

CITY OF TUSCOLA
Tuscola, Illinois

Annual Financial Report

For the Year Ended April 30, 2014

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Honorable Mayor and
City Council
City of Tuscola
Tuscola, Illinois

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tuscola, Tuscola, Illinois (the City) as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, each major fund, and the aggregate remaining fund information of the City of Tuscola as of April 30, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress – Illinois Municipal Retirement Fund, and budgetary comparison information on pages 3-12 and 49-59 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tuscola's basic financial statements. The schedule of equalized assessed valuations, tax rates, and taxes extended and collected is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of equalized assessed valuations, tax rates, and taxes extended and collected is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedule of equalized assessed valuations, tax rates, and taxes extended and collected is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bray, Drake, Liles & Richardson LLP

BRAY, DRAKE, LILES & RICHARDSON LLP

Urbana, Illinois

September 8, 2014

City of Tuscola

Management's Discussion and Analysis

April 30, 2014

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, 2014.

Financial Highlights

- The assets of the City of Tuscola exceeded its liabilities at the close of the most recent fiscal year by \$37,961,166 (*net position*).
- The City's total net position increased by \$371,392, or approximately 1% in the last fiscal year
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,651,860. Of this amount, \$1,728,366 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 \$1,728,366, or 53.6% of total general fund expenditures.
- City of Tuscola's total debt decreased by \$337,711 during the current fiscal year.

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 general government activities include the economic development activities of the Tuscola Economic Development, Inc. (TEDI). TEDI is a legally separate not for profit (501 (c) 6) entity, organized by local businesses for the furtherance of local business development activities. TEDI was considered a component unit to the city for the fiscal year ending April 30, 2014 due to its financial dependence on the City of Tuscola and because its mission primarily supports the City's economic development goals. 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 13-14 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 six 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 also presents the financial statements of TEDI as a major fund.

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 15-16 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 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary 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 two fiduciary funds. The Garbage Fund is for the purpose of billing and collecting revenue for Advanced Disposal, the contracted garbage hauler in the City. And the Section 125 Fund is used to hold employee deposits and reimburse employees for approved medical and daycare expenses. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 20 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 21-48 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 49-61 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 \$37,961,166 at the close of the most recent fiscal year.

The largest portion of the City of Tuscola's net position (*79 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 2014	Governmental Activities 2013	Business-Type Activities 2014	Business-Type Activities 2013	Total 2014	Total 2013
Current and Other Assets	\$ 7,466,983	\$ 8,639,212	\$ 1,214,226	\$ 1,147,972	\$ 8,681,209	\$ 9,787,184
Capital Assets	22,808,531	21,630,421	11,714,401	11,571,170	34,522,932	33,201,591
Total Assets	\$ 30,275,514	\$ 30,269,633	\$ 12,928,627	\$ 12,719,142	\$ 43,204,141	\$ 42,988,775
Deferred Outflow of Resources						
Deferred charge on refunding	-	-	129,728	-	129,728	-
Total Defer'd Outflows of Resources	\$ -	\$ -	\$ 129,728	\$ -	\$ 129,728	\$ -
Long-term Liabilities	\$ 719,000	\$ 816,000	\$ 3,338,154	\$ 3,617,599	\$ 4,057,154	\$ 4,433,599
Other Liabilities	698,050	415,295	617,499	550,107	1,315,549	965,402
Total Liabilities	\$ 1,417,050	\$ 1,231,295	\$ 3,955,653	\$ 4,167,706	\$ 5,372,703	\$ 5,399,001
Net Assets:						
Invested in Capital Assets	\$ 21,992,533	\$ 20,668,421	\$ 7,836,247	\$ 7,413,571	\$ 29,828,780	\$ 28,081,992
Restricted	1,698,104	1,716,238	798,798	974,424	2,496,902	2,690,662
Unrestricted	5,167,827	6,653,679	467,657	163,441	5,635,484	6,817,120
Total Net Assets	\$ 28,858,464	\$ 29,038,338	\$ 9,102,702	\$ 8,551,436	\$ 37,961,166	\$ 37,589,774

An additional portion of the City of Tuscola's net position (\$2,496,902) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net position, *unrestricted net position* (\$5,635,484) 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:

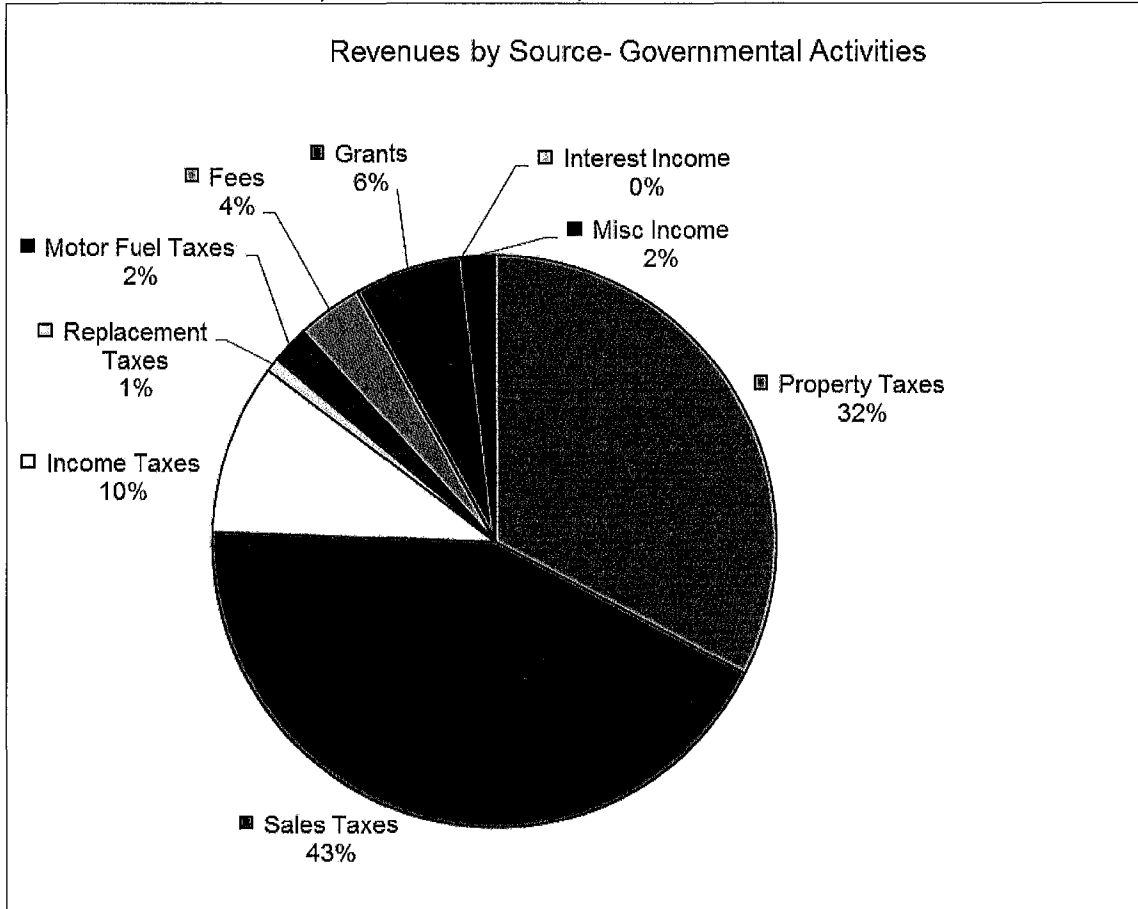
	City of Tuscola's Revenues, Expenses and Net position					
	Governmental Activities	Governmental Activities	Business- Type Activities	Business- Type Activities	Total	Total
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for Services	\$ 230,214	\$ 234,911	\$ 1,724,413	\$ 1,640,022	\$ 1,954,627	\$ 1,874,933
Grants & Contributions	380,449	122,246	453,812	9,885	834,261	132,131
General Revenues:						
Property Taxes	1,988,499	1,970,748	-	-	1,988,499	1,970,748
Sales Taxes	2,618,805	2,798,221	-	-	2,618,805	2,798,221
Income Taxes	589,021	335,855	-	-	589,021	335,855
Replacement Taxes	47,970	46,092	-	-	47,970	46,092
Motor Fuel Taxes	129,917	125,996	-	-	129,917	125,996
Investment Earnings	1,841	6,297	810	1,938	2,651	8,235
Miscellaneous	110,743	32,606	-	-	110,743	32,606
Total Revenues	\$ 6,097,459	\$ 5,672,972	\$ 2,179,035	\$ 1,651,845	\$ 8,276,494	\$ 7,324,817
Expenses:						
General Government	\$ 965,492	\$ 751,014	-	-	\$ 965,492	\$ 751,014
Public Safety	1,032,087	1,123,030	-	-	1,032,087	1,123,030
Public Works	1,134,652	662,348	-	-	1,134,652	662,348
Culture and Recreation	448,243	439,474	-	-	448,243	439,474
Development	2,674,988	1,767,895	-	-	2,674,988	1,767,895
Interest on L-T Debt	21,871	33,604	-	-	21,871	33,604
Water Department	-	-	1,032,427	956,867	1,032,427	956,867
Sewer Department	-	-	595,342	561,647	595,342	561,647
Total Expenses	6,277,333	4,777,365	1,627,769	1,518,514	7,905,102	6,295,879
Change in Net Assets	(179,874)	895,607	551,266	133,331	371,392	1,028,938
Net Assets, Beginning	29,038,338	28,142,731	8,551,436	8,418,105	37,589,774	36,560,836
Net Assets, Ending	\$ 28,858,464	\$ 29,038,338	\$ 9,102,702	\$ 8,551,436	\$ 37,961,166	\$ 37,589,774

Revenues for the City are generated from a number of different sources and for the most part 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. Sales tax revenues, conversely, are heavily dependent on economic trends and the success of a smaller number of local businesses. 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.

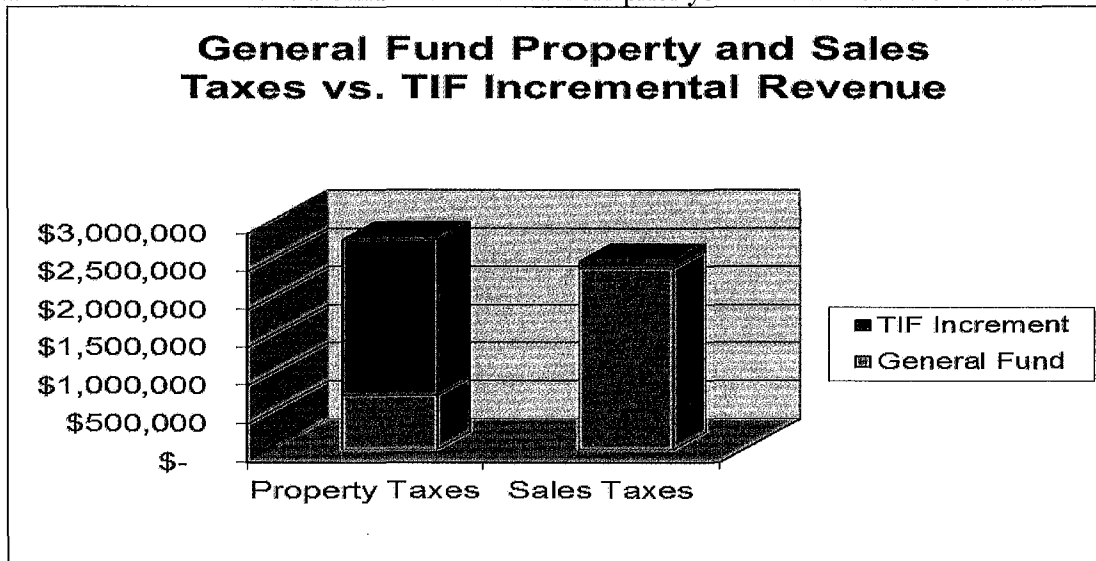
The City Council passed an ordinance to raise the home rule portion of the sales tax rate by ½%, effective July 2012. Those revenues were committed, by intergovernmental agreement, exclusively to the Tuscola Community School District Unit 301 for purposes of building and maintaining their Tuscola facilities only. At the general election in 2013, the voters of the county approved a referendum to increase the sales tax in the county by 1% for the purposes of school facility improvements. Concurrent with that tax implementation in January of 2014, the City Council voted to remove the ½% city home rule sales tax that was passed for the purpose of school facilities. Since the new tax is not collected or remitted by the City of Tuscola, FY 2014 sales tax revenues have decreased from the prior fiscal year, and will likely be additionally decreased during the next reporting period, FY 2015.

An additional negative impact on the Sales Taxes revenue reported for the FY 2014 reporting period was due to the expiration of the Tax Increment Financing Sales Tax District December 31, 2013, resulting in the city no longer receiving the incremental portion of state sales taxes from that district of the city.

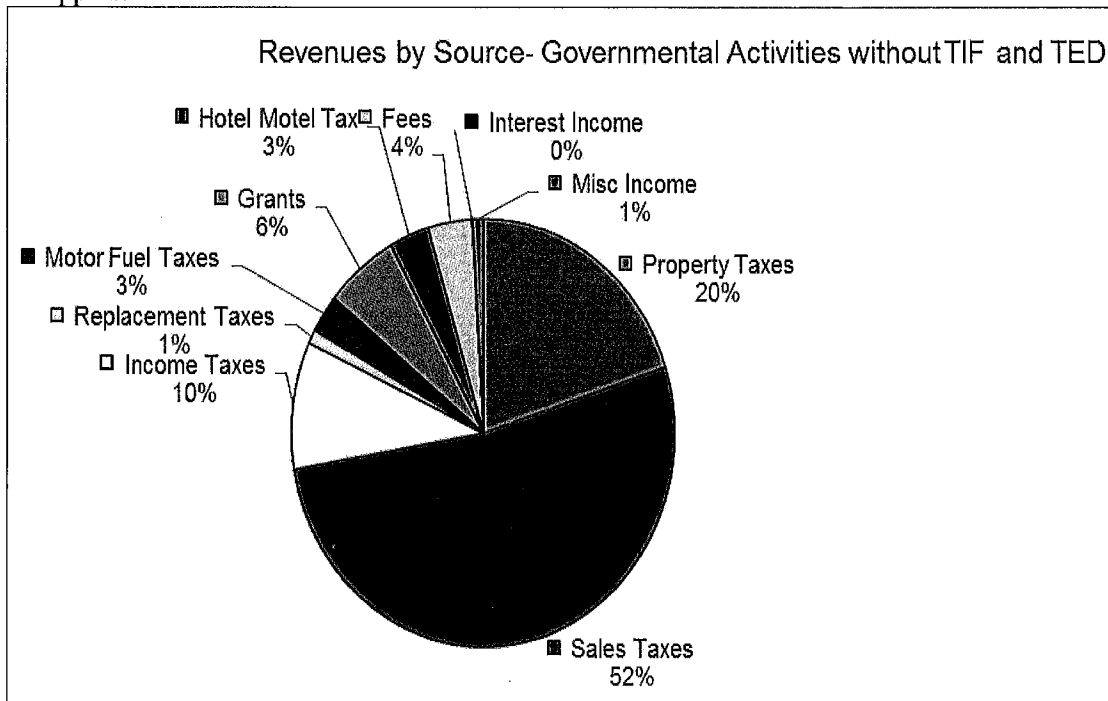
The City also accounts for income, sales and use taxes collected by the State of Illinois and vouchered by the Illinois Department of Revenue that is being held by the Illinois State Treasurer until the funds are available to pay the vouchers. In FY 2013, that amount was \$76,438 and in FY 2014 the amount was \$228,901.



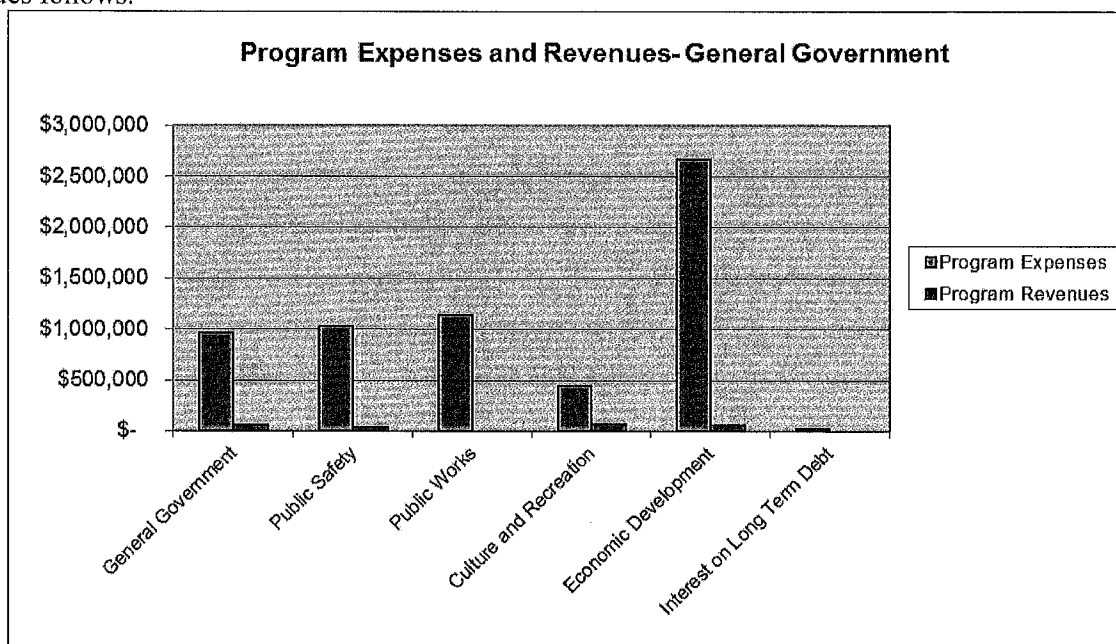
The City of Tuscola is unique in that it has a very successful Tax Increment Financing (TIF) District that provides revenues from property tax and sales tax increment to fund most of the City's economic development plans. While sales and property tax revenues are the main sources of overall revenue for the City's combined funds, the amounts of these types of revenues that are attributable to the TIF District are significant (41%). As shown in the chart below, TIF increment accounts for 74% of all property taxes collected and 4% of sales taxes. With the December 31, 2013 expiration of the Sales Tax TIF district, TIF sales tax revenues for FY 2014 are much diminished from prior years and will be zero for future fiscal years.



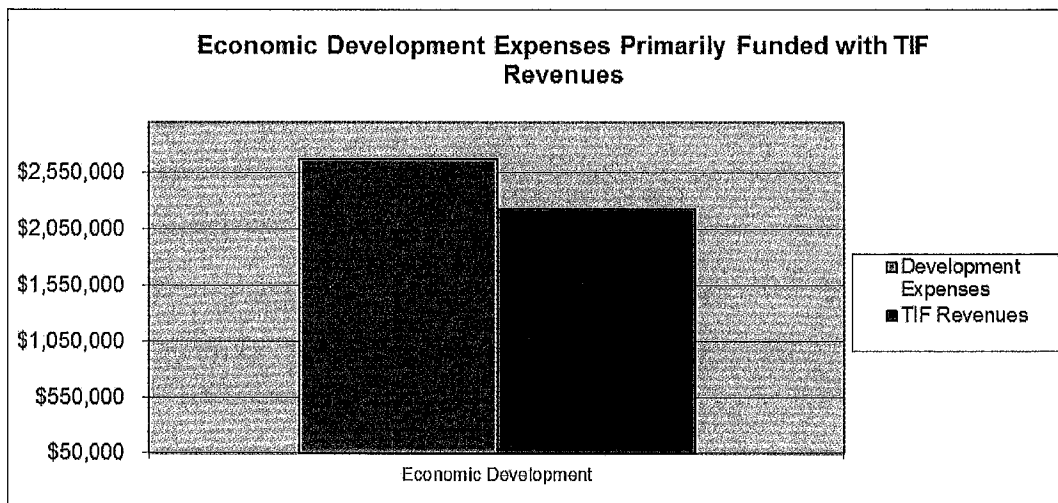
When the general government funds are analyzed independently of the Tax Increment Financing Fund and the component unit, TEDI, one gets a clearer picture of the priorities of the City's government. As shown in the chart below, the City government has made a priority of keeping property tax levies low to keep the burden off local residents. This is possible due to the high percentage (52%) of sales taxes, paid in large part by out of town shoppers.



Economic Development expenses were the largest program expense with \$2,674,988 being spent toward development of the local economy. As explained later, that focus on economic development would not be possible without the City's Tax Increment Financing District Revenue. Other than development, the largest program expenses include public works at \$1,134,652, and public safety at \$1,032,087, which are equally high priorities for the city. Culture and recreation programs were \$448,243 for the fiscal year. Those high priority program expenses far outweigh the general government expenses of the city, which at \$965,492 for the year is only 15% 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 2014.



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.

As of the end of the current fiscal year, the City of Tuscola's governmental funds reported combined ending fund balances of \$5,651,860. Thirty percent, or \$1,744,189, of this amount constitutes *unassigned, undesignated fund balance*, which is available for spending at the government's discretion. \$1,566,817 is in a nonspendable form, such as prepaid expenses or long term receivable amounts. The remainder of fund balance is *restricted or committed* to indicate that it is not available for new spending because it has already been committed for debt service (\$168,800) and other designated projects and programs (\$2,172,054).

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 \$3,830,832, of that \$2,102,466 is nonspendable, restricted or committed for specific purposes while \$1,728,366 is unassigned and available for spending at the government's discretion. Unassigned fund balance represents 53 percent of total general fund expenditures. Because of its reliance on sales tax revenues (52% of total revenues, as shown in the previous chart titled "Revenues by Source-Governmental Activities without TIF"), it is important for the City to maintain a sufficient unassigned fund balance. In times of low local sales, due to seasonal shopping trends or events out of the control of the City's Government, sales taxes can fluctuate low enough that the City has to rely on the unassigned fund balance to meet monthly obligations and program expenses. The past several years of economic lethargy that has plagued the US and Illinois has wreaked havoc on many retail dependent markets. The City leaders have taken a conservative approach to managing the city's finances through this time, expecting the same type of retail slow down. Fortunately, our retail environment has not only weathered the storm, but has shown evidence of thriving under these conditions. Three of the last five fiscal years have brought record-setting sales, showing an overall increase in sales tax receipts of over 17.5%.

The City's TIF funds are primarily used to assist local businesses in funding projects for economic growth within the TIF districts. A few of those projects in FY 2014 were Country Financial Offices, Tuscola Properties, LLC, The Vault Arts Collective, Tim Mooney Ford, Winterberry, and Daylight Donuts. The TIF fund also has on-going receipts of principal and interest income from low interest loans on past TIF funded projects. A complete accounting of TIF funded activities is available in the annual TIF report compiled by the City and submitted to the Office of the Comptroller- State of Illinois.

The City Motor Fuel Tax Funds are used mostly to meet debt service obligations on the 2011 road improvements to portions of Main, Sale, Daggy, Pembroke and Prairie Streets and the 2012 improvements to South Main Street.

The City's Tourism Funds are derived from a tax on local hotel operators. In FY 2008, the City Council voted to raise the tax percentage from 5% to 6%. Funds derived from the tax are dedicated to tourism and marketing efforts within the City. With the increase in the tax, the City Council further directed a portion of those funds to be used to commission a marketing study and fund marketing efforts for the City of Tuscola.

The City's Library Fund expenses are to operate and improve the City's library. The library was built in 1903 with a Carnegie library grant and operates today mostly from property tax funds.

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 \$9,102,702.

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 bonds originally sold to fund the purchase of the water system, upgrades to the water system and the construction of a water pipeline to transport purchased water from Illinois American Water Company in Champaign County to the City of Tuscola.

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. The Sewer Fund revenues are also used for debt service on bonds originally sold to fund major upgrades to the system and the building of a new waste water treatment facility.

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 most 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 statutes. 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 State statute, if the total appropriation amount needs to be raised or lowered.

During the fiscal year 2014 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, 2014, amounts to \$34,524,189 (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 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Land	\$ 3,012,026	\$ 2,957,877	\$ 637,198	\$ 637,198	\$ 3,649,224	\$ 3,595,075
Land Improvements	692,761	681,275	-	-	692,761	681,275
Buildings	2,238,960	2,288,149	-	-	2,238,960	2,288,149
Plant, Machinery & Equipment	543,081	611,115	6,307,153	6,212,499	6,850,234	6,823,614
Vehicles	1,393,087	1,363,824	223,401	25,457	1,616,488	1,389,281
Distribution System	-	-	4,546,606	3,011,151	4,546,606	3,011,151
Infrastructure	14,929,916	13,728,181	-	-	14,929,916	13,728,181
Work in Progress	-	-	-	1,684,824	-	1,684,824
	<u>\$ 22,809,831</u>	<u>\$ 21,630,421</u>	<u>\$ 11,714,358</u>	<u>\$ 11,571,129</u>	<u>\$ 34,524,189</u>	<u>\$ 33,201,550</u>

Additional information on the City of Tuscola’s capital assets can be found in Note 2C 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 total debt outstanding of \$4,630,067. Following is a comparative statement of outstanding debt:

	Governmental Activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds-						
Alternate Revenue Bonds	\$ 816,000	\$ 912,000	\$ 2,505,000	\$ 3,045,000	\$ 3,321,000	\$ 3,957,000
TIF Revenue Bonds	-	50,000	-	-	-	50,000
IEPA Loan Payable	-	-	1,373,154	1,112,599	1,373,154	1,112,599
Less deferred charge on refunding	-	-	(129,727)	(208,442)	(129,727)	(208,442)
Compensated Absences	53,825	44,256	11,815	12,365	65,640	56,621
Total	<u>\$ 869,825</u>	<u>\$ 1,006,256</u>	<u>\$ 3,760,242</u>	<u>\$ 3,961,522</u>	<u>\$ 4,630,067</u>	<u>\$ 4,967,778</u>

The City of Tuscola’s total debt decreased by \$337,711 during the current fiscal year. The increase is due to the addition of debt in the form of low interest loans from the Illinois Environmental Protection Agency for water and sewer infrastructure improvements. Additional information on the City’s long-term debt can be found in Note 3G in the Notes to Financial Statements of this report.

Economic Factors and Next Year’s Budgets and Rates

The Tanger Outlet 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 (estimated at 300) and a large generator of local taxes. Approximately 35% of the City’s overall sales tax revenue is generated from Center sales and the City realizes approximately \$350,000 in annual property tax revenues from the property. 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. Tanger Outlet Center continues to offer top name brand apparel at outlet center pricing.

The rate setting (not including TIF EAV of \$17,701,197) equalized assessed value (EAV) of taxable property in the City for 2013 levy year was \$59,070,133, which represents one-third market value. Residential properties make up 83% of the EAV for the 2013 levy year. Commercial developments constitute 16% of the EAV. Keeping the City's tax rate low has been a long-standing goal of the City's leadership. After a 10 year period of lowering rates each year, the Council has in recent years maintained a flat rate with only small increases in the prior few years' levies. It is expected that, barring unforeseen events, this goal will continue to drive tax levy decisions in future years.

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. The State caught up some of the amounts owed to local governments in the past fiscal year and is currently 1 month behind in distribution of the local portion of state distributed taxes, which accounts for \$228,901 in revenues that the State of Illinois owes the City of Tuscola. Due to these financial problems, some state legislators are proposing 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.

CITY OF TUSCOLA

Tuscola, Illinois

Statement of Net Position

April 30, 2014

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 59,437	\$ 100	\$ 59,537
Investments	1,958,518	288,531	2,247,049
Due from Douglas County	1,990,833	-	1,990,833
Due from State of Illinois	596,509	-	596,509
Receivables, net	20,584	104,022	124,606
Loans receivable	890,712	-	890,712
Prepaid items	95,102	12,803	107,905
Investment in joint venture	-	9,972	9,972
Restricted Assets:			
Cash and cash equivalents	175,489	798,203	973,692
Investments	1,679,799	595	1,680,394
Capital Assets (net of accumulated depreciation):			
Land	3,012,027	637,198	3,649,225
Land improvements	692,761	-	692,761
Buildings	2,238,959	-	2,238,959
Plant, machinery and equipment	541,782	6,315,582	6,857,364
Vehicles	1,393,086	223,401	1,616,487
Infrastructure	14,929,916	4,538,220	19,468,136
<u>Total Assets</u>	<u>30,275,514</u>	<u>12,928,627</u>	<u>43,204,141</u>
<u>Deferred Outflow of Resource:</u>			
Deferred charge on refunding	-	129,728	129,728
<u>Total Deferred Outflows of Resources</u>	<u>-</u>	<u>129,728</u>	<u>129,728</u>
<u>Liabilities:</u>			
Accounts payable	519,540	18,046	537,586
Accrued payroll	18,204	3,465	21,669
Accrued Interest	9,481	12,223	21,704
Customer deposits	-	31,950	31,950
Accrued compensated absences	53,825	11,815	65,640
Non-current liabilities:			
Due within one year	97,000	540,000	637,000
Due after more than one year	719,000	3,338,154	4,057,154
<u>Total Liabilities:</u>	<u>1,417,050</u>	<u>3,955,653</u>	<u>5,372,703</u>
<u>Net Position:</u>			
Invested in capital assets, net of related debt	21,992,533	7,836,247	29,828,780
Restricted for:			
Debt service	168,800	798,203	967,003
Transportation projects	38,755	-	38,755
Capital projects and improvements	532,203	595	532,798
Other	1,152,435	31,950	1,184,385
Unrestricted	4,973,738	435,707	5,409,445
<u>Total Net Position:</u>	<u>\$ 28,858,464</u>	<u>\$ 9,102,702</u>	<u>\$ 37,961,166</u>

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

City of Tuscola

Tuscola, Illinois

Statement of Activities

For the Year Ended April 30, 2014

<u>Functions/Programs:</u>	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 965,492	\$ 59,692	\$ 13,195	\$ -	\$ (892,605)	\$ -	\$ (892,605)
Public safety	1,032,087	40,301	4,216	-	(987,570)	-	(987,570)
Public works	1,134,652	-	250,000	-	(884,652)	-	(884,652)
Culture and recreation	448,243	73,964	8,041	-	(366,238)	-	(366,238)
Development	2,674,988	56,257	104,997	-	(2,513,734)	-	(2,513,734)
Interest on long-term debt	21,871	-	-	-	(21,871)	-	(21,871)
Total governmental activities	6,277,333	230,214	380,449	-	(5,666,670)	-	(5,666,670)
Business-type activities:							
Water	1,032,427	993,092	-	383,786	-	344,451	344,451
Sewer	595,342	731,321	-	70,026	-	206,005	206,005
Total business-type activities	1,627,769	1,724,413	-	453,812	-	550,456	550,456
Total functions/programs	\$ 7,905,102	\$ 1,954,627	\$ 380,449	\$ 453,812	\$ (5,666,670)	\$ 550,456	\$ (5,116,214)
General revenues:							
Taxes:							
Property taxes					1,988,499	-	1,988,499
Sales taxes					2,618,805	-	2,618,805
Income taxes					589,021	-	589,021
Replacement taxes					47,970	-	47,970
Motor fuel taxes					129,917	-	129,917
Interest income					1,841	810	2,651
Miscellaneous income					110,743	-	110,743
Total general revenues					5,486,796	810	5,487,606
Change in Net Position					(179,874)	551,266	371,392
Net Position, beginning					29,038,338	8,551,436	37,589,774
Net Position, ending					\$ 28,858,464	\$ 9,102,702	\$ 37,961,166

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

CITY OF TUSCOLA

Tuscola, Illinois

Balance Sheet - Governmental Funds

April 30, 2014

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Tourism Fund	Library Fund	Tuscola Economic Development, Inc	Total
Assets							
Cash and cash equivalents	\$ 11,518	\$ -	\$ -	\$ -	\$ 50	\$ 47,868	\$ 59,436
Investments	1,197,556	\$ 405,640	38,755	238,185	63,870	14,512	1,958,518
Due from Douglas County	470,393	\$ 1,387,828	-	-	132,612	-	1,990,833
Due from State of Illinois	357,726	-	8,259	-	1,623	-	367,608
Due from other Funds	581,003	-	-	-	-	-	581,003
Accounts receivable	7,511	-	-	13,073	-	-	20,584
Loans receivable	-	890,712	-	-	-	-	890,712
Prepaid items	93,043	-	-	466	1,592	-	95,101
Restricted Assets:							
Cash and cash equivalents	5,889	-	168,800	-	-	800	175,489
Investments	1,422,530	257,269	-	-	-	-	1,679,799
Total Assets	\$ 4,147,169	\$ 2,941,449	\$ 215,814	\$ 251,724	\$ 199,747	\$ 63,180	\$ 7,819,083
Liabilities and Fund Balance							
Liabilities							
Accounts payable	33,687	479,179	-	3,062	3,612	-	519,540
Due to other funds	-	581,003	-	-	-	-	581,003
Accrued salaries	15,234	1,386	-	376	1,208	-	18,204
Accrued compensated absences	47,296	3,840	-	896	1,792	-	53,824
Total Liabilities	96,217	1,065,408	-	4,334	6,612	-	1,172,571
Deferred Inflows of Resources							
Unavailable Revenue- Property Taxes	220,120	712,237	-	-	62,295	-	994,652
Total Deferred Inflows of Resources	220,120	712,237	-	-	62,295	-	994,652
Fund Balance							
Nonspendable	674,047	890,712	-	466	1,592	-	1,566,817
Restricted	88,514	273,092	215,814	238,185	63,920	-	879,525
Committed	1,339,905	-	-	-	-	800	1,340,705
Assigned	-	-	-	8,739	65,328	62,380	136,447
Unassigned	1,728,366	-	-	-	-	-	1,728,366
Total Fund Balance	3,830,832	1,163,804	215,814	247,390	130,840	63,180	5,651,860
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,147,169	\$ 2,941,449	\$ 215,814	\$ 251,724	\$ 199,747	\$ 63,180	

Reconciliation to Statement of Net Position

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.	34,429,766 <u>(11,621,234)</u>
Other assets are not available to pay for current-period expenditures and therefore are deferred or not recorded in the funds.	22,808,532 <u>1,223,554</u>
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(825,482)</u>
Net Position of governmental activities	<u>\$ 28,858,464</u>

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

City of Tuscola
Tuscola, Illinois

Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds

For the Year Ended April 30, 2014

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Motor Fuel Tax</u>	<u>Tourism</u>	<u>Library</u>	<u>Tuscola Economic Development, Inc</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>							
Property taxes	\$ 707,776	\$ 2,045,740	\$ -	\$ -	\$ 199,661	\$ -	\$ 2,953,177
State sales taxes	2,371,610	94,909	-	-	-	-	2,466,519
State income taxes	436,559	-	-	-	-	-	436,559
Replacement taxes	38,203	-	-	-	9,767	-	47,970
Motor fuel taxes	-	-	129,917	-	-	-	129,917
Sales taxes - city	-	-	-	152,287	-	-	152,287
Fines and fees	33,996	-	-	-	10,027	-	44,023
Grant revenues	267,451	-	-	4,739	8,001	100,258	380,449
Licenses and permits	19,656	-	-	-	-	-	19,656
Rent	10,820	-	-	-	-	-	10,820
Franchise fee	40,035	-	-	-	-	-	40,035
Memorial funds	-	-	-	-	270	-	270
Interest income	1,203	18,096	216	42	16	-	19,573
Fire insurance	6,305	-	-	-	-	-	6,305
Pool income	53,117	-	-	-	-	-	53,117
Program Revenue	-	-	-	-	-	38,523	38,523
Miscellaneous	24,064	75,000	-	9,440	1,970	-	110,474
Total Revenues	4,010,795	2,233,745	130,133	166,508	229,712	138,781	6,909,674
<u>Expenditures:</u>							
Current							
General Government	980,504	-	-	-	-	-	980,504
Public safety	884,869	-	-	-	-	-	884,869
Public works	750,668	-	53,839	-	-	-	804,507
Culture and recreation	219,381	-	-	-	152,198	-	371,579
Development	27,875	3,717,087	-	162,531	-	126,592	4,034,085
Debt Service:							
Principal retirement	-	50,000	96,000	-	-	-	146,000
Interest and fiscal charges	-	2,950	31,482	-	-	-	34,432
Capital outlay	358,028	-	-	-	-	-	358,028
Total Expenditures	3,221,325	3,770,037	181,321	162,531	152,198	126,592	7,614,004
Excess of revenues over (under) expenditures	789,470	(1,536,292)	(51,188)	3,977	77,514	12,189	(704,330)
Net Change in Fund Balance	789,470	(1,536,292)	(51,188)	3,977	77,514	12,189	(704,330)
Fund Balances, beginning	3,041,362	2,700,096	267,002	243,413	53,326	50,991	6,356,190
Fund Balances, ending	\$ 3,830,832	\$ 1,163,804	\$ 215,814	\$ 247,390	\$ 130,840	\$ 63,180	\$ 5,651,860

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds (704,330)

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	1,959,948
Capital asset purchases capitalized	(25,000)
Gain (Loss) on Asset Disposal	(756,836)
Depreciation expense	(812,217)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	146,000
New debt is another financing source in governmental funds, while repayment of bond and loan principal is an expenditure in the governmental funds, but the new debt increases long-term liabilities and the repayment reduces long-term liabilities in the statement of Net Position.	12,561
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.	524,456
Change in Net Position of Governmental Activities	\$ (179,874)

CITY OF TUSCOLA

Tuscola, Illinois

Statement of Net Position - Proprietary Funds

April 30, 2014

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>Assets</u>			
<u>Current assets</u>			
Cash and cash equivalents	\$ 60	\$ 40	\$ 100
Investments	83,968	204,564	288,532
Accounts receivable, net	57,697	46,324	104,021
Prepaid items	6,945	5,858	12,803
Total Current Assets	<u>148,670</u>	<u>256,786</u>	<u>405,456</u>
<u>Noncurrent assets</u>			
Cash-restricted	408,895	389,308	\$ 798,203
Investments-restricted	-	595	595
Investment in joint venture	9,972	-	9,972
Capital assets:			
Property, plant and equipment	7,939,470	11,684,922	19,624,392
Accumulated Depreciation	<u>(2,792,455)</u>	<u>(5,117,536)</u>	<u>(7,909,991)</u>
Total Noncurrent Assets	<u>5,565,882</u>	<u>6,957,289</u>	<u>12,523,171</u>
Total Assets	<u>5,714,552</u>	<u>7,214,075</u>	<u>12,928,627</u>
<u>Deferred Outflow of Resources</u>			
Deferred charge on refunding	<u>53,373</u>	<u>76,355</u>	<u>129,728</u>
Total Deferred Outflow of Resources	<u>53,373</u>	<u>76,355</u>	<u>129,728</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	2,695	15,351	18,046
Customer deposits	31,950	-	31,950
Accrued payroll	1,849	1,616	3,465
Accrued interest	7,761	4,462	12,223
Accrued compensated absences	7,892	3,923	11,815
General obligation bonds - current	250,000	290,000	540,000
Total Current Liabilities	<u>302,147</u>	<u>315,352</u>	<u>617,499</u>
<u>Noncurrent Liabilities</u>			
General obligation bonds	785,000	1,180,000	1,965,000
IEPA Loan Payable	1,198,730	174,424	1,373,154
Total Noncurrent Liabilities	<u>1,983,730</u>	<u>1,354,424</u>	<u>3,338,154</u>
Total Liabilities	<u>2,285,877</u>	<u>1,669,776</u>	<u>3,955,653</u>
<u>Net Position</u>			
Invested in capital assets, net of related debt	2,913,285	4,922,962	7,836,247
Restricted:			
Restricted for capital projects and improvements	-	595	595
Restricted for Customer Deposits	31,950		
Restricted for debt service	408,895	389,308	798,203
Unrestricted	127,918	307,789	435,707
Total Net Position	<u>\$ 3,482,048</u>	<u>\$ 5,620,654</u>	<u>\$ 9,102,702</u>

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

City of Tuscola

Tuscola, Illinois

**Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Funds**

For the Year Ended April 30, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating Revenues:</u>			
Charges for services	\$ 985,534	\$ 731,321	\$ 1,716,855
Miscellaneous	7,558	-	7,558
Total Operating Revenues	<u>993,092</u>	<u>731,321</u>	<u>1,724,413</u>
<u>Operating Expenses:</u>			
Personnel services	204,362	136,500	340,862
Supplies and materials	86,470	53,296	139,766
Contractual services	432,531	85,701	518,232
Depreciation	203,061	269,043	472,104
Total Operating Expenses	<u>926,424</u>	<u>544,540</u>	<u>1,470,964</u>
Operating Income (Loss)	<u>66,668</u>	<u>186,781</u>	<u>253,449</u>
<u>Non Operating Revenues (Expenses)</u>			
Interest income	408	402	810
Sprayfield farm Income (loss), net	-	(3,527)	(3,527)
Gain on Extinguishment of Debt	383,786	70,026	453,812
Interest expense	(106,003)	(47,275)	(153,278)
Total Non Operating Revenues (Expenses)	<u>278,191</u>	<u>19,626</u>	<u>297,817</u>
Net Income (loss)	<u>344,859</u>	<u>206,407</u>	<u>551,266</u>
Net Position - beginning	<u>3,137,189</u>	<u>5,414,247</u>	<u>8,551,436</u>
Net Position - ending	<u>\$ 3,482,048</u>	<u>\$ 5,620,654</u>	<u>\$ 9,102,702</u>

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

CITY OF TUSCOLA

Tuscola, Illinois

Exhibit G

-19-

Statement of Cash Flows

Proprietary Funds

For the Year Ended April 30, 2014

<u>Cash Flows from Operating Activities:</u>	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
Receipts from users	\$ 992,317	\$ 733,140	\$ 1,725,457
Payments to suppliers	(665,187)	(132,877)	(798,064)
Payments to employees	(210,907)	(141,629)	(352,536)
Other receipts (payments)	7,558	(12)	7,546
Net cash provided by (used in) operating activities	<u>123,781</u>	<u>458,622</u>	<u>582,403</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Sale (purchase) of capital assets	(500,162)	(115,174)	(615,336)
Interest paid on capital debt	(101,383)	(47,367)	(148,750)
Sprayfield farm income (loss)	-	(3,527)	(3,527)
Principal paid on capital debt	(623,786)	(354,042)	(977,828)
Net cash used for capital and related financing activities	<u>(1,225,331)</u>	<u>(520,110)</u>	<u>(1,745,441)</u>
<u>Cash Flows from Investing Activities:</u>			
Investment income	408	403	811
Sale of investments	1,107,981	73,700	1,181,681
Net cash provided (used) by investing activities	<u>1,108,389</u>	<u>74,103</u>	<u>1,182,492</u>
Net increase (decrease) in cash and cash equivalents	6,839	12,615	19,454
Cash and cash equivalents, beginning of the year	<u>402,116</u>	<u>376,733</u>	<u>778,849</u>
Cash and cash equivalents, end of the year	<u>\$ 408,955</u>	<u>\$ 389,348</u>	<u>\$ 798,303</u>
<u>Reconciliation of Operating Income (Loss)</u>			
<u>To Net Cash Provided (Used) By Operating Activities</u>			
Operating income (loss)	66,668	186,781	253,449
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	203,061	269,043	472,104
Change in assets and liabilities:			
(Increase) decrease-accounts receivable	5,751	1,808	7,559
(Increase) decrease-prepaid insurance	40	(146)	(106)
(Increase) decrease-joint venture equity	(5,022)	-	(5,022)
Increase (decrease)-accounts payable	(141,203)	6,265	(134,938)
Increase (decrease)-accrued payroll	(7,110)	(4,014)	(11,124)
Increase (decrease)-customer deposits	1,031	-	1,031
Increase (decrease)-accrued compensated absences	565	(1,115)	(550)
Total adjustments	<u>57,113</u>	<u>271,841</u>	<u>328,954</u>
Net cash provided (used) by operating activities	<u>\$ 123,781</u>	<u>\$ 458,622</u>	<u>\$ 582,403</u>

Noncash Investing, Capital and Financing Activities

\$453,812 of the IEPA loan proceeds was forgiven per the terms of the IEPA loan agreement.

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

CITY OF TUSCOLA

Tuscola, Illinois

Exhibit H

-20-

Statement of Fiduciary Net Position - Fiduciary Funds

April 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
<u>Current assets:</u>	
Cash	\$ 231
Accounts receivable	18,092
Total assets	<u>\$ 18,324</u>
<u>LIABILITIES</u>	
<u>Current liabilities:</u>	
Accounts payable	\$ 18,324
Total liabilities	<u>\$ 18,324</u>

Notes to Basic Financial Statements
April 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

1.A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The City has no discretely presented component units.

As discussed further in Note 1.C., these financial statements are presented on a modified accrual basis of accounting. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The financial statements of the reporting unit include those of the City of Tuscola (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit – Tuscola Economic Development, Inc. (TEDI), an entity legally separate from the City of Tuscola, is fiscally dependent on the City for support and its primary purpose directly benefits the City. Based upon the application of the above criteria, TEDI is a blended component unit and will be reported as if it were part of the City's operations for financial reporting purposes.

1.B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

In March 2009, the GASB issued Statement No. 54-*Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance policies and procedures.

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. Governmental activities generally

Notes to Basic Financial Statements – (continued)

April 30, 2014

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 a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/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 10 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 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the 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:

<u>Fund</u>	<u>Brief Description</u>
Tax Increment Financing	Accounts for the incremental property taxes realized within the Tax Increment Financing City. Expenditure of these revenues is restricted to capital improvements and redevelopment.
Motor Fuel Tax	Accounts for revenues received and expenditures paid for street maintenance.
Tourism	Accounts for revenues and expenditures for promoting tourism in the City. Hotel/Motel taxes provide revenues for operations.
Library	Accounts for revenues and expenditures of operating the City Library. Property taxes and Replacement taxes provide the revenues for operations.
Tuscola Economic Development, Inc.	Accounts for revenues and expenditures of developing economic opportunities for the City.

Notes to Basic Financial Statements – (continued)

April 30, 2014

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

<u>Fund</u>	<u>Brief Description</u>
Water	Accounts for revenues received and expenses paid for operating the water system.
Sewer	Accounts for revenues received and expenses paid for operating the sewer system.

Fiduciary Funds

Agency Funds

Agency Funds are used to account for assets held by the government as an agent for individuals or private organizations. The reporting entity includes the following agency funds:

<u>Fund</u>	<u>Brief Description</u>
Sec 125 Plan	Accounts for amounts withheld from employees salaries and payments to providers.
Garbage Fund	Accounts for amounts billed and collected for sanitary service.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, using the accrual basis method of accounting. On this basis, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement 33. Property taxes are recognized as revenue in the year for which the taxes are levied. Grants are recognized as revenue when eligibility requirements are met, such as allowable costs having been incurred.

Governmental Funds

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified accrual basis of accounting, is used as appropriate:

On this basis, all material sources of revenue are recognized when they become measurable and available. “Available” is defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the City, this translates to 60 days after the end of the fiscal year. Major sources of revenue susceptible to accrual include property taxes, sales taxes, income taxes, personal property replacement taxes, other intergovernmental revenues, charges for services and investment interest.

Notes to Basic Financial Statements – (continued)

April 30, 2014

Material amounts of expenditures are recognized when the liability is incurred. Exceptions include: principal and interest on long-term debt, which is recognized when due.

Proprietary Funds

The measurement focus for proprietary funds is the flow of economic resources. All proprietary funds are accounted for using the accrual basis method of accounting. On this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Proprietary funds operating revenues consist of charges for services and miscellaneous revenue resulting from the provision of services to users. In the enterprise funds, this translates to water and sewer revenue. Operating expenses are those incurred in providing water and sewer services. Operating expenses are expenses incurred in providing the services, such as personal services, materials and supplies and contractual services.

Fiduciary Funds

The measurement focus for fiduciary funds is the flow of economic resources. All fiduciary funds are accounted for using the accrual basis method of accounting. On this basis, revenues are recognized when they are earned and expenses are recognized when they are incurred.

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

INVESTMENTS

Investments classified in the financial statements normally consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS

The City’s GAAP basis of accounting reports capital assets and reports depreciation where appropriate. The accounting treatment over 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 Statements

Governmental Activities

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds’ infrastructure assets were not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A

Notes to Basic Financial Statements – (continued)

April 30, 2014

capitalization threshold of \$5,000 is used to report equipment capital assets, \$5,000 for building capital assets and \$5,000 for infrastructure capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	5-100 years
Improvements other than buildings	30-50 years
Machinery, furniture, and equipment	5-30 years
Vehicles	3-30 years
Infrastructure	30-125 years

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Business-Type Activities (Enterprise Funds)

Enterprise Fund capital assets valued at \$5,000 or more are capitalized within the fund. Capital assets are stated at actual or estimated historical cost. Donated fixed assets are valued at their fair market value on the date donated. Depreciation is computed on the straight-line method over the estimated useful life of the asset. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The range of estimated useful lives by type of asset is as follows:

Buildings	5-100 years
Improvements other than buildings	30-50 years
Machinery, furniture, and equipment	3-20 years
Vehicles	3-30 years
Infrastructure	30-80 years

LONG-TERM DEBT

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt of 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 reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Fund Financial Statements

EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as Net Position and displayed in three components:

- Invested in capital assets, net of related debt-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 improvements of those assets.
- Restricted Net Position-Consists of Net Position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position-All other Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Notes to Basic Financial Statements – (continued)

April 30, 2014

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City council through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the City council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative fund balance in other governmental funds represents excess of expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

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.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues:

General government	permits, licenses, fees, police fines, rent, pool income, fire insurance and TIF loan interest income.
--------------------	--

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans—Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services—Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

Notes to Basic Financial Statements – (continued)

April 30, 2014

3. Interfund reimbursements-Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers-Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances-Amounts reported in the fund financial statements are interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities-Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

1.G. PROPERTY TAXES

Property taxes are levied and attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December 31 of the subsequent year (by passage of the Tax Levy Ordinance). The 2013 tax levy was adopted by the Council on December 9, 2013. Tax bills are prepared by the County and issued on or about May 1, and are payable in two installments, on or about June 1, and September 1. The City receives significant distributions of taxes approximately one month after these due dates. No provision has been made for delinquent property taxes since in past years the amount has been immaterial. In the governmental funds, property taxes are recorded as receivables and unearned revenues at the time the tax levy attaches as an enforceable lien on January 1. In the enterprise funds, property taxes are recorded as revenue at the time the tax levy attaches as an enforceable lien on January 1. The City has received and recognized \$995,397 from the 2013 tax levy. The remainder of the taxes recognized are from the 2012 and prior tax levies. On the governmental fund financial statements, receivables that were not collected within the available period are recognized as deferred inflows of resources.

1.H. USE OF ESTIMATES

The preparation of financial statements in conformity accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

1.I. COMPENSATED ABSENCES

City employees are entitled to certain compensated absences based on their length of employment. Vacation days earned do not accumulate and are recorded as expenditures when they are paid. Governmental funds record as an expenditure the amount accrued during the year that would normally be liquidated with expendable resources. Governmental funds have recorded \$53,825 as the current portion of compensated absences. The proprietary funds recorded \$11,815 as compensated absences all of which is due within one year.

Notes to Basic Financial Statements – (continued)

April 30, 2014

1.J. PREPAID ITEMS

In governmental and business-type funds, prepaid expenditures/expenses are deferred and expensed over the term when the services are received.

1.K. DEFERRED OUTFLOWS OF RESOURCES

The City reports decreases in net assets that relate to future periods as deferred outflows of resources. The only deferred outflow of resources reported is a deferred amount arising from the refunding of proprietary fund bonds in a previous year. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

1.L. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2. DETAIL NOTES-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.

2.A. DEPOSITS AND INVESTMENTS

DEPOSITS

At April 30, 2014 the carrying amount of the City's deposits totaled \$981,437 and the bank balances totaled \$1,129,250.

CUSTODIAL CREDIT RISK - DEPOSITS

Deposits are subject to custodial credit risk if uninsured and uncollateralized or covered by collateral that is not in the City's name. It is City policy to require collateral for deposit and investment balances above Federal Deposit Insurance Corporation (FDIC) insurance coverage. At April 30, 2014, the City's deposits were either covered by FDIC insurance or by pledged collateral held in the City's name.

INVESTMENTS

At April 30, 2014 the carrying amount of the City's investments totaled \$3,914,887 and the bank balances totaled \$3,942,790. The Illinois Funds money market investment pool, the Illinois Metropolitan Investment Fund Convenience Fund and certificates of deposit are the City's current investments.

CUSTODIAL CREDIT RISK - INVESTMENTS

The Illinois Funds investments and the Illinois Metropolitan Investment Fund are both classified as external investment pools by GASB Statement No. 31. As an investment pools, neither are not subject to custodial credit risk, because they are evidenced by securities that exist in physical or book entry form. The certificates of deposit are covered completely by FDIC insurance.

CREDIT RATING RISK - INVESTMENTS

Investments are subject to credit rating risk for all debt securities, whether held directly or indirectly (through investment pools, mutual funds or money market funds). The Illinois Funds investment pools were rated AAAM by Standard & Poor's as of March 31, 2014. The Illinois Metropolitan Investment Fund was rated Aaa by Moody's Investors Service as of January 2012.

Notes to Basic Financial Statements – (continued)

April 30, 2014

CONCENTRATION OF CREDIT RISK - INVESTMENTS

Investments are subject to concentration of credit risk when 5% or more of the total are in securities of a single issuer. The Illinois Funds investment pools and the Illinois Metropolitan Investment Funds are not subject to concentration of credit risk disclosures.

INTEREST RATE RISK - INVESTMENTS

Investments are subject to a decline in fair value due to fluctuating market interest rates. Interest rate risk is minimized by having maturities of less than 1 year for 100% of the City's investments.

DEPOSITS AND INVESTMENTS – LEGAL AND CONTRACTUAL PROVISIONS

Investments are limited by Public Funds Investment Act of the State of Illinois to the following:

- Bonds, notes, certificates of indebtedness, treasury bills which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
- Bonds, notes, debentures or similar obligations of the United States of America or its agencies.
- Interest-bearing savings, certificates of deposit, or time deposits of any bank as defined by the Illinois Banking Act.
- Short term obligations of corporations organized in the U.S. with assets exceeding \$500,000,000 and other specified criteria.
- Money market mutual funds registered under the Investment Company Act of 1940 provided the portfolio is limited to obligations described in points 1 and 2 above.
- Federal National Mortgage Association
- Public Treasurers' Investment Pools
- Repurchase agreements of government securities within the meaning of the Government Securities Act of 1986.

2.B. RESTRICTED ASSETS

Assets that are not available to finance general operations of the City are reported as restricted on the Statement of Net Position. The restriction for transportation projects in the governmental activities is imposed under State of Illinois laws concerning how motor fuel taxes may be spent. The City's policy is to apply restricted resources first when an expense is incurred for purposes, which both restricted and unrestricted Net Position are available. The City's restricted assets are as follows:

Governmental Funds

The General Fund has restricted assets consisting of the following:

Cashford Funds	\$ 50,017
Capital Replacement Funds	532,203
Reserve Funds	806,652
Fire Special Bequest Funds	33,658
Police Drug Funds	<u>4,839</u>
 Total restricted assets – General Fund	 <u>1,427,369</u>

The Special Revenue Funds have restricted assets consisting of the following:

The Tax Increment Financing Fund has in accordance with the revenue bond ordinance and other requirements restricted the following assets:

Amishland Tax Fund	257,269
Pledged Tax Principal & Interest	<u>0</u>
 Total restricted assets – Tax Increment Financing Fund	 <u>257,269</u>

The Motor Fuel Tax Fund has in accordance with the revenue bond ordinance and other requirements restricted the following assets:

Pledged Tax Principal & Interest	168,800
Reserved by enabling legislation for highways and streets	<u>38,755</u>
Total restricted assets – Motor Fuel Tax Fund	<u>207,555</u>
Total restricted assets – Governmental Funds	<u>\$1,892,193</u>

CITY OF TUSCOLA
Tuscola, Illinois

Notes to Basic Financial Statements – (continued)
April 30, 2014

Proprietary Funds

Proprietary Funds have restricted assets consisting of the following:

The Sewer Fund has in accordance with the revenue bond ordinance, bond defeasance plans, and grant agreements restricted the following assets:

Capital Replacement Funds	\$ 0
Bond Reserve Funds	1724
Depreciation Funds	595
Bond and Interest	<u>387,584</u>
Total restricted assets – Sewer Fund	<u>389,903</u>

The Water Fund has in accordance with the revenue bond ordinance and the bond defeasance plan restricted the following assets:

Customer Deposits	\$ 31,950
Capital Replacement Funds	0
Bond & Interest	<u>408,895</u>
Total restricted assets – Water Fund	<u>440,845</u>
Total restricted assets – Proprietary Funds	<u>\$830,748</u>

2.C. CAPITAL ASSETS

A summary of capital assets related to governmental and business-type activities is presented below:

	<i>Balance at</i> <u>May 1, 2013</u>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <u>April 30, 2014</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$1,590,681	54,150	0	\$ 1,644,831
Land- Right of Way	<u>1,367,195</u>	<u>0</u>	<u>0</u>	<u>1,367,195</u>
Total capital assets not depreciated	<u>2,957,876</u>	<u>54,150</u>	<u>0</u>	<u>3,012,026</u>
Other capital assets:				
Land improvements	1,259,572	54,503	0	1,314,075
Buildings	4,068,431	29,600	0	4,098,031
Plant, machinery and equipment	1,625,243	35,385	0	1,660,628
Vehicles	2,660,244	177,194	250,000	2,587,438
Infrastructure	<u>20,148,452</u>	<u>1,609,116</u>	<u>0</u>	<u>21,757,568</u>
Total other capital assets	<u>29,761,942</u>	<u>1,905,798</u>	<u>250,000</u>	<u>31,417,740</u>
Less accumulated depreciation for:				
Land improvements	578,297	43,017	0	621,314
Buildings	1,780,282	78,789	0	1,859,071
Plant, machinery and equipment	1,014,128	103,419	0	1,117,547
Vehicles	1,296,419	122,932	225,000	1,194,351
Infrastructure	<u>6,420,271</u>	<u>407,381</u>	<u>0</u>	<u>6,827,652</u>
Total accumulated depreciation	<u>11,089,397</u>	<u>755,538</u>	<u>225,000</u>	<u>11,619,935</u>
Other capital assets, net	<u>18,672,545</u>	<u>1,150,260</u>	<u>25,000</u>	<u>19,797,805</u>
Governmental activities capital assets, net	<u>\$21,630,421</u>	<u>\$1,204,410</u>	<u>\$ 25,000</u>	<u>\$22,809,831</u>

CITY OF TUSCOLA
Tuscola, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2014

	<i>Balance at</i> <u>May 1, 2013</u>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <u>April 30, 2014</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ <u>637,198</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>637,198</u>
Other capital assets:				
Plant, machinery and equipment	10,881,039	375,506	0	11,256,545
Furniture and fixtures	73,284	7,877	0	81,161
Vehicles	284,979	211,674	100,987	395,666
Work in progress	1,684,825	0	1,684,825	0
Infrastructure	<u>5,447,731</u>	<u>1,705,102</u>	<u>0</u>	<u>7,152,833</u>
Total other capital assets	<u>18,371,858</u>	<u>2,300,159</u>	<u>1,785,812</u>	<u>18,886,205</u>
Less accumulated depreciation for:				
Plant, machinery and equipment	4,678,248	284,332	0	4,962,580
Furniture and fixtures	63,578	4,395	0	67,973
Vehicles	259,523	13,729	100,987	172,265
Infrastructure	<u>2,436,580</u>	<u>169,647</u>	<u>0</u>	<u>2,606,227</u>
Total accumulated depreciation	<u>7,437,929</u>	<u>472,103</u>	<u>100,987</u>	<u>7,809,045</u>
Other capital assets, net	<u>10,933,929</u>	<u>1,828,056</u>	<u>1,684,825</u>	<u>11,077,160</u>
Business-type activities capital assets, net	<u>\$ 11,571,127</u>	<u>\$ 1,828,056</u>	<u>\$ 1,684,825</u>	<u>\$ 11,714,358</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

General government	\$ 28,591
Public safety	122,218
Public works	511,833
Culture and recreation	<u>92,896</u>
Total depreciation expense for governmental activities	<u>\$755,538</u>

Business-Type Activities:

Water	\$203,061
Sewer	<u>269,043</u>
Total depreciation expense for business-type activities	<u>\$472,104</u>

NOTE 3. OTHER NOTES

3.A. 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 the plan assets. Therefore, in accordance with GASB Statement No. 32, the deferred compensation plan is not reported in the City's financial statements.

Notes to Basic Financial Statements – (continued)

April 30, 2014

3.B. DEFINED BENEFIT PENSION PLAN

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 policemen are included in the group of IMRF plan members. The City's policemen are not covered by any separate pension plans. The City's firemen are all volunteers and as such are not covered by IMRF or any separate pension plans. 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. That report may be obtained on-line at www.imrf.org.

Funding Policy: As set by statute, the City's regular plan members are required to contribute 4.50% 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 employer contribution rate for calendar year 2013 was 11.36% of annual covered payroll. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost: For the calendar year ending December 31, 2013, the City's annual pension cost of \$138,902 for the regular plan was equal to the City's required and actual contributions.

THREE-YEAR TREND INFORMATION for the REGULAR PLAN

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$138,902	100%	\$0
12/31/12	124,777	100%	0
12/31/11	116,545	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 90.71 percent funded. The actuarial accrued liability for benefits was \$3,720,273 and the actuarial value of assets was \$3,374,836, resulting in an underfunded actuarial accrued liability (UAAL) of \$345,437. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,222,733 and the ratio of the UAAL to the covered payroll was 28 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Notes to Basic Financial Statements – (continued)

April 30, 2014

3.C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City is a participant in an insurance risk pool administered by the Illinois Municipal League Risk Management Association. 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. Settled claims have not exceeded coverage in any of the past three fiscal years.

3.D. MOTOR FUEL TAX ALLOTMENT

Under current procedures, the allotments of the City are being received from the State of Illinois each month. These allotments, however, may be expended only for specific projects that have been approved each month by the Department of Transportation, State of Illinois.

3.E. REVENUES DUE FROM STATE AND COUNTY GOVERNMENTS

The following is a breakdown of the amounts due from the State and County governments in the government-wide financial statements at April 30, 2014:

<u>Douglas County:</u>	
Property taxes	\$1,990,048
Police fines	<u>785</u>
	<u>\$1,990,833</u>
 <u>State of Illinois:</u>	
Sales tax	\$321,298
Home rule sales tax	122,689
Income tax	136,292
Corporate pers. repl. tax	7,971
Motor Fuel Tax	<u>8,259</u>
Total	<u>\$596,509</u>

3.F. EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended April 30, 2014, the City did not have any expenditure over the legal appropriation limits.

3.G. LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Installment purchase agreements are also general obligations of the government.

CITY OF TUSCOLA
Tuscola, Illinois

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Notes to Basic Financial Statements – (continued)
April 30, 2014

The following is a summary of the City's long-term debt transactions for the year ended April 30, 2014:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>May 1, 2013</u>			<u>April 30, 2014</u>	<u>Due Within</u>
					<u>One Year</u>
<i>Governmental activities</i>					
Capital lease obligations:					
The City had no capital lease obligations in the fiscal year ending April 30, 2014					
General obligation bonds (alternate revenue bonds):					
General obligation bonds (Series 2010)	\$412,000	\$ 0	\$ 46,000	\$366,000	\$ 47,000
General obligation bonds (alternate revenue bonds):					
General obligation bonds (Series 2012)	500,000	0	50,000	450,000	50,000
Tax increment refunding revenue bonds:					
Tax increment refunding rev. bonds (Series 1996)	50,000	0	50,000	0	0
Other long-term obligations:					
Accrued compensated absences	<u>44,255</u>	<u>102,282</u>	<u>92,712</u>	<u>53,825</u>	<u>53,825</u>
Total governmental activities long-term liabilities	<u>\$1,006,255</u>	<u>\$ 102,282</u>	<u>\$238,712</u>	<u>\$869,825</u>	<u>\$150,825</u>
<i>Business-type activities</i>					
General obligation refunding bonds:					
General obligation refunding bonds (2011SW)	1,760,000	0	290,000	1,470,000	295,000
General obligation refunding bonds (2011WA)	1,285,000	0	250,000	1,035,000	255,000
Less deferred charge on refunding:	(208,442)	(0)	(78,715)	(129,727)	(78,715)
Notes payable:					
Illinois Environmental Protection Agency (WA)	951,720	620,796	373,786	1,198,730	54,647
Illinois Environmental Protection Agency (SW)	160,879	77,587	64,042	174,424	8,187
Other long-term obligations:					
Accrued compensated absences	<u>12,365</u>	<u>20,840</u>	<u>21,390</u>	<u>11,815</u>	<u>11,815</u>
Total business-type activities Long-term liabilities	<u>\$3,961,522</u>	<u>\$719,223</u>	<u>\$920,503</u>	<u>\$3,760,242</u>	<u>\$545,934</u>

Arbitrage Compliance

Proceeds from tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The City invests records and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. Arbitrage liabilities are reported as enterprise fund liabilities. At April 30, 2014 arbitrage liabilities were \$0.

Debt outstanding as of April 30, 2014, consisted of the following:

Governmental Funds:

The City issued \$500,000 of double-barreled Motor Fuel Tax bonds for the purpose of completing resurfacing improvements to Main, Sale, Pembroke, Prairie and Daggy Streets. The bonds, dated August 15, 2010, are of \$5,000 denominations and mature on December 1 of each year. The principal and

CITY OF TUSCOLA
Tuscola, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2014

interest is intended to be paid entirely from the revenues of the Motor Fuel Tax Fund. However, should there be insufficient funds available in the Motor Fuel Tax Fund; the City will increase its property tax levy to generate the needed revenue for the bond payments.

Fiscal Year	Bond	Interest
<u>Ending April 30,</u>	<u>Principal</u>	<u>Rate</u>
2015	\$47,000	2.70%
2016	49,000	2.85%
2017	50,000	3.00%
2018	52,000	3.15%
2019	54,000	3.30%
2020	56,000	3.45%
2021	<u>58,000</u>	3.60%
Total	<u>\$366,000</u>	

Interest paid on said bonds is payable on June 1 and December 1 in each year until paid. Both principal and interest on said bonds shall be payable in lawful money of the United States of America at the principal office of the First Federal Bank of Tuscola, a division of The First National Bank of Arcola, the paying agent for the bonds, in the City of Tuscola, Illinois.

The bond ordinance requires that moneys held in the Motor Fuel Tax Fund be held in a special reserve account as follows:

<u>Account</u>	<u>Amount</u>	<u>Nature of</u> <u>Authorized Expenditures</u>
Bond and Interest	1/6 of the interest next due and 1/12 of the principle next due.	Restricted for paying principal and interest on bonds.

The City issued \$500,000 of double-barreled Motor Fuel Tax bonds for the purpose of completing resurfacing improvements to South Main Street. The bonds, dated May 4, 2012, are of \$5,000 denominations and mature on December 1 of each year. The principal and interest is intended to be paid entirely from the revenues of the Motor Fuel Tax Fund. However, should there be insufficient funds available in the Motor Fuel Tax Fund; the City will increase its property tax levy to generate the needed revenue for the bond payments.

Fiscal Year	Bond	Interest
<u>Ending April 30,</u>	<u>Principal</u>	<u>Rate</u>
2015	\$50,000	1.50%
2016	50,000	1.75%
2017	50,000	2.00%
2018	50,000	2.25%
2019	50,000	2.50%
2020	50,000	2.75%
2021	50,000	3.00%
2022	50,000	3.25%
2023	<u>50,000</u>	3.50%
Total	<u>\$450,000</u>	

Interest paid on said bonds is payable on June 1 and December 1 in each year until paid. Both principal and interest on said bonds shall be payable in lawful money of the United States of America at the principal office of the Tuscola National Bank of Tuscola, the paying agent for the bonds, in the City of Tuscola, Illinois.

The bond ordinance requires that moneys held in the Motor Fuel Tax Fund be held in a special reserve account as follows:

CITY OF TUSCOLA
Tuscola, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2014

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Bond and Interest	1/6 of the interest next due and 1/12 of the principle next due.	Restricted for paying principal and interest on bonds.

Annual Debt Service Requirements for Governmental Funds Bonds

<u>Year</u>	<u>2010 Series</u>		<u>2012 Series</u>		<u>Total Debt Service Requirement</u>
	<u>G. O. Bonds</u>		<u>G.O. Bonds</u>		
	<u>MFT Alt. Rev.</u>		<u>MFT Alt. Rev.</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$47,000	\$11,606	\$50,000	\$11,250	\$119,856
2016	49,000	10,337	50,000	10,500	119,837
2017	50,000	8,940	50,000	9,625	118,565
2018	52,000	7,440	50,000	8,625	118,065
2019	54,000	5,802	50,000	7,500	117,302
2020	56,000	4,020	50,000	6,250	116,270
2021	<u>58,000</u>	<u>2,088</u>	50,000	4,875	114,963
2022			50,000	3,375	53,375
2023			<u>50,000</u>	<u>1,750</u>	<u>51,750</u>
	<u>\$366,000</u>	<u>\$50,233</u>	<u>\$450,000</u>	<u>\$63,750</u>	<u>\$929,983</u>

Proprietary Funds:

Enterprise Funds (Water and Sewer Funds):

General Obligation Refunding Bonds (Water and Sewer Alternate Revenue):

The City issued \$2,060,000 of double-barreled Sewerage bonds to refund the Sewerage Refunding Revenue Bonds, Series 1993, General Obligation Sewerage Bonds, Series 2000, and Sewerage Refunding Revenue Bonds (A), Series 2003. The bonds, dated December 29, 2011, are of \$5,000 denominations and mature on September 1 of each year. The principal and interest is intended to be paid from the revenues of the Sewer Fund. In addition, the City's sales tax has been pledged as additional means for repayment of these bonds. However, should there be insufficient funds available from the Sewer Fund and sales taxes, the City will increase its property tax levy to generate the needed revenue for the bond payments.

<u>Fiscal Year Ending April 30,</u>	<u>Bond Principal</u>	<u>Interest Rate</u>
2015	\$295,000	1.30%
2016	290,000	1.55%
2017	290,000	1.65%
2018	295,000	1.80%
2019	<u>300,000</u>	2.00%
Total	<u>\$1,470,000</u>	

Interest paid on said bonds is payable on March 1 and September 1 in each year until paid. Both principal and interest on said bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of UMB Bank, N.A., the paying agent for the bonds, in Kansas City, Missouri.

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Tuscola, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2014

The bond ordinance requires that moneys be accumulated in a debt service account in the Sewer Fund as follows:

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Bond and Interest	1/6 of the interest next due and 1/12 of the principal next due.	Restricted for paying principal and interest on bonds.

The City issued \$1,545,000 of double-barreled Waterworks bonds to refund the Waterworks Refunding Revenue Bonds, Series 1997 and the Waterworks Refunding Revenue Bond (B), Series 2003. The bonds, dated December 29, 2011, are of \$5,000 denominations and mature on September 1 of each year. The principal and interest is intended to be paid from the revenues of the Water Fund. In addition, the City's sales tax has been pledged as additional means for repayment of these bonds. However, should there be insufficient funds available from the Water Fund and sales taxes, the City will increase its property tax levy to generate the needed revenue for the bond payments.

<u>Fiscal Year</u> <u>Ending April 30,</u>	<u>Bond</u> <u>Principal</u>	<u>Interest</u> <u>Rate</u>
2015	\$ 255,000	1.30%
2016	255,000	1.55%
2017	260,000	1.65%
2018	<u>265,000</u>	1.80%
Total	<u>\$1,035,000</u>	

Interest paid on said bonds is payable on March 1 and September 1 in each year until paid. Both principal and interest on said bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of UMB Bank, N.A., the paying agent for the bonds, in Kansas City, Missouri.

The bond ordinance requires that moneys be accumulated in a debt service account in the Sewer Fund as follows:

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Bond and Interest	1/6 of the interest next due and 1/12 of the principal next due.	Restricted for paying principal and interest on bonds.

As a result of the current refunding, the City reduced its total debt service requirements by \$203,943, which results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$196,342.

Proprietary Funds:

Enterprise Funds (Water and Sewer Funds):

Notes Payable:

The City issued a note payable to the Illinois Environmental Protection Agency which was obtained to increase capacity in the water supply lines in the central west side of the city. The total amount drawn on the note is \$948,769, with draw period interest amount of \$22,516 rolled into the principal of the loan.

CITY OF TUSCOLA
Tuscola, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2014

\$222,896 of the note will not be repaid as it was forgiven by the State of Illinois. The note bears 1.25% interest and will have semi-annual repayments for a 20 year term beginning October 1, 2014.

<u>Fiscal Year</u> <u>Ending April 30,</u>	<u>Principal</u> <u>Payment</u>	<u>Interest</u> <u>Payment</u>
2015	\$ 34,117	\$ 9,249
2016	34,545	8,821
2017	34,978	8,388
2018	35,416	7,949
2019	35,861	7,504
2020	36,310	7,055
2021	36,765	6,600
2022	37,226	6,139
2023	37,693	5,672
2024	38,166	5,200
2025	38,644	4,721
2026	39,129	4,236
2027	39,620	3,746
2028	40,116	3,249
2029	40,619	2,746
2030	41,129	2,237
2031	41,645	1,721
2032	42,167	1,199
2033	42,695	670
2034	<u>21,548</u>	<u>135</u>
Total	<u>\$748,389</u>	<u>\$97,237</u>

Interest paid on said bonds is payable on April 24 and October 24 in each year until paid. Both principal and interest on said bonds shall be payable in lawful money of the United States of America at the office of Amalgamated Bank of Chicago, the authorized trustee of the Illinois Environmental Protection Agency, Water Revolving Fund, in Chicago, Illinois.

The bond ordinance requires that moneys be accumulated in a debt service account in the Water Fund as follows:

<u>Account</u>	<u>Amount</u>	<u>Nature of</u> <u>Authorized Expenditures</u>
Bond and Interest	1/6 of the interest next due and 1/12 of the principal next due.	Restricted for paying principal and interest on bonds.
Depreciation	1/120 th of 10% of the principal of the bonds per month	Extraordinary repairs and maintenance of the system
Bond Reserve	1/24 th maximum annual Debt service	Prevent or remedy payment default

The City also issued a note payable to the Illinois Environmental Protection Agency which was obtained for painting and maintenance to the elevated water storage tank. The total amount drawn on the note is \$601,231. \$150,890 of the note will not be repaid as it has been forgiven by the State of Illinois. The

CITY OF TUSCOLA
Tuscola, Illinois

Notes to Basic Financial Statements – (continued)

April 30, 2014

note bears 1.25% interest and will have semi-annual repayments for a 20 year term beginning July 1, 2014.

<u>Fiscal Year</u> <u>Ending April 30,</u>	<u>Principal</u> <u>Payment</u>	<u>Interest</u> <u>Payment</u>
2015	\$ 20,530	\$ 8,788
2016	20,787	5,308
2017	21,048	5,047
2018	21,312	4,783
2019	21,579	4,516
2020	21,849	4,246
2021	22,123	3,972
2022	22,401	3,694
2023	22,682	3,413
2024	22,966	3,129
2025	23,254	2,841
2026	23,546	2,549
2027	23,841	2,254
2028	24,140	1,955
2029	24,443	1,652
2030	24,749	1,346
2031	25,059	1,036
2032	25,374	722
2033	25,692	403
2034	<u>12,966</u>	<u>81</u>
 Total	 <u>\$450,341</u>	 <u>\$61,735</u>

Interest paid on said bonds is payable on January 14 and July 14 in each year until paid. Both principal and interest on said bonds shall be payable in lawful money of the United States of America at the office of Amalgamated Bank of Chicago, the authorized trustee of the Illinois Environmental Protection Agency, Water Revolving Fund, in Chicago, Illinois.

The bond ordinance requires that moneys be accumulated in a debt service account in the Water Fund as follows:

<u>Account</u>	<u>Amount</u>	<u>Nature of</u> <u>Authorized Expenditures</u>
Bond and Interest	1/6 of the interest next due and 1/12 of the principal next due.	Restricted for paying principal and interest on bonds.
Depreciation	1/120 th of 10% of the principal of the bonds per month	Extraordinary repairs and maintenance of the system
Bond Reserve	1/24 th maximum annual Debt service	Prevent or remedy payment default

Notes to Basic Financial Statements – (continued)

April 30, 2014

The City issued a note payable to the Illinois Environmental Protection Agency which was obtained in connection with the wastewater supply system project. The note is in the amount of \$238,466. \$59,987 of the note will not be repaid as it will be forgiven by the State of Illinois. The note bears 1.25% interest and will have semi-annual repayments for a 20 year term beginning February 21, 2014.

<u>Fiscal Year</u> <u>Ending April 30,</u>	<u>Principal</u> <u>Payment</u>	<u>Interest</u> <u>Payment</u>
2015	\$ 8,187	\$ 2,155
2016	8,290	2,052
2017	8,394	1,948
2018	8,499	1,843
2019	8,606	1,737
2020	8,714	1,629
2021	8,823	1,519
2022	8,933	1,409
2023	9,045	1,297
2024	9,159	1,183
2025	9,274	1,068
2026	9,390	952
2027	9,508	834
2028	9,627	715
2029	9,747	594
2030	9,870	472
2031	9,993	348
2032	10,119	223
2033	<u>10,246</u>	<u>96</u>
 Total	 <u>\$174,424</u>	 <u>\$22,074</u>

Interest paid on said bonds is payable on February 21 and August 21 in each year until paid. Both principal and interest on said bonds shall be payable in lawful money of the United States of America at the office of Amalgamated Bank of Chicago, the authorized trustee of the Illinois Environmental Protection Agency, Water Revolving Fund, in Chicago, Illinois.

The bond ordinance requires that moneys be accumulated in a debt service account in the Water Fund as follows:

<u>Account</u>	<u>Amount</u>	<u>Nature of</u> <u>Authorized Expenditures</u>
Bond and Interest	1/6 of the interest next due and 1/12 of the principal next due.	Restricted for paying principal and interest on bonds.
Depreciation	1/120 th of 10% of the principal of the bonds per month	Extraordinary repairs and maintenance of the system
Bond Reserve	1/24 th maximum annual Debt service	Prevent or remedy payment default

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Notes to Basic Financial Statements – (continued)
April 30, 2014

Annual Debt Service Requirements for Enterprise Fund Bonds

Year	2011-WA Series G.O. Refunding bonds Water Alt. Rev.		2011-SW Series G.O. Refunding bonds Sewer Alt. Rev.		IEPA Loan- Water Line Project		IEPA Loan Water Tower Project		IEPA Loan Sewer Project		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Required
2015	\$255,000	\$14,670	\$295,000	\$22,508	\$34,117	\$9,249	\$20,530	\$8,788	\$8,187	\$2,155	\$670,204
2016	255,000	11,036	290,000	18,343	34,545	8,821	20,787	5,308	8,290	2,052	654,182
2017	260,000	6,915	290,000	13,703	34,978	8,388	21,048	5,047	8,394	1,948	650,421
2018	<u>265,000</u>	<u>2,385</u>	295,000	8,655	35,416	7,949	21,312	4,783	8,499	1,843	650,842
2019			<u>300,000</u>	<u>3,000</u>	35,861	7,504	21,579	4,516	8,606	1,737	382,803
2020					36,310	7,055	21,849	4,246	8,714	1,629	79,803
2021					36,765	6,600	22,123	3,972	8,823	1,519	79,802
2022					37,226	6,139	22,401	3,694	8,933	1,409	79,802
2023					37,693	5,672	22,682	3,413	9,045	1,297	79,802
2024					38,166	5,200	22,966	3,129	9,159	1,183	79,803
2025					38,644	4,721	23,254	2,841	9,274	1,068	79,802
2026					39,129	4,236	23,546	2,549	9,390	952	79,802
2027					39,620	3,746	23,841	2,254	9,508	834	79,803
2028					40,116	3,249	24,140	1,955	9,627	715	79,802
2029					40,619	2,746	24,443	1,652	9,747	594	79,801
2030					41,129	2,237	24,749	1,346	9,870	472	79,803
2031					41,645	1,721	25,059	1,036	9,993	348	79,802
2032					42,167	1,199	25,374	722	10,119	223	79,804
2033					42,695	670	25,692	403	<u>10,246</u>	<u>96</u>	79,802
2034					<u>21,548</u>	<u>135</u>	<u>12,966</u>	<u>81</u>			<u>34,730</u>
Total	<u>\$1,035,000</u>	<u>\$35,006</u>	<u>\$1,470,000</u>	<u>\$66,209</u>	<u>\$748,389</u>	<u>\$97,237</u>	<u>\$450,341</u>	<u>\$61,735</u>	<u>\$174,424</u>	<u>\$22,074</u>	<u>\$4,160,415</u>

3.I. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of April 30, 2014, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	<u>\$581,003</u>	
TIF Fund- Barker/Prairie St. TIF 3		<u>\$581,003</u>

Represents start-up costs of a new TIF district within the City. This interfund loan is expected to be repaid as revenues from the TIF district expand. This amount is not expected to be repaid within one year.

3.J. 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 or Illinois Sales and Use Taxes 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

Notes to Basic Financial Statements – (continued)

April 30, 2014

be deposited in a special fund designated as “The Special Tax Allocation Fund for the Tuscola Redevelopment Project Area”. For the year ending April 30, 2014 the Tax Increment Fund received \$2,045,740 in property taxes and \$94,909 in sales tax.

3.K. TAX INCREMENT FINANCING LOAN INTEREST SUBSIDIES

On May 11, 2009, the City Council approved a 30% TIF interest subsidy for Visual Image Salon for improvements at 103 N Main St on a \$94,000 loan for 5 years. At April 30, 2014, \$921 had been paid on this subsidy

3.L. TIF NOTES RECEIVABLE

On February 13, 2012, the City Council approved a loan of \$59,500 at 3% for 10 years to Double B Properties for renovations at 132 W. Sale St. At April 30, 2014, \$41,735 of this loan was disbursed.

On July 9, 2012, the City Council approved a loan of \$51,000 at 3% for 10 years to Jeremy and Lana Tengwall of Bailey James Enterprises for renovations at 123 W. Sale St. On July 22, 2013, the City Council approved additional amounts on this loan for a total of \$300,000. Additionally, the interest rate will be at 1.5%. At April 30, 2014, \$50,567 of this loan was disbursed.

On November 13, 2012, the City Council approved a loan of \$8,750 at 3% for 5 years to Double B Properties for exterior renovation at 132 and 134 W. Sale St. At April 30, 2014, none of this loan was disbursed.

On April 8, 2013, the City Council approved a loan of \$24,532 at 3% for 10 years to Greco Enterprises for renovation at 101 E. Sale St. On September 9, 2013, the City Council approved an additional loan amount of \$1,369 for the same project. At April 30, 2014, all amounts of this loan were disbursed and the loan was converted to the repayment phase.

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 \$5,425 was approved by City Council under the same terms. On April 30, 2014, \$39,109 of this loan was disbursed.

On August 12, 2013, the City Council approved a loan of \$3,800 to TD Properties of Atwood for window renovations at the property at 101 W South Central. On October 14, 2013, the City Council approved an increase to the loan amount of \$3,800. On April 30, 2014, all amounts of this loan were disbursed and the loan was converted to the repayment phase.

On August 12, 2013, the City Council approved a loan of \$7,520 for brick work to the exterior of the Winterberry Store building at 114-116 W Sale St. and a loan of \$2,200 for replacing the awning on the same building. On October 14, 2013, the City Council approved an additional loan amount of \$9,260 for a new roof on the same building. At April 30, 2014, \$9,743 of this loan was disbursed.

On October 14, 2013, the City Council approved a loan of \$670 to Sandra Cruzan and Pam Dean for tuck pointing work on Floyd’s Barber Shop at 107 W Sale St. At April 30, 2014, none of the amounts of this loan were disbursed.

Notes to Basic Financial Statements – (continued)

April 30, 2014

On January 13, 2014, the City Council approved a loan of \$80,000 to Richard Kidwell for renovation to the building at 901 E Southline Road for use as a donut shop. At April 30, 2014, \$45,752 of this loan had been disbursed.

3.M. TAX INCREMENT GRANTS

On December 28, 2009, the City Council approved a 50% grant up to \$36,352 to Spirits of Tuscola for renovations at 911 E Southline Rd. On June 25, 2012, the City Council approved a 3 year extension of the grant due to project delays. On December 26, 2012, the City Council approved an assignment of this grant to the new owners of the business, Tuscola Beverage Depot. At April 30, 2014, \$36,352 of the grant amount was disbursed.

On July 12, 2010, the City Council approved a \$25,000 grant for Greg Bates Automotive for renovations at 1100 S. Washington. On August 26, 2014, the City Council rescinded this grant.

On September 27, 2010, the City Council approved a grant to ARTCO in the amount of \$3,000 for purposes of a business feasibility study for a theatre business at 100-104 W Sale Street. On February 14, 2011, the City Council approved an additional \$500 grant toward this project. On August 26, 2014, the City Council rescinded this grant.

On May 23, 2011, the City Council approved a \$5,000 grant for Douglas County Abstract for renovations at 110 E. Sale St. \$4,975 was paid on this grant. On August 26, 2014, the City Council rescinded the remaining amounts on this grant.

On May 23, 2011, the City Council approved a \$22,000 grant for M Five Foods, LLC for renovations at 1109 Tuscola Blvd. At April 30, 2014, \$10,322 had been paid on this grant.

On April 9, 2012, the City Council approved a \$22,825 grant to At Home Illinois/Bailey James Enterprises for roof replacement at 123 W. Sale Street. On July 9, 2012, the City Council rescinded the April 9, 2012 grant and approved a grant for renovations at 123 W. Sale St. in the amount of \$51,000. On July 22, 2013, the City Council approved an additional \$309,000 grant for this project to bring the total project grant to \$360,000. At April 30, 2014, \$149,706 had been paid on this grant.

On July 9, 2012, the City Council approved a \$40,000 grant to 5KC's LLC, for renovations at 802 E Southline Road. At April 30, 2014, \$10,474 had been paid on this grant.

On November 11, 2012, the City Council approved an \$8,750 grant to Double B Properties, for renovations to the rear exterior at 132 and 134 W Sale St. At April 30, 2014, no amount had been paid on this grant.

On December 26, 2012, the City Council approved a \$44,800 grant to Kris Clodfelder, for demolition and property improvements to the property at 900 Meadowview. \$43,148 had been paid on this grant and the project was complete when, on August 26, 2013, the City Council rescinded the remaining amounts.

On February 11, 2013, the City Council approved a Memorandum of Understanding providing a \$61,900 grant to Tuscola Properties, LLC, for site work for public infrastructure improvements to the property at 1000 E Southline Road. On May 13, 2013, the City Council approved an additional grant for \$9,800 to finish engineering on the East-West roads within the property. On July 22, 2013, the City Council approved an additional grant of \$56,700 for design engineering for traffic signals at the corner of Prairie ST and Southline RD, adjacent to the property. On August 12, 2014, the City Council amended and

Notes to Basic Financial Statements – (continued)

April 30, 2014

approved this total project grant at \$1,700,000, including all prior authorized work and grant amounts. At April 30, 2014, \$187,253 had been paid on this grant.

On April 8, 2013, the City Council approved a \$24,500 grant to Aims Sandwiches, LLC, for exterior renovations to the property at 1100 E Southline Road. At April 30, 2014, no amount had been paid on this grant.

On April 8, 2013, the City Council approved a \$30,665 grant to Greco Enterprises, LLC, for renovations to the property at 101 E Sale St. On September 9, 2014, the City Council approved an additional \$1,710 grant for this project. At April 30, 2014, all amounts of this grant had been paid out.

On June 10, 2013, the City Council approved a grant of \$50,000 to John McDevitt of Yellow Dog Artworks for renovation to the HVAC system and roof at 100 N Main St. On April 14, 2014, an additional amount of \$5,425 was approved by City Council under the same terms. On April 30, 2014, \$39,109 of this grant was disbursed.

On July 8, 2013, the City Council approved a grant, in the amount of \$365,000 to Tim Mooney Inc. for 35% of the cost of renovations to the Ford dealership building at 406 E Southline Rd. At April 30, 2014, \$225,000 of this grant had been disbursed.

On August 12, 2013, the City Council approved a grant, in the amount of \$5,000 to Katrina Kohlbecker for demolition of the building at 210 E Sale ST. At April 30, 2014, all of this grant had been disbursed.

On August 12, 2013, the City Council approved a grant of \$4,750 to TD Properties of Atwood for window renovations at the property at 101 W South Central. On October 14, 2013, the City Council approved an increase to the grant amount of \$4,750. On April 30, 2014, all amounts of this grant were disbursed.

On August 12, 2013, the City Council approved a grant of \$9,400 for brick work to the exterior of the Winterberry Store building at 114-116 W Sale St. and a grant of \$2,750 for replacing the awning on the same building. On October 14, 2013, the City Council approved an additional grant amount of \$11,575 for a new roof on the same building. At April 30, 2014, \$11,564 of this grant was disbursed.

On September 9, 2013, the City Council approved a grant in the amount of \$10,850 to Jim and Kay Higgins for restroom renovation and a fence at their property at 306 E Southline Rd. At April 30, 2014, all amounts of this grant were disbursed.

On September 9, 2013, the City Council approved a grant in the amount of \$1,025 to Douglas County Farm Bureau for masonry work to their building at 105 N Main St. At April 30, 2014, \$2,327 of this grant were disbursed.

On September 9, 2013, the City Council approved a grant in the amount of \$4,570 to Richard and Donna Kidwell for exterior renovations to their building at 601 S Main St. At April 30, 2014, all amounts of this grant were disbursed.

On October 14, 2013, the City Council approved a grant in the amount of \$28,977 to Tuscola Township Cemetery for decorative gates for their cemetery property at the corner of Route 36 and Prairie St. At April 30, 2014, all amounts of this grant were disbursed.

Notes to Basic Financial Statements – (continued)

April 30, 2014

On October 14, 2013, the City Council approved a grant in the amount of \$4,300 to Bev Hastings for roof replacement to her property at 113-115 W Sale St. At April 30, 2014, none of the amounts of this grant were disbursed.

On October 14, 2013, the City Council approved a grant of \$840 to Sandra Cruzan and Pam Dean for tuck pointing work on Floyd's Barber Shop at 107 W Sale St. At April 30, 2014, none of the amounts of this grant were disbursed.

On October 14, 2013, the City Council approved a grant of \$3,530 to Jamison Boyd and William Hemmer for brick repairs at 902 S Court St. At April 30, 2014, none of the amounts of this grant were disbursed.

On November 12, 2013, the City Council approved a grant of \$29,700 to Ted Rund for roof and awning renovations at the Tuscola Professional Building at 107 W South Central AVE. At April 30, 2014, \$9,739 of the amounts of this grant were disbursed.

On December 11, 2013, the City Council approved a grant of \$80,000 to the Tuscola Moose Lodge for property acquisition and lot paving at the corner of Route 36 and Meadowview Dr. At April 30, 2014, none of the amounts of this grant were disbursed.

On January 13, 2014, the City Council approved a grant of \$115,000 to Richard Kidwell for renovation to the building at 901 E Southline Road for use as a donut shop. At April 30, 2014, \$45,451 of this grant had been disbursed.

On April 14, 2014, the City Council approved a grant of \$8,500 to the American Legion Post for roof replacement to their building at 209 N Parke St. At April 30, 2014, none of this grant had been disbursed.

3.N. TAX INCREMENT OTHER REDEVELOPMENT AGREEMENTS AND COMMITMENTS

On April 28, 2003, the City Council entered into an intergovernmental agreement with the Tuscola Community Unit School City # 301 for the purchase of the property at 400 E Sale St, the former Northward School property. The parties additionally agreed to a vocational or career education grant, as provided in an intergovernmental cooperation agreement dated December 28, 1998, to the school City in the amount of \$150,000 per year for 9 years. The grant payments were scheduled to begin on October 1, 2010. On September 27, 2010, the City Council approved the payment of two of the \$150,000 payments instead of one. On April 30, 2014, \$750,000 or five payments of this grant had been disbursed.

On January 28, 2008, the City Council approved a redevelopment agreement with COROC/Tuscola, L.L.C., operators of the Tanger Outlet Center on Progress Boulevard. This agreement addresses expansion and retail retention needed to maintain this very valuable development. Under the agreement, the City will reimburse COROC/Tuscola, L.L.C. for 50% of their costs for capital improvements to the center and for recruitment and store build-out for any of a listing of top retail tenants, contingent upon agreement to certain lease terms. The maximum amount of reimbursement from the City under this portion of the redevelopment agreement is \$1,000,000. As of April 30, 2014, the City had reimbursed COROC/Tuscola, L.L.C. \$969,123 of the amounts contemplated under this agreement. The remaining \$30,877 expired on December 31, 2009. Those amounts assisted in the recruitment of top retailers such as Coldwater Creek, Old Navy, Nike, The Children's Place and Stride Rite to the Center.

Notes to Basic Financial Statements – (continued)

April 30, 2014

An additional term of the redevelopment agreement is to extend the annual \$400,000 subsidy approved in the prior redevelopment agreement for an additional 12 years to the current end of the City's TIF district. The terms of this extension is the same as the terms in the original redevelopment agreement on this development.

On September 12, 2005, the City Council approved an agreement with Tuscola Economic Development, Inc.(TEDI) for purposes of the City employing an economic development director position for TEDI as it's annual funding commitment to the organization. The amount of that commitment was not to exceed \$50,000 per year for the following three years. On December 10, 2007, the City Council approved an additional funding commitment under that original agreement of \$25,000 for the original three year period which would be ending April 30, 2014. On April 14, 2008, the City Council approved an extension to that agreement which would increase the annual funding commitment to \$75,000 per year for an additional three year term. On March 23, 2009, the City Council approved a \$5,000 grant to TEDI for purposes of providing assistance to clean up commercial properties within the TIF City. On September 27, 2010, the City Council approved an additional \$40,000 for additional personnel costs for economic development and renewed it's commitment for an additional three fiscal years at an amount not to exceed \$100,000 per year. On April 14, 2014, the City Council approved an extension of this agreement for three additional fiscal years at \$100,000 per year.

On January 25, 2010, the City Council approved a Redevelopment agreement with Tuscola Do-it Best Home Center and owners Jim and Kay Higgins for purposes of assisting in development of a new hardware and home center at 407 E Southline Road. The City will reimburse the developers \$250,000 in the form of a grant for building rehabilitation; an incremental sales tax rebate of 75% of increment for years 1-4 of the business, 60% for years 5-7, and 50% for years 8-10; and an incremental property tax rebate of 100% of the increment for 10 years with the total financial incentive for this redevelopment agreement capped at \$750,000 over the term of the agreement. At April 30, 2014, \$365,294 of this grant had been disbursed.

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 City 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, which included a 50% grant, not to exceed \$750,000, for costs of demolishing the old city sewer plan, site prep, and flood mitigation in the redevelopment City. The agreement also includes a 60% tax rebate for properties developed between Barker, Newkirk, Prairie and Enterprise streets. At April 30, 2014, \$388,221 of this grant had been disbursed.

On May 12, 2014, the City Council approved a redevelopment agreement with Owen Tucker to complete a street through the Barker/Prairie TIF area at a cost of \$381,000, payable at 100% to the developer upon completion of work on the street. The agreement further calls for additional housing lots to be developed on the property.

3.O. 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

Notes to Basic Financial Statements – (continued)
April 30, 2014

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, 2014.

3.P. SEWER PLANT INFORMATION

The City sewer system received 281,910,465 total gallons at the wastewater plant for calendar year end December 31, 2013. In addition, there were 2,587 users connected to the system and 107,933,956 gallons billed. There were no non-metered users and one user discharging non-domestic or industrial wastes.

3.Q. 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 tie breaker voting ability). The host City alternates with each meeting. The capital budgets for construction of this water main were funded 55% by the City of Tuscola and 45% by the City of Arcola, with Cabot Corporation reimbursing 12.5% of the total cost of construction up to a maximum of \$450,000.

Each member agency (the Cities of Arcola and Tuscola) holds an equity interest in the water main capital assets according to each Cities share of water usage for the prior year and the proportion of funding provided by each City during a year. At April 30, 2014 the City of Tuscola's equity interest was 47.48%, or \$9,972, 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 61953-1486. The responsibility for maintaining books and records for the joint venture is rotated periodically between the Cities.

Summary financial information for the Tuscola-Arcola Water Main as of and for the year ended April 30, 2014 is provided below.

Financial Position as of April 30, 2014

Total assets	<u>\$44,893</u>
Total liabilities	\$ 0
Total equity	<u>44,893</u>
Total liabilities and equity	<u>\$44,893</u>

Results of Operations for Fiscal Year Ending April 30, 2014

Total revenues	\$178,358
Total expenditures	<u>162,669</u>
Net income (loss)	15,689
Beginning total equity	<u>29,204</u>
Ending total equity	<u>\$44,893</u>

Notes to Basic Financial Statements – (continued)

April 30, 2014

3.R. 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.

3.S. TAX INCREMENT FINANCING DESIGNATED AND EARMARKED FUNDS

Beginning with the year ending April 30, 2000, all TIF funds must have planned uses or must be remitted back to the taxing bodies. The following schedule outlines the City's planned use of its funds on hand.

Property Tax Funds:

Land Improvements; Private Loans, Subsidies, and Grants	2,500,000
Development of Business Centre east of I-57	1,500,000

3.T. 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 even 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, 2014 or during the year ending April 30, 2014. As a result, the City's implicit liability is zero or some minimal amount below what is considered material for purposes of this audit report for the year ending April 30, 2014.

Required Supplementary Information

CITY OF TUSCOLA

Tuscola, Illinois

REQUIRED SUPPLEMENTARY INFORMATION
Illinois Municipal Retirement Fund Analysis of Funding Progress
 April 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) ---Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/13	\$3,374,836	\$3,720,273	\$345,437	90.71%	\$1,222,733	28.25%
12/31/12	3,481,922	3,916,157	434,235	88.91%	1,159,638	37.45%
12/31/11	3,076,505	3,647,848	571,343	84.34%	1,074,150	53.19%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$3,925,479. On a market basis, the funded ratio would be 105.52%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Tuscola. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis)- General Fund

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property taxes	\$ 458,992	\$ 458,992	\$ 458,289	\$ (703)
Sales taxes	2,288,189	2,288,189	2,450,638	162,449
State income taxes	427,392	427,392	433,194	5,802
Replacement taxes	33,837	33,837	39,211	5,374
Fines and fees	32,000	32,000	34,435	2,435
Rent	10,500	10,500	10,820	320
Licenses and permits	24,500	24,500	19,656	(4,844)
Grant income	35,195	35,195	276,392	241,197
Franchise fees	28,000	28,000	42,139	14,139
Fire insurance	8,000	8,000	6,305	(1,695)
Pool income	72,500	72,500	53,117	(19,383)
Interest income	4,250	4,250	1,203	(3,047)
Miscellaneous	15,100	15,100	16,066	966
Total revenues	<u>3,438,455</u>	<u>3,438,455</u>	<u>3,841,465</u>	<u>403,010</u>
<u>Expenditures:</u>				
General government				
Salaries - city officials and other	285,000	285,000	175,727	109,273
Professional fees	150,000	150,000	16,928	133,072
Office and general expenses	230,000	230,000	31,924	198,076
Insurance	105,000	105,000	47,266	57,734
Publications	15,000	15,000	4,396	10,604
Maintenance	100,000	100,000	4,237	95,763
Utilities	40,000	40,000	13,008	26,992
Animal and bird control	20,000	20,000	-	20,000
Payroll taxes	55,000	55,000	13,957	41,043
Travel, training and education	10,000	10,000	1,230	8,770
Employee benefits	100,000	100,000	35,159	64,841
Community activity subsidy	280,000	630,000	597,699	32,301
Substance abuse program	10,000	10,000	1,907	8,093
Miscellaneous	50,000	50,000	8,968	41,032
Total expenditures - general government	<u>1,450,000</u>	<u>1,800,000</u>	<u>952,407</u>	<u>847,593</u>
<u>Public Safety</u>				
<u>Fire protection</u>				
Salaries	300,000	300,000	107,623	192,377
Payroll taxes	60,000	60,000	8,515	51,485
Employee benefits	5,000	5,000	2,374	2,626
Subscriptions	10,000	10,000	847	9,153
Special bequests	150,000	150,000	5,497	144,503
Utilities	25,000	25,000	4,956	20,044
Travel, training and education	50,000	50,000	2,225	47,775
Office and general expenses	25,000	25,000	2,584	22,416
Uniforms	10,000	10,000	822	9,178
Repairs and maintenance	285,000	285,000	17,102	267,898
Supplies and parts	100,000	100,000	21,238	78,762
Fire prevention	5,000	5,000	601	4,399
Miscellaneous	5,000	5,000	678	4,322
Total expenditures - fire protection	<u>1,030,000</u>	<u>1,030,000</u>	<u>175,063</u>	<u>854,937</u>

(continued)

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis)- General Fund

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures: (continued)</u>				
<u>Public Safety (continued)</u>				
<u>Police protection</u>				
Salaries	\$ 550,000	\$ 550,000	\$ 416,468	\$ 133,532
Payroll taxes	15,000	15,000	5,460	9,540
Employee benefits	225,000	225,000	131,925	93,075
Communications	20,000	20,000	7,644	12,356
Office and general expenses	25,000	25,000	2,571	22,429
Uniforms	20,000	20,000	4,275	15,725
Repairs and maintenance	235,000	235,000	48,953	186,047
Utilities	20,000	20,000	5,901	14,099
Subscriptions	15,000	15,000	60	14,940
Travel, training and education	15,000	15,000	6,615	8,385
Drug fund	100,000	100,000	702	99,298
K-9 unit	20,000	20,000	-	20,000
Miscellaneous	10,000	10,000	5,243	4,757
Total expenditures - police protection	<u>1,270,000</u>	<u>1,270,000</u>	<u>635,816</u>	<u>634,184</u>
<u>Building Inspection</u>				
Salaries	85,000	85,000	53,745	31,255
Payroll taxes	11,000	11,000	4,084	6,916
Employee benefits	40,000	40,000	16,680	23,320
Insurance	500	500	50	450
Office and general expenses	20,000	20,000	2,504	17,496
Travel, training and education	10,000	10,000	-	10,000
Professional fees	120,000	120,000	-	120,000
Repairs and maintenance	45,000	45,000	2,398	42,602
Miscellaneous	5,000	5,000	-	5,000
Total expenditures - building inspection	<u>336,500</u>	<u>336,500</u>	<u>79,461</u>	<u>257,039</u>
<u>ESDA</u>				
Communications	50,000	50,000	1,908	48,092
Travel, training and education	10,000	10,000	-	10,000
Supplies and parts	15,000	15,000	-	15,000
Repairs and maintenance	15,000	15,000	527	14,473
Miscellaneous	15,000	15,000	-	15,000
Total expenditures - ESDA	<u>105,000</u>	<u>105,000</u>	<u>2,435</u>	<u>102,565</u>
Total expenditures - public safety	<u>2,741,500</u>	<u>2,741,500</u>	<u>892,775</u>	<u>1,848,725</u>
<u>Public Works</u>				
<u>Streets and Alleys</u>				
Salaries	450,000	450,000	242,825	207,175
Payroll taxes	105,000	105,000	20,151	84,849
Employee benefits	220,000	220,000	88,334	131,666
Communications	5,000	5,000	1,168	3,832
Travel, training and education	5,000	5,000	153	4,847
Vehicle fuel	75,000	75,000	27,479	47,521
Vehicle maintenance	150,000	150,000	16,234	133,766
Utilities	150,000	150,000	36,706	113,294
Small equipment	102,500	102,500	2,371	100,129

(continued)

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis)- General Fund

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures: (continued)</u>				
<u>Public Works (continued)</u>				
<u>Streets and Alleys (continued)</u>				
Supplies and parts	\$ 20,000	\$ 20,000	\$ 6,017	\$ 13,983
Repairs and maintenance	300,000	450,000	265,091	184,909
Street, alley and curb maintenance	250,000	250,000	36,847	213,153
Sidewalks	25,000	25,000	987	24,013
Miscellaneous	5,000	5,000	670	4,330
	<u>1,862,500</u>	<u>2,012,500</u>	<u>745,035</u>	<u>1,267,465</u>
Total expenditures - streets and alleys				
<u>Public Works (continued)</u>				
<u>Municipal Building</u>				
Salaries	12,000	12,000	-	12,000
Payroll taxes	6,000	6,000	-	6,000
Employee benefits	10,000	10,000	-	10,000
Insurance	100,000	100,000	57,014	42,986
Communications	5,000	5,000	574	4,426
Leases	10,000	10,000	3,866	6,134
Utilities	50,000	50,000	16,626	33,374
Real estate taxes - drainage	20,000	20,000	382	19,618
Vending	5,000	5,000	323	4,677
Supplies and parts	40,000	40,000	3,804	36,196
Repairs and maintenance	190,000	190,000	29,554	160,446
Miscellaneous	5,000	5,000	16	4,984
	<u>453,000</u>	<u>453,000</u>	<u>112,159</u>	<u>340,841</u>
Total expenditures - municipal building				
Total expenditures - public works	<u>2,315,500</u>	<u>2,465,500</u>	<u>857,194</u>	<u>1,608,306</u>
<u>Culture and Recreation</u>				
<u>Park</u>				
Salaries	135,000	135,000	61,707	73,293
Payroll taxes	11,000	11,000	4,663	6,337
Employee benefits	60,000	60,000	19,680	40,320
Repairs and maintenance	120,000	120,000	16,672	103,328
Communications	5,000	5,000	423	4,577
Travel, training and education	5,000	5,000	124	4,876
Utilities	50,000	50,000	12,610	37,390
Supplies and parts	41,500	41,500	6,011	35,489
Advertising	-	-	-	-
Miscellaneous	40,000	40,000	96	39,904
	<u>467,500</u>	<u>467,500</u>	<u>121,986</u>	<u>345,514</u>
Total expenditures - park				
<u>Pool</u>				
Salaries	85,000	85,000	52,895	32,105
Payroll taxes	15,000	15,000	4,337	10,663
Supplies	90,000	90,000	11,774	78,226
Repairs and maintenance	95,000	95,000	14,760	80,240
Advertising	10,000	10,000	65	9,935
Communications	5,000	5,000	424	4,576
Training	5,000	5,000	1,175	3,825

(continued)

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis)- General Fund

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures: (continued)</u>				
<u>Culture and Recreation (continued)</u>				
<u>Pool (continued)</u>				
Utilities	\$ 50,000	\$ 50,000	\$ 18,086	\$ 31,914
Miscellaneous	20,000	20,000	35	19,965
Total expenditures - pool	375,000	375,000	103,551	271,449
Total expenditures - culture and recreation	842,500	842,500	225,537	616,963
<u>Development</u>				
Economic development	5,000,000	5,000,000	27,875	4,972,125
Total expenditures - development	5,000,000	5,000,000	27,875	4,972,125
<u>Capital Outlay</u>				
General government	500,000	150,000	-	150,000
Fire protection	1,000,000	1,000,000	4,565	995,435
Police protection	100,000	100,000	23,710	76,290
Building inspection	50,000	50,000	-	50,000
Streets and alleys	1,000,000	850,000	264,601	585,399
Municipal building	250,000	250,000	-	250,000
ESDA	100,000	100,000	-	100,000
Park	150,000	150,000	56,547	93,453
Pool	1,500,000	1,500,000	10,649	1,489,351
Total expenditures - capital outlay	4,650,000	4,150,000	360,072	3,789,928
Total expenditures	16,999,500	16,999,500	3,315,860	13,683,640
Excess (deficiency) of revenues over (under) expenditures	(13,561,045)	(13,561,045)	525,604	(13,280,630)
Fund balances - beginning	2,213,072	2,213,072	2,401,287	
Fund balances - ending	\$ (11,347,973)	\$ (11,347,973)	\$ 2,926,891	\$ (13,280,630)
Fund balances, ending - budgetary basis			\$ 2,926,891	
<u>Accrual Adjustments</u>				
Revenues			169,330	
Expenditures			94,535	
Net			263,866	
Other financing sources (uses)			-	
Beginning fund balance adjustment to GAAP basis			640,075	
Fund balance, ending - GAAP basis			\$ 3,830,832	

The notes to budgetary comparison schedules are in integral part of this statement.

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - Tax Increment Financing Fund

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property taxes	\$ 1,385,500	\$ 1,385,500	\$ 1,370,148	\$ (15,352)
Replacement taxes	-	-	-	-
Income taxes	-	-	-	-
Sales taxes	188,000	188,000	182,953	(5,047)
Sales taxes - city	100,000	100,000	-	(100,000)
Motor fuel tax	-	-	-	-
Fines and fees	-	-	-	-
Memorial funds	-	-	-	-
Interest income	25,250	25,250	18,096	(7,154)
Miscellaneous	-	-	75,000	75,000
Total revenues	<u>1,698,750</u>	<u>1,698,750</u>	<u>1,646,197</u>	<u>(52,553)</u>
<u>Expenditures:</u>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Development	24,652,000	24,652,000	3,270,692	21,381,308
Debt service				
Principal	650,000	650,000	50,000	600,000
Interest expense and fiscal charges	225,000	225,000	2,950	222,050
Capital outlay	<u>3,500,000</u>	<u>3,500,000</u>	-	<u>3,500,000</u>
Total expenditures	<u>29,027,000</u>	<u>29,027,000</u>	<u>3,323,642</u>	<u>25,703,358</u>
Excess (deficiency) of revenues over (under) expenditures	(27,328,250)	(27,328,250)	(1,677,445)	(25,755,910)
<u>Other financing sources (uses):</u>				
Bond proceeds	-	-	-	-
Net change in fund balances	<u>(27,328,250)</u>	<u>(27,328,250)</u>	<u>(1,677,445)</u>	<u>(25,755,910)</u>
Fund balances - beginning	<u>(112,535,682)</u>	<u>(112,535,682)</u>	<u>2,562,713</u>	<u>-</u>
Fund balances - ending	<u>\$ (139,863,932)</u>	<u>\$ (139,863,932)</u>	<u>\$ 885,268</u>	<u>\$ (25,755,910)</u>
Fund balances, ending - budgetary basis			<u>\$ 885,268</u>	
<u>Accrual Adjustments</u>				
Revenues			587,548	
Expenditures			(446,395)	
Net			141,153	
Other financing sources (uses)			-	
Beginning fund balance adjustment to GAAP basis			137,383	
Fund balance, ending - GAAP basis			<u>\$ 1,163,804</u>	

The notes to budgetary comparison schedules are in integral part of this statement.

CITY OF TUSCOLA
Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - Motor Fuel Tax Fund
For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Replacement taxes	-	-	-	-
Income taxes	-	-	-	-
Sales taxes	-	-	-	-
Sales taxes - city	-	-	-	-
Motor fuel tax	124,280	124,280	129,363	5,083
Fines and fees	-	-	-	-
Memorial funds	-	-	-	-
Interest income	500	500	216	(284)
Miscellaneous	-	-	-	-
Total revenues	124,780	124,780	129,579	4,799
<u>Expenditures:</u>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	250,000	250,000	53,841	196,159
Culture and recreation	-	-	-	-
Development	-	-	-	-
Debt service	-	-	-	-
Principal	200,000	200,000	96,000	104,000
Interest expense and fiscal charges	150,000	150,000	31,482	118,518
Capital outlay	1,500,000	1,500,000	-	1,500,000
Total expenditures	2,100,000	2,100,000	181,322	1,918,678
Excess (deficiency) of revenues over (under) expenditures	(1,975,220)	(1,975,220)	(51,744)	(1,913,879)
<u>Other financing sources (uses):</u>				
Bond proceeds	-	-	-	-
Net change in fund balances	(1,975,220)	(1,975,220)	(51,744)	(1,913,879)
Fund balances - beginning	1,123,528	1,123,528	(316,530)	-
Fund balances - ending	\$ (851,692)	\$ (851,692)	\$ (368,274)	\$ (1,913,879)
Fund balances, ending - budgetary basis			\$ (368,274)	
Accrual Adjustments				
Revenues			554	
Expenditures			0	
Net			554	
Other financing sources (uses)				
Beginning fund balance adjustment to GAAP basis			583,533	
Fund balance, ending - GAAP basis			\$ 215,814	

The notes to budgetary comparison schedules are in integral part of this statement.

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - Tourism Fund

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Replacement taxes	-	-	-	-
Income taxes	-	-	-	-
Sales taxes	-	-	-	-
Sales taxes - city	165,000	165,000	154,029	(10,971)
Motor fuel tax	-	-	-	-
Fines and fees	-	-	-	-
Memorial funds	-	-	-	-
Interest income	250	250	42	(208)
Grant income	5,000	5,000	4,739	(261)
Miscellaneous	5,000	5,000	9,440	4,440
Total revenues	<u>175,250</u>	<u>175,250</u>	<u>168,250</u>	<u>(7,000)</u>
<u>Expenditures:</u>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Development	1,002,000	1,002,000	160,030	841,970
Debt service				
Principal	-	-	-	-
Interest expense and fiscal charges	-	-	-	-
Capital outlay	150,000	150,000	-	150,000
Total expenditures	<u>1,152,000</u>	<u>1,152,000</u>	<u>160,030</u>	<u>991,970</u>
Excess (deficiency) of revenues over (under) expenditures	(976,750)	(976,750)	8,219	(998,970)
Fund balances - beginning	<u>(3,453,566)</u>	<u>(3,453,566)</u>	<u>191,907</u>	<u>-</u>
Fund balances - ending	<u>\$ (4,430,316)</u>	<u>\$ (4,430,316)</u>	<u>\$ 200,126</u>	<u>\$ (998,970)</u>
Fund balances, ending - budgetary basis			<u>\$ 200,126</u>	
<u>Accrual Adjustments</u>				
Revenues			(1,743)	
Expenditures			<u>(2,500)</u>	
Net			(4,242)	
Other financing sources (uses)			-	
Beginning fund balance adjustment to GAAP basis			<u>51,506</u>	
Fund balance, ending - GAAP basis			<u>\$ 247,390</u>	

The notes to budgetary comparison schedules are in integral part of this statement.

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - Library Fund

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property taxes	\$ 129,350	\$ 129,350	\$ 129,343	\$ (7)
Replacement taxes	8,650	8,650	10,024	1,374
Income taxes	-	-	-	-
Sales taxes	-	-	-	-
Sales taxes - city	-	-	-	-
Motor fuel tax	-	-	-	-
Fines and fees	8,000	8,000	10,027	2,027
Memorial funds	500	500	270	(230)
Interest income	50	50	16	(34)
Grant income	4,500	4,500	8,001	3,501
Miscellaneous	1,000	1,000	1,970	970
Total revenues	152,050	152,050	159,652	7,602
<u>Expenditures:</u>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	673,000	673,000	150,598	522,402
Development	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest expense and fiscal charges	-	-	-	-
Capital outlay	100,000	100,000	-	100,000
Total expenditures	773,000	773,000	150,598	622,402
Excess (deficiency) of revenues over (under) expenditures	(620,950)	(620,950)	9,054	(614,800)
Fund balances - beginning	(1,439,725)	(1,439,725)	52,471	-
Fund balances - ending	\$ (2,060,675)	\$ (2,060,675)	\$ 61,525	\$ (614,800)
Fund balances, ending - budgetary basis			\$ 61,525	
Accrual Adjustments				
Revenues			70,061	
Expenditures			(1,600)	
Net			68,461	
Other financing sources (uses)			-	
Beginning fund balance adjustment to GAAP basis			854	
Fund balance, ending - GAAP basis			\$ 130,840	

The notes to budgetary comparison schedules are in integral part of this statement.

CITY OF TUSCOLA

Tuscola, Illinois

Budgetary Comparison Schedule (Budgetary Basis) - Tuscola Economic Development, Inc

For the Year Ended April 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Replacement taxes	-	-	-	-
Income taxes	-	-	-	-
Sales taxes	-	-	-	-
Sales taxes - city	-	-	-	-
Motor fuel tax	-	-	-	-
Fines and fees	-	-	-	-
Memorial funds	-	-	-	-
Interest income	-	-	-	-
Grant income	100,000	100,000	100,258	258
Miscellaneous	30,000	30,000	38,523	8,523
	<u>130,000</u>	<u>130,000</u>	<u>138,781</u>	<u>8,781</u>
Total revenues				
Expenditures:				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Development	121,780	121,780	126,593	(4,813)
Debt service	-	-	-	-
Principal	-	-	-	-
Interest expense and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
	<u>121,780</u>	<u>121,780</u>	<u>126,593</u>	<u>(4,813)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	8,220	8,220	12,188	13,594
Fund balances - beginning	<u>36,559</u>	<u>36,559</u>	<u>49,479</u>	<u>-</u>
Fund balances - ending	<u>\$ 44,779</u>	<u>\$ 44,779</u>	<u>\$ 61,667</u>	<u>\$ 13,594</u>
Fund balances, ending - budgetary basis			<u>\$ 61,667</u>	
Accrual Adjustments				
Revenues			-	
Expenditures			-	
Net			-	
Other financing sources (uses)			-	
Beginning fund balance adjustment to GAAP basis			<u>1,513</u>	
Fund balance, ending - GAAP basis			<u>\$ 63,180</u>	

The notes to budgetary comparison schedules are in integral part of this statement.

CITY OF TUSCOLA
Tuscola, Illinois

Notes to Budgetary Comparison Schedules
April 30, 2014

Budget:

The City Council prepares its annual operating budget under the provisions of the Illinois Municipal Budget Law. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to the end of the first quarter of each fiscal year, the mayor submits to the City Council a proposed operating budget for the year commencing on May 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.
- c. Prior to July 31 the appropriations budget is legally enacted through passage of an ordinance. The appropriations ordinance budget was adopted on July 8, 2013.
- d. The City Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The budget was amended during the fiscal year, but the total expenditures per department did not change.
- e. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
- f. Budgets for General and Special Revenue Funds, are adopted on a cash basis and lapse at year end.

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

Supplementary Information

CITY OF TUSCOLA

Tuscola, Illinois

Assessed Valuations, Tax Rates, Taxes Extended and Collected

April 30, 2014

Tax Levy Year	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Equalized Assessed Valuation (not including TIF Districts)	\$ 59,070,133	\$ 56,246,346	\$ 57,642,615	\$ 59,002,898	\$ 56,112,673
<u>Tax Rates</u>					
(Per \$100 Equalized Assessed Valuation)					
General corporate	\$ 0.1317	\$ 0.1349	\$ 0.1303	\$ 0.1265	\$ 0.1310
Audit	0.0096	0.0098	0.0094	0.0091	0.0094
ESDA	-	0.0061	0.0058	0.0056	0.0057
Liability insurance	0.0773	0.0791	0.0764	0.0741	0.0767
Social security	0.0644	0.0598	0.0577	0.0560	0.0580
Fire protection	0.1411	0.1445	0.1396	0.1355	0.1403
Parks	0.0641	0.0656	0.0633	0.0614	0.0636
Police protection	0.1300	0.1331	0.1285	0.1247	0.1291
IMRF	0.0977	0.1000	0.0966	0.0937	0.0970
Library	0.2245	0.2300	0.2140	0.2077	0.2151
Workmans compensation	0.0436	0.0446	0.0430	0.0417	0.0431
Total Tax Rate	\$ 0.9840	\$ 1.0075	\$ 0.9646	\$ 0.9360	\$ 0.9690
Equalized Assessed Valuation - TIF Districts only	\$ 17,701,197	\$ 17,267,027	\$ 17,799,199	\$ 18,166,472	\$ 17,288,303
TIF Districts	\$ 7.6942	\$ 7.9432	\$ 7.7363	\$ 7.5733	\$ 7.4256
<u>Tax Extensions</u>					
General corporate	\$ 77,795	\$ 75,876	\$ 75,108	\$ 74,639	\$ 73,508
Audit	5,671	5,512	5,418	5,369	5,275
ESDA	-	3,431	3,343	3,304	3,198
Liability insurance	45,661	44,491	44,039	43,721	43,038
Social security	38,041	33,635	33,260	33,042	32,545
Road and bridge	20,970	21,092	21,443	21,890	21,884
Fire protection	83,348	81,276	80,469	79,949	78,726
Parks	37,864	36,898	36,488	36,228	35,688
Police protection	76,791	74,864	74,071	73,577	72,441
IMRF	57,712	56,246	55,683	55,286	54,429
Library	132,612	129,367	123,355	122,549	120,698
Workmans compensation	25,755	25,086	24,786	24,604	24,185
TIF Districts	1,387,828	1,371,556	1,377,001	1,410,898	1,283,762
Taxes extended - in total	\$ 1,990,048	\$ 1,959,330	\$ 1,954,464	\$ 1,985,055	\$ 1,849,377
<u>Taxes Collected</u>					
General corporate	\$ 41,250	\$ 75,864	\$ 76,723	\$ 73,005	\$ 73,328
Audit	3,007	5,511	5,535	5,252	5,261

(continued)

CITY OF TUSCOLA
Tuscola, Illinois

Assessed Valuations, Tax Rates, Taxes Extended and Collected
April 30, 2014

Tax Levy Year	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Taxes Collected (continued)</u>					
Civil defense	\$ -	\$ 3,431	\$ 3,415	\$ 3,232	\$ 3,191
Liability insurance	24,211	44,483	44,986	42,765	42,933
Social security	20,171	33,629	33,975	32,319	30,990
Road and bridge	11,606	21,049	21,737	21,560	21,823
Fire protection	44,194	81,262	82,199	78,200	78,533
Park	20,077	36,891	37,272	35,435	35,600
Police protection	40,717	74,851	75,663	71,967	72,264
IMRF	30,600	56,236	56,880	54,076	42,848
Library	70,317	129,343	126,007	119,846	120,424
Workmen's compensation	13,656	25,081	25,319	24,066	24,125
TIF Districts	<u>675,591</u>	<u>1,370,148</u>	<u>1,376,173</u>	<u>1,371,876</u>	<u>1,264,600</u>
Taxes collected	<u>\$ 995,396</u>	<u>\$ 1,957,780</u>	<u>\$ 1,965,883</u>	<u>\$ 1,933,599</u>	<u>\$ 1,815,921</u>
Percentage of Extensions					
Collected	<u>50.02%</u>	<u>99.92%</u>	<u>100.58%</u>	<u>97.41%</u>	<u>98.19%</u>

Note: For 2013 tax year, Douglas County made the first distribution of property taxes on 6/17/14, within 60 days of the end of FY 2014.