CITY OF TUSCOLA

ANNUAL FINANCIAL REPORT

April 30, 2018

Larsson Woodyard & Henson, LLP
Certified Public Accountants

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Larsson Woodyard & Henson, LLP
Certified Public Accountants

# INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Tuscola
Tuscola, Illinois

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, Illinois, as of and for the year ended April 30, 2018, 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 fraud or error.

**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 from material misstatement.

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

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

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## Opinions

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, Illinois, as of April 30, 2018, 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 changes in the net position liability and related ratios, schedule of employer contributions, and budgetary comparison information on pages 3-13, 57, 58, and 59-68 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, Illinois's basic financial statements. The equalized assessed valuations, tax rates, taxes extended and collected on pages 69-70 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The equalized assessed valuations, tax rates, taxes extended and collected are the responsibility of management and were derived from and relate 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 equalized assessed valuations, tax rates, taxes extended and collected are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Larsson Woodyard + Henson, LLP

Tuscola, Illinois
August 9, 2018

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, 2018.

## Financial Highlights

- The assets of the City of Tuscola exceeded its liabilities at the close of the most recent fiscal year by $39,278,435 (*net position*).
- The City's total net position increased by $1,137,996 during the year compared to last fiscal year's restated Net Position.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $5,428,305. Of this amount, ($327,002) is not specifically assigned to a particular use so it is *available for spending* at the government's discretion (*unassigned fund balance*). Due to the timing of the end of the TIF life, and needing to complete TIF projects, the TIF fund is borrowing from the general fund, thus the overall unassigned fund balance is negative. These funds will be repaid with property tax increment.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,514,318.
- City of Tuscola's total debt decreased by $1,200,349 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 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 14-15 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 17-18 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 21-23 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. 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 statement can be found on page 24 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 25-56 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 57-68 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 $39,278,435 at the close of the most recent fiscal year.

The largest portion of the City of Tuscola's net position (83 *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 2018 | Governmental Activities 2017 | Business-Type Activities 2018 | Business-Type Activities 2017 | Total 2018 | Total 2017 |
|---|---|---|---|---|---|---|
| Current and Other Assets | $ 7,752,879 | $ 6,394,854 | $ 1,523,009 | $ 1,485,773 | $ 9,275,888 | $ 7,880,627 |
| Net Pension Asset | $ 270,209 | | | | $ 270,209 | |
| Capital Assets | 24,639,604 | 25,321,699 | 9,884,268 | 10,256,473 | 34,523,872 | 35,578,172 |
| Total Assets | $ 32,662,692 | $ 31,716,553 | $ 11,407,277 | $ 11,742,246 | $ 44,069,969 | $ 43,458,799 |
| Deferred Outflow of Resources | $ 215,018 | $ 314,946 | | | $ 215,018 | $ 314,946 |
| Deferred Charge on Refunding | - | - | 5,874 | 23,494 | 5,874 | 23,494 |
| Defer'd Outflows of Resources | $ 215,018 | $ 314,946 | $ 5,874 | $ 23,494 | $ 220,892 | $ 338,440 |
| Long-term Liabilities | $ 355,638 | $ 962,168 | $ 1,060,271 | $ 1,425,339 | $ 1,415,909 | $ 2,387,507 |
| Other Liabilities | 212,718 | 231,488 | 461,055 | 750,737 | 673,773 | 982,225 |
| Total Liabilities | $ 568,356 | $ 1,193,656 | $ 1,521,326 | $ 2,176,076 | $ 2,089,682 | $ 3,369,732 |
| Deferred Inflows of Resources | | | | | | |
| Def Inflows rel to Pensions | $ 680,055 | $ 12,772 | | | $ 680,055 | $ 12,772 |
| Unavai. Rev. - Property Taxes | 2,242,689 | 2,274,296 | - | - | 2,242,689 | 2,274,296 |
| Total Defer'd Inflows of Res. | $ 2,922,744 | $ 2,287,068 | $ - | $ - | $ 2,922,744 | $ 2,287,068 |
| Net Position: | | | | | | |
| Net Invest. in Capital Assets | $ 24,221,604 | $ 24,801,699 | $ 8,467,216 | $ 8,237,688 | $ 32,688,820 | $ 33,039,387 |
| Restricted | 557,658 | 599,236 | 601,782 | 888,652 | 1,159,440 | 1,487,888 |
| Unrestricted | 4,607,348 | 3,149,840 | 822,827 | 463,324 | 5,430,175 | 3,613,164 |
| Total Net Position | $ 29,386,610 | $ 28,550,775 | $ 9,891,825 | $ 9,589,664 | $ 39,278,435 | $ 38,140,439 |

An additional portion of the City of Tuscola's net position ($1,159,440) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net position, *unrestricted net position* ($5,430,175) may be used to meet the government's ongoing obligations to citizens and creditors.

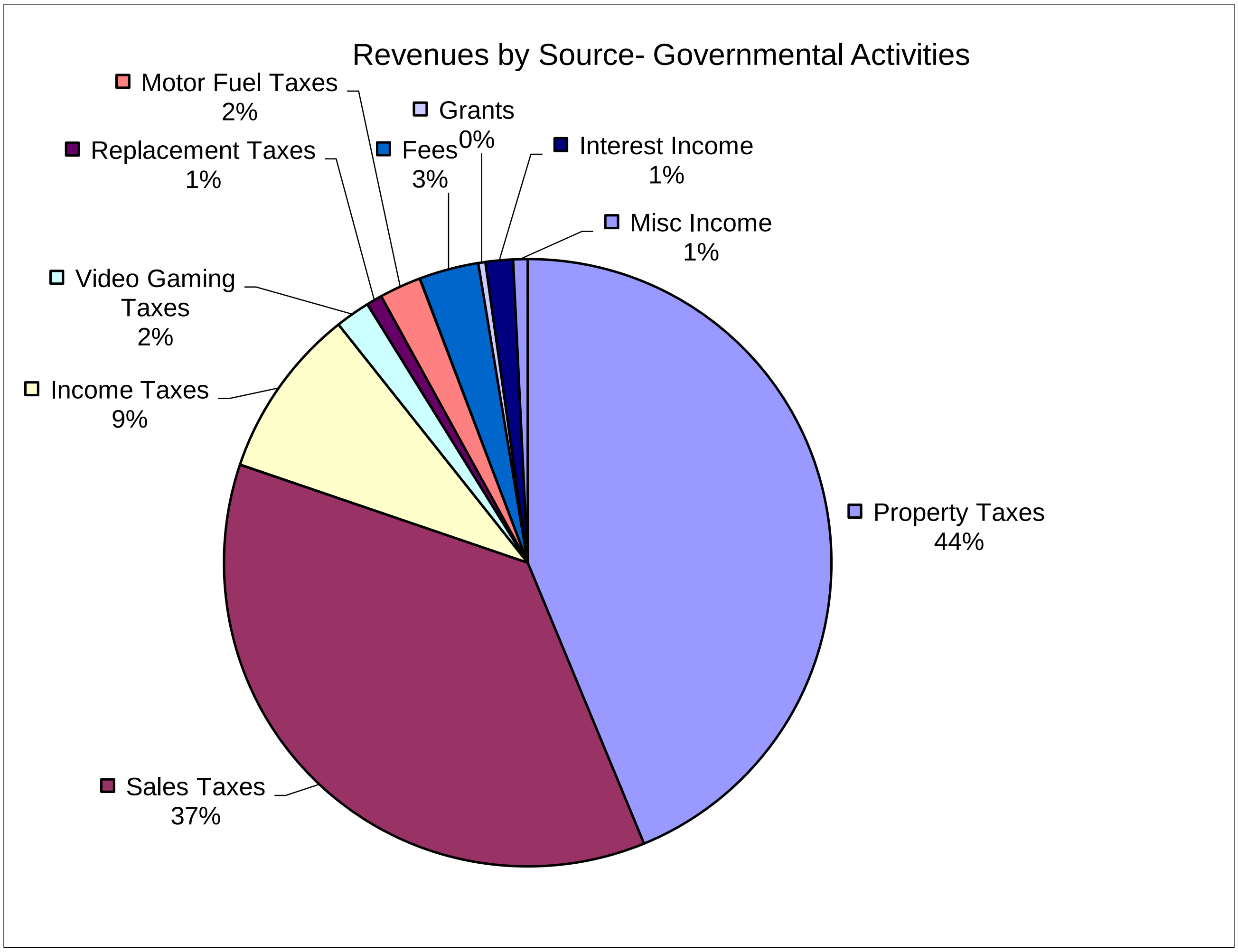
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

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

**City of Tuscola's Revenues, Expenses and Net Position**

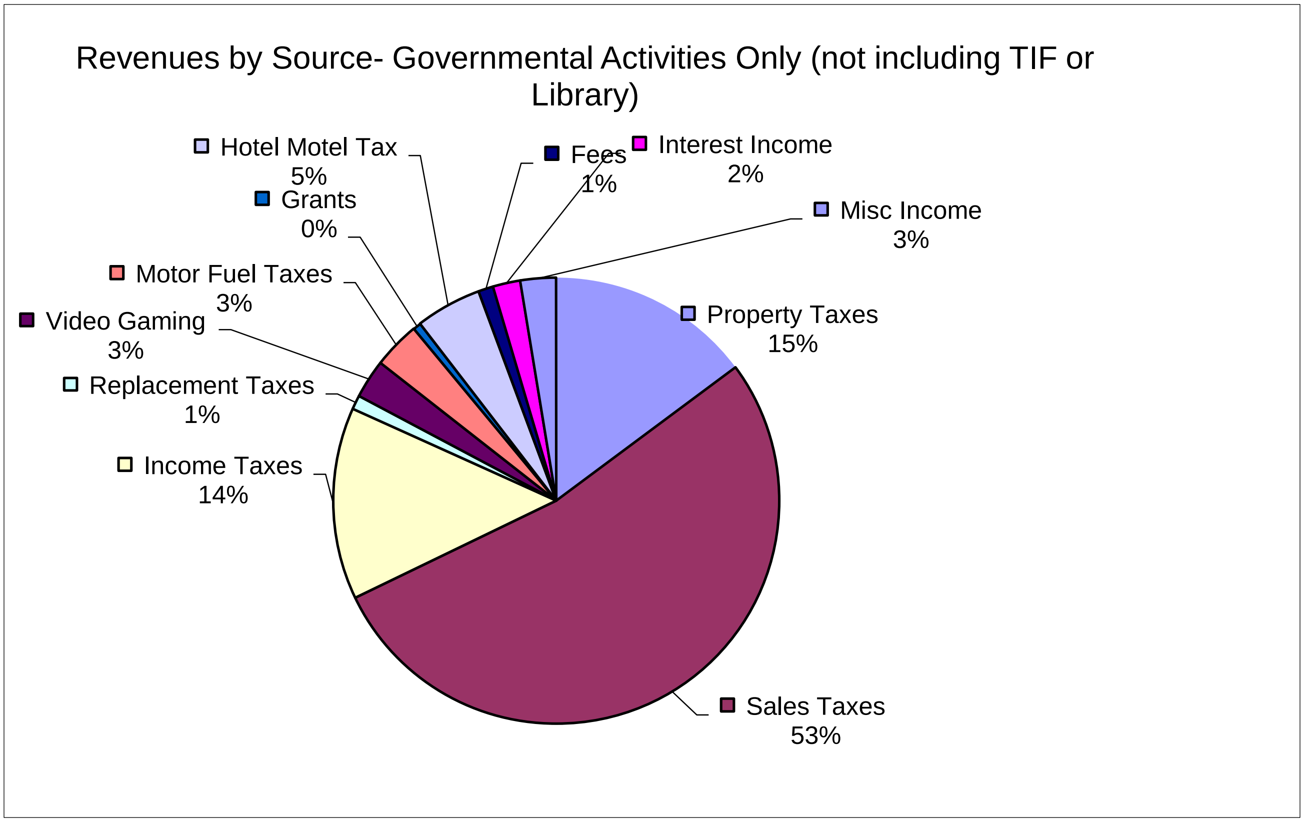
| | Governmental Activities 2018 | Governmental Activities 2017 | Business-Type Activities 2018 | Business-Type Activities 2017 | Total 2018 | Total 2017 |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | $ 163,007 | $ 170,859 | $1,773,899 | $ 1,793,123 | $ 1,936,906 | $ 1,963,982 |
| Grants & Contributions | 19,296 | 19,895 | - | - | 19,296 | 19,895 |
| General Revenues: | | | | | | |
| Property Taxes | 2,250,703 | 2,118,626 | - | - | 2,250,703 | 2,118,626 |
| Sales Taxes | 1,875,848 | 1,845,605 | - | - | 1,875,848 | 1,845,605 |
| Income Taxes | 467,698 | 422,409 | - | - | 467,698 | 422,409 |
| Replacement Taxes | 43,173 | 51,688 | - | - | 43,173 | 51,688 |
| Motor Fuel Taxes | 114,388 | 113,552 | - | - | 114,388 | 113,552 |
| Video Gaming Taxes | 94,747 | 97,489 | - | - | 94,747 | 97,489 |
| Investment Earnings | 75,170 | 34,214 | 11,195 | 3,818 | 86,365 | 38,032 |
| Investment Impairment | 1,414 | 370 | - | - | 1,414 | 370 |
| Miscellaneous | 38,078 | 75,710 | 10,036 | 7,204 | 48,114 | 82,914 |
| Total Revenues | $ 5,143,522 | $ 4,950,417 | $1,795,130 | $ 1,804,145 | $ 6,938,652 | $ 6,754,562 |
| Expenses: | | | | | | |
| General Government | 563,266 | 582,978 | - | - | 563,266 | 582,978 |
| Public Safety | 1,026,396 | 945,778 | - | - | 1,026,396 | 945,778 |
| Public Works | 1,169,664 | 1,220,248 | - | - | 1,169,664 | 1,220,248 |
| Culture and Recreation | 620,966 | 522,506 | - | - | 620,966 | 522,506 |
| Development | 911,330 | 963,765 | - | - | 911,330 | 963,765 |
| Interest on L-T Debt | 16,065 | 18,565 | - | - | 16,065 | 18,565 |
| Water Department | - | - | 860,131 | 976,089 | 860,131 | 976,089 |
| Sewer Department | - | - | 632,838 | 627,156 | 632,838 | 627,156 |
| Total Expenses | 4,307,687 | 4,253,840 | 1,492,969 | 1,603,245 | 5,800,656 | 5,857,085 |
| Change in Net Position | 835,835 | 696,577 | 302,161 | 200,900 | 1,137,996 | 897,477 |
| Net Position, Beginning | 28,550,775 | 27,854,198 | 9,589,664 | 9,388,764 | 38,140,439 | 37,242,962 |
| Net Position, Ending | $ 29,386,610 | $ 28,550,775 | $9,891,825 | $ 9,589,664 | $ 39,278,435 | $38,140,439 |

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. The Illinois state legislature has considered several bills in the past few years that would impact the city's ability to generate large increases in property tax revenues. The City has maintained its property tax rate such that large increases in any one year should not be necessary. Sales tax revenues, conversely, are heavily dependent on economic trends and the success of a smaller number of local businesses. 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.

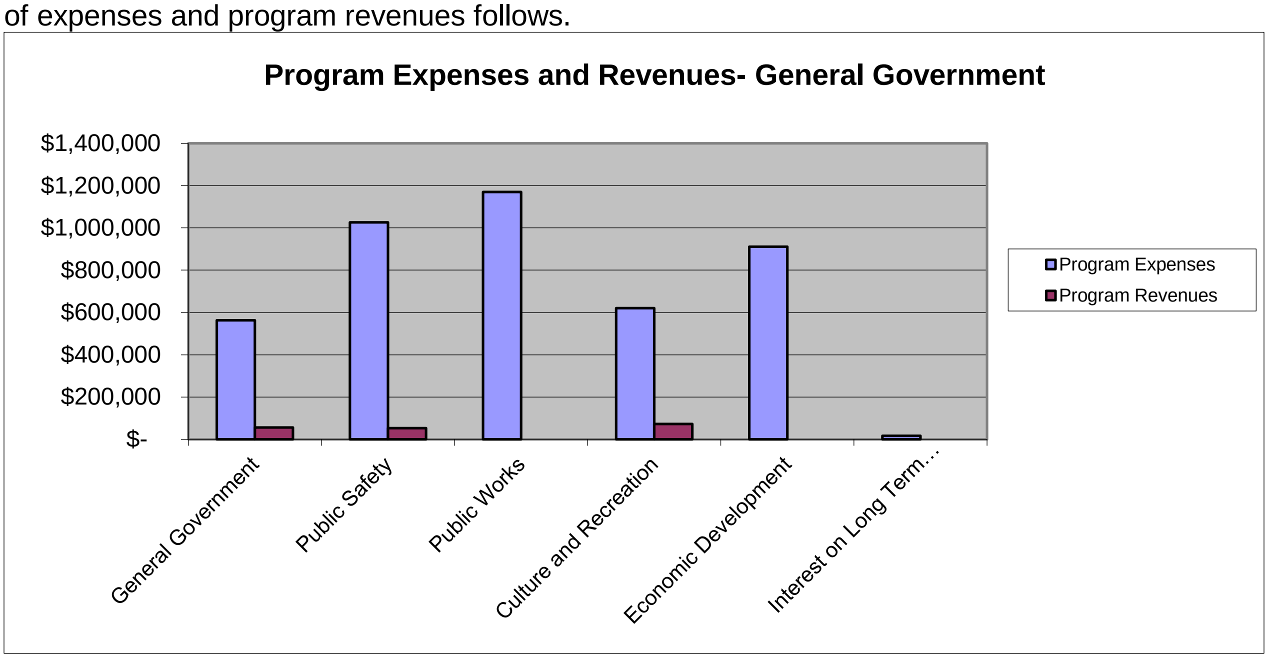



The City of Tuscola is unique in that it has a very successful Tax Increment Financing (TIF) District that provides revenues from property tax increment to fund most of the City's economic development plans. While property tax revenues are a main source of overall revenue for the City's combined funds, the amounts of these types of revenues that are attributable to the TIF District are significant (76%).

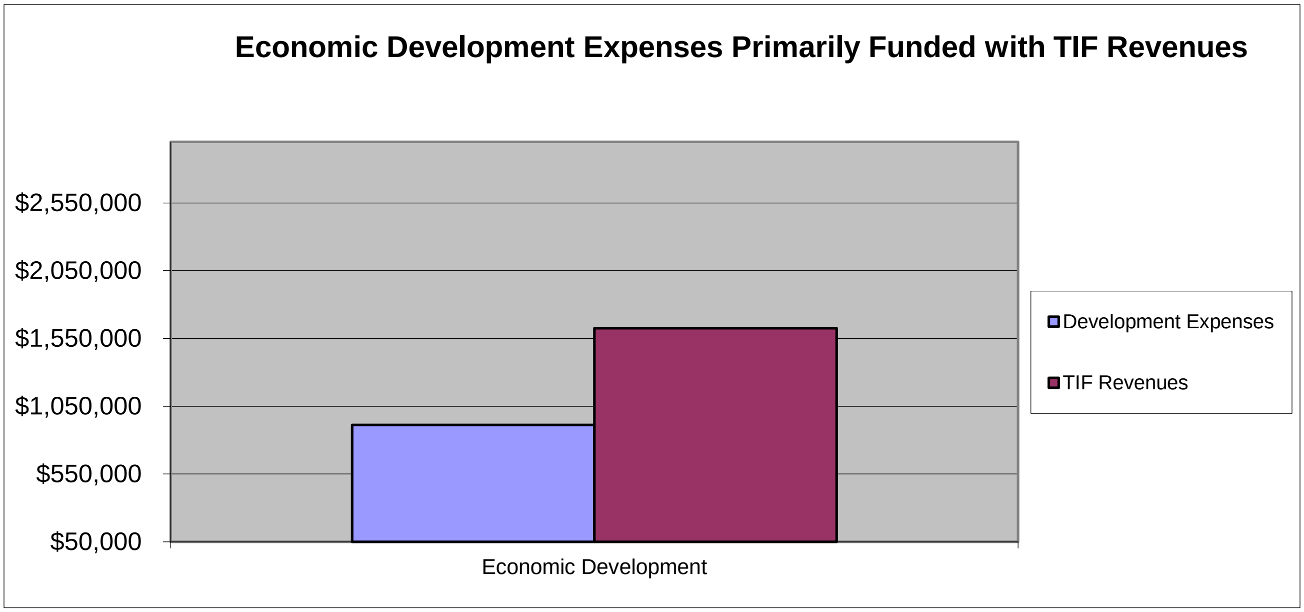
When the general government funds are analyzed independently of the Tax Increment Financing Fund, one gets a clearer picture of the priorities of the City's government. As shown in the following chart, the City government has made a priority of keeping property tax levies low to keep the burden off local residents. This is possible due to the high percentage (53%) of sales taxes, paid in large part by out of town shoppers.




The largest program expenses for the City for the fiscal year ending April 30, 2018 were Public Works, at $1,169,664; Public Safety at $1,026,396; and Economic Development at $911,330. As explained later, the city's focus on economic development would not be possible without the City's Tax Increment Financing District Revenue. Public Works and Public Safety are high priorities for the City as it shows in the spending for those programs. Culture and recreation programs were $620,966 for the fiscal year, while general government expenses, were at $563,266 for the year. General government expenses account for only 13% 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 2018.




**Financial Analysis of the Government's Funds**

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

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

The general fund is the chief operating fund of the City of Tuscola. At the end of the current fiscal year, total fund balance of the general fund was $6,155,242, of that $2,028,576 is nonspendable or restricted while $2,612,348 is committed by the city council to specific future purposes. For the near term, the city council has allowed those committed funds to be used as a loan to the TIF fund. The TIF fund is using the money to fund projects that will be repaid from property tax increment over the next few years until the expiration of the TIF districts. This intra-government loan will ultimately save taxpayers tens of thousands of dollars over issuing bonds for these final TIF projects.

The City's TIF funds are primarily used to assist local businesses in funding projects for economic growth within the TIF districts. Those projects in FY 2018 included the Joe's Pizza Restaurant and other downtown façade restorations. 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.

***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 $9,891,825.

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

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

**General Fund Budgetary Highlights**

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

The legal spending limits of the City of Tuscola, as in 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 statues. The City Council may vote to transfer appropriated amounts between departments or line items as needed during the year. But there are very few remedies, as described in the State statutes, if the total appropriation amount needs to be raised or lowered.

During the fiscal year 2018 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, 2018, amounts to $34,253,663 (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 2018 | FY 2017 | FY 2018 | FY 2017 | FY 2018 | FY 2017 |
| Land | $ 3,117,171 | $ 3,078,371 | $ 637,198 | $ 637,198 | $ 3,754,369 | $ 3,715,569 |
| Land Improvements | 887,168 | 908,235 | - | - | 887,168 | 908,235 |
| Buildings | 3,445,260 | 3,582,638 | - | - | 3,445,260 | 3,582,638 |
| Plant, Machinery & Equipment | 331,634 | 389,342 | 5,335,349 | 5,493,016 | 5,666,983 | 5,882,358 |
| Vehicles | 1,334,719 | 1,423,792 | 175,094 | 195,695 | 1,509,813 | 1,619,487 |
| Distribution System | - | - | 3,736,627 | 3,930,564 | 3,736,627 | 3,930,564 |
| Infrastructure | 15,523,652 | 15,939,321 | - | - | 15,523,652 | 15,939,321 |
| Work in Progress | - | - | - | - | - | - |
| | $ 24,639,604 | $ 25,321,699 | $ 9,884,268 | $ 10,256,473 | $ 34,523,872 | $35,578,172 |

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

**Long-term debt.** At the end of the current fiscal year, the City of Tuscola had bond debt outstanding of $718,000 the City also had two (2) IEPA loans totaling $1,117,052 and the City also incurs long-term debt in the form of accrued compensated absences and pension liabilities. Following is a comparative statement of outstanding debt:

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| General Obligation Bonds-Alternate Revenue Bonds | $ 418,000 | $ 520,000 | $ 300,000 | $ 860,000 | $ 718,000 | $ 1,380,000 |
| IEPA Loan Payable | - | - | 1,117,052 | 1,182,279 | 1,117,052 | 1,182,279 |
| Less deferred charge on refunding | - | - | - | (23,494) | - | (23,494) |
| Net Pension liability | - | 505,920 | - | - | - | 505,920 |
| Compensated Absences | 62,953 | 55,912 | 14,955 | 12,692 | 77,908 | 68,604 |
| Total | $ 480,953 | $ 1,081,832 | $ 1,432,007 | $ 2,031,477 | $ 1,912,960 | $ 3,113,309 |

The City of Tuscola's total debt decreased by $1,200,349 during the current fiscal year. Additional information on the City's long-term debt can be found in Note 3 in the Notes to Financial Statements of this report.

## Economic Factors and Next Year's Budgets and Rates

The Outlets of Tuscola Shopping Center lies within the limits of the City of Tuscola and is a major contributor to the area's economy, as the Center is a large employer (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. Outlets of Tuscola Shopping Center continues to offer top name brand apparel at outlet center pricing.

The rate setting (not including TIF EAV of $19,572,240) equalized assessed value (EAV) of taxable property in the City for 2017 levy year was $58,847,927, which represents one-third market value. Residential properties make up 85% of the EAV for the 2017 levy year. Commercial developments constitute 14% of the EAV. Keeping the City's tax rate low has been a long-standing goal of the City's leadership. After a 10 year period of lowering rates each year, the Council has in recent years maintained a flat rate with only small increases in the prior few years' levies. It is expected that, barring unforeseen events, this goal will continue to drive tax levy decisions in future years.

The State of Illinois collects and distributes sales and income tax revenues to the City of Tuscola, as it does to all local governments. Those tax revenues are a significant portion of the general fund revenues for the City. In recent years, the State of Illinois has encountered a mounting fiscal crisis, punctuated by the fact that the General Revenue fund of the state is reaching the largest backlog of unpaid bills in state history. Since issuing bonds to pay down their backlog of unpaid bills, the State is currently caught up in payments to local governments. Due to these financial problems, some state legislators have proposed changes to state law that could negatively impact the City's revenues of sales, replacement taxes and/or income tax. At this point, none of these changes have been enacted into law, but the State's financial issues, and how the state will address them, remain a potential future dilemma for the City's state tax revenues.

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

**Requests for Information**

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

# BASIC FINANCIAL STATEMENTS

CITY OF TUSCOLA

STATEMENT OF NET POSITION
April 30, 2018

| ASSETS | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | $ 1,614,356 | $ 592,851 | $ 2,207,207 |
| Due from Douglas County | 2,244,386 | - | 2,244,386 |
| Due from State of Illinois | 339,059 | - | 339,059 |
| Receivables, net | 21,454 | 171,302 | 192,756 |
| Loans receivable | 551,102 | - | 551,102 |
| Prepaid items | 112,448 | 14,472 | 126,920 |
| Investment in joint venture | - | 142,603 | 142,603 |
| Restricted Assets: | | | |
| Cash and cash equivalents | 2,875,203 | 601,781 | 3,476,984 |
| Allowance for impairment loss on investment | (5,129) | - | (5,129) |
| Total current assets | 7,752,879 | 1,523,009 | 9,275,888 |
| **Noncurrent Assets** | | | |
| Capital Assets (not being depreciated): | | | |
| Land | 3,117,171 | 637,198 | 3,754,369 |
| Capital Assets (net of accumulated depreciation): | | | |
| Land improvements | 887,168 | - | 887,168 |
| Buildings | 3,445,260 | - | 3,445,260 |
| Plant, machinery and equipment | 331,634 | 5,335,349 | 5,666,983 |
| Vehicles | 1,334,719 | 175,094 | 1,509,813 |
| Infrastructure | 15,523,652 | 3,736,627 | 19,260,279 |
| Net pension asset | 270,209 | - | 270,209 |
| Total noncurrent assets | 24,909,813 | 9,884,268 | 34,794,081 |
| Total Assets | 32,662,692 | 11,407,277 | 44,069,969 |
| **Deferred Outflows of Resources** | | | |
| Deferred outflows related to pensions | 215,018 | - | 215,018 |
| Deferred charges on refunding | - | 5,874 | 5,874 |
| Total Deferred Outflows of Resources | 215,018 | 5,874 | 220,892 |

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

STATEMENT OF NET POSITION (CONTINUED)
April 30, 2018

| LIABILITIES | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Current Liabilities** | | | |
| Accounts payable | 42,089 | 43,999 | 86,088 |
| Accrued payroll | 39,796 | 7,826 | 47,622 |
| Accrued interest | 5,518 | 2,820 | 8,338 |
| Customer deposits | - | 34,675 | 34,675 |
| Accrued compensated absences - current | 21,315 | 5,690 | 27,005 |
| Debt - due within one year | 104,000 | 366,045 | 470,045 |
| Total current liabilities | 212,718 | 461,055 | 673,773 |
| **Noncurrent Liabilities:** | | | |
| Accrued compensated absences | 41,638 | 9,264 | 50,902 |
| Debt - due after more than one year | 314,000 | 1,051,007 | 1,365,007 |
| Total noncurrent liabilities | 355,638 | 1,060,271 | 1,415,909 |
| Total Liabilities | 568,356 | 1,521,326 | 2,089,682 |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows related to pensions | 680,055 | - | 680,055 |
| Unavailable revenue - property taxes | 2,242,689 | - | 2,242,689 |
| Total Deferred Inflows of Resources | 2,922,744 | - | 2,922,744 |
| **NET POSITION** | | | |
| Net investment in capital assets, net of related debt | 24,221,604 | 8,467,216 | 32,688,820 |
| Restricted for: | | | |
| General services | 53,392 | - | 53,392 |
| Public safety | 32,844 | - | 32,844 |
| Debt service | 164,662 | 601,782 | 766,444 |
| Transportation projects | 66,656 | - | 66,656 |
| Development | 240,104 | - | 240,104 |
| Unrestricted | 4,607,348 | 822,827 | 5,430,175 |
| Total Net Position | $ 29,386,610 | $ 9,891,825 | $ 39,278,435 |

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

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CITY OF TUSCOLA

STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2018

| | | Program Revenues | | |
|---|---|---|---|---|
| | *Expenses* | *Charges for Services* | *Operating Grants and Contributions* | *Capital Grants and Contributions* |
| **Functions/Programs** | | | | |
| Governmental activities: | | | | |
| General government | $ 563,266 | $ 36,820 | $ 19,296 | $ - |
| Public safety | 1,026,396 | 53,364 | - | - |
| Public works | 1,169,664 | - | - | - |
| Culture and recreation | 620,966 | 72,823 | - | - |
| Development | 911,330 | - | - | - |
| Interest on long-term debt | 16,065 | - | - | - |
| Total governmental activities | 4,307,687 | 163,007 | 19,296 | - |
| Business-type activities: | | | | |
| Water | 860,131 | 1,096,781 | - | - |
| Sewer | 632,838 | 677,118 | - | - |
| Total business-type activities | 1,492,969 | 1,773,899 | - | - |
| Total primary government | $ 5,800,656 | $ 1,936,906 | $ 19,296 | $ - |

General Revenues
- Property taxes
- Sales taxes
- Income taxes
- Replacement taxes
- Motor fuel taxes
- Video gaming taxes
- Interest income
- Memorial income
- Impairment loss on investment
- Miscellaneous income
- Total general revenues

Change in Net Position

Net Position - beginning of year

Net Position - ending

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

**Net (Expenses) Revenue and Changes in Net Position**

| *Governmental Activities* | *Business-Type Activities* | *Total* |
|---|---|---|
| $ (507,150) | $ - | $ (507,150) |
| (973,032) | - | (973,032) |
| (1,169,664) | - | (1,169,664) |
| (548,143) | - | (548,143) |
| (911,330) | - | (911,330) |
| (16,065) | - | (16,065) |
| (4,125,384) | - | (4,125,384) |
| | | |
| - | 236,650 | 236,650 |
| - | 44,280 | 44,280 |
| - | 280,930 | 280,930 |
| | | |
| (4,125,384) | 280,930 | (3,844,454) |
| | | |
| 2,250,703 | - | 2,250,703 |
| 1,875,848 | - | 1,875,848 |
| 467,698 | - | 467,698 |
| 43,173 | - | 43,173 |
| 114,388 | - | 114,388 |
| 94,747 | - | 94,747 |
| 75,170 | 11,195 | 86,365 |
| 616 | - | 616 |
| 1,414 | - | 1,414 |
| 37,462 | 10,036 | 47,498 |
| 4,961,219 | 21,231 | 4,982,450 |
| 835,835 | 302,161 | 1,137,996 |
| 28,550,775 | 9,589,664 | 38,140,439 |
| $ 29,386,610 | $ 9,891,825 | $ 39,278,435 |

CITY OF TUSCOLA

BALANCE SHEET - GOVERNMENTAL FUNDS
April 30, 2018

| | General | Tax Increment Financing |
|---|---|---|
| **Assets** | | |
| Cash and investments | $ 1,243,925 | $ 1 |
| Due from Douglas County | 522,089 | 1,574,471 |
| Due from State of Illinois | 327,049 | - |
| Due from other Funds | 1,832,645 | - |
| Accounts receivable | - | - |
| Loans receivable | - | 551,102 |
| Prepaid items | 109,695 | - |
| Restricted Assets: | | |
| Cash and investments | 2,710,541 | - |
| Allowance for Impairment Loss on Investment | (5,129) | - |
| Total Assets | $ 6,740,815 | $ 2,125,574 |
| **Liabilities** | | |
| Accounts payable | $ 32,477 | $ 5,439 |
| Accrued salaries | 32,704 | 3,237 |
| Due to other funds | - | 1,832,645 |
| Total Liabilities | 65,181 | 1,841,321 |
| **Deferred Inflows of Resources** | | |
| Unavailable revenue - property taxes | 520,392 | 1,574,471 |
| Unavailable revenue - intergovernmental | - | - |
| Total Deferred Inflows of Resources | 520,392 | 1,574,471 |
| **Fund Balances** | | |
| Nonspendable | | |
| Prepaid items | 109,695 | - |
| Long term receivables | 1,832,645 | 551,102 |
| Restricted | | |
| General services | 53,392 | - |
| Public safety | 32,844 | - |
| Development | - | - |
| Debt service | - | - |
| Restrictions by state statutes | - | - |
| Committed | | |
| Reserve funds | 1,293,774 | - |
| Capital replacement funds | 1,318,574 | - |
| Assigned | | |
| Development | - | - |
| Culture and recreation | - | |
| Unassigned | 1,514,318 | (1,841,320) |
| Total Fund Balances | 6,155,242 | (1,290,218) |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 6,740,815 | $ 2,125,574 |

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

| Motor Fuel Tax | Tourism | Library | Total Governmental Funds |
|---|---|---|---|
| $ 56,400 | $ 240,104 | $ 73,926 | $ 1,614,356 |
| - | - | 147,826 | 2,244,386 |
| 10,256 | - | 1,754 | 339,059 |
| - | - | - | 1,832,645 |
| - | 21,454 | - | 21,454 |
| - | - | - | 551,102 |
| - | 953 | 1,800 | 112,448 |
| 164,662 | - | - | 2,875,203 |
| - | - | - | (5,129) |
| $ 231,318 | $ 262,511 | $ 225,306 | $ 9,585,524 |
| $ - | $ 2,668 | $ 1,505 | $ 42,089 |
| - | 1,265 | 2,590 | 39,796 |
| - | - | - | 1,832,645 |
| - | 3,933 | 4,095 | 1,914,530 |
| - | - | 147,826 | 2,242,689 |
| - | - | - | - |
| - | - | 147,826 | 2,242,689 |
| - | 953 | 1,800 | 112,448 |
| - | - | - | 2,383,747 |
| - | - | - | 53,392 |
| - | - | - | 32,844 |
| - | 240,104 | - | 240,104 |
| 164,662 | - | - | 164,662 |
| 66,656 | - | - | 66,656 |
| - | - | - | 1,293,774 |
| - | - | - | 1,318,574 |
| - | 17,521 | - | 17,521 |
| | - | 71,585 | 71,585 |
| - | - | - | (327,002) |
| 231,318 | 258,578 | 73,385 | 5,428,305 |
| $ 231,318 | $ 262,511 | $ 225,306 | $ 9,585,524 |

CITY OF TUSCOLA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
April 30, 2018

| | |
|---|---|
| Total Fund Balance - Governmental Funds | $ 5,428,305 |
| *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. | 24,639,604 |
| Net pension assets are not current financial resources and, therefore, are not reported in the funds. | 270,209 |
| Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds as follows: | |
| Deferred outflows of resources | 215,018 |
| Deferred inflows of resources | (680,055) |
| Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities are as follows: | |
| Accrued compensated absences | (62,953) |
| Accrued interest | (5,518) |
| Bonds payable | (418,000) |
| Net Position of Governmental Activities | $ 29,386,610 |

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

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CITY OF TUSCOLA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2018

| | General | Tax Increment Financing | Motor Fuel Tax |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 498,711 | $ 1,610,499 | $ - |
| Sales taxes | 1,782,293 | - | - |
| State income taxes | 467,698 | - | - |
| Replacement taxes | 34,383 | - | - |
| Motor fuel taxes | - | - | 114,388 |
| Sales taxes - city | - | - | - |
| Video gaming taxes | 94,747 | - | - |
| Fines and fees | 23,645 | - | - |
| Grant income | 19,296 | - | - |
| Licenses and permits | 23,275 | - | - |
| Rent | 9,703 | - | - |
| Franchise fees | 13,545 | - | - |
| Interest income | 63,605 | 7,317 | 232 |
| Fire insurance | 8,717 | - | - |
| Pool income | 63,120 | - | - |
| Memorial funds | - | - | - |
| Miscellaneous | 23,396 | 7,361 | - |
| Total revenues | 3,126,134 | 1,625,177 | 114,620 |
| **Expenditures** | | | |
| Current | | | |
| General government | 503,321 | - | - |
| Public safety | 913,437 | - | - |
| Public works | 550,530 | - | - |
| Culture and recreation | 299,170 | - | - |
| Development | 17,580 | 687,361 | - |
| Debt Service | | | |
| Principal | - | - | 102,000 |
| Interest | - | - | 16,065 |
| Capital outlay | 224,789 | 38,800 | - |
| Total expenditures | 2,508,827 | 726,161 | 118,065 |
| Excess of revenues over (under) expenditures | 617,307 | 899,016 | (3,445) |
| **Other Financing Sources (Uses)** | | | |
| Impairment loss on investment | 1,414 | - | - |
| Total other financing sources (uses) | 1,414 | - | - |
| Net Change in Fund Balance | 618,721 | 899,016 | (3,445) |
| Fund Balances - beginning | 5,536,521 | (2,189,234) | 234,763 |
| Fund Balances - ending | $ 6,155,242 | $ (1,290,218) | $ 231,318 |

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

| Tourism | Library | Total Governmental |
|---|---|---|
| $ - | $ 141,493 | $ 2,250,703 |
| - | - | 1,782,293 |
| - | - | 467,698 |
| - | 8,790 | 43,173 |
| - | - | 114,388 |
| 160,978 | - | 160,978 |
| - | - | 94,747 |
| 12,777 | 8,225 | 44,647 |
| - | - | 19,296 |
| - | - | 23,275 |
| - | - | 9,703 |
| - | - | 13,545 |
| 3,005 | 1,011 | 75,170 |
| - | - | 8,717 |
| - | - | 63,120 |
| - | 616 | 616 |
| 376 | 6,329 | 37,462 |
| 177,136 | 166,464 | 5,209,531 |
| | | |
| - | - | 503,321 |
| - | - | 913,437 |
| - | - | 550,530 |
| - | 152,882 | 452,052 |
| 206,389 | - | 911,330 |
| | | |
| - | - | 102,000 |
| - | - | 16,065 |
| - | 18,291 | 281,880 |
| 206,389 | 171,173 | 3,730,615 |
| | | |
| (29,253) | (4,709) | 1,478,916 |
| | | |
| - | - | 1,414 |
| - | - | 1,414 |
| | | |
| (29,253) | (4,709) | 1,480,330 |
| 287,831 | 78,094 | 3,947,975 |
| $ 258,578 | $ 73,385 | $ 5,428,305 |

CITY OF TUSCOLA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ 1,480,330 |
| *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. | |
| Capital asset purchases capitalized | 281,880 |
| Gain (Loss) on Asset Disposal | (6,626) |
| Depreciation expense | (957,349) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | (67,423) |
| Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | |
| Reduction of benefit liability, net | 8,918 |
| 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. | |
| Debt repayment | 102,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds as follows: | |
| Accrued compensated absences | (7,041) |
| Accrued Interest | 1,146 |
| Change in Net Position of Governmental Activities | $ 835,835 |

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

CITY OF TUSCOLA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
April 30, 2018

| | Water Fund | Sewer Fund | Total |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | $ 259,689 | $ 333,162 | $ 592,851 |
| Accounts receivable, net | 104,385 | 66,917 | 171,302 |
| Prepaid items | 7,838 | 6,634 | 14,472 |
| Cash and cash equivalents-restricted | 222,165 | 379,616 | 601,781 |
| Investment in joint venture | 142,603 | - | 142,603 |
| Total Current Assets | 736,680 | 786,329 | 1,523,009 |
| **Noncurrent assets** | | | |
| Capital assets: | | | |
| Property, plant and equipment | 7,744,605 | 11,755,634 | 19,500,239 |
| Accumulated Depreciation | (3,518,931) | (6,097,040) | (9,615,971) |
| Total Noncurrent Assets | 4,225,674 | 5,658,594 | 9,884,268 |
| Total Assets | 4,962,354 | 6,444,923 | 11,407,277 |
| **Deferred Outflows of Resources** | | | |
| Deferred charges on refunding | - | 5,874 | 5,874 |
| Total Deferred Outflows of Resources | - | 5,874 | 5,874 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts payable | 34,794 | 9,205 | 43,999 |
| Customer deposits | 34,675 | - | 34,675 |
| Accrued payroll | 4,293 | 3,533 | 7,826 |
| Accrued interest | 1,491 | 1,329 | 2,820 |
| Accrued compensated absences - current | 3,672 | 2,018 | 5,690 |
| General obligation bonds - current | - | 300,000 | 300,000 |
| IEPA loans - current | 57,439 | 8,606 | 66,045 |
| Total Current Liabilities | 136,364 | 324,691 | 461,055 |
| **Noncurrent Liabilities** | | | |
| Accrued compensated absences | 5,096 | 4,168 | 9,264 |
| General obligation bonds | - | - | - |
| IEPA loans | 918,559 | 132,448 | 1,051,007 |
| Total Noncurrent Liabilities | 923,655 | 136,616 | 1,060,271 |
| Total Liabilities | 1,060,019 | 461,307 | 1,521,326 |
| **Net Position** | | | |
| Net investment in capital assets | 3,249,676 | 5,217,540 | 8,467,216 |
| Restricted: | | | |
| Restricted for debt service | 222,166 | 379,616 | 601,782 |
| Unrestricted | 430,493 | 392,334 | 822,827 |
| Total Net Position | $ 3,902,335 | $ 5,989,490 | $ 9,891,825 |

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

CITY OF TUSCOLA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2018

| | Water | Sewer | Total |
|---|---|---|---|
| **Operating Revenues** | | | |
| Charges for services | $ 1,096,781 | $ 677,118 | $ 1,773,899 |
| Miscellaneous | 10,024 | 12 | 10,036 |
| Total operating revenues | 1,106,805 | 677,130 | 1,783,935 |
| **Operating Expenses** | | | |
| Personnel services | 192,815 | 162,354 | 355,169 |
| Supplies and materials | 49,379 | 69,544 | 118,923 |
| Contractual services | 372,522 | 85,503 | 458,025 |
| Depreciation and amortization | 231,042 | 284,278 | 515,320 |
| Total operating expenses | 845,758 | 601,679 | 1,447,437 |
| Operating Income (Loss) | 261,047 | 75,451 | 336,498 |
| **Non-operating Revenues (Expenses)** | | | |
| Interest income | 4,820 | 6,375 | 11,195 |
| Insurance recovery | - | - | - |
| Sprayfield farm income (loss), net | - | (1,718) | (1,718) |
| Gain (loss) on disposal of capital assets | - | (2,090) | (2,090) |
| Interest expense | (14,373) | (27,351) | (41,724) |
| Total non-operating revenues (expenses) | (9,553) | (24,784) | (34,337) |
| Change in net position | 251,494 | 50,667 | 302,161 |
| Net Position - beginning | 3,650,841 | 5,938,823 | 9,589,664 |
| Net Position - ending | $ 3,902,335 | $ 5,989,490 | $ 9,891,825 |

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

CITY OF TUSCOLA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2018

| **Cash Flows from Operating Activities:** | **Water** | **Sewer** | **Totals** |
|---|---|---|---|
| Receipts from users | $ 1,099,224 | $ 681,687 | $ 1,780,911 |
| Payments to suppliers | (581,133) | (160,863) | (741,996) |
| Payments to employees | (190,640) | (161,239) | (351,879) |
| Other receipts (payments) | 10,024 | 12 | 10,036 |
| Net cash provided (used) by operating activities | 337,475 | 359,597 | 697,072 |
| **Cash Flows from Capital and Related Financing Activities:** | | | |
| (Purchase) of capital assets | - | (147,297) | (147,297) |
| Interest paid on capital debt | (15,250) | (10,630) | (25,880) |
| Principal paid on capital debt | (321,728) | (303,499) | (625,227) |
| Net cash provided (used) by capital and related financing activities | (336,978) | (461,426) | (798,404) |
| **Cash Flows from Investing Activities:** | | | |
| Interest on cash and investments | 4,820 | 6,375 | 11,195 |
| Sale of investments | - | 2,088 | 2,088 |
| Sprayfield farm income (loss) | - | (1,718) | (1,718) |
| Net cash provided (used) by investing activities | 4,820 | 6,745 | 11,565 |
| Net increase (decrease) in cash and cash equivalents | 5,317 | (95,084) | (89,767) |
| Cash and cash equivalents, beginning of the year | 476,537 | 807,862 | 1,284,399 |
| Cash and cash equivalents, end of the year | $ 481,854 | $ 712,778 | $ 1,194,632 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities** | | | |
| Operating income (loss) | $ 261,047 | $ 75,451 | $ 336,498 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Depreciation and amortization | 231,042 | 284,278 | 515,320 |
| Change in assets and liabilities: | | | |
| (Increase) decrease-accounts receivable | 4,943 | 4,569 | 9,512 |
| (Increase) decrease-prepaid insurance | (263) | 110 | (153) |
| (Increase) decrease-joint venture equity | (136,361) | - | (136,361) |
| Increase (decrease)-accounts payable | (22,608) | (5,926) | (28,534) |
| Increase (decrease)-accrued payroll | 734 | 293 | 1,027 |
| Increase (decrease)-customer deposits | (2,500) | - | (2,500) |
| Increase (decrease)-accrued compensated absences | 1,441 | 822 | 2,263 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | $ 337,475 | $ 359,597 | $ 697,072 |

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

CITY OF TUSCOLA

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
April 30, 2018

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Current assets | |
| Cash | $ 1,051 |
| Accounts receivable | $ 28,913 |
| Total assets | $ 29,964 |
| | |
| **LIABILITIES** | |
| Current liabilities | |
| Accounts payable | $ 29,964 |
| Total liabilities | $ 29,964 |

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

## Note 1 - Summary of Significant Accounting Policies

### General Statement

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

### Financial Reporting Entity

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

### Basis of Presentation

*Government-wide Financial Statements*

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

*Fund Financial Statements*

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

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

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

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

*Fund Financial Statements (Continued)*

The funds of the financial reporting entity are described below:

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

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

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

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

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

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

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

The City has presented the following major proprietary funds:

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

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

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

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

Section 125 Plan Fund – To account for amounts withheld from employees' wages and reimbursed for qualified medical and daycare expenses in accordance with IRS Section 125 plans.

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

### Measurement Focus

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Measurement Focus (Continued)

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

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

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. (The City's deferred outflows of resources and deferred inflows of resources are noncurrent.) Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

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

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

### Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Agency funds are presented using the accrual basis of accounting.

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

*Revenues – Exchange and Non-Exchange Transactions*

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Basis of Accounting (Continued)

*Revenues – Exchange and Non-Exchange Transactions (Continued)*

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

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

*Unearned revenue*

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

### Budgets and Budgetary Accounting

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

1. Prior to the end of the first quarter, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing on May 1. The operating budget includes proposed expenditures and the means of financing those.

2. Public hearings are conducted by the City to obtain taxpayer comments. At least one public hearing must be held no later than 10 days prior to final approval of the budget.

3. Prior to July 31, the appropriations budget is legally enacted through passage of an ordinance. The appropriations ordinance/budget was adopted on July 10, 2017.

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

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

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

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Budgets and Budgetary Accounting (Continued)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. In accordance with generally accepted accounting principles (GAAP), encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There are no encumbrances at April 30, 2018.

### Cash and Cash Equivalents

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

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

### Receivables

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

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

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

### Interfund Receivables and Payables

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

### Capital Assets

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Capital Assets (Continued)

*Government-wide Statement*

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

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

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

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

*Fund Financial Statements*

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

### Prepaid Items

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

### Deferred Outflows/Inflows of Resources

*Government-wide Statement*

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

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Deferred Outflows/Inflows of Resources (Continued)

*Government-wide Statement (Continued)*

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

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

*Fund Financial Statements*

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

### Restricted Assets

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

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

### Long-Term Debt

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

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

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Long-Term Debt (Continued)

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

### Equity Classifications

*Government-wide Statements*

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

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

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

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

F*und Statements*

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

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

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

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

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

e. Unassigned fund balance is the residual balance not contained in nonspendable fund balance or restricted fund balance or committed fund balance or assigned fund balance.

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

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

As of April 30, 2018, the Tax Increment Financing Fund had a deficit fund balance of ($1,290,218).

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Interfund Transactions

Amounts provided with a requirement for repayment are reported as interfund receivables and payables. Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

### Program Revenues

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

### Operating and Non-Operating Revenues and Expenses – Proprietary Funds

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

### Expenditures/Expenses

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

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

| | |
|---|---|
| Governmental Funds – by function: | Current (further classified by character)<br>Debt Service<br>Capital Outlay |

Proprietary Fund – by operating and nonoperating

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

### Interfund Transfers

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

### Use of Estimates

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

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Stewardship, Compliance, and Accountability

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

*Fund Accounting Requirements*

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

*Revenue Restrictions*

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

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

For the year ended April 30, 2018, the City complied in all material respects with these revenue restrictions.

### Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 9, 2018, the date financial statements were available to be issued. The City approved a $195,000 TIF grant to Kenny and Angela Hogue for 125 West Sale Street, and the City approved a low bid of $119,666 to Ne-Co for the Niles Street mill and overlay project.

## Note 2 - Property Taxes

Property tax bills are prepared by the County and issued on or about May 1 of each year. City property tax revenues are recorded as a receivable when assessed because the City has an enforceable legal claim to the resources. At this time, the receivable is offset by a deferred inflow since this amount is normally not collected within a time period to be available and is intended to finance the operations of fiscal year ending April 30, 2019. Property taxes are recognized during the period for which they are levied.

The due dates and collection period for all property taxes for the fiscal year ended April 30, 2018, are as follows:

| Description | Date |
|---|---|
| Assessment and enforceable lien | January 1, 2017 |
| Levy | December 11, 2017 |
| Face value amount payment dates | 1st half by July 13, 2017 |
| | 2nd half by September 13, 2017 |

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

## Note 3 - Detail Notes on Transaction Classes/Accounts

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

### Deposits and Investments

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

All deposits of the City’s reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution’s trust department or agent in the name of the City. During the year ended April 30, 2018, the City’s cash and cash equivalents consisted of demand deposits, deposits in The Illinois Funds (described below), deposits in Illinois Municipal Investment Fund (described below), and petty cash of $350. At year end, the carrying amount of the City’s demand deposits were $632,122. The bank balance was subject to deposit risk as follows:

| | |
|---|---|
| Deposits covered by FDIC insurance | $ 484,557 |
| Uninsured and collateral held by pledging bank’s trust department not in the City’s name | 194,356 |
| Total | $ 678,913 |

The City maintains deposits in The Illinois Funds. The activities of The Illinois Funds are governed by the Treasurer’s published investment policies, which were developed in accordance with the State statute. Deposits in The Illinois Funds are valued at share price, the price for which the investment could be sold. As of April 30, 2018, $5,033,547 was deposited into accounts with The Illinois Funds.

Also, the City maintains deposits in the Illinois Metropolitan Investment Fund (IMET). This fund is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and is managed by a Board of Trustees elected from the participating members. Deposits in the IMET are valued at share price, the price for which the investment could be sold. On September 29, 2014, certain repurchase agreements with IMET, which were part of IMET’s Convenience Fund, that were backed by First Farmers Financial, LLC (FFF) securities, that were believed to be guaranteed by the United States Department of Agriculture (USDA), were in default. The loans were allegedly guaranteed by the USDA but since the loan documents were forged, by FFF, the USDA has decided at this time to not provide a financial guarantee for the loans. As a result, as of September 30, 2014, each member’s proportionate share of the Convenience Fund was placed into a restricted account at IMET and not eligible for withdrawal. On October 24, 2014 the IMET Board of Trustees voted to remove the value of the repurchase agreements from the books and records of the Convenience Fund and transfer the member’s proportionate share of the IMET restricted account; therefore setting up a Liquidating Trust with each member’s proportionate share from which IMET will distribute future proceeds from recovery efforts that are currently on-going. As of April 30, 2018, $7,268 was invested into accounts with the Illinois Municipal Investment Fund, with an additional $11,955 investment impairment being recorded as the City’s share of the value removed as a result of the fraud into the Liquidating Trust. Allowance for Impairment Loss on Investment and Impairment Loss on Investment amounts were calculated and recorded, in the amount of $5,129, to reflect the amount IMET has determined to be realizable as of April 30, 2018.

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

### Deposits and Investments (Continued)

**Credit rating risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City's Treasurer. Investing is performed in accordance with investment policies adopted by the City complying with State Statutes. The Illinois Funds investment pools were rated AAAm by Standard & Poor's as of February 23, 2018. The Illinois Metropolitan Investment Fund was rated Aaa/bf by Moody's.

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

**Concentration of credit risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy states that investments are subject to concentration of credit risk when 5% or more of the total are in securities of a single issuer. As of April 30, 2018, the City's investment in The Illinois Funds represent more than 5% of the total cash investment portfolio.

### Capital Assets

Capital asset activity for the year ended April 30, 2018, was as follows:

| Governmental Activities: | Balance May 1, 2017 | Increases | Decreases | Balance April 30, 2018 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 1,711,176 | $ 38,800 | $ 0 | $ 1,749,976 |
| Land-Rights of way | 1,367,195 | 0 | 0 | 1,367,195 |
| Total capital assets, not being depreciated | 3,078,371 | 38,800 | 0 | 3,117,171 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 1,698,385 | 52,380 | 33,590 | 1,717,175 |
| Buildings | 5,750,307 | 29,688 | 4,875 | 5,775,120 |
| Infrastructure | 24,157,076 | 64,962 | 312,354 | 23,909,684 |
| Equipment & Vehicles | 2,625,606 | 60,101 | 35,749 | 2,649,958 |
| PME-Portable Machinery/Equip | 1,234,530 | 17,658 | 52,241 | 1,199,947 |
| Library Collection | 464,755 | 18,291 | 83,006 | 400,040 |
| Totals at historical cost | 35,930,659 | 243,080 | 521,815 | 35,651,924 |
| Less accumulated depreciation: | | | | |
| Land improvements | 790,159 | 73,438 | 33,590 | 830,007 |
| Buildings | 2,167,669 | 164,020 | 1,829 | 2,329,860 |
| Infrastructure | 8,217,754 | 480,632 | 312,354 | 8,386,032 |
| Equipment & Vehicles | 1,201,813 | 145,825 | 32,399 | 1,315,239 |
| PME-Portable Machinery/Equip | 950,590 | 67,432 | 52,011 | 966,011 |
| Library Collection | 359,346 | 26,002 | 83,006 | 302,342 |
| Total accumulated depreciation | 13,687,331 | 957,349 | 515,189 | 14,129,491 |
| Total capital assets, being depreciated, net | 22,243,328 | (714,269) | 6,626 | 21,522,433 |
| GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET | $ 25,321,699 | $ (675,469) | $ 6,626 | $ 24,639,604 |

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

### Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

| | |
|---|---|
| General government | $ 56,342 |
| Public safety | 112,959 |
| Public works | 619,134 |
| Culture and recreation | 168,914 |
| TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES | $ 957,349 |

| Business-type Activities: | Balance May 1, 2017 | Increases | Decreases | Balance April 30, 2018 |
|---|---|---|---|---|
| **Capital assets, not being depreciated:** | | | | |
| Land | $ 637,198 | $ 0 | $ 0 | $ 637,198 |
| Total capital assets, not being depreciated | 637,198 | 0 | 0 | 637,198 |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 7,068,324 | 0 | 0 | 7,068,324 |
| Plant/Mechanical | 11,298,850 | 145,207 | 8,360 | 11,435,697 |
| Vehicles & Equipment | 340,179 | 0 | 34,846 | 305,333 |
| PME-Portable Machinery/Equip | 53,686 | 0 | 0 | 53,686 |
| Totals at historical cost | 18,761,039 | 145,207 | 43,206 | 18,863,040 |
| Less accumulated depreciation: | | | | |
| Infrastructure | 3,137,762 | 193,936 | 0 | 3,331,698 |
| Plant/Mechanical | 5,818,460 | 296,415 | 6,270 | 6,108,605 |
| Vehicles & Equipment | 144,484 | 20,601 | 34,846 | 130,239 |
| PME-Portable Machinery/Equip | 41,058 | 4,368 | 0 | 45,426 |
| Total accumulated depreciation | 9,141,764 | 515,320 | 41,116 | 9,615,968 |
| Total capital assets, being depreciated, net | 9,619,275 | (370,113) | 2,090 | 9,247,072 |
| BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET | $ 10,256,473 | $ (370,113) | $ 2,090 | $ 9,884,270 |

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

| | |
|---|---|
| Water | $ 231,042 |
| Sewer | 284,278 |
| TOTAL DEPRECIATION EXPENSE – BUSINESS-TYPE ACTIVITIES | $ 515,320 |

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

### Accounts Payable

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

### Long-Term Liabilities

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

*Governmental Activities*

As of April 30, 2018, the governmental long-term liabilities consisted of the following:

| | |
|---|---|
| General obligation bonds: | |
| Current portion | $ 104,000 |
| Noncurrent portion | 314,000 |
| TOTAL GENERAL OBLIGATION BOND COSTS, NET OF PREMIUMS AND DISCOUNTS | $ 418,000 |
| Accrued compensated absences: | |
| Current portion | $ 21,315 |
| Noncurrent portion | 41,638 |
| TOTAL ACCRUED COMPENSATED ABSENCES | $ 62,953 |

*Business-type Activities*

As of April 30, 2018, the long-term liabilities payable from proprietary fund resources consisted of the following:

| | |
|---|---|
| General obligation bonds: | |
| Current portion | $ 300,000 |
| Noncurrent portion | 0 |
| TOTAL GENERAL OBLIGATION BOND COSTS, NET OF PREMIUMS AND DISCOUNTS | $ 300,000 |
| Loans payable: | |
| Current portion | $ 66,045 |
| Noncurrent portion | 1,051,007 |
| TOTAL LOANS PAYABLE PAYMENTS | $ 1,117,052 |
| Accrued compensated absences: | |
| Current portion | $ 5,690 |
| Noncurrent portion | 9,265 |
| TOTAL ACCRUED COMPENSATED ABSENCES | $ 14,955 |

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

**Long-Term Liabilities (Continued)**

*General Obligation Bonds*

Series 2010 Bond Issue – The City of Tuscola issued general obligation bonds of $500,000 in August 2010, to finance the resurfacing improvements to Main, Sale, Pembroke, Prairie and Daggy Streets. 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. Interest rates range between 2.25% and 3.6%. Interest paid on said bonds is payable on June 1st and December 1st in each year until paid. Both principal and interest on said bonds shall be payable 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. These bonds are required to be fully paid within 10 years from the date of issue and are backed by the full faith and credit of the City. The bond ordinance requires that moneys held in the Motor Fuel Tax Fund be held in a special reserve account, named "Bond and Interest". This special reserve account should consist of 1/6th of the interest next due and 1/12th of the principal next due, with a restriction for paying principal and interest on bonds.

Series 2012 Bond Issue – The City of Tuscola issued general obligation bonds of $500,000 in May 2012, to finance the resurfacing improvements to South Main Street. 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. Interest rates range between 1.25% and 3.5%. Interest paid on said bonds is payable on June 1st and December 1st in each year until paid. Both principal and interest on said bonds shall be payable at the principal office of the Tuscola National Bank of Tuscola, the paying agent for the bonds, in the City of Tuscola, Illinois. These bonds are required to be fully paid within 10 years from the date of issue and are backed by the full faith and credit of the City. The bond ordinance requires that moneys held in the Motor Fuel Tax Fund be held in a special reserve account, named "Bond and Interest". This special reserve account should consist of 1/6th of the interest next due and 1/12th of the principal next due, with a restriction for paying principal and interest on bonds.

Series 2011 Bond Issue – The City of Tuscola issued general obligation taxable refunding bonds of $1,545,000 in December 2011, to refund the 1997 Series Waterworks Refunding Revenue Bonds and the 2003 Series Waterworks Refunding Revenue Bonds (B). 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. Interest rates range between 0.9% and 2.0%. Interest paid on said bonds is payable on March 1st and September 1st in each year until paid. Both principal and interest on said bonds shall be payable at the principal corporate trust office of UMB Bank, N.A., the paying agent for the bonds, in Kansas City, Missouri. These bonds are required to be fully paid within 7 years from the date of issue and are backed by the full faith and credit of the City. The bond ordinance requires that moneys be accumulated in a debt service account in the Water Fund, named "Bond and Interest". This debt service account should consist of 1/6th of the interest next due and 1/12th of the principal next due, with a restriction for paying principal and interest on bonds.

Series 2011 Bond Issue – The City of Tuscola issued general obligation taxable refunding bonds of $2,060,000 in December 2011, to refund the 1993 Series Sewerage Refunding Revenue Bonds, the 2000 Series General Obligation Sewerage Bonds and the 2003 Series Sewerage Refunding Revenue Bonds (A). The principal and interest is intended to be paid from the revenues of the Sewer Fund.

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

### Long-Term Liabilities (Continued)

*General Obligation Bonds (Continued)*

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. Interest rates range between 0.9% and 2.0%. Interest paid on said bonds is payable on March 1st and September 1st in each year until paid. Both principal and interest on said bonds shall be payable at the principal corporate trust office of UMB Bank, N.A., the paying agent for the bonds, in Kansas City, Missouri. These bonds are required to be fully paid within 7 years from the date of issue and are backed by the full faith and credit of the City. The bond ordinance requires that moneys be accumulated in a debt service account in the Sewer Fund, named "Bond and Interest". This debt service account should consist of 1/6th of the interest next due and 1/12th of the principal next due, with a restriction for paying principal and interest on bonds.

As a result of the 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.

*Loans Payable*

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

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

### Long-Term Liabilities (Continued)

*Loans Payable (Continued)*

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

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

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term debt for the year ended April 30, 2018:

| Type of Liability: | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| *General obligation bonds*: | | | | | |
| Series 2010 | $ 220,000 | $ 0 | $ (52,000) | $ 168,000 | $ 54,000 |
| Series 2012 | 300,000 | 0 | (50,000) | 250,000 | 50,000 |
| *Total bonds payable* | 520,000 | 0 | (102,000) | 418,000 | 104,000 |
| Pension obligations | 505,920 | 0 | (505,920) | 0 | 0 |
| Accrued compensated Absences | 55,912 | 102,549 | (95,508) | 62,953 | 21,315 |
| TOTAL GENERAL LONG-TERM LIABILITIES | $ 1,081,832 | $ 102,549 | $ (703,428) | $ 480,953 | $ 125,315 |

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

### Long-Term Liabilities (Continued)

*Changes in Long-Term Liabilities (Continued)*

| Type of Liability: | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| *General obligation bonds*: | | | | | |
| Series 2011 (Water) | $ 265,000 | $ 0 | $ (265,000) | $ 0 | $ 0 |
| Series 2011 (Sewer) | 595,000 | 0 | (295,000) | 300,000 | 300,000 |
| *Total bonds payable* | 860,000 | 0 | (560,000) | 300,000 | 300,000 |
| *Loans payable*: | | | | | |
| Project L17-3758 | 644,750 | 0 | (35,416) | 609,334 | 35,860 |
| Project L17-4835 | 387,976 | 0 | (21,312) | 366,664 | 21,579 |
| Project L17-3671 | 149,553 | 0 | (8,499) | 141,054 | 8,606 |
| *Total loans payable* | 1,182,279 | 0 | (65,227) | 1,117,052 | 66,045 |
| Accrued compensated Absences | 12,692 | 25,269 | (23,006) | 14,955 | 5,690 |
| TOTAL BUSINESS LONG-TERM LIABILITIES | $ 2,054,971 | $ 25,269 | $ (648,233) | $ 1,432,007 | $ 371,735 |

(1) The calculation to reconcile amounts in this schedule to the "net position – net investment in capital assets" for governmental activities is:

| | |
|---|---|
| Net Capital Assets | $24,639,604 |
| *Less*: | |
| 100% of the outstanding 2010 general obligation bonds | (168,000) |
| 100% of the outstanding 2012 general obligation bonds | (250,000) |
| Net position invested in capital assets, net of related debt | $24,221,604 |

*Annual Debt Service Requirements*

The annual debt service requirements to maturity for bonds and loans as of April 30, 2018, are as follows:

| Year Ending April 30 | Principal | Interest |
|---|---|---|
| 2019 | $470,046 | $30,059 |
| 2020 | 172,873 | 23,200 |
| 2021 | 175,711 | 19,054 |
| 2022 | 118,560 | 14,617 |
| 2023 | 119,420 | 12,132 |
| 2024-2028 | 360,381 | 38,632 |
| 2029-2033 | 383,547 | 15,465 |
| 2034 | 34,514 | 216 |
| TOTALS | $ 1,835,052 | $ 153,375 |

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

### Legal Debt Margin

| | | |
|---|---|---|
| 2016 Equalized Assessed Valuation | $ | 58,200,770 |
| | | 8.625% |
| Legal Debt Margin | | 5,019,816 |
| Margin Used | | 1,835,052 |
| Margin Remaining | $ | 3,184,764 |

### Accrued Compensated Absences

Compensated absence obligations arise from amounts due to City employees for vested amounts of vacation pay and sick pay which will be payable in the future. Typically, the compensated absence obligations have been paid by the General Fund, Tax Increment Financing Fund, Tourism Fund, Library Fund, Water Fund and Sewer Fund. Amounts accrued at April 30, 2018, are as follows:

**Accrued Compensated Absences**

| | Governmental Activities | Business-type Activities |
|---|---|---|
| Accrued paid time off | $ 62,953 | $ 14,955 |
| Less current portion | 21,315 | 5,690 |
| LONG-TERM PORTION | $ 41,638 | $ 9,265 |

### Other Post Employment Benefits (OPEB)

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

The City has no retirees included in its healthcare premiums at April 30, 2018 or during the year ending April 30, 2018. 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, 2018.

### Due To/From Balances

Due to/from balances used to cover start-up costs of a new tax increment financing district within the City and financing large projects within the existing tax increment financing districts were as follows as of April 30, 2018:

| | Due From | Due To |
|---|---|---|
| General Fund | $ 1,832,645 | $ 0 |
| Tax Increment Financing Funds | 0 | 1,832,645 |
| TOTALS | $ 1,832,645 | $ 1,832,645 |

This due to/from is expected to be repaid as revenues from the tax increment financing districts expand. This amount is not expected to be repaid within one year.

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

### Revenues Due From County and State Governments

The following is a breakdown of the amounts due from the County and State governments in the government-wide financial statements at April 30, 2018:

| | |
|---|---|
| Douglas County | |
| Property taxes | $ 2,242,689 |
| Police fines | 1,697 |
| Total | $ 2,244,386 |
| | |
| State of Illinois | |
| Sales tax | $ 178,505 |
| Home rule sales tax | 63,303 |
| Income tax | 61,443 |
| Corporate pers. repl. tax | 8,617 |
| Gaming tax | 16,936 |
| Motor fuel tax | 10,256 |
| Total | $ 339,060 |

### Tax Increment Financing Loans Receivable

On January 15, 2013, the City Council approved a loan of $40,000 at 3% for 10 years to Amber Seip of Alpha and Omega Power Training, LLC for renovations at 122 W. Sale St. As of April 30, 2018, all amounts of this loan were disbursed and the loan had entered the repayment phase, with an outstanding balance of $20,148.

On July 9, 2012, the City Council approved a loan of $51,000 at 3% for 10 years to Jeremy and Lana Tengwall of Bailey James Enterprises, LLC for renovations at 123 W. Sale St. On July 22, 2013, the City Council approved additional amounts on this loan for a total of $300,000. Additionally, the interest rate will be at 1.5%. As of April 30, 2018, all amounts of this loan were disbursed and the loan had entered the repayment phase, with an outstanding balance of $197,265.

On March 23, 2011, the City Council approved a loan of $46,250 at 3% for 11 years to Edward Boutilier of Double B Properties for renovations at 134 W. Sale St. As of April 30, 2018, all amounts of this loan was disbursed and the loan had entered the repayment phase, with an outstanding balance of $37,131. An additional $954 is due for interest and late fees on past due balances.

On October 18, 2007, the City Council approved a loan of $113,387 at 3% for 10 ½ years to I. Mac Boyd for renovations at 124 W. Sale St. As of April 30, 2018, all amounts of this loan were disbursed and the loan had entered the repayment phase, with an outstanding balance of $43,622.

On May 19, 2008, the City Council approved a loan of $13,299 at 3% for 11 years to Michael and Virginia Campbell for renovations at 201 S. Main St. As of April 30, 2018, all amounts of this loan were disbursed and the loan had entered the repayment phase, with an outstanding balance of $1,235.

On January 13, 2014, the City Council approved a loan of $80,000 to Richard and Donna Kidwell of Daylight Donuts for renovations to the building at 901 E. Southline Road for use as a donut shop. As of April 30, 2018, all amounts of this loan had been disbursed and the loan had entered the repayment phase, with an outstanding balance of $51,264.

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

### Tax Increment Financing Loans Receivable (Continued)

On February 13, 2012, the City Council approved a loan of $59,500 at 3% for 10 years to Edward Boutilier of Red Barn Veterinary Services for renovations at 132 W. Sale St. On March 9, 2015, the City Council rescinded $17,765 of this loan. As of April 30, 2018, $41,735 of this loan was disbursed and the loan had entered the repayment phase, with an outstanding balance of $43,770. An additional $756 is due for interest and late fees on past due balances.

On October 30, 2007, the City Council approved a loan of $6,205 at 3% for 11 ½ years to Thomas G. Wold and Sally J. Foote for renovations at 140 W. Sale St. As of April 30, 2018, this loan had been paid in full.

On August 12, 2004, the City Council approved a loan of $170,000 at 3% for 13 years to Flesor Family Confectionary, Inc. for the expansion and renovation of Flesor's Candy Kitchen at 101, 103, and 105 W. Sale St. As of April 30, 2018, all amounts of this loan had been paid in full.

On April 27, 2015, the City Council approved a loan of $100,000 at 1.5% for 6 ½ years to Flesor Family Confectionary, Inc. for the expansion and renovation of Flesor's Candy Kitchen at 101, 103, and 105 W. Sale St. As of April 30, 2018, $99,567 of the loan amounts had been disbursed and the City Council had rescinded the remaining $433. The loan had entered the repayment phase with an outstanding balance of $76,274.

On November 14, 2013, the City Council approved a loan of $25,901 at 3% for 8 years to Greco Enterprises, LLC for renovations at 101 E. Sale St. As of April 30, 2017, the loan had been paid in full and was closed.

On September 28, 2015, the City Council approved a loan, not to exceed $18,300, at 3% for 6 years to Dr. William Hemmer for parking lot improvements to his property at 902 S. Court St. As of April 30, 2017, all amounts of this loans were disbursed and the loan had entered the repayment phase, with an outstanding balance of $10,610.

On September 28, 2015, the City Council approved a loan, not to exceed $18,300, at 3% for 6 years to Dr. Jamison Boyd for parking lot improvements to his property at 902 S. Court St. As of April 30, 2017, all amounts of this loans were disbursed and the loan had entered the repayment phase, with an outstanding balance of $10,665.

On August 15, 2003, the City Council approved a loan of $184,664 at 3% for 18 ½ years to Scott Kibler of Scott Kibler Agency, Inc. for renovations at 129 W. Sale St. As of April 30, 2018, all amounts of this loan was disbursed and the loan had entered the repayment phase, with an outstanding balance of $35,606.

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

### Tax Increment Financing Loans Receivable (Continued)

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

On October 14, 2014, the City Council approved a loan of $15,000 at 3% for 7 years to Racheal Puckett for renovations to the building at 102-104 W. Sale Street. As of April 30, 2016, $12,535 of this loan had been disbursed, remaining amounts were rescinded by the City Council and the loan had entered the repayment phase, with an outstanding balance of $12,193. An additional $519 was due for interest and late fees on past due balances. This loan was written off in the current year as a result of the business filing bankruptcy.

On September 16, 2011, the City Council approved a loan of $43,834 at 3% for 10 ½ years to Vintage Karma for renovations at 110 W. Sale St. As of April 30, 2016, all amounts of this loan were disbursed and the loan had entered the repayment phase, with an outstanding balance of $19,497.

On August 12, 2013, the City Council approved a loan of $7,520 at 3% for 8 years to Richard and Donna Kidwell 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. As of April 30, 2018, $9,743 of this loan was disbursed, the remaining amounts were rescinded by the City Council and the loan had entered the repayment phase, with an outstanding balance of $3,916.

### Tax Increment Financing Loan Project

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

These tax increments collected under the Act and paid to the City will be deposited in a special fund designated as “The Special Tax Allocation Fund for the Tuscola Redevelopment Project Area”. For the year ending April 30, 2018 the Tax Increment Fund received $1,517,620 in property taxes.

### Tax Increment Grants

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, 2018, $65,000 of this grant was disbursed, and the remaining $15,000 was rescinded.

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

### Tax Increment Grants (Continued)

On February 9, 2015, the City Council approved a grant of up to $24,985 to I. Mac Boyd for renovations to his property at 124 W. Sale Street. On August 22, 2016, the City Council approved an additional amount of $3,747 to this grant. At April 30, 2018, all amounts of this grant were disbursed.

On March 14, 2016, the City Council approved a grant to Kelsey Furniture, Inc. for $6,000 for exterior door replacement at 215 N. Main St. At April 30, 2018, all amounts of this grant were disbursed.

On March 28, 2017, the City Council approved a grant of $250,000 to Tony and Sarah Vitale for renovations to the property at 100-104 W Sale St for purposes of operating a restaurant. At April 30, 2018, $248,837 of this grant had been disbursed and the remaining $1,163 was rescinded by the City Council.

On March 13, 2017, the City Council approved a grant of $750 to the Tuscola Masonic Lodge for improvements to the property at 107 N Main St. At April 30, 2018, $625 of this grant had been disbursed and the remaining $125 was rescinded by the City Council.

### 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, 2018, $1,350,000 or nine payments of this grant had been disbursed, fulfilling the complete grant.

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

### Tax Increment Other Redevelopment Agreements and Commitments (Continued)

On January 28, 2008, the City Council approved a redevelopment agreement with the owners of the Tuscola Outlet Mall. This agreement addresses expansion and retail retention needed to maintain this very valuable development. Under the agreement, the City will reimburse 50% of their costs, up to $400,000 annually, 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.

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 November 23, 2015, the City Council approved an assignment of the COROC/Tuscola, LLC agreement to ADCO Tuscola, LLC. On January 22, 2018, the City Council tabled a request from ADCO Tuscola, LLC to assign the redevelopment agreement to the new mall owners, Tuscola Realty LLC and Tuscola Nassim LLC, pending receipt of information requested from the new owners.

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

On January 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, 2018, $573,315 of this grant had been disbursed, of which $17,580 in sales tax rebates and $27,606 in property tax rebates was disbursed in the current year.

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

**Tax Increment Other Redevelopment Agreements and Commitments (Continued)**

On February 14, 2011, the City Council approved a professional services agreement with Peckham, Guyton, Albers and Viets to begin the process of establishing a new TIF District at Barker and Prairie Streets for purposes of mitigating flood plain area so that a subdivision of single family housing can be built on currently vacant, flood plain encumbered land lots. On October 10, 2011, the City Council entered into a redevelopment agreement with Owen Tucker for the development of the lots in the newly established Barker/Prairie TIF City #3. The agreement with Owen Tucker provided for a 60% tax rebate for properties developed between Barker, Newkirk, Prairie and Enterprise streets, up to 50% of the total project costs, or $399,346. At April 30, 2018, $58,764 had been rebated to Tucker for this portion of the agreement, leaving $340,582 owed to Tucker from future years' property taxes. During the year ended April 30, 2018, the City remitted $17,287 for the property tax abatement.

**Concentrated Credit Risk**

The City's Water and Sewer Funds are principally engaged in the business of providing water and sewer services to City residents. The Water and Sewer Fund's give credit to customers for water and sewer service provided, with payment terms normal in the industry. The Water and Sewer Fund's ability to collect the amounts due from customers may be affected by general economic fluctuations in the City and the surrounding geographic area. The City has established an allowance for doubtful accounts in the Water Fund of $4,000 and in the Sewer Fund of $5,000 as of April 30, 2018.

**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.

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

**Joint Venture (Continued)**

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, 2018 the City of Tuscola's equity interest was 55.63%, or $142,603, 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, 2018 is provided below.

| | |
|---|---|
| **Financial Position as of April 30, 2018** | |
| Cash | $ 87,876 |
| Accounts Receivable – City of Arcola | 168,457 |
| Total assets | $ 256,333 |
| Total equity | $ 256,333 |
| **Results of Operations for Fiscal Year Ending April 30, 2018** | |
| Total revenues | $258,767 |
| Estimate Arcola due to Agency for West Prairie Billing Error | 168,457 |
| Total expenditures | 228,903 |
| Net income (loss) | 198,321 |
| Beginning total equity | 58,012 |
| Ending total equity | $ 256,333 |

**Economic Dependency**

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

**Note 4 - Deferred Compensation Plan**

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

## Note 5 - Appropriations Deficit

No funds that adopted budgets annually had excess expenditures over appropriations for the fiscal year ended April 30, 2018.

## Note 6 - Risk Management

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

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

## Note 7 - Commitments and Contingencies

### Grant Contingencies

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

## Note 8 - Pension Plan

### IMRF Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

### Benefits Provided

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

## Note 8 - Pension Plan (Continued)

### Benefits Provided (Continued)

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

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

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

### Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

| | IMRF |
|---|---|
| Retirees and Beneficiaries currently receiving benefits | 21 |
| Inactive Plan Members entitled to but not yet receiving benefits | 9 |
| Active Plan Members | 25 |
| Total | 55 |

### Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2017 was 9.42%. For the fiscal year ended April 30, 2018, the City contributed $122,081 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### Net Pension Liability

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

## Note 8 - Pension Plan (Continued)

### Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Portfolio Target Percentage | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 37% | 6.85% |
| International Equity | 18% | 6.75% |
| Fixed Income | 28% | 3.00% |
| Real Estate | 9% | 5.75% |
| Alternative Investments | 7% | 2.65-7.35% |
| Cash Equivalents | 1% | 2.25% |
| Total | 100% | |

**Note 8 - Pension Plan (Continued)**

**Single Discount Rate**

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

**Changes in the Net Pension Liability**

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|---|---|---|
| Balances at December 31, 2016 | $7,001,377 | $6,495,457 | $505,920 |
| Changes for the year: | | | |
| Service Cost | 136,805 | 0 | 136,805 |
| Interest on the Total Pension Liability | 520,082 | 0 | 520,082 |
| Changes of Benefit Terms | 0 | 0 | 0 |
| Differences Between Expected and Actual | | | |
| Experience of the Total Pension Liability | (9,126) | 0 | (9,126) |
| Changes of Assumptions | (208,863) | 0 | (208,863) |
| Contributions - Employer | 0 | 118,904 | (118,904) |
| Contributions - Employees | 0 | 60,253 | (60,253) |
| Net Investment Income | 0 | 1,095,323 | (1,095,323) |
| Benefit Payments, including Refunds | | | |
| of Employee Contributions | (270,697) | (270,697) | 0 |
| Other (Net Transfer) | 0 | (59,453) | 59,453 |
| Net Changes | 168,201 | 944,330 | (776,129) |
| Balances at December 31, 2017 | $7,169,578 | $7,439,787 | ($270,209) |

**Note 8 - Pension Plan (Continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

| | 1% Lower | Current Discount | 1% Higher |
|---|---|---|---|
| | (6.50%) | (7.50%) | (8.50%) |
| Net Pension Liability | $622,302 | ($270,209) | ($991,886) |

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

For the year ended April 30, 2018, the City recognized a reduction in pension liability of $8,918. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| Deferred Amounts Related to Pensions | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows of Resources |
|---|---|---|---|
| *Deferred Amounts to be Recognized in Pension Expense in Future Periods* | | | |
| Differences between expected and actual experience | $ 21,521 | $ 11,489 | $10,032 |
| Changes of assumptions | 3,555 | 177,505 | (173,950) |
| Net difference between projected and actual earnings on pension plan investments | 189,942 | 491,061 | (301,119) |
| Total Deferred Amounts to be recognized in pension expense in future periods | 215,018 | 680,055 | (465,037) |

**Note 8 - Pension Plan (Continued)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)**

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

| Year Ending December 31 | Deferred Outflows of Resources |
|---|---|
| 2018 | (64,604) |
| 2019 | (64,604) |
| 2020 | (149,758) |
| 2021 | (159,822) |
| 2022 | (26,249) |
| Thereafter | 0 |
| Total | ($465,037) |

REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF TUSCOLA
Tuscola, Illinois

## REQUIRED SUPPLEMENTARY INFORMATION
## Schedule of Changes in the Net Pension Liability and Related Ratios

| Calendar Year Ended December 31, | 2017 |
|---|---|
| **Total Pension Liability** | |
| Service Cost | $ 136,805 |
| Interest on the Total Pension Liability | 520,082 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience of the Total Pension Liability | (9,126) |
| Changes of Assumptions | (208,863) |
| Benefit Payments, including Refunds of Employee Contributions | (270,697) |
| **Net Change in Total Pension Liability** | 168,201 |
| **Total Pension Liability - Beginning** | 7,001,377 |
| **Total Pension Liability - Ending (A)** | $ 7,169,578 |
| | |
| **Plan Fiduciary Net Position** | |
| Contributions - Employer | $ 118,904 |
| Contributions - Employees | 60,253 |
| Net Investment Income | 1,095,323 |
| Benefit Payments, including Refunds of Employee Contributions | (270,697) |
| Other (Net Transfer) | (59,453) |
| **Net Change in Plan Fiduciary Net Position** | 944,330 |
| **Plan Fiduciary Net Position - Beginning** | 6,495,457 |
| **Plan Fiduciary Net Position - Ending (B)** | $ 7,439,787 |
| | |
| **Net Pension Liability – Ending (A) – (B)** | $ (270,209) |
| | |
| **Plan Fiduciary Net Position as a Percentage of the Total Pension Liability** | 103.77% |
| | |
| **Covered Valuation Payroll** | $1,262,251 |
| | |
| **Net Pension Liability as a Percentage of Covered Valuation Payroll** | (21.41)% |

# CITY OF TUSCOLA
Tuscola, Illinois

## REQUIRED SUPPLEMENTARY INFORMATION
### Schedule of Employer Contributions

| Calendar Year Ended December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Valuation Payroll | Actual Contribution as a Percentage of Covered Valuation Payroll |
|---|---|---|---|---|---|
| 2015 | $122,452 | $127,492 | $(5,040) | $1,257,207 | 10.14% |
| 2016 | 119,260 | 119,261 | (1) | 1,208,310 | 9.87% |
| 2017 | 118,904 | 18,904 | 0 | 1,262,251 | 9.42% |

**Notes to Schedule:**

*Estimated based on contribution rate of 9.42% and covered valuation payroll of $1,262,251*

**Methods and Assumptions Used to Determine 2016 Contribution Rates:**

*Actuarial Cost Method:* Aggregate Entry Age Normal

*Amortization Method:* Level Percentage of Payroll, Closed

*Remaining Amortization Period:* Non-Taxing bodies: 10-year rolling period.

Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period).

Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).

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

*Wage Growth:* 3.50%

*Price Inflation:* 2.75%, approximate; No explicit price inflation assumption is used in this valuation.

*Salary Increases:* 3.75% to 14.50%, including inflation

*Investment Rate of Return:* 7.50%

*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

*Mortality:* For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014(base year 2012). The IMRF specific rates were developed form the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014(base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

***Other Information:***

*Notes:* There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 502,890 | $ 498,711 | $ (4,179) |
| Sales taxes | 1,845,000 | 1,782,293 | (62,707) |
| State income taxes | 452,480 | 467,698 | 15,218 |
| Replacement taxes | 33,950 | 34,383 | 433 |
| Video gaming taxes | 81,000 | 94,747 | 13,747 |
| Fines and fees | 38,000 | 23,645 | (14,355) |
| Rent | 10,000 | 9,703 | (297) |
| Licenses and permits | 24,500 | 23,275 | (1,225) |
| Grant income | 20,695 | 19,296 | (1,399) |
| Franchise fees | 16,000 | 13,545 | (2,455) |
| Fire insurance | 10,000 | 8,717 | (1,283) |
| Pool income | 66,700 | 63,120 | (3,580) |
| Interest income | 12,825 | 63,605 | 50,780 |
| Miscellaneous | 36,100 | 23,396 | (12,704) |
| Total Revenues | 3,150,140 | 3,126,134 | (24,006) |
| **Expenditures** | | | |
| General Government | | | |
| Salaries - city officials and other | 320,000 | 209,697 | (110,303) |
| Payroll taxes | 55,000 | 16,436 | (38,564) |
| Employee benefits | 150,000 | 58,405 | (91,595) |
| Professional fees | 150,000 | 18,503 | (131,497) |
| Office and general expenses | 270,000 | 26,649 | (243,351) |
| Insurance | 155,000 | 45,848 | (109,152) |
| Publications | 15,000 | 2,767 | (12,233) |
| Maintenance | 100,000 | 2,807 | (97,193) |
| Utilities | 50,000 | 13,997 | (36,003) |
| Animal and bird control | 20,000 | - | (20,000) |
| Travel, training and education | 10,000 | 1,170 | (8,830) |
| Community activity subsidy | 250,000 | 95,208 | (154,792) |
| Substance abuse program | 10,000 | 853 | (9,147) |
| Miscellaneous | 75,000 | 10,981 | (64,019) |
| Total Expenditures - General Government | 1,630,000 | 503,321 | (1,126,679) |

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

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For the Year Ended April 30, 2018

| | **Original & Final Budget** | **Actual** | **Over (Under)** |
|---|---|---|---|
| Public Safety | | | |
| Fire Protection | | | |
| Salaries | 300,000 | 140,437 | (159,563) |
| Payroll taxes | 60,000 | 11,257 | (48,743) |
| Employee benefits | 10,000 | 1,843 | (8,157) |
| Subscriptions | 10,000 | 645 | (9,355) |
| Special bequests | 150,000 | 9,934 | (140,066) |
| Utilities | 25,000 | 5,265 | (19,735) |
| Travel, training and education | 50,000 | 8,219 | (41,781) |
| Office and general expenses | 25,000 | 4,468 | (20,532) |
| Uniforms | 10,000 | 767 | (9,233) |
| Repairs and maintenance | 285,000 | 31,215 | (253,785) |
| Supplies and parts | 100,000 | 25,489 | (74,511) |
| Fire prevention | 5,000 | 1,634 | (3,366) |
| Miscellaneous | 5,000 | 670 | (4,330) |
| Total Expenditures - Fire Protection | 1,035,000 | 241,843 | (793,157) |

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| **Expenditures (continued)** | | | |
| Public Safety (continued) | | | |
| Police Protection | | | |
| Salaries | $ 825,000 | 397,857 | $ (814,710) |
| Payroll taxes | 25,000 | 10,290 | $ 71,937 |
| Employee benefits | 300,000 | 96,937 | (203,063) |
| Communications | 25,000 | 11,583 | (13,417) |
| Office and general expenses | 25,000 | 4,262 | (20,738) |
| Uniforms | 20,000 | 9,005 | (10,995) |
| Repairs and maintenance | 260,000 | 42,959 | (217,041) |
| Utilities | 20,000 | 6,806 | (13,194) |
| Subscriptions | 10,000 | 205 | (9,795) |
| Travel, training and education | 25,000 | 4,556 | (20,444) |
| Drug fund | 100,000 | 90 | (99,910) |
| K-9 unit | 20,000 | - | (20,000) |
| Miscellaneous | 15,000 | 5,408 | (9,592) |
| Total Expenditures - Police Protection | 1,670,000 | 589,958 | (1,380,962) |
| Building Inspection | | | |
| Salaries | 110,000 | 48,988 | (61,012) |
| Payroll taxes | 11,000 | 3,481 | (7,519) |
| Employee benefits | 65,000 | 25,271 | (39,729) |
| Insurance | 500 | 50 | (450) |
| Office and general expenses | 25,000 | 4,044 | (20,956) |
| Travel, training and education | 10,000 | 1,548 | (8,452) |
| Professional fees | 120,000 | (3,668) | (123,668) |
| Repairs and maintenance | 60,000 | 1,887 | (58,113) |
| Miscellaneous | 5,000 | 35 | (4,965) |
| Total Expenditures - Building Inspection | 406,500 | 81,636 | (324,864) |
| Total Expenditures - Public Safety | 3,111,500 | 913,437 | (2,498,983) |

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

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| Public Works | | | |
| Streets and Alleys | | | |
| Salaries | 475,000 | 215,755 | (259,245) |
| Payroll taxes | 105,000 | 17,710 | (87,290) |
| Employee benefits | 250,000 | 96,189 | (153,811) |
| Communications | 5,000 | 978 | (4,022) |
| Travel, training and education | 5,000 | 675 | (4,325) |
| Vehicle fuel | 75,000 | 11,365 | (63,635) |
| Vehicle maintenance | 150,000 | 18,616 | (131,384) |
| Utilities | 150,000 | 40,565 | (109,435) |
| Small equipment | 102,500 | 531 | (101,969) |
| Supplies and parts | 20,000 | 2,552 | (17,448) |
| Repairs and maintenance | 450,000 | 1,892 | (448,108) |
| Street, alley and curb maintenance | 350,000 | 33,125 | (316,875) |
| Sidewalks | 25,000 | 1,154 | (23,846) |
| Miscellaneous | 5,000 | 283 | (4,717) |
| Total Expenditures - Streets and Alleys | 2,167,500 | 441,390 | (1,726,110) |
| | | | |
| Municipal Building | | | |
| Salaries | $ 12,000 | $ - | $ (12,000) |
| Payroll taxes | 6,000 | - | (6,000) |
| Employee benefits | 10,000 | - | (10,000) |
| Insurance | 250,000 | 70,331 | (179,669) |
| Communications | 5,000 | 1,891 | (3,109) |
| Leases | 10,000 | 750 | (9,250) |
| Utilities | 50,000 | 15,011 | (34,989) |
| Real estate taxes - drainage | 20,000 | (3,590) | (23,590) |
| Vending | 5,000 | 121 | (4,879) |
| Supplies and parts | 190,000 | 15,711 | (174,289) |
| Repairs and maintenance | 40,000 | 8,915 | (31,085) |
| Miscellaneous | 5,000 | - | (5,000) |
| Total Expenditures - Municipal Building | 603,000 | 109,140 | (493,860) |
| | | | |
| Total Expenditures - Public Works | 2,770,500 | 550,530 | (2,219,970) |

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

# BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| **Expenditures (continued)** | | | |
| Culture and Recreation | | | |
| Park | | | |
| Salaries | 185,000 | 110,311 | (74,689) |
| Payroll taxes | 21,500 | 7,653 | (13,847) |
| Employee benefits | 120,000 | 59,947 | (60,053) |
| Repairs and maintenance | 145,000 | 18,611 | (126,389) |
| Communications | 5,000 | 466 | (4,534) |
| Travel, training and education | 5,000 | 85 | (4,915) |
| Utilities | 50,000 | 14,097 | (35,903) |
| Supplies and parts | 41,500 | 4,378 | (37,122) |
| Miscellaneous | 40,000 | 38 | (39,962) |
| Total Expenditures - Park | 613,000 | 215,586 | (397,414) |
| Pool | | | |
| Salaries | 110,000 | 54,741 | (55,259) |
| Payroll taxes | 15,000 | 4,489 | (10,511) |
| Supplies | 90,000 | 3,369 | (86,631) |
| Repairs and maintenance | 95,000 | 2,979 | (92,021) |
| Advertising | 10,000 | 165 | (9,835) |
| Communications | 5,000 | 688 | (4,312) |
| Training | 5,000 | 1,700 | (3,300) |
| Utilities | 50,000 | 15,009 | (34,991) |
| Miscellaneous | 20,000 | 444 | (19,556) |
| Total Expenditures - Pool | 400,000 | 83,584 | (316,416) |
| Total Expenditures - Culture and Recreation | 1,013,000 | 299,170 | (713,830) |

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

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| Development | | | |
| Economic development | 5,000,000 | 17,580 | (4,982,420) |
| Total Expenditures - Development | 5,000,000 | 17,580 | (4,982,420) |
| Capital Outlay | | | |
| General government | 500,000 | - | (500,000) |
| ESDA | - | - | - |
| Fire protection | 1,000,000 | - | (1,000,000) |
| Police protection | 100,000 | 34,942 | (65,058) |
| Building inspection | 75,000 | 42,817 | (32,183) |
| Streets and alleys | 1,000,000 | 64,962 | (935,038) |
| Municipal building | 1,000,000 | 29,688 | (970,312) |
| ESDA | - | - | - |
| Park | 150,000 | 52,380 | (97,620) |
| Pool | 1,500,000 | - | (1,500,000) |
| Total Expenditures - Capital Outlay | 5,325,000 | 224,789 | (5,100,211) |
| Total expenditures | 18,850,000 | 2,508,827 | (16,642,093) |
| Excess (deficiency) of revenues over (under) expenditures | (15,699,860) | 617,307 | 16,618,087 |
| **Other Financing Sources (Uses)** | | | |
| Impairment loss on investment | - | 1,414 | 1,414 |
| Total other financing sources (uses) | - | 1,414 | 1,414 |
| Net change in fund balances | $ (15,699,860) | 618,721 | $ 16,619,501 |
| Fund balances - beginning | | 5,536,521 | |
| Fund balances - ending | | $ 6,155,242 | |

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

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - TAX INCREMENT FINANCING FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 1,521,200 | $ 1,610,499 | $ 89,299 |
| Miscellaneous income | 5,000 | 7,361 | 2,361 |
| Interest income | 10,200 | 7,317 | (2,883) |
| Total revenues | 1,536,400 | 1,625,177 | 88,777 |
| **Expenditures** | | | |
| Current | | | |
| Development | 18,559,500 | 687,361 | (17,872,139) |
| Debt service | | | |
| Principal | 500,000 | - | (500,000) |
| Interest expense | 150,000 | - | (150,000) |
| Capital outlay | 2,500,000 | 38,800 | (2,461,200) |
| Total expenditures | 21,709,500 | 726,161 | (20,983,339) |
| Excess (deficiency) of revenues over (under) expenditures | (20,173,100) | 899,016 | 21,072,116 |
| Net change in fund balances | $ (20,173,100) | 899,016 | $ 21,072,116 |
| Fund balances - beginning | | (2,189,234) | |
| Fund balances - ending | | $ (1,290,218) | |

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

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - MOTOR FUEL TAX FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| **Revenues** | | | |
| Motor fuel tax | $ 115,360 | $ 114,388 | $ (972) |
| Interest income | 350 | 232 | (118) |
| Total revenues | 115,710 | 114,620 | (1,090) |
| **Expenditures** | | | |
| Current | | | |
| Public works | 250,000 | - | (250,000) |
| Debt Service | | | |
| Principal | 200,000 | 102,000 | (98,000) |
| Interest expense | 150,000 | 16,065 | (133,935) |
| Capital outlay | 1,500,000 | - | (1,500,000) |
| Total expenditures | 2,100,000 | 118,065 | (1,981,935) |
| Excess (deficiency) of revenues over (under) expenditures | $ (1,984,290) | (3,445) | $ 1,980,845 |
| Fund balances - beginning | | 234,763 | |
| Fund balances - ending | | $ 231,318 | |

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

CITY OF TUSCOLA

BUDGETARY COMPARISON SCHEDULE - TOURISM FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual | Over (Under) |
|---|---|---|---|
| **Revenues** | | | |
| Sales taxes - city | $ 190,000 | $ 160,978 | $ (29,022) |
| Fines and fees | 14,850 | 12,777 | (2,073) |
| Interest income | 1,000 | 3,005 | 2,005 |
| Grant income | 13,250 | - | (13,250) |
| Miscellaneous | 500 | 376 | (124) |
| Total revenues | 219,600 | 177,136 | (42,464) |
| **Expenditures** | | | |
| Current | | | |
| Development | 997,000 | 206,389 | (790,611) |
| Capital outlay | 150,000 | - | (150,000) |
| Total expenditures | 1,147,000 | 206,389 | (940,611) |
| Excess (deficiency) of revenues over (under) expenditures | $ (927,400) | (29,253) | $ 898,147 |
| Fund balances - beginning | | 287,831 | |
| Fund balances - ending | | $ 258,578 | |

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

# BUDGETARY COMPARISON SCHEDULE - LIBRARY FUND
For the Year Ended April 30, 2018

| | Original & Final Budget | Actual Actual | Over (Under) |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 142,084 | $ 141,493 | $ (591) |
| Replacement taxes | 8,940 | 8,790 | (150) |
| Fines and fees | 9,000 | 8,225 | (775) |
| Memorial funds | 1,000 | 616 | (384) |
| Interest income | 100 | 1,011 | 911 |
| Miscellaneous | 4,450 | 6,329 | 1,879 |
| Total revenues | 165,574 | 166,464 | 890 |
| **Expenditures** | | | |
| Current | | | |
| Culture and recreation | 740,000 | 152,882 | (587,118) |
| Capital outlay | 100,000 | 18,291 | (81,709) |
| Total expenditures | 840,000 | 171,173 | (668,827) |
| Excess (deficiency) of revenues over (under) expenditures | (674,426) | (4,709) | 669,717 |
| Net change in fund balances | $ (674,426) | (4,709) | $ 669,717 |
| Fund balances - beginning | | 78,094 | |
| Fund balances - ending | | $ 73,385 | |

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

SUPPLEMENTARY INFORMATION

# CITY OF TUSCOLA
Tuscola, Illinois

## Assessed Valuations, Tax Rates, Taxes Extended and Collected
April 30, 2018

| Tax Levy Year | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| Equalized Assessed Valuation | | | | | |
| (not including TIF Districts) | $ 58,847,927 | $ 58,200,770 | $ 57,354,796 | $ 54,831,830 | $ 59,070,133 |
| **Tax Rates** | | | | | |
| (Per $100 Equalized | | | | | |
| Assessed Valuation) | | | | | |
| General corporate | $ 0.1474 | $ 0.1433 | $ 0.1398 | $ 0.1419 | $ 0.1317 |
| Audit | 0.0109 | 0.0105 | 0.0102 | 0.0104 | 0.0096 |
| ESDA | - | - | - | - | - |
| Liability insurance | 0.0867 | 0.0842 | 0.0821 | 0.0832 | 0.0773 |
| Social security | 0.0723 | 0.0702 | 0.0684 | 0.0693 | 0.0644 |
| Fire protection | 0.1579 | 0.1535 | 0.1497 | 0.1520 | 0.1411 |
| Parks | 0.0717 | 0.0697 | 0.0680 | 0.0690 | 0.0641 |
| Police protection | 0.1456 | 0.1415 | 0.1380 | 0.1400 | 0.1300 |
| IMRF | 0.1094 | 0.1063 | 0.1037 | 0.1052 | 0.0977 |
| Library | 0.2512 | 0.2442 | 0.2382 | 0.2419 | 0.2245 |
| Workmans compensation | 0.0489 | 0.0475 | 0.0463 | 0.0469 | 0.0436 |
| Total Tax Rate | $ 1.1020 | $ 1.0709 | $ 1.0444 | $ 1.0598 | $ 0.9840 |
| Equalized Assessed Valuation - | | | | | |
| TIF Districts only | $ 19,572,240 | $ 20,282,421 | $ 18,703,691 | $ 17,739,671 | $ 17,701,197 |
| TIF Districts | $ 8.0444 | $ 8.0426 | $ 8.0521 | $ 7.9005 | $ 7.6942 |
| **Tax Extensions** | | | | | |
| General corporate | $ 86,742 | $ 83,402 | $ 80,182 | $ 77,806 | $ 77,795 |
| Audit | 6,414 | 6,111 | 5,850 | 5,703 | 5,671 |
| ESDA | - | - | - | - | - |
| Liability insurance | 51,003 | 49,005 | 47,088 | 45,620 | 45,661 |
| Social security | 42,547 | 40,857 | 39,231 | 37,998 | 38,041 |
| Road and bridge | 20,000 | 19,788 | 20,132 | 20,178 | 20,970 |
| Fire protection | 92,921 | 89,338 | 85,860 | 83,344 | 83,348 |
| Parks | 42,194 | 40,566 | 39,001 | 37,834 | 37,864 |
| Police protection | 85,683 | 82,354 | 79,150 | 76,765 | 76,791 |
| IMRF | 64,380 | 61,867 | 59,577 | 57,683 | 57,712 |
| Library | 147,826 | 142,126 | 136,619 | 132,638 | 132,612 |
| Workmans compensation | 28,777 | 27,645 | 26,555 | 25,716 | 25,755 |
| TIF Districts | 1,574,471 | 1,631,236 | 1,506,041 | 1,428,382 | 1,387,828 |
| Taxes extended - in total | $ 2,242,958 | $ 2,274,296 | $ 2,125,286 | $ 2,029,668 | $ 1,990,048 |

# CITY OF TUSCOLA
Tuscola, Illinois

## Assessed Valuations, Tax Rates, Taxes Extended and Collected
April 30, 2018

| Tax Levy Year | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **Taxes Collected (continued)** | | | | | |
| General corporate | $ - | $ 83,032 | $ 79,760 | $ 77,726 | $ 77,735 |
| Audit | - | 6,084 | 5,819 | 5,696 | 5,666 |
| Civil defense | $ - | $ - | $ - | $ - | $ - |
| Liability insurance | - | 48,788 | 46,840 | 45,573 | 45,625 |
| Social security | - | 40,676 | 39,024 | 37,959 | 38,012 |
| Road and bridge | - | 19,696 | 20,042 | 20,148 | 20,928 |
| Fire protection | - | 88,943 | 85,407 | 83,258 | 83,283 |
| Park | - | 40,386 | 38,795 | 37,794 | 37,835 |
| Police protection | - | 81,989 | 78,732 | 76,684 | 76,731 |
| IMRF | - | 61,594 | 59,163 | 57,623 | 57,666 |
| Library | - | 141,493 | 135,900 | 132,499 | 132,509 |
| Workmen's compensation | - | 27,523 | 26,415 | 25,689 | 25,734 |
| TIF Districts | - | 1,610,499 | 1,502,729 | 1,410,985 | 1,388,432 |
| Taxes collected | $ - | $ 2,250,703 | $ 2,118,628 | $ 2,011,634 | $ 1,990,156 |
| Percentage of Extensions Collected | 0.00% | 98.96% | 99.69% | 99.11% | 100.01% |