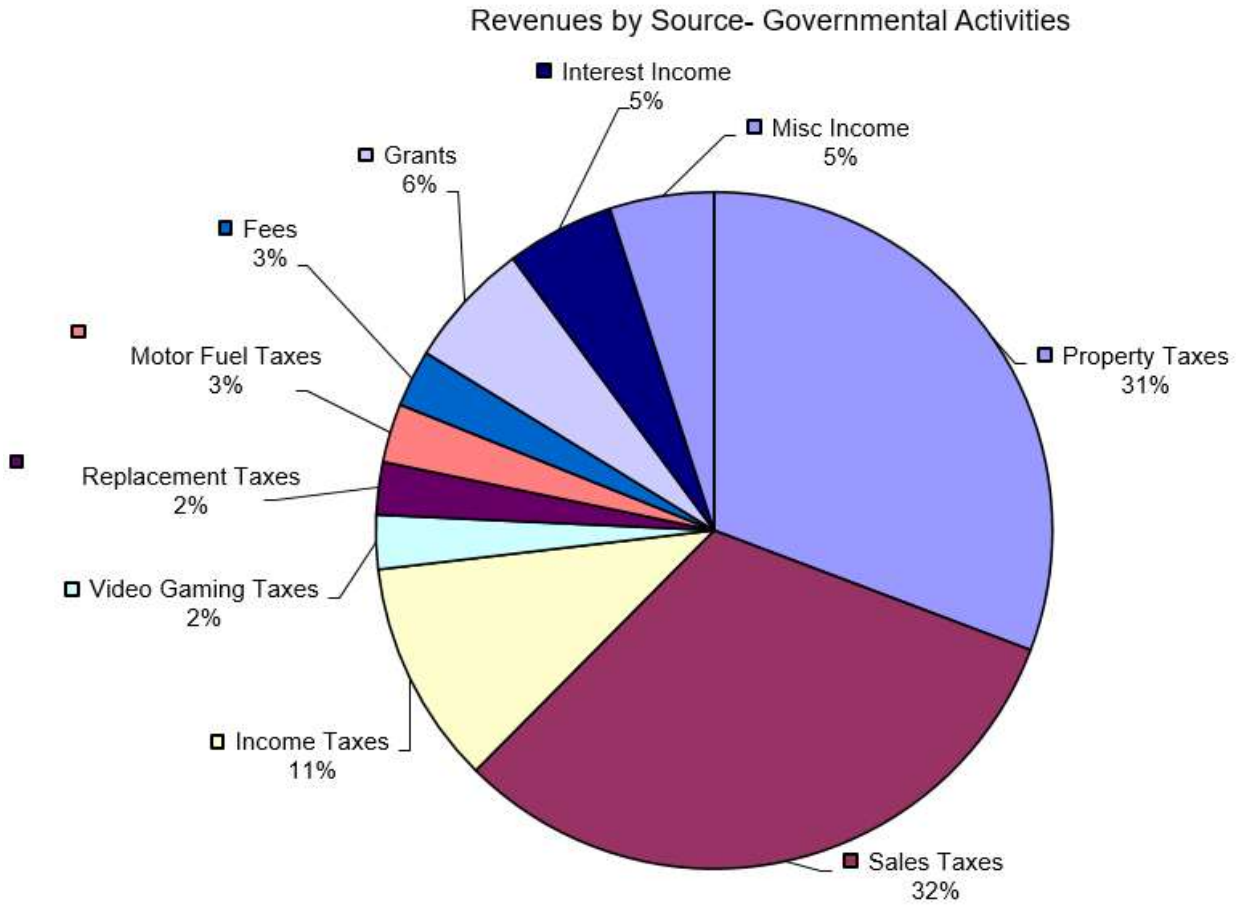
The following table summarizes the revenues and expenses of the City's activities:

City of Tuscola's Revenues, Expenses and Net Position

	Governmental Activities 2023	Governmental Activities 2022	Business-Type Activities 2023	Business-Type Activities 2022	Total 2023	Total 2022
Revenues:						
Program Revenues						
Charges for Services	$ 181,631	$ 185,927	$ 1,792,480	$ 1,752,106	$ 1,974,111	$ 1,938,033
Grants & Contributions	403,915	500,026	-	-	403,915	500,026
General Revenues:						
Property Taxes	2,048,671	2,012,007	-	-	2,048,671	2,012,007
Sales Taxes	2,111,318	1,942,356	-	-	2,111,318	1,942,356
Income Taxes	713,441	726,215	-	-	713,441	726,215
Replacement Taxes	167,754	138,669	-	-	167,754	138,669
Motor Fuel Taxes	187,124	178,594	-	-	187,124	178,594
Video Gaming Taxes	171,903	164,825	-	-	171,903	164,825
Investment Earnings	316,498	17,090	96,321	2,799	412,819	19,889
Memorial Income	1,128	2,393	-	-	1,128	2,393
Investment Impairment	-	(3,123)	-	-	-	(3,123)
Miscellaneous	404,877	248,805	20,101	16,478	424,978	265,283
Total Revenues	$ 6,708,260	$ 6,113,784	$ 1,908,902	$ 1,771,383	$ 8,617,162	$ 7,885,167
Expenses:						
General Government	760,307	247,939	-	-	760,307	247,939
Public Safety	1,155,930	1,162,502	-	-	1,155,930	1,162,502
Public Works	1,157,979	1,132,783	-	-	1,157,979	1,132,783
Culture and Recreation	730,485	659,243	-	-	730,485	659,243
Development	437,962	394,450	-	-	437,962	394,450
Interest on L-T Debt	-	-	-	-	-	-
Water Department	-	-	1,356,215	1,236,656	1,356,215	1,236,656
Sewer Department	-	-	668,143	643,485	668,143	643,485
Total Expenses	4,242,663	3,596,917	2,024,358	1,880,141	6,267,021	5,477,058
Change in Net Position	2,465,597	2,516,867	(115,456)	(108,758)	2,350,141	2,408,109
Net Position, Beginning (Restated)	35,531,790	33,024,434	10,454,644	10,563,402	45,986,434	43,587,836
Net Position, Ending	$ 37,997,387	$ 35,541,301	$ 10,339,188	$ 10,454,644	$ 48,336,575	$ 45,995,945

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 positive impact on sales tax collections for the City. 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.

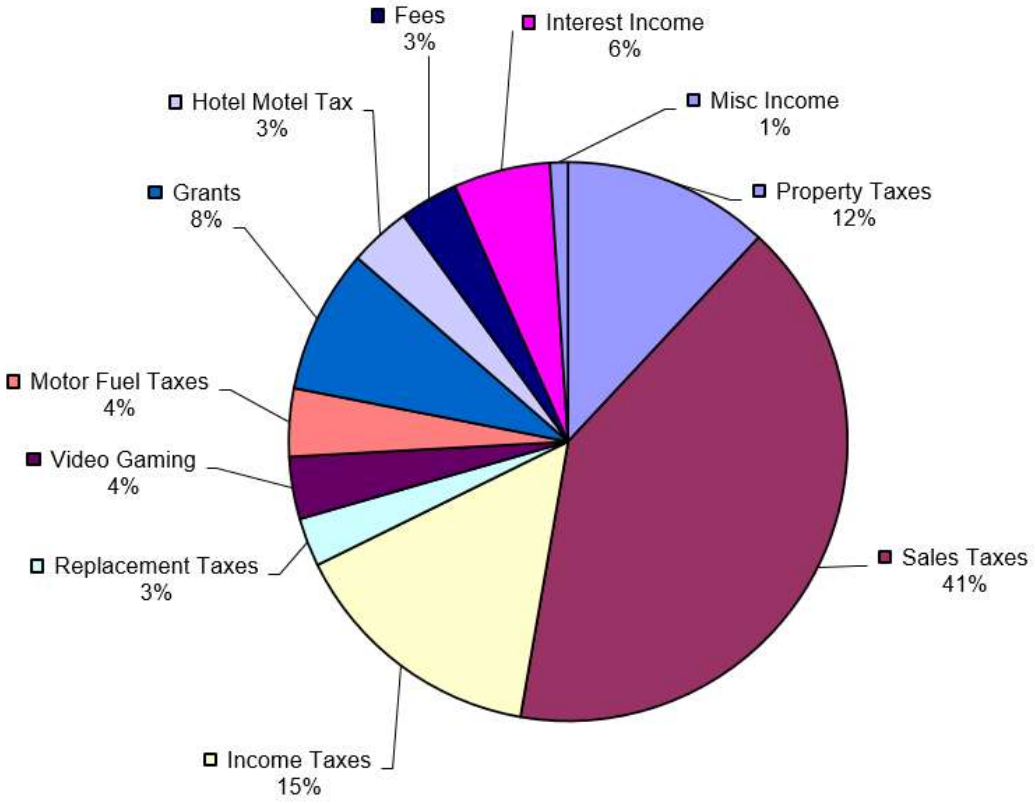
During the fiscal year ending April 30, 2023, the City obtained significant funding through grants and contributions. Those grants included the American Rescue Plan Act (ARPA) for assistance with Coronavirus related costs and the Illinois Department of Transportation's Local Bond Funds for a future bondable road project. Additionally, as interest rates have risen significantly over the past 12 months, so have the City's income from investment interest, amounting to $316,498 for governmental funds for the fiscal year. That is compared to only $17,090 in investment interest for governmental funds in the prior fiscal year.



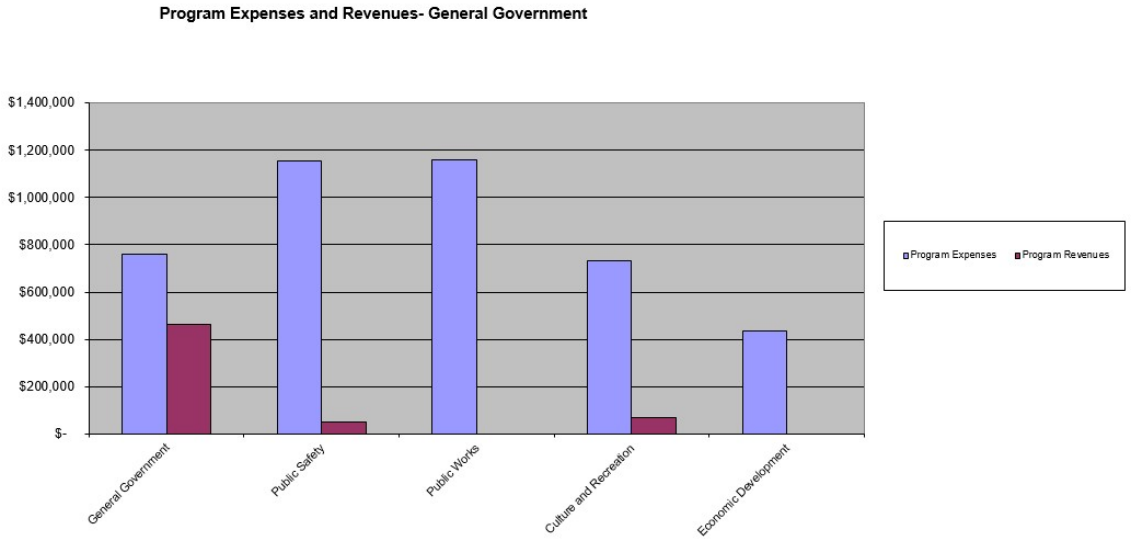
The City of Tuscola is unique in that it has had a very successful Tax Increment Financing (TIF) District that provides revenues from property tax increment to fund most of the City's economic development plans. While property tax revenues are a main source of overall revenue for the City's combined 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, were terminated during the fiscal year. At the termination of the TIF districts, the City Treasurer opened similarly titled escrow accounts in which to place the remaining fund balances. As the final projects in those two districts are completed, the escrowed funds will be used exclusively to pay out final expenses pursuant to the terminating ordinances (City of Tuscola, Ordinance 2022-O-7 & 8).

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 of income from sales taxes and other State of Illinois levied taxes.

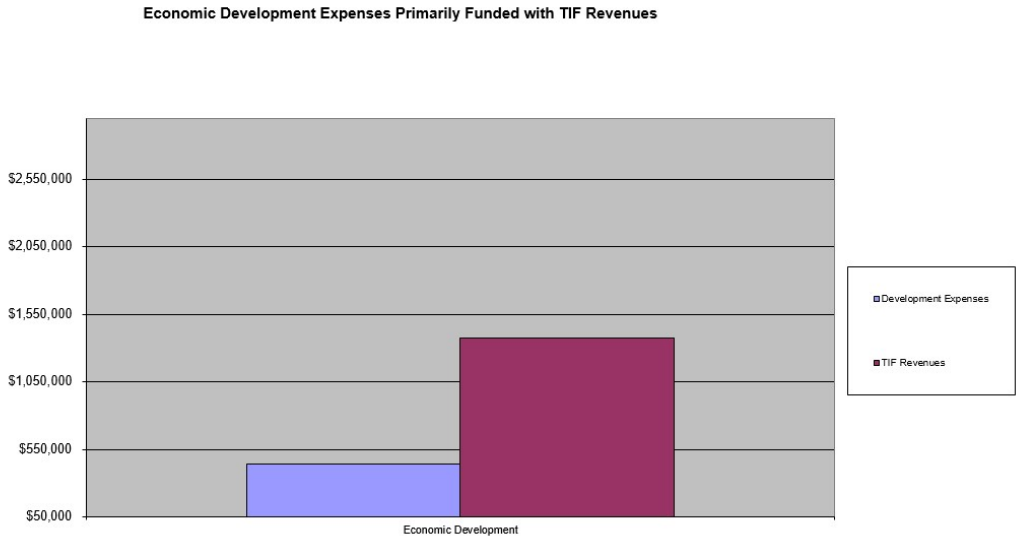
Revenues by Source- Governmental Activities Only (excluding TIF & Library)



The largest regular program expenses for the City for the fiscal year ending April 30, 2023 were Public Safety at $1,155,930 and Public Works at $1,157,979. Public Works and Public Safety are high priorities for the City as it shows in the spending for those programs. Culture and Recreation expenses, which include city parks, pool and library services, were next largest at $730,485. General government expenses were at $760,307 for the year. Economic Development expenses for the year were $437,962. General government expenses account for 18% 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 2023.



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 $8,921,939, of that $1,353,006 is non-spendable or restricted while $4,056,859 is committed by the city council to specific future purposes. A portion of the restricted funds consist of a loan, in the amount of $1,171,729 at April 30, 2023, 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 2023 included the downtown infrastructure plan, including alleyway, parking lot and greenspace improvements in the Main and Sale Street area. 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 2023.

The City's Tourism Funds are derived from a 6% tax on local hotel operators. 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 $10,339,188.

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. During the fiscal year ending April 30, 2023, planning and engineering work was implemented toward an effort to replace the Tuscola master meter station and also to replace water mains within the Meadowview Subdivision. The water line replacement project within Meadowview Subdivision has been awarded a Community Development Block Grant in the amount of $550,000. Both projects have been submitted in an Illinois EPA loan application, with potential for a portion of the cost considered for principal forgiveness. Seeking available funding for these large projects will protect the fund balance of the water fund for future necessary upgrades.

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 ending April 30, 2023 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, 2023, amounts to $34,766,522 (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 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Land	$ 3,336,901	$ 3,262,001	$ 637,198	$ 637,198	$ 3,974,099	$ 3,899,199
Land Improvements	1,644,891	1,454,237	-	-	1,644,891	1,454,237
Buildings	2,891,171	2,783,680	-	-	2,891,171	2,783,680
Plant, Machinery & Equipment	300,209	222,616	4,056,767	4,300,825	4,356,976	4,523,441
Vehicles	1,431,205	975,103	87,572	103,604	1,518,777	1,078,707
Distribution System	-	-	2,972,214	3,118,745	2,972,214	3,118,745
Infrastructure	17,311,090	17,230,806	-	-	17,311,090	17,230,806
Work in Progress	-	-	97,304	7,785	97,304	7,785
	$ 26,915,467	$ 25,928,443	$ 7,851,055	$ 8,168,157	$ 34,766,522	$ 34,096,600

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 $778,441 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	
	2023	2022	2023	2022	2023	2022
IEPA Loan Payable	-	-	778,441	847,862	778,441	847,862
Net Pension liability	240,701	-	-	-	240,701	-
Compensated Absences	72,144	63,435	18,885	16,798	91,029	80,233
Total	$ 312,845	$ 63,435	$ 797,326	$ 864,660	$ 1,110,171	$ 928,095

The City of Tuscola's total debt decreased by $58,625 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, allowed the City to continue operations at near normal levels through the pandemic and post-pandemic era. For the fiscal year ending April 30, 2023, all of the City's main sources of taxes and other revenues had rebounded to pre-pandemic levels.

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. The net overall sales tax type revenues to the City increased 11.8% from FY 22 to FY 23, with FY 23 totals the second highest receipts of sales tax type revenues in the city's history. 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. Longer term, this change in methodology of sales tax collection and distribution will change the dynamic of city revenues from being heavily dependent on local conditions to generally following state-wide or nation-wide economic trends.

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, were terminated by ordinance on October 11, 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 Barker/Prairie ST TIF EAV of ($793,597) equalized assessed value (EAV) of taxable property in the City for 2022 levy year was $86,278,578, which represents one-third market value. That EAV was an increase in the rate setting EAV of 35% from the prior year. The expiration of the very successful TIF 1 and Amishland TIF districts resulted in this significant, one-time jump in EAV. Residential properties made up 70% of the EAV for the 2022 levy year. Commercial developments constitute 27% of the EAV. Keeping the City's tax rate low has been a long-standing goal of the City's leadership. That goal has resulted in over 20 years of maintaining a city plus library rate around $1 per $100 of EAV. The influx of EAV from the expiring TIF districts was a win-win situation for both the City and its residents. The City's tax levy was able to increase by $177,700, or 25% while the rate paid by the residents decreased by over 7%.

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, 2023

ASSETS	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	$ 8,109,910	$ 2,886,072	$ 10,995,982
Due from Douglas County	968,488	-	968,488
Due from State of Illinois	473,197	-	473,197
Receivables, net	60,395	175,180	235,575
Loans receivable	-	-	-
Prepaid items	103,866	17,199	121,065
Investment in joint venture	-	124,155	124,155
Restricted cash	2,162,262	323,846	2,486,108
Total Current Assets	11,878,118	3,526,452	15,404,570
Noncurrent Assets			
Capital assets (not being depreciated):			
Land	3,336,901	637,198	3,974,099
Construction in Progress		97,304	97,304
Capital assets (net of accumulated depreciation):			
Land improvements	1,644,891	-	1,644,891
Buildings	2,891,171	-	2,891,171
Plant, machinery and equipment	300,209	4,056,767	4,356,976
Vehicles	1,431,205	87,572	1,518,777
Infrastructure	17,311,090	2,972,214	20,283,304
Total Capital Assets	26,915,467	7,851,055	34,766,522
Net pension asset	-	-	-
Total Noncurrent Assets	26,915,467	7,851,055	34,766,522
Total Assets	38,793,585	11,377,507	50,171,092
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,696,566	-	1,696,566
Total Deferred Outflows of Resources	1,696,566	-	1,696,566

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

CITY OF TUSCOLA

STATEMENT OF NET POSITION (CONCLUDED)
APRIL 30, 2023

LIABILITIES	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Accounts payable	224,452	184,476	408,928
Accrued payroll	92,543	16,266	108,809
Accrued interest	-	1,271	1,271
Customer deposits	-	38,980	38,980
Accrued compensated absences - current	23,607	7,682	31,289
Debt - due within one year	-	70,291	70,291
Total Current Liabilities	340,602	318,966	659,568
Noncurrent Liabilities			
Accrued compensated absences	48,537	11,203	59,740
Net pension liability	240,701	-	240,701
Debt - due after more than one year	-	708,150	708,150
Total Noncurrent Liabilities	289,238	719,353	1,008,591
Total Liabilities	629,840	1,038,319	1,668,159
Deferred Inflows of Resources			
Deferred inflows related to pensions	895,906	-	895,906
Unavailable revenue - property taxes	967,018	-	967,018
Total Deferred Inflows of Resources	1,862,924	-	1,862,924
NET POSITION			
Net investment in capital assets, net of related debt	26,915,467	7,072,614	33,988,081
Restricted for:			
General services	54,798	-	54,798
Public safety	39,410	-	39,410
Park improvements	2,531	-	2,531
Debt service	-	80,500	80,500
Transportation projects	413,450	-	413,450
Development	1,073,863	-	1,073,863
Required bond reserve	-	204,366	204,366
Unrestricted	9,497,868	2,981,708	12,479,576
Total Net Position	$ 37,997,387	$ 10,339,188	$ 48,336,575

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, 2023

		Program Revenues		
	Expenses	*Charges for Services*	*Operating Grants and Contributions*	*Capital Grants and Contributions*
Functions/Programs				
Governmental activities:				
General government	$ 760,307	$ 60,020	$ 403,915	$ -
Public safety	1,155,930	50,673	-	-
Public works	1,157,979	-	-	-
Culture and recreation	730,485	70,938	-	-
Development	437,962	-	-	-
Total Governmental Activities	4,242,663	181,631	403,915	-
Business-type activities:				
Water	1,356,215	1,142,784		
Sewer	668,143	649,696		
Total Business-Type Activities	2,024,358	1,792,480		
Total Primary Government	$ 6,267,021	$ 1,974,111	$ 403,915	$ -

General Revenues:
Property taxes
Sales taxes
Income taxes
Replacement taxes
Motor fuel taxes
Video gaming taxes
Interest income
Memorial income
Miscellaneous income
Total General Revenues
Change in Net Position
Net Position - Beginning of Year (Restated)
Net Position - Ending

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

Net (Expenses) Revenue and Changes in Net Position		
Governmental Activities	*Business-Type Activities*	*Total*
$ (296,372)	$ -	$ (296,372)
(1,105,257)	-	(1,105,257)
(1,157,979)	-	(1,157,979)
(659,547)	-	(659,547)
(437,962)	-	(437,962)
(3,657,117)	-	(3,657,117)
-	(213,431)	(213,431)
-	(18,447)	(18,447)
-	(231,878)	(231,878)
(3,657,117)	(231,878)	(3,888,995)
2,048,671	-	2,048,671
2,111,318	-	2,111,318
713,441	-	713,441
167,754	-	167,754
187,124	-	187,124
171,903	-	171,903
316,498	96,321	412,819
1,128	-	1,128
404,877	20,101	424,978
6,122,714	116,422	6,239,136
2,465,597	(115,456)	2,350,141
35,531,790	10,454,644	45,986,434
$ 37,997,387	$ 10,339,188	$ 48,336,575

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

CITY OF TUSCOLA

BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2023

	General	Combined Tax Increment Financing Funds	Motor Fuel Tax
Assets			
Cash and cash equivalents	$ 7,245,202	$ -	$ 419,679
Due from Douglas County	711,802	58,590	-
Due from State of Illinois	450,634	-	16,471
Due from other Funds	1,171,729	-	-
Accounts receivable	44,969	-	-
Loans receivable	-	-	-
Prepaid items	84,538	933	-
Restricted cash	96,739	1,770,273	295,250
Total Assets	$ 9,805,613	$ 1,829,796	$ 731,400
Liabilities			
Accounts payable	$ 94,384	$ 104,287	$ 22,700
Accrued salaries	78,958	5,853	-
Due to other funds	-	1,171,729	-
Total Liabilities	173,342	1,281,869	22,700
Deferred Inflows of Resources			
Unavailable revenue - property taxes	710,332	58,590	-
Total Deferred Inflows of Resources	710,332	58,590	-
Fund Balances			
Non-spendable:			
Prepaid items	84,538	933	-
Long term receivables	1,171,729	-	-
Restricted:			
General services	54,798	-	-
Public safety	39,410	-	-
Park improvements	2,531	-	-
Development	-	-	295,250
Restrictions by state statutes	-	488,404	413,450
Assigned:			
Reserve funds	2,011,030	-	-
Capital replacement funds	2,045,829	-	-
Development	-	-	-
Culture and recreation	-	-	-
Unassigned	3,512,074	-	-
Total Fund Balances	8,921,939	489,337	708,700
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,805,613	$ 1,829,796	$ 731,400

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

Tourism	Library	Total Governmental Funds
$ 290,209	$154,820	$ 8,109,910
-	198,096	968,488
-	6,092	473,197
-	-	1,171,729
15,426	-	60,395
-	-	-
16,160	2,235	103,866
-	-	2,162,262
$ 321,795	$361,243	$ 13,049,847
$ 1,621	$ 1,460	$ 224,452
2,573	5,159	92,543
-	-	1,171,729
4,194	6,619	1,488,724
-	198,096	967,018
-	198,096	967,018
16,160	2,235	103,866
-	-	1,171,729
-	-	54,798
-	-	39,410
-	-	2,531
290,209	-	585,459
-	-	901,854
-	-	2,011,030
-	-	2,045,829
11,232	-	11,232
-	154,293	154,293
-	-	3,512,074
317,601	156,528	10,594,105
$ 321,795	$361,243	$ 13,049,847

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

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CITY OF TUSCOLA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2023

Total Fund Balance - Governmental Funds	$ 10,594,105
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.	26,915,467
Net pension liabilities are not current financial resources and, therefore, are not reported in the funds.	(240,701)
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	1,696,566
Deferred inflows of resources	(895,906)
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	(72,144)
Net Position of Governmental Activities	$ 37,997,387

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, 2023

	General	Combined Tax Increment Financing Funds	Motor Fuel Tax
Revenues			
Property taxes	$ 569,173	$ 1,321,340	$ -
Sales taxes	1,941,237	-	-
State income taxes	713,441	-	-
Replacement taxes	133,599	-	-
Motor fuel taxes	-	-	187,124
Sales taxes - city	-	-	-
Video gaming taxes	171,903	-	-
Fines and fees	22,177	-	-
Grant income	347,869	-	49,208
Licenses and permits	38,625	-	-
Rent	14,180	-	-
Franchise fees	21,395	-	-
Interest income	249,291	38,510	14,002
Fire insurance	14,537	-	-
Pool income	56,758	-	-
Memorial funds	-	-	-
Miscellaneous	388,641	14,155	-
Total Revenues	4,682,826	1,374,005	250,334
Expenditures			
Current:			
General government	616,825	55,348	-
Public safety	1,031,900	-	-
Public works	546,847	-	-
Culture and recreation	348,883	-	-
Development	-	236,166	-
Other	-	46,585	-
Capital Outlay	1,032,370	867,584	73,031
Total Expenditures	3,576,825	1,205,683	73,031
Excess of revenues over (under) expenditures	1,106,001	168,322	177,303
Fund Balances - Beginning	7,815,938	321,015	531,397
Fund Balances - Ending	$ 8,921,939	$ 489,337	$ 708,700

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

Tourism	Library	Total Governmental Funds
$ -	$ 158,158	$ 2,048,671
-	-	1,941,237
-	-	713,441
-	34,155	167,754
-	-	187,124
170,081	-	170,081
-	-	171,903
7,723	6,236	36,136
-	6,838	403,915
-	-	38,625
-	-	14,180
-	-	21,395
9,293	5,402	316,498
-	-	14,537
-	-	56,758
-	1,128	1,128
-	2,081	404,877
187,097	213,998	6,708,260
-	-	672,173
-	-	1,031,900
-	-	546,847
-	165,511	514,394
155,211	-	391,377
-	-	46,585
11,500	26,207	2,010,692
166,711	191,718	5,213,968
20,386	22,280	1,494,292
297,215	134,248	9,099,813
$ 317,601	$ 156,528	$ 10,594,105

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, 2023

Net change in fund balances - total governmental funds	$	1,494,292
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		2,010,692
Gain (Loss) on Asset Disposal		(5,214)
Depreciation expense		(1,008,943)
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.		
Cost of benefits earned, net		(16,521)
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		(8,709)
Change in Net Position of Governmental Activities	$	2,465,597

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

CITY OF TUSCOLA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
APRIL 30, 2023

	Water Fund	Sewer Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 1,026,854	$ 1,859,218	$ 2,886,072
Accounts receivable, net	115,980	59,200	175,180
Prepaid items	9,797	7,402	17,199
Cash and cash equivalents-restricted	286,345	37,501	323,846
Investment in joint venture	124,155	-	124,155
Total Current Assets	1,563,131	1,963,321	3,526,452
Noncurrent Assets			
Capital assets:			
Property, plant and equipment	7,936,685	12,102,577	20,039,262
Accumulated Depreciation	(4,642,455)	(7,545,752)	(12,188,207)
Total Noncurrent Assets	3,294,230	4,556,825	7,851,055
Total Assets	4,857,361	6,520,146	11,377,507
Liabilities			
Current Liabilities			
Accounts payable	148,057	36,419	184,476
Customer deposits	38,980	-	38,980
Accrued payroll	8,717	7,549	16,266
Accrued interest	1,041	230	1,271
Accrued compensated absences - current	3,562	4,120	7,682
IEPA loans - current	61,132	9,159	70,291
Total Current Liabilities	261,489	57,477	318,966
Noncurrent Liabilities			
Accrued compensated absences	5,725	5,478	11,203
IEPA loans	620,376	87,774	708,150
Total Noncurrent Liabilities	626,101	93,252	719,353
Total Liabilities	887,590	150,729	1,038,319
Net Position			
Net investment in capital assets	2,612,722	4,459,892	7,072,614
Restricted:			
Restricted for debt service	70,000	10,500	80,500
Required bond reserves	177,365	27,001	204,366
Unrestricted	1,109,684	1,872,024	2,981,708
Total Net Position	$ 3,969,771	$ 6,369,417	$ 10,339,188

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, 2023

	Water	Sewer	Total
Operating Revenues			
Charges for services	$ 1,142,784	$ 649,696	$ 1,792,480
Miscellaneous	20,101	-	20,101
Total Operating Revenues	1,162,885	649,696	1,812,581
Operating Expenses			
Personnel services	219,264	187,063	406,327
Supplies and materials	101,817	87,796	189,613
Contractual services	795,030	92,494	887,524
Depreciation and amortization	231,111	298,682	529,793
Total Operating Expenses	1,347,222	666,035	2,013,257
Operating Income (Loss)	(184,337)	(16,339)	(200,676)
Non-Operating Revenues (Expenses)			
Interest income	41,124	55,197	96,321
Sprayfield farm income (loss), net	-	(833)	(833)
Interest expense	(8,993)	(1,275)	(10,268)
Total Non-Operating Revenues (expenses)	32,131	53,089	85,220
Change in net position	(152,206)	36,750	(115,456)
Net Position - Beginning	4,121,977	6,332,667	10,454,644
Net Position - Ending	$ 3,969,771	$ 6,369,417	$ 10,339,188

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, 2023

	Water	Sewer	Totals
Cash Flows from Operating Activities			
Receipts from users	$ 1,130,336	$ 654,103	$ 1,784,439
Payments to suppliers	(748,661)	(161,266)	(909,927)
Payments to employees	(218,521)	(184,707)	(403,228)
Other receipts (payments)	20,101	-	20,101
Net cash provided (used) by operating activities	183,255	308,130	491,385
Cash Flows from Capital and Related Financing Activities			
Sale (Purchase) of capital assets	(162,424)	(50,266)	(212,690)
Interest paid on capital debt	(9,084)	(1,296)	(10,380)
Principal paid on capital debt	(60,375)	(9,045)	(69,420)
Net cash provided (used) by capital and related financing activities	(231,883)	(60,607)	(292,490)
Cash Flows from Investing Activities			
Interest on cash and investments	41,124	55,197	96,321
Sprayfield farm income (loss)	-	(833)	(833)
Net cash provided (used) by investing activities	41,124	54,364	95,488
Net increase (decrease) in cash and cash equivalents	(7,504)	301,887	294,383
Cash and cash equivalents, beginning of the year	1,320,703	1,594,832	2,915,535
Cash and cash equivalents, end of the year	$ 1,313,199	$ 1,896,719	$ 3,209,918
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	$ (184,337)	$ (16,339)	$ (200,676)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	231,111	298,682	529,793
Change in assets and liabilities:			
(Increase) decrease-accounts receivable	(12,368)	4,407	(7,961)
(Increase) decrease-prepaid insurance	(2,187)	(1,122)	(3,309)
(Increase) decrease-joint venture equity	105,147	-	105,147
Increase (decrease)-accounts payable	45,226	20,145	65,371
Increase (decrease)-accrued payroll	361	652	1,013
Increase (decrease)-customer deposits	(80)	-	(80)
Increase (decrease)-accrued compensated absences	382	1,705	2,087
Net Cash Provided (Used) By Operating Activities	$ 183,255	$ 308,130	$ 491,385

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, 2023

	Custodial Funds
ASSETS	
Accounts receivable	$ 34,228
Total Assets	34,228
LIABILITIES	
Accounts payable	34,228
Total Liabilities	34,228
NET POSITION	
Total Net Position	$ -

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION- FIDUCIARY FUNDS
APRIL 30, 2023

	Custodial Funds
ADDITIONS	
Garbage fees	$ 312,688
DEDUCTIONS	
Payments to the garbage company	311,112
Due to garbage company	981
Bad debt write off	595
Total Deductions	312,688
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 fund:

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

The City's agency fund is 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 (Continued)

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, 2023, the City complied in all material respects with these revenue restrictions.

Change in Accounting Principles

The City adopted Government Accounting Standards Board (GASB) Statement No. 87 Lease Accounting Standard during the current year. Under GASB 87, lessees must recognize a lease liability and a right to use asset for all qualified leases. The City evaluated their current leases to see if the change in accounting was necessary for those leases. The City determined there are no material differences that would impact the reliability of the financial statements. The City will evaluate new leases at the lease inception to determine if they will have a material impact on the financial statements.

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 21, 2023, 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, 2023, including a Fire hose nozzle replacements in the amount of $17,850, a 2010 International bucket truck in the amount of $104,500 and a 2022 Case 621G Wheel Loader in the amount of $137,500.
- The City Council approved various building repairs or improvements including a revised proposal from I-57 Roofing for the library roof in the amount of $36,732 (21,666 remaining to be paid) and City Hall door replacements with BVB Glass in the amount of $18,055.

On June 12, 2023, the City Council approved an IDOT resolution for road maintenance for the annual chip and tar maintenance up to $80,100 and engineering fees less than $20,000 with James Crane, PE.

On June 12, 2023, the City Council awarded a bid and contract for the South Fire Station Annex and the Street Maintenance Building Addition, with Police shooting range, to K. Wohltman Construction in the amount of $3,443,409, which includes the base bid, alternate for CMU wall deduct and the alternate for the fire station training room.

Note 1 - Summary of Significant Accounting Policies (Concluded)

Subsequent Events (Concluded)

On June 26, 2023, the City Council approved a PSA with Clark Dietz in the amount of $10,000 for greenspace area planning in conjunction with the downtown redevelopment project.

On July 10, 2023, the City Council approved an agreement with Clark Dietz for a sidewalk repair program engineering in the amount of $15,000.

On July 31, the City Council approved a bid and executed a contract with Feutz Contractors for $1,316,887 for Phase II of the downtown alley improvement project.

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, 2023. 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, 2023, are as follows:

Description	Date
Assessment and enforceable lien	January 1, 2022
Levy	December 12, 2022
Face value amount payment dates	1st half by July 5, 2023
	2nd half by September 5, 2023

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.

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

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, 2023, 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 $487,892. The bank balance was subject to deposit risk as follows:

Deposits covered by FDIC insurance	$ 467,826
Uninsured and collateral held by third party bank in the City's name	20,066
Total	$ 487,892

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, 2023, $13,133,945 was deposited into accounts with The Illinois Funds.

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, 2023, 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, 2023, was as follows:

Governmental Activities:	Balance May 1, 2022	Increases	Decreases	Balance April 30, 2023
Capital assets, not being depreciated:				
Land	$ 1,855,453	$ 74,900	$ 0	$ 1,930,353
Land-Rights of way	1,406,548	0	0	1,406,548
Total capital assets, not being depreciated	3,262,001	74,900	0	3,336,901
Capital assets, being depreciated:				
Land improvements	2,470,613	324,948	9,529	2,786,032
Buildings	5,670,604	277,744	29,784	5,918,564
Infrastructure	27,342,135	587,202	64,243	27,865,094
Equipment & Vehicles	2,776,299	610,099	75,082	3,311,316
PME-Portable Machinery/Equip	1,173,460	118,809	53,303	1,238,966
Library Collection	358,711	16,989	18,032	357,668
Totals at historical cost	39,791,822	1,935,791	249,973	41,477,640
Less accumulated depreciation:				
Land improvements (as corrected)	1,025,887	124,782	9,529	1,141,140
Buildings	2,886,924	165,042	24,572	3,027,394
Infrastructure	10,111,329	506,918	64,243	10,554,004
Equipment & Vehicles	1,801,197	153,996	75,082	1,880,111
PME-Portable Machinery/Equip	1,018,761	33,981	53,303	999,439
Library Collection	290,794	24,224	18,032	296,986
Total accumulated depreciation	17,134,892	1,008,943	244,761	17,899,074
Total capital assets, being depreciated, net	22,656,930	926,848	5,212	23,578,566
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 25,918,931	$ 1,001,748	$ 5,212	$ 26,915,467

Depreciation expense was charged to governmental activities as follows:

General government	$ 57,690
Public Safety	124,030
Public Works	611,132
Culture and Recreation	216,091
Total Depreciation Expense Governmental Activities	$1,008,943

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

Capital Assets (Continued)

Business-Type Activities:	Balance May 1, 2022	Increases	Decreases	Balance April 30, 2023
Capital assets, not being depreciated:				
Land	$ 637,198	$ 0	$ 0	$ 637,198
Construction in Progress	7,785	89,519	0	97,304
Total capital assets, not being depreciated	644,983	89,519	0	734,502
Capital assets, being depreciated:				
Infrastructure	7,232,919	52,549	0	7,285,468
Plant/mechanical	11,592,779	70,622	0	11,663,401
Vehicles & equipment	310,235	0	40,525	269,710
PME-Portable Machinery/Equip	86,180	0	0	86,180
Totals at historical cost	19,222,113	123,171	40,525	19,304,759
Less accumulated depreciation:				
Infrastructure	4,114,174	199,080	0	4,313,254
Plant/mechanical	7,323,369	305,199	0	7,628,568
Vehicles & equipment	206,631	16,032	40,525	182,138
PME-Portable Machinery/Equip	54,765	9,481	0	64,246
Total accumulated depreciation	11,698,939	529,793	40,525	12,188,207
Total capital assets, being depreciated, net	7,523,174	(406,621)	0	7,116,553
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 8,168,157	$ (317,102)	$ 0	$ 7,851,055

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

Water	$ 231,111
Sewer	298,682
Total Depreciation Expense Business-type Activities	$ 529,793

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, 2023, the governmental long-term liabilities consisted of the following:

Accrued compensated absences:	
Current portion	$ 23,607
Noncurrent portion	48,537
Total Accrued Compensated Absences	$ 72,144

Business-Type Activities

As of April 30, 2023, the long-term liabilities payable from proprietary fund resources consisted of the following:

Loans payable:	
Current portion	$ 70,291
Noncurrent portion	708,150
Total Loans Payable Payments	$ 778,441
Accrued compensated absences:	
Current portion	$ 7,682
Noncurrent portion	11,203
Total Accrued Compensated Absences	$ 18,885

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, 2023:

Type of Liability:	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Accrued compensated Absences	63,435	132,720	(124,011)	72,144	23,607
TOTAL GENERAL LONG-TERM LIABILITIES	$ 63,435	$ 132,720	$ (124,011)	$ 72,144	$ 23,607
Business-type activities:					
Loans payable:					
Project L17-3758	463,171	0	(37,693)	425,478	38,166
Project L17-4835	278,712	0	(22,682)	256,030	22,966
Project L17-3671	105,978	0	(9,045)	96,933	9,159
Total loans payable	847,861	0	(69,420)	778,441	70,291
Accrued compensated Absences	16,798	31,099	(29,012)	18,885	7,682
TOTAL BUSINESS LONG-TERM LIABILITIES	$ 864,659	$ 31,099	$ (98,432)	$ 797,326	$ 77,973

Annual Debt Service Requirements

The annual debt service requirements to maturity for bonds and loans as of April 30, 2023, are as follows:

Year Ending April 30	Business-Type Principal	Business-Type Interest
2024	$ 70,291	$ 9,512
2025	71,172	8,630
2026	72,065	7,737
2027	72,969	6,834
2028	73,883	5,919
2029-2033	383,547	15,465
2034	34,514	216
TOTALS	$ 778,441	$ 54,313

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

Legal Debt Margin

2021 Equalized Assessed Valuation	$ 64,087,586
	8.625%
Legal Debt Margin	5,527,554
Margin Used	778,441
Margin Remaining	$ 4,749,113

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, 2023, are as follows:

	Governmental Activities	Business-type Activities
Accrued paid time off	$ 72,144	$ 18,885
Less current portion	(23,607)	(7,682)
LONG-TERM PORTION	$ 48,537	$ 11,203

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, 2023 or during the year ending April 30, 2023. 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, 2023.

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, 2023:

Douglas County	
Property taxes	$ 967,018
Police fines	1,470
Total	$ 968,488
State of Illinois	
Sales tax	$ 216,668
Home rule sales tax	66,406
Income tax	111,520
Corporate pers. repl. tax	29,920
Gaming tax	31,653
Cannabis tax	559
Motor fuel tax	16,471
Total	$ 473,197

Tax Increment Financing Loans Receivable

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

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, 2023, 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, 2023, $9,143.59 remained owed on this loan.

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

Tax Increment Financing Loans Receivable (Continued)

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, 2023, due to slowdowns caused by the COVID-19 pandemic. At April 30, 2023, no business had been opened on the site and the loan balance was $34,942.

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. The lease continues on a month-to-month basis.

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".

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

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 January 9, 2023, the City Council extended the agreement until September 30, 2023.

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, 2023, $205,969 had been rebated to Tucker for this portion of the agreement, leaving $193,377 owed to Tucker from future years' property taxes. During the year ended April 30, 2023, the City remitted $33,761 for the property tax abatement.

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. The sale occurred and the City was paid for the property on June 16, 2022.

Termination of Tax Increment Financing Districts

Two of the City's TIF districts, TIF 1 and Amishland TIF, have expired in the fiscal year ending April 30, 2023. On October 11, 2022, the City Council approved ordinance 2022-O-7 and 2022-O-8, ordinances dissolving the special tax allocation funds and terminating the tax increment redevelopment projects for TIF 1 and Amishland TIF. Those ordinances terminated the two redevelopment project areas as of December 31, 2022. The ordinances further directed the City Treasurer to perform a final closing of the TIF 1 and Amishland TIF funds and to transfer all account balances to similarly titled escrow accounts. Such escrow accounts are to be maintained only for purposes of paying final expenses from each project redevelopment area that are already existing at the time of termination for the following purposes:

1. Paying existing obligations for projects that were substantially underway but not completed by December 31, 2022;
2. Paying final amounts on public works projects initiated prior to October 1, 2022, but not completed by December 31, 2022;
3. Paying administrative costs of the projects, area or escrow account;
4. Paying any refund of incremental real estate taxes ordered by the Douglas County Clerk

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

Termination of Tax Increment Financing Districts (concluded)

The transfers to other funds to terminate the TIF Districts were reported in the terminated TIF districts as Other expenses in order to agree to the TIF reporting required by the Illinois Office of the Comptroller. The transactions reported under Other are as follows:

	TIF 1	Amishland TIF
Transfer funds for uncompleted projects	$ 2,073,149	$ 129,052
Transfer TIF loans to General Fund	46,585	0
Total	$ 2,119,734	$ 129,052

The City Treasurer did close out the TIF 1 and Amishland TIF funds at December 31, 2022 and opened the escrow account for TIF 1 with a balance of $2,073,149 and for Amishland TIF with a balance of $129,052.

As the projects which began prior to October 1, 2022 were not completed at April 30, 2023, the City Treasurer will continue to pay out final costs allowed under the escrow instructions until such time as the projects are complete.

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, 2023.

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.

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

Joint Venture (concluded)

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, 2023 the City of Tuscola's equity interest was 51.94%, or $124,155, 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, 2023 is provided below.

Financial Position as of April 30, 2023	
Cash	$ 146,582
Accounts Receivable- customers	329
Accounts Receivable – City of Arcola	92,121
Total assets	$ 239,032
Total equity	$ 239,032

Results of Operations for Fiscal Year Ending April 30, 2023	
Total revenues	$1,492,360
Total expenditures	(1,670,678)
Net income (loss)	(178,318)
Beginning total equity	417,350
Ending total equity	$ 239,032

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.

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

Rebuild IL Bond Fund Grant

The City was awarded $295,250 from the Rebuild IL grant, which was expected to be paid out in six installments of $49,208.27. Three installments were received for the year ended April 30, 2021. An additional two installments were received in the year ended April 30, 2022. And the final installment was received 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 nine 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).

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.

Note 7 - Pension Plan (Continued)

Employees Covered by Benefit Terms

As of December 31, 2022, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	23
Inactive Plan Members entitled to but not yet receiving benefits	10
Active Plan Members	27
Total	60

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 2022 was 6.02%. For the fiscal year ended April 30, 2023, the City contributed $88,663 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.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2022. 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, 2022:

- 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

Note 7 - Pension Plan (Continued)

- 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	35.5%	6.50%
International Equity	18%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternative Investments	9.5%	6.25-9.90%
Cash Equivalents	1%	4.00%
Total	100%	

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 4.05%, and the resulting single discount rate is 7.25%.

Note 7 - Pension Plan (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
Balances at December 31, 2021	$8,962,369	$10,630,244	($1,667,875)
Changes for the year:			
Service Cost	149,289	0	149,289
Interest on the Total Pension Liability	643,184	0	643,184
Changes of Benefit Terms	0	0	0
Differences Between Expected and Actual Experience of the Total Pension Liability	179,264	0	179,264
Changes of Assumptions	0	0	0
Contributions - Employer	0	96,450	(96,450)
Contributions - Employees	0	72,098	(72,098)
Net Investment Income	0	(1,128,269)	1,128,269
Benefit Payments, including Refunds of Employee Contributions	(331,024)	(331,024)	0
Other (Net Transfer)	0	22,882	(22,882)
Net Changes	640,713	(1,267,863)	(627,150)
Balances at December 31, 2022	$9,603,082	$9,362,381	240,701

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	$ 1,208,421	$ 240,701	($ 480,560)

Note 7 - Pension Plan (Concluded)

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

For the year ended April 30, 2023, the City recognized an decrease in pension asset of $1,908,576, resulting in a net pension liability of $204,701. At April 30, 2023, 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	$ 179,560	$ 21,910	$ 157,650
Changes of assumptions	1,885	17,953	(16,068)
Net difference between projected and actual earnings on pension plan investments	1,515,121	856,043	659,078
Total Deferred Amounts to be recognized in pension expense in future periods	1,696,566	895,906	800,660

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
2023	$ (12,002)
2024	145,430
2025	246,991
2026	413,232
2027	7,009
Total	$ 800,660

Note 8 – Prior Year Restatement

There was an error in calculating the appropriate gain/loss on the sale of an asset in the prior fiscal year. The beginning balance has been restated to include the correction on the disposal as follows:

	Government-Wide Statements
	Governmental Activities
Beginning Net Position	35,541,301
Correct asset disposal for prior year	(9,511)
Beginning Net Position (Restated)	35,531,790

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUSCOLA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Calendar Years Ending December 31,	2022	2021	2020
Total Pension Liability			
Service Cost	$ 149,289	$ 142,719	$ 139,636
Interest on the Total Pension Liability	643,184	612,777	580,800
Difference between Expected and Actual Experience of the Total Pension Liability	179,264	(11,117)	90,241
Changes of Assumption	-	-	(46,822)
Benefit Payments, Including Refunds of Employee Contributions	(331,024)	(325,494)	(323,170)
Net Change in Total Pension Liability	640,713	418,885	440,685
Total Pension Liability - Beginning	8,962,369	8,543,484	8,102,799
Total Pension Liability - Ending (A)	$ 9,603,082	$ 8,962,369	$ 8,543,484
Plan Fiduciary Net Position			
Contributions - Employer	$ 96,450	$ 120,425	$ 122,997
Contributions - Employees	72,098	69,565	67,996
Net Investment Income	(1,128,269)	1,488,322	1,131,414
Benefit Payments, Including Refunds of Employee Contributions	(331,024)	(325,494)	(323,170)
Other (Net Transfer)	22,882	(9,766)	64,172
Net Change in Plan Fiduciary Net Position	(1,267,863)	1,343,052	1,063,409
Plan Fiduciary Net Position - Beginning	10,630,244	9,287,192	8,223,783
Plan Fiduciary Net Position - Ending (B)	9,362,381	10,630,244	9,287,192
Net Pension Liability/(Asset) - Ending (A) - (B)	$ 240,701	$ (1,667,875)	$ (743,708)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.49%	118.61%	108.70%
Covered Valuation Payroll	$ 1,602,169	$ 1,545,888	$ 1,511,021
Net Pension Liability as a Percentage of Covered Valuation Payroll	15.02%	-107.89%	-49.22%

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.

2019	2018	2017	2016	2015
$ 145,172	$ 125,868	$ 136,805	$ 128,500	$ 135,003
557,721	532,034	520,082	490,430	464,222
(69,467)	16,047	(9,126)	34,719	(9,272)
-	204,785	(208,863)	(8,687)	8,307
(301,487)	(277,452)	(270,697)	(254,268)	(219,403)
331,939	601,282	168,201	390,694	378,857
7,770,860	7,169,578	7,001,377	6,610,683	6,231,826
$ 8,102,799	$ 7,770,860	$ 7,169,578	$ 7,001,377	$ 6,610,683

$ 99,796	$ 126,735	$ 118,904	$ 119,261	$ 127,492
66,335	60,671	60,253	65,588	56,574
1,254,604	(330,034)	1,095,323	423,784	30,553
(301,487)	(277,452)	(270,697)	(254,268)	(219,403)
(9,052)	93,880	(59,453)	51,594	(33,907)
1,110,196	(326,200)	944,330	405,959	(38,691)
7,113,587	7,439,787	6,495,457	6,089,498	6,128,189
8,223,783	7,113,587	7,439,787	6,495,457	6,089,498
$ (120,984)	$ 657,273	$ (270,209)	$ 505,920	$ 521,185
101.49%	91.54%	103.77%	92.77%	92.12%
$ 1,474,107	$ 1,348,242	$ 1,262,251	$ 1,208,310	$ 1,257,207
-8.21%	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%
2022	96,451	*	96,450	1	1,602,169	6.02%

** Estimated based on contribution rate of 6.02% and covered valuation payroll of $1,602,169.*

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 2022 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): 21-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 16 years for most employers (five employers were financed over 17 years, one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; three employers were financed over 25 years; four employers were financed over 26 years and one employer was financed over 27 years).

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth : 2.75%

Price Inflation: 2.25%

Salary Increases: 2.85% to 13.75%, 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 2020 valuation pursuant to an experience study of the period 2017 to 2019.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONCLUDED)

Methods and Assumptions Used to Determine 2022 Contribution Rates (Concluded):

Mortality: For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) adn Femaile (adjusted 105%) tables, and future motrality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future motrality improvements projected using scale MP-2020. 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.

Other Information:

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation.

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2023

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	$ 572,399	$ 569,173	$ (3,226)
Sales taxes	1,761,000	1,941,237	180,237
State income taxes	613,342	713,441	100,099
Replacement taxes	65,860	133,599	67,739
Video gaming taxes	165,000	171,903	6,903
Fines and fees	42,500	22,177	(20,323)
Rent	10,000	14,180	4,180
Licenses and permits	32,500	38,625	6,125
Grant income	624,750	347,869	(276,881)
Franchise fees	21,395	21,395	-
Fire insurance	12,000	14,537	2,537
Pool income	63,900	56,758	(7,142)
Interest income	4,725	249,291	244,566
Miscellaneous	36,600	388,641	352,041
Total Revenues	4,025,971	4,682,826	656,855
Expenditures			
General government:			
Salaries - city officials and other	382,000	236,756	(145,244)
Payroll taxes	61,000	17,923	(43,077)
Employee benefits	135,000	50,634	(84,366)
Professional fees	275,000	83,145	(191,855)
Office and general expenses	192,500	25,543	(166,957)
Insurance	90,000	49,277	(40,723)
Publications	35,000	17,567	(17,433)
Maintenance	20,000	1,688	(18,312)
Utilities	45,000	17,016	(27,984)
Animal and bird control	180,000	11,204	(168,796)
Travel, training and education	30,000	7,090	(22,910)
Community activity subsidy	205,000	92,988	(112,012)
Substance abuse program	12,000	1,867	(10,133)
Miscellaneous	80,000	4,127	(75,873)
Total Expenditures - General Government	1,742,500	616,825	(1,125,675)

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, 2023

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public safety:			
Fire protection:			
Salaries	300,000	117,457	(182,543)
Payroll taxes	32,500	9,636	(22,864)
Employee benefits	10,000	1,169	(8,831)
Subscriptions	5,000	1,100	(3,900)
Special bequests	50,000	4,249	(45,751)
Utilities	25,000	4,663	(20,337)
Travel, training and education	25,000	1,019	(23,981)
Office and general expenses	25,000	5,373	(19,627)
Uniforms	7,500	-	(7,500)
Repairs and maintenance	285,000	39,638	(245,362)
Supplies and parts	85,000	31,214	(53,786)
Fire prevention	5,000	526	(4,474)
Miscellaneous	5,000	521	(4,479)
Total Expenditures - Fire Protection	860,000	216,565	(643,435)

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, 2023

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public safety (continued):			
Police protection:			
Salaries	825,000	475,814	(349,186)
Payroll taxes	25,000	10,089	(14,911)
Employee benefits	275,000	136,014	(138,986)
Communications	25,000	12,733	(12,267)
Office and general expenses	22,500	6,081	(16,419)
Uniforms	15,000	4,638	(10,362)
Repairs and maintenance	210,000	52,047	(157,953)
Utilities	20,000	6,204	(13,796)
Subscriptions	7,500	228	(7,272)
Travel, training and education	15,000	10,389	(4,611)
Drug fund	20,000	-	(20,000)
K-9 unit	10,000	-	(10,000)
Miscellaneous	20,000	3,805	(16,195)
Total Expenditures - Police Protection	1,490,000	718,042	(771,958)
Building inspection:			
Salaries	80,000	58,885	(21,115)
Payroll taxes	8,500	4,011	(4,489)
Employee benefits	62,500	30,136	(32,364)
Insurance	500	50	(450)
Office and general expenses	22,500	3,213	(19,287)
Travel, training and education	10,000	50	(9,950)
Professional fees	120,000	-	(120,000)
Repairs and maintenance	40,000	726	(39,274)
Miscellaneous	1,500	222	(1,278)
Total Expenditures - Building Inspection	345,500	97,293	(248,207)
Total Expenditures - Public Safety	2,695,500	1,031,900	(1,663,600)

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, 2023

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public works:			
Streets and alleys:			
Salaries	470,000	295,008	(174,992)
Payroll taxes	55,000	22,651	(32,349)
Employee benefits	200,000	100,638	(99,362)
Communications	5,000	1,085	(3,915)
Travel, training and education	5,000	180	(4,820)
Vehicle fuel	50,000	24,943	(25,057)
Vehicle maintenance	150,000	12,791	(137,209)
Utilities	100,000	41,941	(58,059)
Small equipment	52,500	3,522	(48,978)
Supplies and parts	20,000	2,658	(17,342)
Repairs and maintenance	300,000	8,368	(291,632)
Street, alley and curb maintenance	250,000	32,029	(217,971)
Sidewalks	25,000	966	(24,034)
Miscellaneous	5,000	67	(4,933)
Total Expenditures - Streets and Alleys	1,687,500	546,847	(1,140,653)
Total Expenditures - Public Works	1,687,500	546,847	(1,140,653)

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, 2023

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Culture and recreation:			
Park:			
Salaries	172,500	107,052	(65,448)
Payroll taxes	16,000	8,055	(7,945)
Employee benefits	90,000	53,086	(36,914)
Repairs and maintenance	145,000	26,356	(118,644)
Communications	5,000	439	(4,561)
Travel, training and education	5,000	105	(4,895)
Utilities	50,000	11,435	(38,565)
Supplies and parts	41,500	6,480	(35,020)
Miscellaneous	25,000	1,374	(23,626)
Total Expenditures - Park	550,000	214,382	(335,618)
Pool:			
Salaries	125,000	71,397	(53,603)
Payroll taxes	12,500	5,980	(6,520)
Supplies	80,000	16,204	(63,796)
Repairs and maintenance	95,000	20,905	(74,095)
Advertising	5,000	-	(5,000)
Communications	5,000	1,636	(3,364)
Training	15,000	4,530	(10,470)
Utilities	50,000	12,879	(37,121)
Miscellaneous	20,000	970	(19,030)
Total Expenditures - Pool	407,500	134,501	(272,999)
Total Expenditures - Culture and Recreation	957,500	348,883	(608,617)

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, 2023

	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	16,427	(483,573)
Fire protection	3,000,000	435,995	(2,564,005)
Police protection	750,000	133,949	(616,051)
Building inspection	75,000	-	(75,000)
Streets and alleys	1,500,000	287,580	(1,212,420)
Municipal building	1,000,000	67,801	(932,199)
Park	1,000,000	90,618	(909,382)
Pool	500,000	-	(500,000)
Total Expenditures - Capital Outlay	8,325,000	1,032,370	(7,292,630)
Total Expenditures	17,408,000	3,576,825	(13,831,175)
Excess (deficiency) of revenues over (under) expenditures	$ (13,382,029)	1,106,001	$ 14,488,030
Fund Balances - Beginning		7,815,938	
Fund Balances - Ending		$ 8,921,939	

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

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - TAX INCREMENT FINANCING FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	$ (1,295,000)	$ 1,321,340	$ 2,616,340
Interest income	(1,750)	38,510	40,260
Miscellaneous income	(280,000)	14,155	294,155
Total Revenues	(1,576,750)	1,374,005	2,950,755
Expenditures			
Current:			
General Government	-	55,348	55,348
Public Works	-	-	-
Development	10,524,500	236,166	(10,288,334)
Other	350,000	46,585	(303,415)
Capital outlay	1,550,000	867,584	(682,416)
Total Expenditures	12,424,500	1,205,683	(11,218,817)
Excess (deficiency) of revenues over (under) expenditures	(14,001,250)	168,322	14,169,572
Net Change in Fund balances	$ (14,001,250)	168,322	$ 14,169,572
Fund Balances - Beginning		321,015	
Fund Balances - Ending		$ 489,337	

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, 2023

	Original & Final Budget	Actual	Over (Under)
Revenues			
Motor fuel tax	$ 191,003	$ 187,124	$ (3,879)
Grant income	98,417	49,208	(49,209)
Interest income	450	14,002	13,552
Total Revenues	289,870	250,334	(39,536)
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	73,031	(1,426,969)
Total Expenditures	2,400,000	73,031	(2,326,969)
Excess (deficiency) of revenues over (under) expenditures	$ (2,110,130)	177,303	$ 2,287,433
Fund Balances - Beginning		531,397	
Fund Balances - Ending		$ 708,700	

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, 2023

	Original & Final Budget	Actual	Over (Under)
Revenues			
Sales taxes - city	$ 160,000	$ 170,081	$ 10,081
Fines and fees	3,800	7,723	3,923
Interest income	500	9,293	8,793
Miscellaneous	500	-	(500)
Total Revenues	164,800	187,097	22,297
Expenditures			
Current:			
Development	972,000	155,211	(816,789)
Capital outlay	150,000	11,500	(138,500)
Total Expenditures	1,122,000	166,711	(955,289)
Excess (deficiency) of revenues over (under) expenditures	$ (957,200)	20,386	$ 977,586
Fund Balances - Beginning		297,215	
Fund Balances - Ending		$ 317,601	

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, 2023

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	$ 158,386	$ 158,158	$ (228)
Replacement taxes	15,500	34,155	18,655
Fines and fees	6,000	6,236	236
Memorial funds	1,000	1,128	128
Interest income	100	5,402	5,302
Grant income	6,000	6,838	838
Miscellaneous	1,000	2,081	1,081
Total Revenues	187,986	213,998	26,012
Expenditures			
Current:			
Culture and recreation	857,500	165,511	(691,989)
Capital outlay	100,000	26,207	(73,793)
Total Expenditures	957,500	191,718	(765,782)
Excess (deficiency) of revenues over (under) expenditures	(769,514)	22,280	791,794
Net Change in Fund Balances	$ (769,514)	22,280	$ 791,794
Fund Balances - Beginning		134,248	
Fund Balances - Ending		$ 156,528	

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 27, 2022. The appropriation hearing was held on July 11, 2022. The appropriations ordinance for the fiscal year ending April 30, 2023 was adopted on July 11, 2022.

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, 2023.

Note 2 - Appropriations Deficit

No funds that adopted budgets annually had excess expenditures over appropriations for the fiscal year ended April 30, 2023.

OTHER SUPPLEMENTARY INFORMATION

CITY OF TUSCOLA

COMBINING STATEMENT OF BALANCE SHEETS -
TAX INCREMENT FINANCING FUNDS
APRIL 30, 2023

	TIF Area #1	Amishland TIF (TIF 2)	Barker-Prairie TIF Area - TIF 3
Assets			
Cash and cash equivalents	$ -	$ -	$ -
Due from Douglas County	-	-	58,590
Prepaid items	-	-	-
Restricted cash	-	-	-
Total Assets	$ -	$ -	$ 58,590
Liabilities			
Accounts payable	$ -	$ -	$ -
Accrued salaries	-	-	-
Due to other funds	-	-	1,171,729
Total Liabilities	-	-	1,171,729
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	-	58,590
Total Deferred Inflows of Resources	-	-	58,590
Fund Balances			
Non-spendable:			
Prepaid items	-	-	-
Restricted:			
Restrictions by state statutes	-	-	(1,171,729)
Unassigned	-	-	-
Total Fund Balances	-	-	(1,171,729)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ -	$ -	$ 58,590

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

TIF 1 Escrow	TIF 2 Escrow	Total Tax Increment Financing Funds
$ -	$ -	$ -
-	-	58,590
933	-	933
1,641,221	129,052	1,770,273
$ 1,642,154	$ 129,052	$ 1,829,796
$ 104,280	$ 7	$ 104,287
5,853	-	5,853
-	-	1,171,729
110,133	7	1,281,869
-	-	58,590
-	-	58,590
933	-	933
1,531,088	129,045	488,404
-	-	-
1,532,021	129,045	489,337
$ 1,642,154	$ 129,052	$ 1,829,796

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

CITY OF TUSCOLA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - TAX INCREMENT FINANCING FUNDS FOR THE YEAR ENDED APRIL 30, 2023

	TIF Area #1	Amishland TIF (TIF 2)	Barker-Prairie TIF Area - TIF 3
Revenues			
Property taxes	$ 1,209,238	$ 55,834	$ 56,268
Interest income	32,622	5,888	-
Miscellaneous	1,200	-	-
Total Revenues	1,243,060	61,722	56,268
Expenditures			
Current:			
General government	-	-	-
Development	149,329	-	65,404
Other	2,119,734	129,052	-
Capital Outlay	390,275	-	-
Total Expenditures	2,659,338	129,052	65,404
Excess of revenues over (under) expenditures	(1,416,278)	(67,330)	(9,136)
Fund Balances - Beginning	1,416,278	67,330	(1,162,593)
Fund Balances - Ending	$ -	$ -	$ (1,171,729)

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

TIF 1 Escrow	TIF 2 Escrow	Total Tax Increment Financing Funds
$ -	$ -	$ 1,321,340
-	-	38,510
2,086,104	129,052	2,216,356
2,086,104	129,052	3,576,206
55,341	7	55,348
21,433	-	236,166
-	-	2,248,786
477,309	-	867,584
554,083	7	3,407,884
1,532,021	129,045	168,322
-	-	321,015
$ 1,532,021	$ 129,045	$ 489,337

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

CITY OF TUSCOLA

EQUALIZED ASSESSED VALUATIONS, TAX RATES, TAXES EXTENDED AND COLLECTED
April 30, 2023

Tax Year	2022	2021	2020	2019	2018
Equalized Assessed Valuation (not including TIF Districts)	$86,278,578	$64,087,586	$60,574,189	$60,366,592	$60,650,359

** 2022- TIF 1 and Amishland TIF both expire with tax year 2022 resulting in large EAV increase*

Tax Rates (Per $100 Equalized Assessed Valuation)					
General corporate	$ 0.1381	$ 0.1487	$ 0.1573	$ 0.1510	$ 0.1466
Audit	0.0104	0.0112	0.0118	0.0113	0.0109
Liability insurance	0.0466	0.0876	0.0926	0.0889	0.0863
Social security	0.0679	0.0731	0.0773	0.0742	0.0720
Fire protection	0.1711	0.1593	0.1686	0.1618	0.1571
Parks	0.0674	0.0725	0.0767	0.0736	0.0714
Police protection	0.1597	0.1470	0.1555	0.1493	0.1449
IMRF	0.0911	0.1105	0.1169	0.1122	0.1089
Library	0.2296	0.2472	0.2615	0.2574	0.2499
Workmans compensation	0.0460	0.0495	0.0523	0.0502	0.0487
Total Tax Rate	$ 1.0279	$ 1.1066	$ 1.1705	$ 1.1299	$ 1.0967
Equalized Assessed Valuation - TIF Districts only	$ 821,993	$17,294,442	$16,624,683	$16,504,227	$16,516,787
TIF Districts	$ 7.1278	$ 7.6314	$ 7.9388	$ 7.8682	$ 7.7720

Tax Extensions					
General corporate	$ 119,151	$ 95,298	$ 95,283	$ 91,154	$ 88,913
Audit	8,973	7,178	7,148	6,821	6,611
Liability insurance	40,206	56,141	56,092	53,666	52,341
Social security	58,583	46,848	46,824	44,792	43,668
Road and bridge	21,570	19,354	19,505	19,015	19,590
Fire protection	147,623	102,092	102,128	97,673	95,282
Parks	58,152	46,464	46,460	44,430	43,304
Police protection	137,787	94,209	94,193	90,127	87,882
IMRF	78,600	70,817	70,811	67,731	66,048
Library	198,096	158,425	158,402	155,384	151,565
Workmans compensation	39,688	31,723	31,680	30,304	29,537
TIF Districts	58,590	1,319,810	1,319,802	1,298,587	1,283,686
Taxes extended - in total	$ 967,019	$ 2,048,359	$ 2,048,328	$ 1,999,684	$ 1,968,427

CITY OF TUSCOLA

EQUALIZED ASSESSED VALUATIONS, TAX RATES, TAXES EXTENDED AND COLLECTED (CONCLUDED)
April 30, 2023

Tax Levy Year	2022	2021	2020	2019	2018
Taxes Collected					
General corporate	$ -	$ 94,938	$ 95,027	$ 91,157	$ 88,569
Audit	-	7,150	7,128	6,822	6,585
Liability insurance	-	55,929	55,941	53,668	52,139
Social security	-	46,671	46,698	44,794	43,499
Road and bridge	-	19,293	19,359	19,004	19,533
Fire protection	-	101,706	101,854	97,679	94,913
Park	-	46,288	46,335	44,431	43,137
Police protection	-	93,853	93,939	90,130	87,542
IMRF	-	70,549	70,621	67,734	65,793
Library	-	157,826	157,977	155,389	150,978
Workmen's compensation	-	31,603	31,595	30,305	29,423
TIF Districts	-	1,318,569	1,285,332	1,298,357	1,281,094
Taxes collected	$ -	$ 2,044,375	$ 2,011,806	$ 1,999,470	$ 1,963,205
Percentage of Extensions Collected	0.00%	99.81%	98.22%	99.99%	99.73%

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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, 2023. 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, 2023.

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
November 21, 2023