

The Seal of the State of Illinois is a circular emblem. It features an eagle with wings spread, perched on a rock. The eagle holds a shield on its chest and a banner in its beak that reads "STATE SOVEREIGN, NATIONAL UNION". The rock has the date "1818" inscribed on it. The outer ring of the seal contains the text "SEAL OF THE STATE OF ILLINOIS" at the top and "AUG. 20th 1818" at the bottom, separated by two stars.

STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

Name of Municipality:	<u>City of Tuscola</u>	Reporting Fiscal Year:	2021
County:	<u>Douglas</u>	Fiscal Year End:	4/30/2021
Unit Code:	021/040/30		

FY 2021 TIF Administrator Contact Information

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

I attest to the best of my knowledge, that this FY 2021 report of the redevelopment project area(s)
in the **City/Village** of: **Tuscola**
is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and or
Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.].


Written signature of TIF Administrator

7/2021
Date

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

FILL OUT ONE FOR EACH TIF DISTRICT

[illegible]

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

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

FY 2021

Name of Redevelopment Project Area (below):

City of Tuscola - Amishland TIF Area - TIF 2

Primary Use of Redevelopment Project Area*: Retail

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

If "Combination/Mixed" List Component Types:

Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):

Tax Increment Allocation Redevelopment Act

X

Industrial Jobs Recovery Law

Please utilize the information below to properly label the Attachments.

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

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d))**Provide an analysis of the special tax allocation fund.****FY 2021****City of Tuscola - Amishland TIF Area - TIF 2**Special Tax Allocation Fund Balance at Beginning of Reporting Period

\$	77,431
----	--------

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ 54,574	\$ 1,758,463	100%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 172	\$ 1,864	0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources			0%
Private Sources			0%
			0%

All Amount Deposited in Special Tax Allocation Fund

\$	54,746
----	--------

Cumulative Total Revenues/Cash Receipts

\$	1,760,326	100%
----	-----------	------

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)

\$	108,363
----	---------

Transfers to Municipal Sources

\$	-
----	---

Distribution of Surplus

--	--

Total Expenditures/Disbursements

\$	108,363
----	---------

Net/Income/Cash Receipts Over/(Under) Cash Disbursements

\$	(53,617)
----	----------

Previous Year Adjustment (Explain Below)

\$	-
----	---

FUND BALANCE, END OF REPORTING PERIOD*

\$	23,814
----	--------

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

Previous Year Explanation:

FY 2021

TIF NAME:

City of Tuscola - Amishland TIF Area - TIF 2

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
(by category of permissible redevelopment project costs)

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
		\$ -
2. Annual administrative cost.		
		\$ -
3. Cost of marketing sites.		
		\$ -
4. Property assembly cost and site preparation costs.		
Site Costs	20	
		\$ 20
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of existing public or private building, leasehold improvements, and fixtures within a redevelopment project area.		
Tuscola Packaging Dock Construction	108,343	
		\$ 108,343
6. Costs of the construction of public works or improvements.		
		\$

SECTION 3.2 A

PAGE 2

7. Costs of eliminating or removing contaminants and other impediments.

\$ -

8. Cost of job training and retraining projects.

\$ -

9. Financing costs.

\$ -

10. Capital costs.

\$ -

11. Cost of reimbursing school districts for their increased costs caused by TIF assisted housing projects.

\$ -

12. Cost of reimbursing library districts for their increased costs caused by TIF assisted housing projects.

\$ -

SECTION 3.2 A

PAGE 3

13. Relocation costs.		
		\$ -
14. Payments in lieu of taxes.		
		\$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		\$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
		\$ -
17. Cost of day care services.		
		\$ -
18. Other.		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 108,363

FY 2021

TIF NAME:

City of Tuscola - Amishland TIF Area - TIF 2

Optional: Information in the following sections is not required by law, but would be helpful in creating fiscal transparency.

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

[illegible]

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

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

FY 2021

TIF NAME:

City of Tuscola - Amishland TIF Area - TIF 2

FUND BALANCE BY SOURCE

\$ 23,814

Amount of Original Issuance	Amount Designated
--------------------------------	-------------------

1. Description of Debt Obligations

Total Amount Designated for Obligations

\$ - \$ -

2. Description of Project Costs to be Paid

Lot Development		\$ 500,000

Total Amount Designated for Project Costs

\$ 500,000

TOTAL AMOUNT DESIGNATED

\$ 500,000

SURPLUS/(DEFICIT)

\$ (476,186)

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

FY 2021

TIF NAME:

City of Tuscola - Amishland TIF Area - TIF 2

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

X

Check here if no property was acquired by the Municipality within the Redevelopment Project Area.

Property Acquired by the Municipality Within the Redevelopment Project Area.

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

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

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

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

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

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

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

Property (8):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 20 ILCS 620/4.7 (7)(F)

PAGE 1

FY 2021

TIF Name:

City of Tuscola - Amishland TIF Area - TIF 2

Page 1 is to be included with TIF report. Pages 2 and 3 are to be included **ONLY** if projects are listed.Select **ONE** of the following by indicating an 'X':

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

2. The Municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	X
2a. The total number of ALL activities undertaken in furtherance of the objectives of the redevelopment plan:	3

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

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 3,139,141	\$ -	\$ 3,139,141
Public Investment Undertaken	\$ 1,979,910	\$ -	\$ 1,979,910
Ratio of Private/Public Investment	1 24/41		1 24/41

*PROJECT NAME TO BE LISTED AFTER PROJECT NUMBER

Project 1*: Amishland Country Acres

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

Project 2*: Tuscola Boulevard Extension

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

Project 3*: Tuscola Packaging Group, LLC

Private Investment Undertaken (See Instructions)	\$ -		\$ -
Public Investment Undertaken	\$ 108,343		\$ 108,343
Ratio of Private/Public Investment	0		0

Project 4*:

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

Project 5*:

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

Project 6*:

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

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. ***even though optional MUST be included as part of the complete TIF report**

SECTION 6
FY 2021

TIF NAME: City of Tuscola - Amishland TIF Area - TIF 2

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

project area was designated	Base EAV	Reporting Fiscal Year EAV
1998	\$ 22,380	\$ 712,955

List all overlapping tax districts in the redevelopment project area.

If overlapping taxing district received a surplus, list the surplus.

 X Check if the overlapping taxing districts did not receive a surplus.

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

SECTION 7

Provide information about job creation and retention:

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

SECTION 8

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

--

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



City of **Tuscola**

MEMBER OF THE ILLINOIS MUNICIPAL LEAGUE

Daniel J. Kleiss
Mayor

J. Drew Hoel
City Administrator

Beth Leamon
City Clerk

Alta Long
City Treasurer

October 7, 2021

Attachment B

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

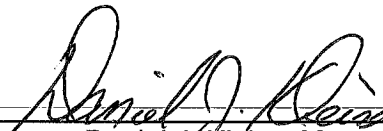
Re: City of Tuscola – Tax Increment Financing District
Amishland TIF Area – TIF No. 2

Dear Sir or Madam:

I, Daniel J. Kleiss, am the duly elected Chief Executive Officer of the City of Tuscola, County of Douglas, State of Illinois, and, as such, do hereby certify that the City of Tuscola has complied with all requirements pertaining to the Tax Increment Allocation Redevelopment Act during the most recent Municipal Fiscal Year (May 1, 2020 through April 30, 2021.)

10/7/21

Date


Daniel J. Kleiss, Mayor

BECKETT LAW OFFICE, P.C.
Attorneys at Law

Chad S. Beckett
Andrew W. B. Bequette

Andrew W. Hall
Audrey C. Thompson

Of Counsel
J. Steven Beckett

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

October 25, 2021

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

Please reply to Tuscola Office

Attachment C

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

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

Greetings:

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

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

Very truly yours,

Andrew W.B. Bequette

Andrew W. B. Bequette,
City Attorney

AWBB/awbb

pc: The City of Tuscola

**STATEMENT OF ACTIVITIES
FURTHERING OBJECTIVES OF THE
REDEVELOPMENT PLAN**

**AMISHLAND TIF AREA
Tuscola, IL**

A. Redevelopment Plan Objectives

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

1. Project Wide Objectives:
 - a. Reduce or eliminate those conditions which qualify the Redevelopment Project Area as eligible for tax increment financing by carrying out the Redevelopment Plan, including installing the needed public improvements stated herein.
 - b. Enhance the real estate tax base for the City and all other taxing districts, which extend into the Redevelopment Project Area through the implementation and completion of the activities identified herein.
 - c. Encourage and assist private investment within the Redevelopment Area through the provision of financial assistance for new development as permitted by the State of Illinois Tax Increment Allocation Redevelopment Act.
 - d. Improve the overall environment of the Area, including public safety and security measures, so as to encourage new investment wherever possible in a manner that is compatible with surrounding land uses.

- e. Provide for safe and efficient traffic circulation, facilitate effective emergency response time and accessibility, and general access within the Redevelopment Area.
- f. Complete all public and private actions required in this Redevelopment Plan in an expeditious manner.

B. Activities Undertaken/Projects Completed

- 1. Tuscola Packaging Group leased the vacant, primary building within the redevelopment project area and invested in building improvements to relocate and expand their operation.
- 2. Amity Landscaping began operations in a portion of the Tuscola Packaging Group building.
- 3. The City provided grant funds for the installation of loading docks and related improvements.

REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (the "Agreement") is entered into on the date and by execution shown hereafter, by and between the **City of Tuscola**, a home rule Illinois Municipal Corporation (hereinafter referred to as the "City") and **Tuscola Packaging Group, LLC**, an Illinois Limited Liability Company of 211 East Buckner Street, Tuscola, Illinois, (hereinafter collectively referred to as "Developer").

WHEREAS, Developer is the lessee of the property located at 1304 Tuscola Boulevard, Tuscola, Illinois (the "Property") as shown on the attached **Exhibit A** which is located within the boundaries of Tuscola's Amishland TIF Area #2 Redevelopment Project Area (also referred to as "TIF Area"); and

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

WHEREAS, Developer and the City propose a program (hereinafter the "Project") to revitalize, expand and/or improve the Property pursuant to the TIF Act, as more fully described and set forth in the attached **Exhibit B**; and

WHEREAS, Developer and the City agree that the work required on the Property in order to accomplish the Project cannot be accomplished without financial assistance from the TIF Area; and

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

WHEREAS, the City is authorized to provide such financial assistance under the provisions of the TIF Act and the various City of Tuscola Ordinances that established the TIF Area pursuant to the Act; and

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

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

SECTION 2. PRIOR AGREEMENTS. That Developer has commenced with work under this Agreement; which work is consistent with this Agreement. Further, that Developer commenced the Project with the understanding that a portion of the work was to be reimbursed or otherwise financially assisted pursuant to this Agreement to be executed between the City and Developer. Nothing in this Agreement shall amend, replace, modify, or extend any other Agreement the parties may have entered into with each other or other individuals or entities concerning the Property

SECTION 3. PROJECT AND MUTUAL OBLIGATIONS. That the City agrees to reimburse or otherwise assist Developer with costs incurred in connection with accomplishing the Project as set forth below. Developer will be compensated from, and only from, the ad valorem real property taxes and sales taxes generated pursuant to State law and the TIF Act ("tax increment") as approved by the City. Tax increment revenues, if any, paid in respect to the subject Property will be paid by the City to Developer, subject to conditions stated herein.

3.1 Developer Obligations:

a. Developer covenants that the Project shall be constructed pursuant to a design which first must be acceptable to the City and Developer shall obtain at least three estimates from reputable contractors and provide them to the City. The authorized agent acting on behalf of the City is the City Administrator or his or her designee. Said design must include, but is not necessarily limited to, not only a rendering of the end result, but also a list of specifications such as material type, colors, and construction methods.

b. Developer agrees to commence the Project within 60 days of initial design approval from the City, and to proceed diligently to the completion of the same, but in no event to be completed in not less than 6 months from the date hereof.

c. Developer shall obtain and comply with any and all necessary building, electrical, demolition, sign, and other applicable and required permits from the City and shall pay all fees associated therewith. City acknowledges that the project area is appropriately zoned for a commercial Project with public and private parking as described in the Project plans and specifications.

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

e. Developer guarantees and covenants that reimbursements herein shall only be applied for the uses intended as set forth herein and for the Project and at the Property as defined herein.

f. Notwithstanding any other provision of this Agreement to the contrary, the Developer shall not directly or indirectly convey any part of the Property to a party that is exempt from the payment of real property taxes under Illinois law. No owner or tenant with respect to all or any part of the Development Area shall be exempt from the payment of real property taxes during the term of this Agreement and each sale or lease agreement and conveyance document shall contain a provision to this effect. This shall be a covenant running with the land related to the Property until December 31, 2021 when the TIF district expires, at which time the restriction on re-conveyance shall expire. This restriction may be cancelled in whole or in part with the prior written consent of the City, which shall not be unreasonably withheld.

g. Developer shall pay, when due, all taxes and assessments on said premises.

h. Developer shall insure the Property, now, or hereafter, against loss by fire, lightning, destruction, Act of God, and other casualties commonly found in special form commercial property policies, excluding flood and mine subsidence, in an amount not less than the appraised value of the building as it exists on this date and any funds paid to Developer by the City of Tuscola with a good and reputable insurance company, and con-

taining a loss payable clause unto the City of Tuscola. In the event of damage, Developer shall use insurance proceeds to rebuild the property and shall comply with this Agreement. It is further agreed and understood that in the event of a loss or destruction of the premises during the construction period or during the first three years of operating the business, if the destruction is so catastrophic that the Developer does not rebuild, the City shall be reimbursed all of its investment in this Property. In the event that developer provides the City with a written notice within 90 days of the catastrophic event, Act of God, deterioration or structural failure that it has elected to rebuild the Property, then the City's obligations to make payments will be suspended until such time as the Property has been reconstructed or repaired to the same or better condition as it existed prior to the date of the catastrophic event, Act of God, deterioration or structural failure. During said reconstruction period, the City will have no obligations under this Agreement and no further reimbursable redevelopment project costs will accrue. In no event will this Agreement extend beyond December 31, 2021, even if the Agreement was suspended during some reconstruction period.

i. Except as stated otherwise herein, Developer shall pay approximately 61% of the expenses of the Project, represented to be \$190,000.00 of Developer's own funds to finance the project, separate and apart from the grant from the City. Developer shall spend approximately the amounts detailed on Exhibit B on the expenditures detailed on Exhibit B.

j. Developer shall provide the City with proof of all of its payments and expenses for the project as well as proof of its loans or financing for the project. Developer shall authorize its financiers or bankers to provide information to the City.

3.2 City Obligations:

a. GRANT. City shall reimburse Developer up to \$120,000 for eligible redevelopment project costs subject to the provisions and terms herein. It is agreed and understood that there is dollar-limit flexibility between the elements of the project as defined below, and that funds may be applied to other, ancillary elements of the Project, provided that said elements are within the scope of the design approved pursuant to Section 3.1.a hereinabove:

Loading Docks	\$100,000
Electrical Upgrades	\$10,000
Interior Demolition and Remodel	\$10,000

3.3 Redevelopment Project Costs: "Redevelopment project costs" mean and include the sum total of all reasonable or necessary costs incurred including any such costs incidental to a redevelopment plan and a redevelopment project. Such applicable redevelopment project costs for this Project, include, without limitation, the following:

a. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services, provided however that no charges for professional services may be based on a percentage of the tax increment collected; except that on and after November 1, 1999

(the effective date of Public Act 91-478), no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of 3 years.

In addition, "redevelopment project costs" shall not include lobbying expenses. After consultation with the municipality, each tax increment consultant or advisor to a municipality that plans to designate or has designated a redevelopment project area shall inform the municipality in writing of any contracts that the consultant or advisor has entered into with entities or individuals that have received, or are receiving, payments financed by tax increment revenues produced by the redevelopment project area with respect to which the consultant or advisor has performed, or will be performing, service for the municipality. This requirement shall be satisfied by the consultant or advisor before the commencement of services for the municipality and thereafter whenever any other contracts with those individuals or entities are executed by the consultant or advisor;

b. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;

c. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the

implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;

d. Costs of the construction of public works or improvements, except that on and after November 1, 1999, redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building.

e. Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;

f. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;

g. Costs of job training, retraining, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area.

h. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

- (1) such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
- (2) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
- (3) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (h) then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
- (4) the total of such interest payments paid pursuant to this Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.

3.4 Eligible Costs: That Developer will be reimbursed only for eligible “redevelopment project costs” as itemized in the Redevelopment Plan of the TIF Area and as defined in the TIF Act and this Agreement as described in Subsection 3.3.

3.5 Maximum Payments: Payments to Developer shall not exceed \$120,000.00.

- 3.6 Request for Reimbursement: Developer shall submit to the City Administrator a written statement in the form attached to this Agreement as **Exhibit C ("Request for Reimbursement")** setting forth the amount of reimbursement requested and the specific redevelopment project costs for which reimbursement is being sought. Each request for reimbursement shall be accompanied by such bills, invoices, lien waivers, or other evidence as the City shall reasonably require documenting the right of Developer to be reimbursed under provisions of this Agreement. Approval is subject to the eligibility of said project cost as defined under the TIF Act and itemized in the 2003 Amendment to the TIF Plan and other provisions of this Agreement.
- 3.7 Availability of Funds: In the event that there are insufficient funds in the Special Tax Allocation Fund to pay the approved reimbursable amount, when due, the amount owed to Developer may be paid from collections of tax increment funds in subsequent years.
- 3.8 No Interest Payment Liability: There shall be no interest charged to the City or due to Developer pursuant to payments to be made by the City per this Agreement at any time, and no interest shall ever be paid to Developer from the City pursuant to this Agreement, irrespective of whether or not the City is delinquent or otherwise tardy in making payments required hereunder.
- 3.9 City Obligation: The City's obligation to reimburse Developer under this agreement is a limited obligation payable solely from incremental retail sales taxes generated at and real estate taxes derived from assessments on the Property and deposited in the Special Tax Allocation Fund for the TIF Area.

3.10 Tax Liability: The City shall provide Developer with an IRS Form 1099-Misc, or subsequent replacement form, for applicable reimbursements made hereunder. Developer shall be solely responsible for documenting its payments to contractors, subcontractors, materialmen, suppliers, or other vendors incurred for the Project, and for providing IRS Forms 1099, or subsequent replacement form, to them as appropriate. Developer shall be solely responsible for determining what, if any, tax liability it has incurred by receipt of reimbursements herein and for payment of the same.

SECTION 4. TIF ACT AMENDMENTS. The parties expressly understand and agree that all payments provided for in this Agreement shall be at all times subject to the requirements and restrictions of the TIF Act.

SECTION 5. "BUT FOR" TIF CERTIFICATION. Developer certifies that without the commitment from the City to reimburse them for a portion of the cost of improving the subject Property and accomplishing the Project as above referenced, it will not be able to proceed with the Project.

SECTION 6. ENTIRE AGREEMENT. This document and exhibits hereto contain the entire agreement between Developer and the City as to this Agreement and its burdens and benefits shall inure to the benefit of, and shall be binding upon the parties hereto and their respective heirs, executors, successors, and assign. This Agreement may be recorded as set forth below, and may be modified only by written amendment signed by Developer and the City, and in a manner consistent with the TIF Act, which amendment shall become effective upon recording by either party in the Recorder's Office in Douglas County, Illinois.

SECTION 7. ASSIGNMENT. Developer may assign the rights, duties, and obligations of this Agreement only with the prior written consent of the City (which consent may not unreasonably be withheld).

SECTION 8. WARRANTIES OF THE CITY. The City represents and warrants to Developer that it is empowered and authorized to execute and deliver this Agreement and to render and deliver the assistance described herein upon proof of eligible "redevelopment project costs" pursuant to provisions of this Agreement and the Act, and to execute and deliver all other agreements and documents, if any, required hereunder to be executed and delivered by the City. This Agreement has been, and each such document at the time it is executed and delivered will be, duly executed and delivered on behalf of the City pursuant to its legal power and authority to do so. When executed and delivered to Developer, all such agreements shall constitute a legal, valid, and binding obligation of the City, enforceable in accordance with the terms of all such agreements.

SECTION 9. WARRANTIES OF DEVELOPER.

- 9.1 Developer represents and warrants to the City that Developer is duly organized and existing under the laws of the State of Illinois and that all proceedings of Developer necessary to authorize the negotiation and execution of this Agreement and the consummation of the transactions contemplated by this Agreement have been taken in accordance with applicable law.
- 9.2 Developer represents and warrants to the City that this Agreement has been duly authorized, executed, and delivered by Developer, and will be enforceable against Developer by its terms, except to the extent that such enforceability shall be limited by bankruptcy, or solvency, or similar laws of general application affecting the enforcement of creditor rights, and by equitable principles.
- 9.3 Developer represents and warrants to the City that the execution and

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

SECTION 10. DEFAULT. In the event of any default in or breach of any term or condition of this Agreement by either party, or any successor or assignee, the defaulting or breaching party (or successor or assignee) shall, upon written notice from the other party, proceed immediately to cure or remedy such default or breach, and shall, in any event, within thirty (30) days after receipt of the notice, commence to cure or remedy such default. Prior to taking action against one another, the parties must meet, or attempt to schedule a meeting, either in person or by telephone, in good faith to resolve the items of default or breach without resolution.

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

Remedies shall include, but not be limited to, proceedings to compel specific performance by the defaulting or breaching party. The prevailing party in such proceedings shall be entitled to reimbursement of such party's reasonable legal fees and expenses. The venue for proceedings shall be the Sixth Judicial Circuit Court of Illinois, Douglas County, and the Agreement will be interpreted pursuant to the laws of the State of Illinois.

SECTION 11. NON-DISCRIMINATION. Developer agrees that neither the Property nor any portion thereof, shall be sold to, leased, or used by Developer in a

manner to permit discrimination or restriction on the basis of race, creed, ethnic origin or identity, race, color, gender, sexual orientation, religion, marital status, age, handicap, or national origin, and that the development of and construction and operations on the Property shall be in compliance with all effective laws, ordinances, and regulations relating to discrimination on any of the foregoing grounds.

SECTION 12. HOLD HARMLESS. Developer shall indemnify and hold harmless the City of Tuscola, its agents, consultants, officers, and employees against all injuries, deaths, losses, damages, claims, suits, liabilities, judgments, costs, and expenses (including any liabilities, judgments, costs and reasonable attorneys' fees) which may arise directly or indirectly from the failure of Developer or any contractor or agent or employee thereof (so long as such contractor, subcontractor, or agent or employee thereof is hired by Developer) to timely pay any contractor, subcontractor, laborer or material man, from any default or breach of the terms of this Agreement by Developer, or from any negligence or reckless or willful misconduct of Developer or any contractor, subcontractor agent or employee thereof (so long as such contractor, subcontractor or agent or employee is hired by Developer). Developer shall, at Developer's own cost and expense, appear, defend and pay all charges of attorneys' costs, and other expenses arising therefrom or incurred in connection therewith. If any judgment shall be rendered against the City of Tuscola, its agents, consultants, officers, officials or employees on any such action, Developer shall, at Developer's own expense, satisfy and discharge the same. This paragraph shall not apply and Developer shall have no obligation whatsoever, with respect to any acts of negligence or reckless or willful misconduct on the part of the City or any of its officers, agents, employees or contractors. The Illinois Prevailing Wage Act, 820 ILCS 120/0.01 et. seq. has been substantially amended and Developer is advised to familiarize itself with the requirements of the statute. Developer shall comply with the Illinois Prevailing Wage Act and any amendments to said Act and shall cooperate with the City's efforts to guarantee compliance with the Illinois Prevailing Wage Act, particularly as amendments to the Prevailing Wage Act went into effect on January 1,

2010. In not limiting the foregoing, Developer shall also indemnify and hold harmless the City, its agent, officers and employees against all damages, claims, suits, liabilities, judgments, fines, penalties, cost and expenses which may arise directly or indirectly from any violation of the Illinois Prevailing Wage Act, 820 ILCS 120/0.01 et. seq., in connection with the Project.

SECTION 13. TERMINATION. In the event of a termination, neither party will have any duties or obligations to the other and no future payments hereunder will be made except that Developer shall still be bound to repay its loan, if any, pursuant to the terms of its promissory note. In addition, in the event of a termination, Developer is obligated to repay the grant proceeds it has received under the following conditions:

- 13.1 Termination Without Repayment: In the following events of termination, there will not be a recapture of grant funds already reimbursed to Developer by the City:
- a. The expiration of the TIF district in which the Property is located on December 31, 2021.
 - b. The termination or invalidation of the City of Tuscola TIF District in which the Property is located.
 - c. An amendment to the TIF Act or other state or federal law that prevented the City from complying with this Agreement or which so drastically changed the state of the law that the City would be severely disadvantaged or prejudiced if it were required to comply with this Agreement.
 - d. A court of competent jurisdiction finding that the City does not have the legal authority to enter into or comply with this Agreement.

e. Any catastrophic event or Act of God which resulted in the City being unable to meet its obligations under this Agreement.

13.2 Termination With Repayment: The City shall not seek a repayment or recapture of Grant Funds distributed to Developer except:

a. in instances where the money disbursed to the Developer was not used for the project or on the Property;

b. in the event of fraud or other misuse of City funds. In those instances of money not being used on the project, fraud, or a misuse of funds, there will be a recapture of funds already reimbursed to Developer by the City, with reimbursement of all funds not used for the Project or on the Property or which were fraudulently obtained or used by Developer. In the event of a recapture Developer does hereby guarantee to make full payment to the City within 30 days of a written demand by the City.

c. In the event of a loss or destruction of the premises so catastrophic that the Developer does not rebuild, the City shall be reimbursed as described above.

d. Developer covenants unto City that it intends to retain ownership of the property and to occupy the building for the operation of a commercial business and that it is not Developer's intention to use the money paid to Developer herein to remodel the building and then resell the same to a third party. To secure this covenant, Developer and City agree that if the

building is sold to a third party for an amount greater than 130% (one-hundred thirty percent) of the original tax basis of the developer's investment in the building, then there shall be a rebate of the money paid to Developer based upon the following schedule: if sold within one year of the date of the money paid to Developer, there shall be a 75% rebate of the total of the amount already paid to Developer; if sold after one year from the date of the money paid to Developer but within two years of the date of the date of the money paid to Developer, then there shall be a 50% rebate of the total of the amount already paid to Developer; and if sold after two years from the date of the money paid to Developer but within three years of the date of the money paid to Developer, then there shall be a 25% rebate of the total of the amount already paid to Developer. Further, City and Developer agree that if during the three years following the start of business at the Property if the business operation ceases for a period in excess of ninety days, then this agreement shall be null and void and of no further force and effect, and there shall be a rebate of the money heretofore paid based upon the timeline and percent established herein for the sale of the business, being 75% within one year of the date of the money paid to Developer, 50% after one year but within two years from the date of the money paid to Developer and 25% after two years but within three years of the date of the date of the money paid to Developer.

SECTION 14. NOTICES. Any notice required or permitted hereunder shall be in writing, signed by the party giving the notice, and shall be deemed given when (a) hand delivered to the party to whom the notice is addressed; (b) mailed by certified mail,

return receipt requested, United States mail, postage prepaid; or (c) delivered by overnight courier delivery service (i.e., Federal Express, UPS, etc.) and addressed to the party at the address shown as follows:

To Developer:
Attention: Zena Onstott
1304 Tuscola Boulevard
Tuscola, IL 61953

To The City:
Attention: City Administrator
214 N. Main St.
Tuscola, IL 61953

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

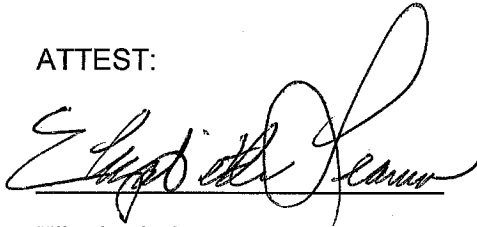
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on this 14th day of June 2021.

CITY OF TUSCOLA, ILLINOIS



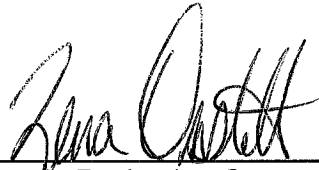
Daniel J. Kleiss, Mayor

ATTEST:



Elizabeth A. Leamon, City Clerk

DEVELOPER



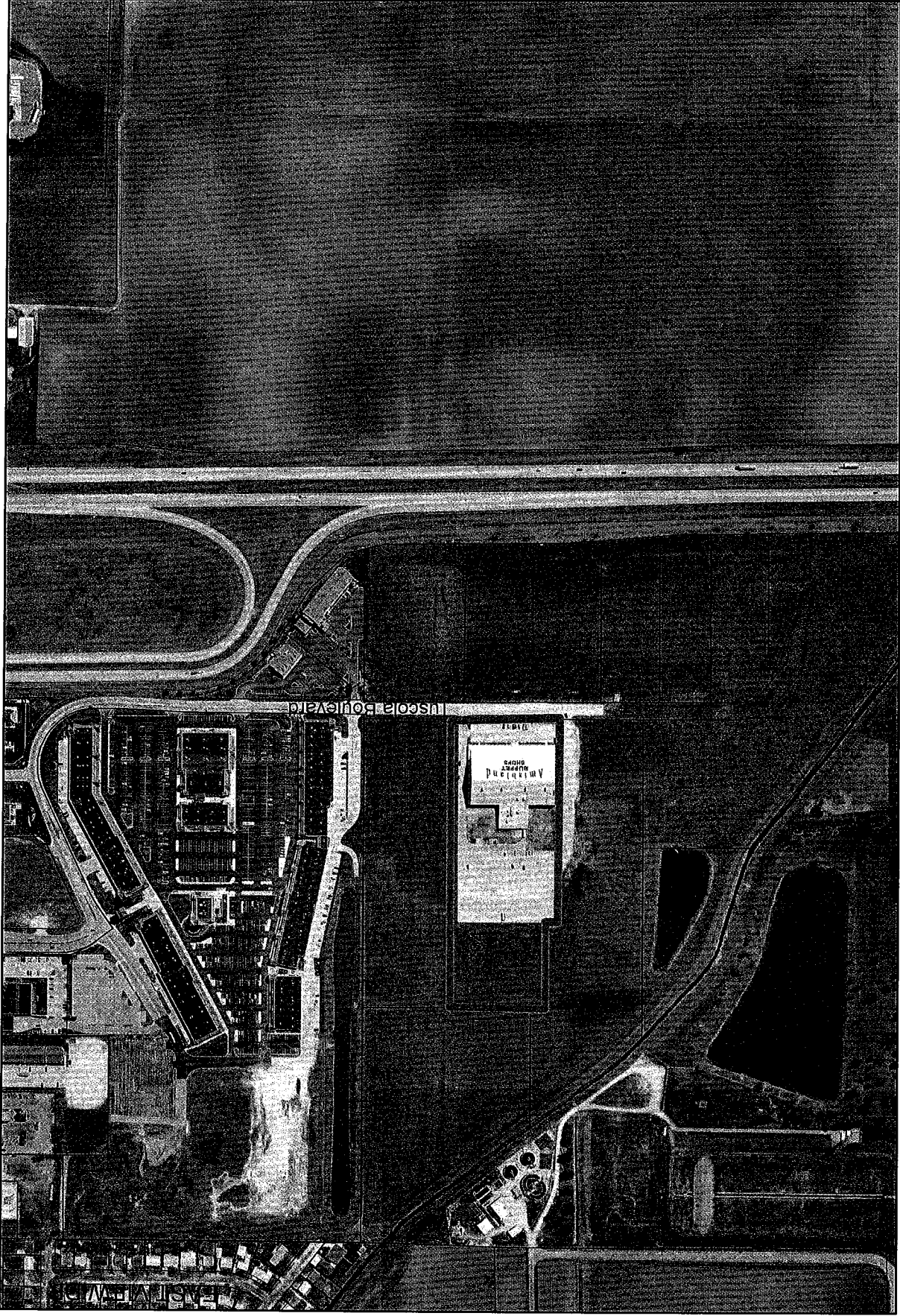
Tuscola Packaging Group, LLC, an Illinois Limited Liability Company, pursuant to a resolution duly adopted by its members and pursuant to authority of its operating agreement

Attest:

Attachments:

- Exhibit A – Property Location Map
- Exhibit B – Project description, plans, specifications, and renderings
- Exhibit C – Request for Reimbursement

Exhibit A



October 8, 2020

Chuck Campbell
Tuscola, IL

Re: Dock Addition
Project #20102
Proposal #2

We propose to provide construction services for your project as follows;

1. General Conditions to include; supervision, layout, disposals, and cleanup.
2. Demolition to include; remove siding and cut to allow access to new dock area and cut in and trim for 12' x 14' door.
3. New construction to include, building foundations, dock building (10' x 50') with four (4) docks, with mechanical dock levelers, dock pit, dock bumpers, hook restraints, foam dock seals, overhead dock doors, new 12' x 14' overhead door concrete dock with retaining walls, 54' x 80' x 8" slab on grade dock floor with drain pit, steel guard rail on dock wall and an additional 21'-11" x 90' x 8" slab on grade to access 12' x 14' overhead door.
4. Plumbing to include; dock sump pit.
5. Sprinkler to include; relocate drain and heads in area of proposed new dock and overhead door area.

Total Cost of this Proposal **\$ 241,019.00**

Option #1 Hydraulic Dock Leveler **ADD \$ 4,851.00**

Option # 2 Electrical **ADD \$ 13,123.00**

PROPOSAL EXCLUSIONS:

- Prevailing wage rates
- Premium wages and overtime wages
- Builders Risk Insurance
- Any mold, lead, or asbestos remediation work and testing
- Utilities

This proposal is good until March 15, 2020

We appreciate the opportunity to provide this proposal for your construction service needs. If you have any questions or concerns, please feel free to contact me to discuss.

Respectfully submitted,

Ken Campton, Project Manager
AKRA Builders, Inc.

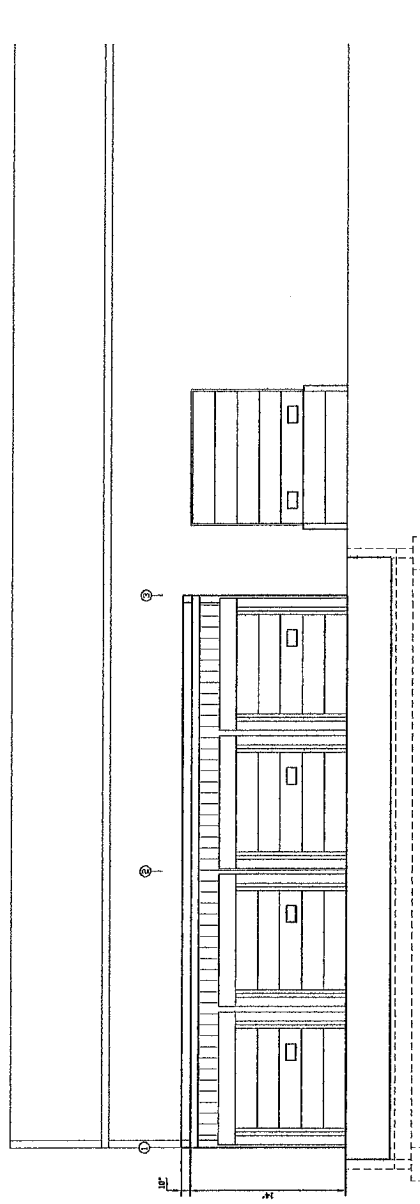
CAMPBELL TUSCOLA

REVISIONS

NO.	DESCRIPTION	DATE

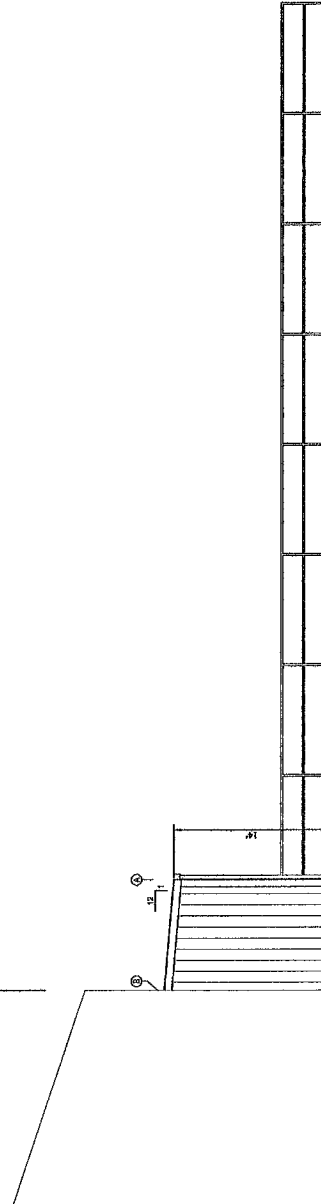
ELEVATIONS

A0201

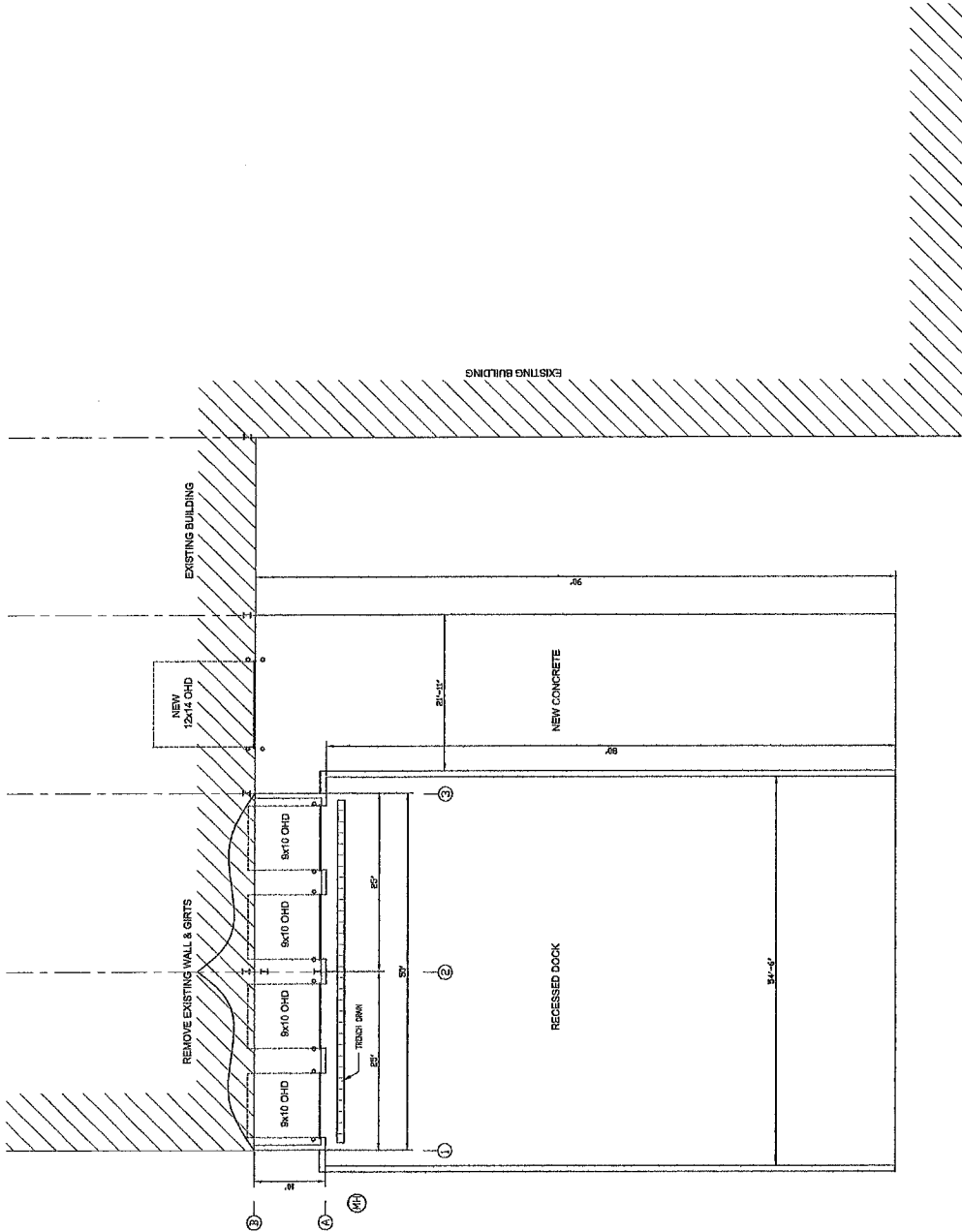


PROPOSED WEST ELEVATION
SCALE 3/8"=1'-0"

EXISTING BUILDING | PROPOSED ADDITION



PROPOSED NORTH ELEVATION
SCALE 3/8"=1'-0"



PROPOSED FLOOR PLAN
SCALE: 1/8" = 1'-0"

CITY OF TUSCOLA
Tuscola, Illinois
ANNUAL FINANCIAL REPORT
April 30, 2021



TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Statement of Net Position	15
Statement of Activities.....	17
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Position – Fiduciary Funds.....	27
Statement of Revenues, Expenditures, and Changes in Net Position – Fiduciary Funds	27
Notes to Basic Financial Statements	28
Required Supplementary Information	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	57
Schedule of Employer Contributions	58

TABLE OF CONTENTS

Page

Required Supplementary Information (continued)

Budgetary Comparison Schedule – General Fund	60
Budgetary Comparison Schedule – Tax Increment Financing Fund	66
Budgetary Comparison Schedule – Motor Fuel Tax Fund.....	67
Budgetary Comparison Schedule – Tourism Fund	68
Budgetary Comparison Schedule – Library Fund	69
Notes to Required Supplementary Information	70

Other Supplementary Information

Equalized Assessed Valuations, Tax Rates, Taxes Extended and Collected	71
--	----

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, 2021, 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.

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, 2021, 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 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 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
October 1, 2021

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

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, 2021.

Financial Highlights

- The assets of the City of Tuscola exceeded its liabilities at the close of the most recent fiscal year by \$43,679,133 (*net position*).
- The City's total net position increased by \$2,512,021 during the year compared to last fiscal year's net position.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,768,474. Of this amount, \$4,074,876 is not specifically assigned to a particular use so it is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,894,952.
- City of Tuscola's total debt decreased by \$278,451 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).

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

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 15-17 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 18-23 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.

CITY OF TUSCOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Custodial funds. Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Tuscola's own programs. The City of Tuscola maintains two custodial 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 City terminated the Section 125 Fund during the fiscal year ending April 30, 2021 due to a lack of interest among eligible employees. The accounting used for custodial funds is much like that used for proprietary funds. The basic custodial fund financial statement can be found on page 27 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 28-56 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 57-70 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 \$43,679,133 at the close of the most recent fiscal year.

The largest portion of the City of Tuscola's net position (79 *percent*) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Tuscola uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Tuscola's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table reflects the condensed Statement of Net position.

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

Summary of City of Tuscola's Net Position

	Governmental Activities 2021	Governmental Activities 2020	Business-Type Activities 2021	Business-Type Activities 2020	Total 2021	Total 2020
Current and Other Assets	\$ 11,032,694	\$ 9,846,430	\$ 2,999,425	\$ 2,534,010	\$ 14,032,119	\$ 12,380,440
Net Pension Asset	743,708	120,984	-	-	743,708	120,984
Capital Assets	26,087,455	23,685,773	8,663,573	8,937,350	34,751,028	32,623,123
Total Assets	<u>\$ 37,863,857</u>	<u>\$ 33,653,187</u>	<u>\$ 11,662,998</u>	<u>\$ 11,471,360</u>	<u>\$ 49,526,855</u>	<u>\$ 45,124,547</u>
Deferred Outflow of Resources	\$ 518,236	\$ 681,372	\$ -	\$ -	\$ 518,236	\$ 681,372
Defer'd Outflows of Resources	<u>\$ 518,236</u>	<u>\$ 681,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,236</u>	<u>\$ 681,372</u>
Long-term Liabilities	\$ 46,372	\$ 146,029	\$ 858,409	\$ 924,161	\$ 904,781	\$ 1,070,190
Other Liabilities	2,027,719	223,250	241,187	197,423	2,268,906	420,673
Total Liabilities	<u>\$ 2,074,091</u>	<u>\$ 369,279</u>	<u>\$ 1,099,596</u>	<u>\$ 1,121,584</u>	<u>\$ 3,173,687</u>	<u>\$ 1,490,863</u>
Deferred Inflows of Resources						
Def Inflows rel to Pensions	\$ 1,143,943	\$ 1,002,189	\$ -	\$ -	\$ 1,143,943	\$ 1,002,189
Unavai. Rev. - Grant	-	146,070	-	-	-	146,070
Unavai. Rev. - Property Taxes	2,048,328	1,999,685	-	-	2,048,328	1,999,685
Total Defer'd Inflows of Res.	<u>\$ 3,192,271</u>	<u>\$ 3,147,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,192,271</u>	<u>\$ 3,147,944</u>
Net Position:						
Net Invest. in Capital Assets	\$ 26,087,455	\$ 23,477,773	\$ 7,747,151	\$ 7,953,216	\$ 33,834,606	\$ 31,430,989
Restricted	692,373	775,865	255,537	243,549	947,910	1,019,414
Unrestricted	6,335,903	6,563,698	2,560,714	2,153,011	8,896,617	8,716,709
Total Net Position	<u>\$ 33,115,731</u>	<u>\$ 30,817,336</u>	<u>\$ 10,563,402</u>	<u>\$ 10,349,776</u>	<u>\$ 43,679,133</u>	<u>\$ 41,167,112</u>

An additional portion of the City of Tuscola's net position (\$692,373) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net position, *unrestricted net position* (\$6,335,903) 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.

CITY OF TUSCOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

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

City of Tuscola's Revenues, Expenses and Net Position

	Governmental Activities 2021	Governmental Activities 2020	Business-Type Activities 2021	Business-Type Activities 2020	Total 2021	Total 2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 112,902	\$ 176,427	\$ 1,716,365	\$ 1,704,482	\$ 1,829,267	\$ 1,880,909
Grants & Contributions	1,416,468	117,844	154,804	-	1,571,272	117,844
General Revenues:						
Property Taxes	2,000,227	1,967,096	-	-	2,000,227	1,967,096
Sales Taxes	1,545,281	1,505,329	-	-	1,545,281	1,505,329
Income Taxes	543,793	440,765	-	-	543,793	440,765
Replacement Taxes	64,203	51,634	-	-	64,203	51,634
Motor Fuel Taxes	160,402	165,319	-	-	160,402	165,319
Video Gaming Taxes	91,252	90,577	-	-	91,252	90,577
Investment Earnings	19,913	145,358	4,330	33,279	24,243	178,637
Investment Impairment	80	2,661	-	-	80	2,661
Miscellaneous	91,630	87,297	13,888	7,824	105,518	95,121
Total Revenues	<u>6,046,151</u>	<u>4,750,307</u>	<u>1,889,387</u>	<u>1,745,585</u>	<u>7,935,538</u>	<u>6,495,892</u>
Expenses:						
General Government	474,361	698,391	-	-	474,361	698,391
Public Safety	1,050,568	1,078,028	-	-	1,050,568	1,078,028
Public Works	1,127,767	1,120,393	-	-	1,127,767	1,120,393
Culture and Recreation	539,656	614,539	-	-	539,656	614,539
Development	549,485	530,944	-	-	549,485	530,944
Interest on L-T Debt	5,919	10,270	-	-	5,919	10,270
Water Department	-	-	1,066,002	915,994	1,066,002	915,994
Sewer Department	-	-	609,759	586,701	609,759	586,701
Total Expenses	<u>3,747,756</u>	<u>4,052,565</u>	<u>1,675,761</u>	<u>1,502,695</u>	<u>5,423,517</u>	<u>5,555,260</u>
Change in Net Position	2,298,395	697,742	213,626	242,890	2,512,021	940,632
Net Position, Beginning	<u>30,817,336</u>	<u>30,119,594</u>	<u>10,349,776</u>	<u>10,106,886</u>	<u>41,167,112</u>	<u>40,226,480</u>
Net Position, Ending	<u>\$ 33,115,731</u>	<u>\$ 30,817,336</u>	<u>\$ 10,563,402</u>	<u>\$ 10,349,776</u>	<u>\$43,679,133</u>	<u>\$41,167,112</u>

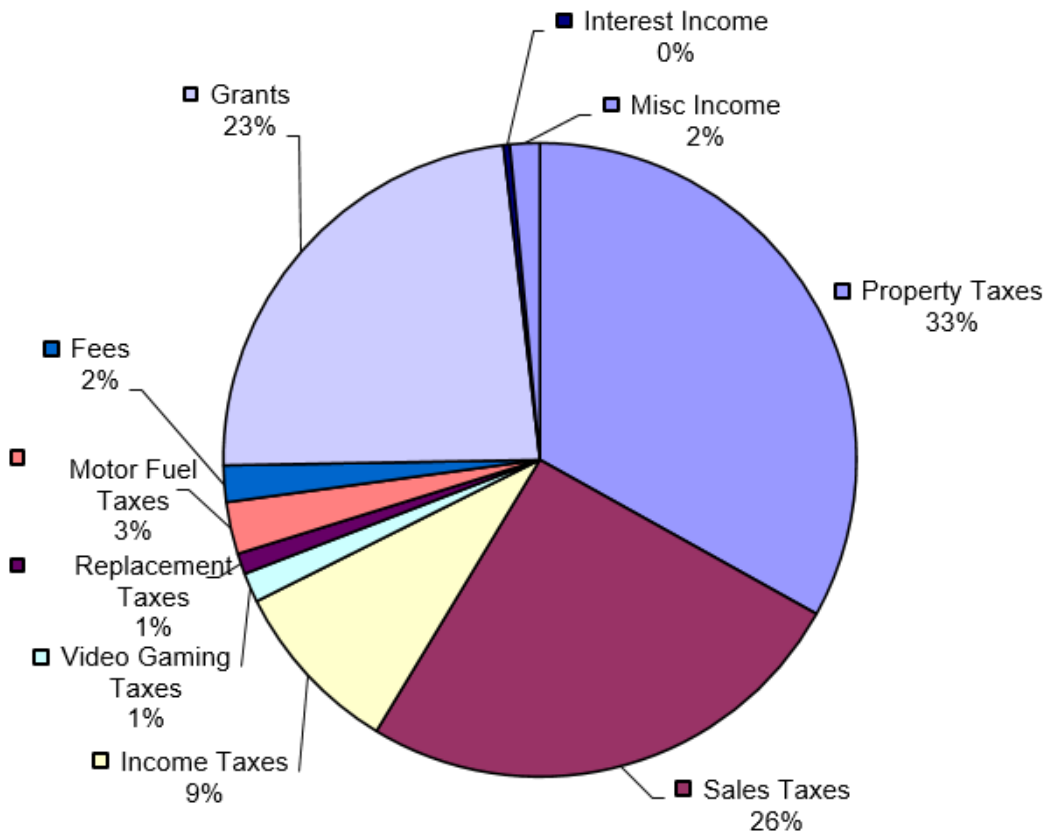
Revenues for the City are generated from a number of different sources and are dependent on different financial factors. The majority of revenue is derived from sales taxes and property taxes, as illustrated in the chart below. Property taxes are a stable source of revenues, not dependent on economic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

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

During the fiscal year 2021, the City obtained significant funding through grants and contributions. Those grants included Local Coronavirus Relief Fund Economic Support (Local CURE ES) for assistance with Coronavirus related costs; Illinois Department of Transportation's Local Bond Funds for a future bondable road project; Illinois Department of Natural Resources OSLAD grant for Ervin Park improvements and the granting of right of way connected with the Moore Avenue development project.

Revenues by Source- Governmental Activities

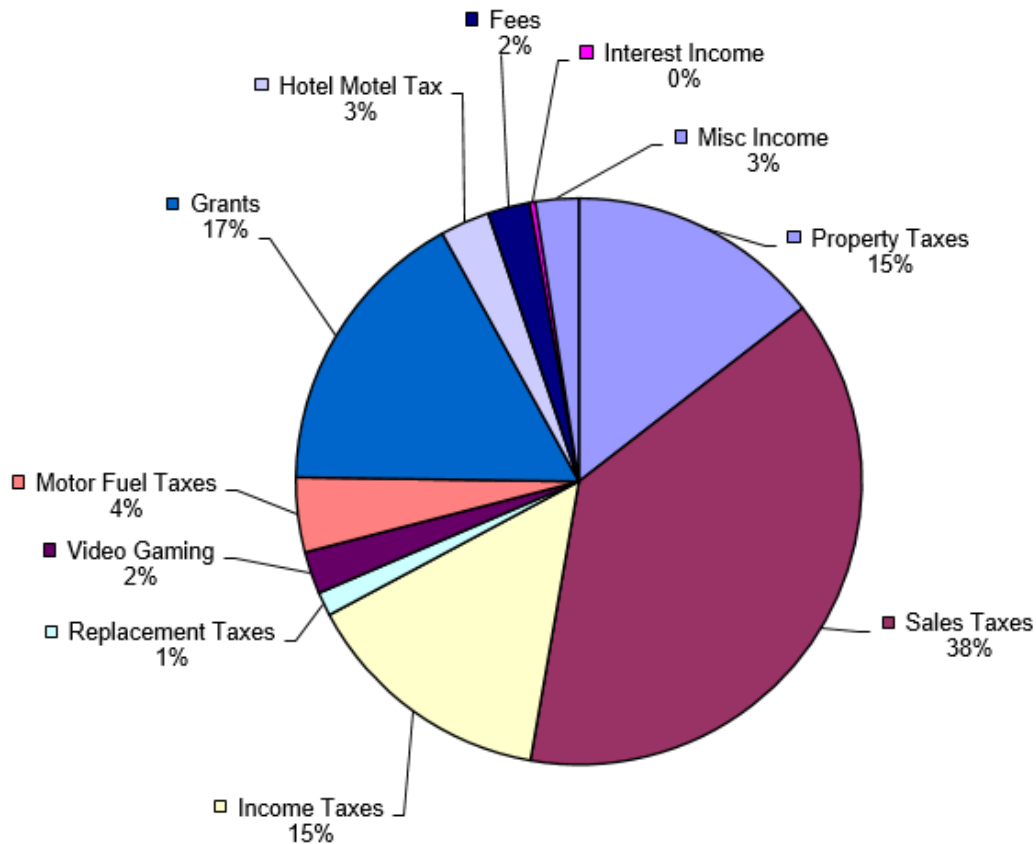


The City of Tuscola is unique in that it has a very successful Tax Increment Financing (TIF) District that provides revenues from property tax increment to fund most of the City's economic development plans. While property tax revenues are a main source of overall revenue for the City's combined funds, the amounts of these types of revenues that are attributable to the TIF District are significant (65%). Two of the City's TIF districts, TIF 1 and Amishland TIF, are scheduled to expire within the next fiscal year, thus final projects and activities are currently being completed in those districts.

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

CITY OF TUSCOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

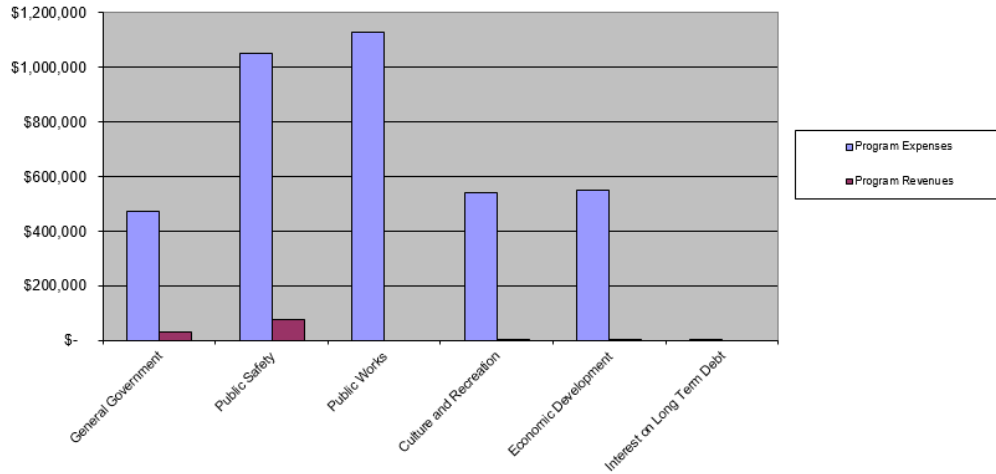
Revenues by Source- Governmental Activities Only (excluding TIF & Library)



The largest program expenses for the City for the fiscal year ending April 30, 2021 were Public Works, at \$1,127,767 and Public Safety at \$1,050,568. Public Works and Public Safety are high priorities for the City as it shows in the spending for those programs. Economic Development expenses were \$549,485 for this year. As explained later, the city's focus on economic development would not be possible without the City's Tax Increment Financing District Revenue. Culture and recreation programs were \$539,656 for the fiscal year, while general government expenses were at \$474,361 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.

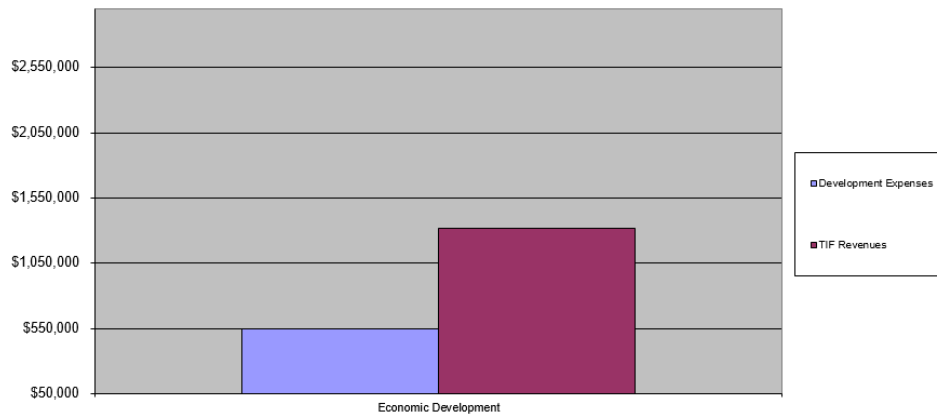
CITY OF TUSCOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

Program Expenses and Revenues- General Government



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 2021.

Economic Development Expenses Primarily Funded with TIF Revenues



CITY OF TUSCOLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2021

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 \$6,712,111, of that \$223,809 is non-spendable or restricted while \$3,593,350 is committed by the city council to specific future purposes. For the near term, the city council has allowed a portion of those committed funds to be used as a loan to the TIF fund. The TIF fund is using the money to fund 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 2021 included the Love's property development. The TIF fund also has on-going receipts of principal and interest income from low interest loans on past TIF funded projects. A complete accounting of TIF funded activities is available in the annual TIF report compiled by the City and submitted to the Office of the Comptroller- State of Illinois.

The City Motor Fuel Tax Funds are used for local street maintenance, as approved by the Illinois Department of Transportation. The payment of 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 was completed during FY 2021. Additionally, the funds were used for the annual chip & tar maintenance program during FY 2021.

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

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

Total net position of the proprietary funds at the end of the year amounted to \$10,563,402

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.

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

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

General Fund Budgetary Highlights

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

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

During the fiscal year 2021 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, 2021, amounts to \$34,751,028 (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 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Land	\$ 3,276,202	\$ 3,192,171	\$ 637,198	\$ 637,198	\$ 3,913,400	\$ 3,829,369
Land Improvements	1,400,508	825,016	-	-	1,400,508	825,016
Buildings	2,922,836	3,159,520	-	-	2,922,836	3,159,520
Plant, Machinery & Equipment	202,518	234,531	4,589,233	4,817,505	4,791,751	5,052,036
Vehicles	1,057,549	1,144,619	119,974	133,892	1,177,523	1,278,511
Distribution System	-	-	3,317,168	3,348,755	3,317,168	3,348,755
Infrastructure	17,227,842	15,129,916	-	-	17,227,842	15,129,916
Work in Progress	-	-	-	-	-	-
	<u>\$ 26,087,455</u>	<u>\$ 23,685,773</u>	<u>\$ 8,663,573</u>	<u>\$ 8,937,350</u>	<u>\$ 34,751,028</u>	<u>\$ 32,623,123</u>

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

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

Long-term debt. At the end of the current fiscal year, the City of Tuscola had outstanding two (2) IEPA loans totaling \$916,422 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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds-						
Alternate Revenue Bonds	\$ -	\$ 208,000	\$ -	\$ -	\$ -	\$ 208,000
IEPA Loan Payable	-	-	916,422	984,134	916,422	984,134
Less deferred charge on refunding	-	-	-	-	-	-
Net Pension liability	-	-	-	-	-	-
Compensated Absences	<u>65,699</u>	<u>70,075</u>	<u>15,381</u>	<u>13,744</u>	<u>81,080</u>	<u>83,819</u>
Total	<u>\$ 65,699</u>	<u>\$ 278,075</u>	<u>\$ 931,803</u>	<u>\$ 997,878</u>	<u>\$ 997,502</u>	<u>\$ 1,275,953</u>

The City of Tuscola's total debt decreased by \$278,451 during the current fiscal year. Additional information on the City's long-term debt can be found in Note 3 in the Notes to Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

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

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

CITY OF TUSCOLA

MANAGEMENT'S DISCUSSION AND ANALYSIS APRIL 30, 2021

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

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

The rate setting (not including TIF EAV of (\$16,624,683) equalized assessed value (EAV) of taxable property in the City for 2020 levy year was \$60,574,189, which represents one-third market value. Residential properties make up 85% of the EAV for the 2020 levy year. Commercial developments constitute 14% of the EAV. Keeping the City's tax rate low has been a long-standing goal of the City's leadership. After a 10 year period of lowering rates each year, the Council has in recent years maintained a flat rate with only small increases in the prior few years' levies. It is expected that, barring unforeseen events, this goal will continue to drive tax levy decisions in future years. However, when the TIF districts sunset in 2021, the rate setting EAV will increase by the amount of the TIF EAV such that the City will likely increase the tax levy to capture the success of the TIF district investments.

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF TUSCOLA
STATEMENT OF NET POSITION
APRIL 30, 2021

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 7,891,825	\$ 2,248,396	\$ 10,140,221
Investments	9,823	-	9,823
Allowance for impairment loss on investment	(2,507)	-	(2,507)
Due from Douglas County	2,053,183	-	2,053,183
Due from State of Illinois	541,378	-	541,378
Receivables, net	18,384	173,601	191,985
Loans receivable	148,711	-	148,711
Prepaid items	136,778	17,082	153,860
Investment in joint venture	-	303,025	303,025
Restricted cash	235,119	257,321	492,440
Total Current Assets	<u>11,032,694</u>	<u>2,999,425</u>	<u>14,032,119</u>
Noncurrent Assets			
Capital assets (not being depreciated):			
Land	3,276,202	637,198	3,913,400
Capital assets (net of accumulated depreciation):			
Land improvements	1,400,508	-	1,400,508
Buildings	2,922,836	-	2,922,836
Plant, machinery and equipment	202,518	4,589,233	4,791,751
Vehicles	1,057,549	119,974	1,177,523
Infrastructure	17,227,842	3,317,168	20,545,010
Total Capital Assets	<u>26,087,455</u>	<u>8,663,573</u>	<u>34,751,028</u>
Net pension asset	743,708	-	743,708
Total Noncurrent Assets	<u>26,831,163</u>	<u>8,663,573</u>	<u>35,494,736</u>
Total Assets	<u>37,863,857</u>	<u>11,662,998</u>	<u>49,526,855</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	518,236	-	518,236
Total Deferred Outflows of Resources	<u>518,236</u>	<u>-</u>	<u>518,236</u>

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

CITY OF TUSCOLA

STATEMENT OF NET POSITION (CONCLUDED)
APRIL 30, 2021

<u>LIABILITIES</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Current Liabilities			
Accounts payable	143,516	110,229	253,745
Grant commitments	1,792,500	-	1,792,500
Accrued payroll	72,376	15,567	87,943
Accrued interest	-	1,497	1,497
Customer deposits	-	40,500	40,500
Accrued compensated absences - current	19,327	4,834	24,161
Debt - due within one year	-	68,560	68,560
Total Current Liabilities	<u>2,027,719</u>	<u>241,187</u>	<u>2,268,906</u>
Noncurrent Liabilities			
Accrued compensated absences	46,372	10,547	56,919
Debt - due after more than one year	-	847,862	847,862
Total Noncurrent Liabilities	<u>46,372</u>	<u>858,409</u>	<u>904,781</u>
Total Liabilities	<u>2,074,091</u>	<u>1,099,596</u>	<u>3,173,687</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	1,143,943	-	1,143,943
Unavailable revenue - property taxes	2,048,328	-	2,048,328
Unavailable revenue - grants	-	-	-
Total Deferred Inflows of Resources	<u>3,192,271</u>	<u>-</u>	<u>3,192,271</u>
<u>NET POSITION</u>			
Net investment in capital assets, net of related debt	26,087,455	7,747,151	33,834,606
Restricted for:			
General services	56,761	-	56,761
Public safety	31,941	-	31,941
Park improvements	2,455	-	2,455
Debt service	-	80,500	80,500
Transportation projects	172,851	-	172,851
Development	428,365	-	428,365
Required bond reserve	-	175,037	175,037
Unrestricted	6,335,903	2,560,714	8,896,617
Total Net Position	<u>\$ 33,115,731</u>	<u>\$ 10,563,402</u>	<u>\$ 43,679,133</u>

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

CITY OF TUSCOLA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2021**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	<i>Expenses</i>	<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Functions/Programs							
Governmental activities:							
General government	\$ 474,361	\$ 32,956	\$ 643,985	\$ -	\$ 202,580	\$ -	\$ 202,580
Public safety	1,050,568	75,276	-	-	(975,292)	-	(975,292)
Public works	1,127,767	-	-	772,483	(355,284)	-	(355,284)
Culture and recreation	539,656	4,670	-	-	(534,986)	-	(534,986)
Development	549,485	-	-	-	(549,485)	-	(549,485)
Interest on long-term debt	5,919	-	-	-	(5,919)	-	(5,919)
Total governmental activities	<u>3,747,756</u>	<u>112,902</u>	<u>643,985</u>	<u>772,483</u>	<u>(2,218,386)</u>	<u>-</u>	<u>(2,218,386)</u>
Business-type activities:							
Water	1,066,002	1,066,665	2,551	22,302	-	25,516	25,516
Sewer	609,759	649,700	2,551	127,400	-	169,892	169,892
Total business-type activities	<u>1,675,761</u>	<u>1,716,365</u>	<u>5,102</u>	<u>149,702</u>	<u>-</u>	<u>195,408</u>	<u>195,408</u>
Total primary government	<u>\$ 5,423,517</u>	<u>\$ 1,829,267</u>	<u>\$ 649,087</u>	<u>\$ 922,185</u>	<u>(2,218,386)</u>	<u>195,408</u>	<u>(2,022,978)</u>
General Revenues							
Property taxes					2,000,227	-	2,000,227
Sales taxes					1,545,281	-	1,545,281
Income taxes					543,793	-	543,793
Replacement taxes					64,203	-	64,203
Motor fuel taxes					160,402	-	160,402
Video gaming taxes					91,252	-	91,252
Interest income					19,913	4,330	24,243
Memorial income					575	-	575
Impairment loss on investment					80	-	80
Miscellaneous income					91,055	13,888	104,943
Total general revenues					<u>4,516,781</u>	<u>18,218</u>	<u>4,534,999</u>
Change in Net Position					2,298,395	213,626	2,512,021
Net Position - beginning of year					<u>30,817,336</u>	<u>10,349,776</u>	<u>41,167,112</u>
Net Position - ending					<u>\$ 33,115,731</u>	<u>\$ 10,563,402</u>	<u>\$ 43,679,133</u>

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

CITY OF TUSCOLA

**BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2021**

	General	Tax Increment Financing	Motor Fuel Tax	Tourism	Library	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 6,046,970	\$ 1,297,104	\$ 158,093	\$ 280,740	\$108,918	\$ 7,891,825
Investments	9,823	-	-	-	-	9,823
Allowance for impairment loss on investment	(2,507)	-	-	-	-	(2,507)
Due from Douglas County	574,979	1,319,802	-	-	158,402	2,053,183
Due from State of Illinois	523,167	-	14,758	-	3,453	541,378
Accounts receivable	-	-	-	18,384	-	18,384
Loans receivable	-	148,711	-	-	-	148,711
Prepaid items	132,652	933	-	929	2,264	136,778
Restricted cash	87,494	-	147,625	-	-	235,119
Total Assets	<u>\$ 7,372,578</u>	<u>\$ 2,766,550</u>	<u>\$ 320,476</u>	<u>\$ 300,053</u>	<u>\$273,037</u>	<u>\$ 11,032,694</u>
Liabilities						
Accounts payable	\$ 30,222	\$ 112,498	\$ -	\$ 93	\$ 703	\$ 143,516
Accrued salaries	60,121	5,615	-	2,236	4,404	72,376
Total Liabilities	<u>90,343</u>	<u>118,113</u>	<u>-</u>	<u>2,329</u>	<u>5,107</u>	<u>215,892</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	570,124	1,319,802	-	-	158,402	2,048,328
Unavailable revenue - grants	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>570,124</u>	<u>1,319,802</u>	<u>-</u>	<u>-</u>	<u>158,402</u>	<u>2,048,328</u>

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

CITY OF TUSCOLA

BALANCE SHEET - GOVERNMENTAL FUNDS (CONCLUDED)
APRIL 30, 2021

Fund Balances

Non-Spendable						
Prepaid items	132,652	-	-	929	2,264	135,845
Long term receivables	-	148,711	-	-	-	148,711
Restricted						
General services	56,761	-	-	-	-	56,761
Public safety	31,941	-	-	-	-	31,941
Park improvements	2,455	-	-	-	-	2,455
Development	-	-	147,625	280,740	-	428,365
Restrictions by state statutes	-	-	172,851	-	-	172,851
Assigned						
Reserve funds	3,293,732	-	-	-	-	3,293,732
Capital replacement funds	299,618	-	-	-	-	299,618
Development	-	-	-	16,055	-	16,055
Culture and recreation	-	-	-	-	107,264	107,264
Unassigned	2,894,952	1,179,924	-	-	-	4,074,876
Total Fund Balances	<u>6,712,111</u>	<u>1,328,635</u>	<u>320,476</u>	<u>297,724</u>	<u>109,528</u>	<u>8,768,474</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 7,372,578</u>	 <u>\$ 2,766,550</u>	 <u>\$ 320,476</u>	 <u>\$ 300,053</u>	 <u>\$273,037</u>	 <u>\$ 11,032,694</u>

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

CITY OF TUSCOLA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2021**

Total Fund Balance - Governmental Funds	\$ 8,768,474
---	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.	26,087,455
--	------------

Net pension assets are not current financial resources and, therefore, are not reported in the funds.	743,708
--	---------

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	518,236
Deferred inflows of resources	(1,143,943)

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	(65,699)
Grant commitments	(1,792,500)

Net Position of Governmental Activities	\$ 33,115,731
---	---------------

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

CITY OF TUSCOLA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2021**

	General	Tax Increment Financing	Motor Fuel Tax	Tourism	Library	Total Governmental Funds
Revenues						
Property taxes	\$ 545,928	\$ 1,298,851	\$ -	\$ -	\$ 155,448	\$ 2,000,227
Sales taxes	1,439,152	-	-	-	-	1,439,152
State income taxes	543,793	-	-	-	-	543,793
Replacement taxes	51,131	-	-	-	13,072	64,203
Motor fuel taxes	-	-	160,402	-	-	160,402
Sales taxes - city	-	-	-	106,129	-	106,129
Video gaming taxes	91,252	-	-	-	-	91,252
Fines and fees	58,179	-	-	570	4,529	63,278
Grant income	482,597	-	147,625	-	13,763	643,985
Licenses and permits	19,711	-	-	-	-	19,711
Rent	4,670	-	-	-	-	4,670
Franchise fees	13,245	-	-	-	-	13,245
Interest income	11,732	7,173	285	538	185	19,913
Fire insurance	11,998	-	-	-	-	11,998
Memorial funds	-	-	-	-	575	575
Miscellaneous	74,619	14,685	-	125	1,626	91,055
Total Revenues	<u>3,348,007</u>	<u>1,320,709</u>	<u>308,312</u>	<u>107,362</u>	<u>189,198</u>	<u>5,273,588</u>
Expenditures						
Current						
General government	617,158	-	-	-	-	617,158
Public safety	958,771	-	-	-	-	958,771
Public works	512,551	-	-	-	-	512,551
Culture and recreation	208,507	-	-	-	154,064	362,571
Development	30,438	425,235	-	93,812	-	549,485

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

CITY OF TUSCOLA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONCLUDED)
FOR THE YEAR ENDED APRIL 30, 2021**

Debt Service						
Principal	-	-	208,000	-	-	208,000
Interest	-	-	5,919	-	-	5,919
Capital outlay	750,626	84,887	51,180	-	16,405	903,098
Total Expenditures	<u>3,078,051</u>	<u>510,122</u>	<u>265,099</u>	<u>93,812</u>	<u>170,469</u>	<u>4,117,553</u>
Excess of revenues over (under) expenditures	<u>269,956</u>	<u>810,587</u>	<u>43,213</u>	<u>13,550</u>	<u>18,729</u>	<u>1,156,035</u>
Other Financing Sources (Uses)						
Impairment loss on investment	80	-	-	-	-	80
Total Other Financing Sources (Uses)	<u>80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80</u>
Net Change in Fund Balance	270,036	810,587	43,213	13,550	18,729	1,156,115
Fund Balances - Beginning	<u>6,442,075</u>	<u>518,048</u>	<u>277,263</u>	<u>284,174</u>	<u>90,799</u>	<u>7,612,359</u>
Fund Balances - Ending	<u>\$ 6,712,111</u>	<u>\$ 1,328,635</u>	<u>\$ 320,476</u>	<u>\$ 297,724</u>	<u>\$ 109,528</u>	<u>\$ 8,768,474</u>

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

CITY OF TUSCOLA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED APRIL 30, 2021

Net change in fund balances - total governmental funds \$ 1,156,115

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	903,098
Gain (Loss) on Asset Disposal	(134,870)
Depreciation expense	(931,529)
Fair value of donated asset	772,483

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	317,834
-------------------------------------	---------

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	208,000
----------------	---------

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	4,376
Accrued Interest	2,888

Change in Net Position of Governmental Activities	<u>\$ 2,298,395</u>
---	---------------------

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

CITY OF TUSCOLA

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
APRIL 30, 2021**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 952,753	\$ 1,295,643	\$ 2,248,396
Accounts receivable, net	106,998	66,603	173,601
Prepaid items	10,260	6,822	17,082
Cash and cash equivalents-restricted	223,390	33,931	257,321
Investment in joint venture	303,025	-	303,025
Total Current Assets	<u>1,596,426</u>	<u>1,402,999</u>	<u>2,999,425</u>
Noncurrent Assets			
Capital assets:			
Property, plant and equipment	7,780,170	12,056,289	19,836,459
Accumulated Depreciation	<u>(4,201,979)</u>	<u>(6,970,907)</u>	<u>(11,172,886)</u>
Total Noncurrent Assets	<u>3,578,191</u>	<u>5,085,382</u>	<u>8,663,573</u>
Total Assets	<u>5,174,617</u>	<u>6,488,381</u>	<u>11,662,998</u>
Liabilities			
Current Liabilities			
Accounts payable	66,563	43,666	110,229
Customer deposits	40,500	-	40,500
Accrued payroll	8,927	6,640	15,567
Accrued interest	1,225	272	1,497
Accrued compensated absences - current	2,458	2,376	4,834
IEPA loans - current	59,627	8,933	68,560
Total Current Liabilities	<u>179,300</u>	<u>61,887</u>	<u>241,187</u>
Noncurrent Liabilities			
Accrued compensated absences	5,692	4,855	10,547
IEPA loans	741,883	105,979	847,862
Total Noncurrent Liabilities	<u>747,575</u>	<u>110,834</u>	<u>858,409</u>
Total Liabilities	<u>926,875</u>	<u>172,721</u>	<u>1,099,596</u>
Net Position			
Net investment in capital assets	2,776,681	4,970,470	7,747,151
Restricted:			
Restricted for debt service	70,000	10,500	80,500
Required bond reserves	153,391	21,646	175,037
Unrestricted	1,247,670	1,313,044	2,560,714
Total Net Position	<u>\$ 4,247,742</u>	<u>\$ 6,315,660</u>	<u>\$ 10,563,402</u>

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, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 1,066,665	\$ 649,700	\$ 1,716,365
Miscellaneous	13,888	-	13,888
Total Operating Revenues	<u>1,080,553</u>	<u>649,700</u>	<u>1,730,253</u>
Operating Expenses			
Personnel services	221,387	166,789	388,176
Supplies and materials	83,213	58,164	141,377
Contractual services	521,719	89,112	610,831
Depreciation and amortization	229,201	293,200	522,401
Total Operating Expenses	<u>1,055,520</u>	<u>607,265</u>	<u>1,662,785</u>
Operating Income (Loss)	<u>25,033</u>	<u>42,435</u>	<u>67,468</u>
Non-Operating Revenues (Expenses)			
Interest income	2,148	2,182	4,330
Grant income	2,551	2,551	5,102
Donation Income	22,302	127,400	149,702
Sprayfield farm income (loss), net	-	(996)	(996)
Interest expense	(10,482)	(1,498)	(11,980)
Total Non-Operating Revenues (expenses)	<u>16,519</u>	<u>129,639</u>	<u>146,158</u>
Change in net position	<u>41,552</u>	<u>172,074</u>	<u>213,626</u>
Net Position - Beginning	<u>4,206,190</u>	<u>6,143,586</u>	<u>10,349,776</u>
Net Position - Ending	<u><u>\$ 4,247,742</u></u>	<u><u>\$ 6,315,660</u></u>	<u><u>\$ 10,563,402</u></u>

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, 2021

Cash Flows from Operating Activities:	Water	Sewer	Totals
Receipts from users	\$ 1,059,841	\$ 646,686	\$ 1,706,527
Payments to suppliers	(694,027)	(114,851)	(808,878)
Payments to employees	(215,078)	(166,546)	(381,624)
Other receipts (payments)	13,885	-	13,885
Net cash provided (used) by operating activities	164,621	365,289	529,910
Cash Flows from Capital and Related Financing Activities:			
Sale (Purchase) of capital assets	(16,392)	(82,530)	(98,922)
Interest paid on capital debt	(10,572)	(1,519)	(12,091)
Principal paid on capital debt	(58,889)	(8,823)	(67,712)
Net cash provided (used) by capital and related financing activities	(85,853)	(92,872)	(178,725)
Cash Flows from Investing Activities:			
Interest on cash and investments	2,148	2,182	4,330
Sprayfield farm income (loss)	-	(997)	(997)
Grant Income	2,551	2,551	5,102
Net cash provided (used) by investing activities	4,699	3,736	8,435
Net increase (decrease) in cash and cash equivalents	83,467	276,153	359,620
Cash and cash equivalents, beginning of the year	1,092,676	1,053,421	2,146,097
Cash and cash equivalents, end of the year	\$ 1,176,143	\$ 1,329,574	\$ 2,505,717
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	\$ 25,033	\$ 42,435	\$ 67,468
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	229,201	293,200	522,401
Change in assets and liabilities:			
(Increase) decrease-accounts receivable	(9,474)	(3,012)	(12,486)
(Increase) decrease-prepaid insurance	(2,591)	(359)	(2,950)
(Increase) decrease-joint venture equity	(90,357)	-	(90,357)
Increase (decrease)-accounts payable	3,851	32,784	36,635
Increase (decrease)-accrued payroll	4,007	904	4,911
Increase (decrease)-customer deposits	2,650	-	2,650
Increase (decrease)-accrued compensated absences	2,301	(663)	1,638
Net Cash Provided (Used) By Operating Activities	\$ 164,621	\$ 365,289	\$ 529,910

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, 2021**

	Custodial Funds
ASSETS	
Current assets	
Cash	\$ -
Accounts receivable	33,429
Total Assets	<u>33,429</u>
LIABILITIES	
Current liabilities	
Accounts payable	33,429
Total Liabilities	<u>33,429</u>
NET POSITION	
Total Net Position	<u>\$ -</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION- FIDUCIARY FUNDS
APRIL 30, 2021**

	Custodial Funds
ADDITIONS	
Garbage fees	\$ 291,251
Miscellaneous revenue	-
Total Additions	<u>291,251</u>
DEDUCTIONS	
Payments to the garbage company	285,998
Due to garbage company	3,994
Bad debt write off	391
Closing payout-Section 125 Fund	820
Payments to others	48
Total Deductions	<u>291,251</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - Ending	<u>\$ -</u>

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

General Statement

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

Financial Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

Fund Financial Statements (Concluded)

The funds of the financial reporting entity are described below:

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

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

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

TIF Fund – To account for the incremental property taxes realized within the TIF 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.

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

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

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus

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

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. (The City’s deferred outflows of resources and deferred inflows of resources are noncurrent.) Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Custodial funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Concluded)

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Unearned Revenue

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

Cash and Cash Equivalents

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

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

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

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

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

Interfund Receivables and Payables

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

Capital Assets

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

Government-Wide Statement

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

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Concluded)

Government-Wide Statement (Concluded)

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

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

Fund Financial Statements

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

Prepaid Items

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

Deferred Outflows/Inflows of Resources

Government-Wide Statement

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

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Concluded)

Government-Wide Statement (Concluded)

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

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

Fund Financial Statements

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

Restricted Assets

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

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

Long-Term Debt

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Debt (Concluded)

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

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

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

Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

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

- a. Non-spendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact indefinitely.
- b. Restricted fund balance includes amounts that can be spent only for the specific purpose stipulated by creditors, grantors, contributors, or laws or regulations of other governments.
- c. Committed fund balance includes amounts that can be used only for the specific purposes determined by the City Council through the approval of City ordinances. Commitments may be changed or lifted only by the City Council making the same formal action that imposed the constraint originally.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Concluded)

Fund Statements (Concluded)

- d. Assigned fund balance comprises the amounts intended to be used for a specific purpose. Intent can be expressed by the City Council. No formal action is required.
- e. Unassigned fund balance is the residual balance not contained in non-spendable fund balance or restricted fund balance or committed fund balance or assigned fund balance.

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

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

Interfund Transactions

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

All other interfund transactions are reported as transfers.

Program Revenues

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

Operating and Non-Operating Revenues and Expenses – Proprietary Funds

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

Expenditures/Expenses

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenditures/Expenses (Concluded)

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

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

Proprietary Fund – by operating and non-operating

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

Interfund Transfers

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

Use of Estimates

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

Stewardship, Compliance, and Accountability

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

Fund Accounting Requirements

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

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:

<u>Revenue Source</u>	<u>Legal Restrictions on Use</u>
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, 2021, the City complied in all material respects with these revenue restrictions.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Concluded)

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 1, 2021, the date financial statements were available to be issued.

- The City Council approved various vehicle and equipment purchases subsequent to the end of the fiscal year ending April 30, 2021.
- A new police patrol vehicle, a 2020 Ford Police Interceptor Utility AWD from Morrow Brother's Ford in the amount of \$38,585, on May 10, 2021.
- A Toro Workman MDX utility vehicle with electric lift kit for use in the park from MTI Distributing in the amount of \$9,170.87, with the trade-in of like equipment, on May 24, 2021.
- A 2022 Ford F-450 cab and chassis from Ford of Tuscola in the amount of \$38,098.68, and the purchase of the dump bed, snow plow, hydraulics and related equipment and installation on the same vehicle from Rahn Equipment in the amount of \$37,527.41, on June 14, 2021.

On May 24, 2021, the City Council approved a professional services agreement in the amount of \$15,000 with Clark Dietz Engineering for a capital improvements plan for the water, sewer and general government areas of the City.

On June 14, 2021, the City Council approved a grant agreement with the Office of the State Fire Marshall in the amount of \$24,412.50 for the purchase of 14 sets of fire turnout gear. The grant is intended to cover 100% of the cost of the gear.

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, 2021. 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, 2021, are as follows:

<u>Description</u>	<u>Date</u>
Assessment and enforceable lien	January 1, 2020
Levy	December 14, 2020
Face value amount payment dates	1 st half by July 8, 2021 2 nd half by September 8, 2021

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.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Deposits and Investments

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's investment policy requires all investments be made in accordance with applicable legal requirements with consideration of investment safety. Accordingly, the City maintains collateral agreements with its financial institutions. Deposits are secured with collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Every banking institution has FDIC insurance. At each banking institution, time deposit accounts are insured up to \$250,000 by FDIC insurance, and demand accounts are insured up to \$250,000 by FDIC insurance. The City's investment in The Illinois Funds and Illinois Metropolitan 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, 2021, the City's cash and cash equivalents consisted of demand deposits, deposits in The Illinois Funds (described below), deposits in Illinois Metropolitan Investment Fund (described below), restricted cash, and petty cash of \$350. At year end, the carrying amount of the City's demand deposits were \$504,279. The bank balance was subject to deposit risk as follows:

Deposits covered by FDIC insurance	\$470,012
Uninsured and collateral held by third party bank in the	
City's name	34,267
Total	<u>\$504,279</u>

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, 2021, \$10,371,685 was deposited into accounts with The Illinois Funds.

The City formerly maintained 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, 2021 \$6,160 was the City's share of the value in the Liquidating Trust. An allowance for Impairment Loss on Investment has been recorded in the amount of \$2,507, to reflect the net amount IMET has determined to be realizable as of April 30, 2021.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Deposits and Investments (Concluded)

Credit rating risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City's Treasurer. Investing is performed in accordance with investment policies adopted by the City Council, complying with State Statutes. The Illinois Funds investment pools were rated AAmmf by Fitch Ratings, Inc. as of June 15, 2021. The Illinois Metropolitan Investment Fund was rated Aaa-bf by Moody's, as of March 4, 2021.

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

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City policy states that investments are subject to concentration of credit risk when 5% or more of the total are in securities of a single issuer. As of April 30, 2021, 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, 2021, was as follows:

	Balance May 1, 2020	Increases	Decreases	Balance April 30, 2021
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,824,976	\$ 59,678	\$ 15,000	\$ 1,869,654
Land-Rights of way	1,367,195	39,353	-	1,406,548
Total capital assets, not being depreciated	<u>3,192,171</u>	<u>99,031</u>	<u>15,000</u>	<u>3,276,202</u>
Capital assets, being depreciated:				
Land improvements	1,805,898	652,375	-	2,458,273
Buildings	5,824,824	-	148,258	5,676,566
Infrastructure	24,375,752	2,602,019	82,160	26,895,611
Equipment & vehicles	2,717,525	51,256	18,375	2,750,406
PME-Portable machinery/equip	1,179,600	47,001	171,186	1,055,415
Library collection	413,903	16,399	-	430,302
Totals at historical cost	<u>36,317,502</u>	<u>3,369,050</u>	<u>419,979</u>	<u>39,266,573</u>
Less accumulated depreciation:				
Land improvements	980,891	76,874	-	1,057,765
Buildings	2,665,303	162,003	73,576	2,753,730
Infrastructure	9,245,835	488,572	66,638	9,667,769
Equipment & vehicles	1,572,906	138,326	18,375	1,692,857
PME-Portable machinery/equip	1,027,320	41,025	141,520	926,825
Library collection	331,645	24,729	-	356,374
Total accumulated depreciation	<u>15,823,900</u>	<u>931,529</u>	<u>300,109</u>	<u>16,455,320</u>
Total capital assets, being depreciated, net	<u>20,493,602</u>	<u>2,437,521</u>	<u>119,870</u>	<u>22,811,253</u>
Governmental Activities Capital Assets, Net	<u><u>\$23,685,773</u></u>	<u><u>\$2,536,552</u></u>	<u><u>\$ 134,870</u></u>	<u><u>\$ 26,087,455</u></u>

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Capital Assets (Concluded)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 47,431
Public safety	91,797
Public works	615,216
Culture and recreation	<u>177,085</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 931,529</u>

	Balance			Balance
Business-Type Activities:	May 1, 2020	Increases	Decreases	April 30, 2021
Capital assets, not being depreciated:				
Land	\$ 637,198	\$ -	\$ -	\$ 637,198
Total capital assets, not being depreciated	<u>637,198</u>	<u>-</u>	<u>-</u>	<u>637,198</u>
Capital assets, being depreciated:				
Infrastructure	7,068,324	164,595	-	7,232,919
Plant/Mechanical	11,525,733	50,764	-	11,576,497
Vehicles & Equipment	305,333	4,902	-	310,235
PME-Portable Machinery/Equip	64,192	28,363	12,945	79,610
Totals at historical cost	<u>18,963,582</u>	<u>248,624</u>	<u>12,945</u>	<u>19,199,261</u>
Less accumulated depreciation:				
Infrastructure	3,719,571	196,180	-	3,915,751
Plant/mechanical	6,719,176	301,835	-	7,021,011
Vehicles & equipment	171,441	18,820	-	190,261
PME-Portable machinery/equip	53,242	5,566	12,945	45,863
Total accumulated depreciation	<u>10,663,430</u>	<u>522,401</u>	<u>12,945</u>	<u>11,172,886</u>
Total capital assets, being depreciated, net	<u>8,300,152</u>	<u>(273,777)</u>	<u>-</u>	<u>8,026,375</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,937,350</u>	<u>\$ (273,777)</u>	<u>\$ -</u>	<u>\$ 8,663,573</u>

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

Water	\$ 229,201
Sewer	293,200
Total Depreciation Expense-Business-Type Activities	<u>\$ 522,401</u>

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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, 2021, the governmental long-term liabilities consisted of the following:

Accrued compensated absences:	
Current portion	\$ 19,327
Noncurrent portion	46,372
Total Accrued Compensated Absences	<u><u>\$ 65,699</u></u>

Business-Type Activities

As of April 30, 2021, the long-term liabilities payable from proprietary fund resources consisted of the following:

Loans payable:	
Current portion	\$ 68,560
Non-current portion	847,862
Total Loans Payable Payments	<u><u>\$ 916,422</u></u>

Accrued compensated absences:	
Current portion	\$ 4,834
Noncurrent portion	10,547
Total Accrued Compensated Absences	<u><u>\$ 15,381</u></u>

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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. These bonds were paid in full as of April 30, 2021.

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. The City council approved paying these bonds in full on September 14, 2020. The bonds were paid in full as of April 30, 2021.

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.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Long-Term Liabilities (Continued)

Loans Payable (Concluded)

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.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended April 30, 2021:

Type of Liability:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
<i>General obligation bonds :</i>					
Series 2010	\$ 58,000	\$ -	\$ (58,000)	\$ -	\$ -
Series 2012	150,000	-	(150,000)	-	-
<i>Total bonds payable</i>	<u>208,000</u>	<u>-</u>	<u>(208,000)</u>	<u>-</u>	<u>-</u>
Accrued Compensated Absences	<u>70,075</u>	<u>115,300</u>	<u>(119,676)</u>	<u>65,699</u>	<u>19,327</u>
TOTAL GENERAL LONG- TERM LIABILITIES	<u>\$ 278,075</u>	<u>\$ 115,300</u>	<u>\$ (327,676)</u>	<u>\$ 65,699</u>	<u>\$ 19,327</u>
Business-type activities:					
<i>Loans payable :</i>					
Project L17-3758	\$ 537,163	\$ -	\$ (36,766)	\$500,397	\$ 37,226
Project L17-4835	323,236	-	(22,123)	301,113	22,401
Project L17-3671	123,735	-	(8,823)	114,912	8,933
<i>Total loans payable</i>	<u>984,134</u>	<u>-</u>	<u>(67,712)</u>	<u>916,422</u>	<u>68,560</u>
Accrued Compensated Absences	<u>13,744</u>	<u>23,897</u>	<u>(22,260)</u>	<u>15,381</u>	<u>4,834</u>
TOTAL BUSINESS LONG- TERM LIABILITIES	<u>\$ 997,878</u>	<u>\$ 23,897</u>	<u>\$ (89,972)</u>	<u>\$931,803</u>	<u>\$ 73,394</u>

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Long-Term Liabilities (Concluded)

Annual Debt Service Requirements

The annual debt service requirements to maturity for bonds and loans as of April 30, 2021, are as follows:

Year Ending April 30	Business-Type	
	Principal	Interest
2022	\$ 68,560	\$ 11,242
2023	69,420	10,382
2024	70,291	9,512
2025	71,172	8,630
2026	72,065	7,737
2027-2031	374,106	24,905
2032-2034	190,808	3,529
TOTALS	\$ 916,422	\$ 75,937

Legal Debt Margin

2019 Equalized Assessed Valuation	\$ 60,366,592
	8.625%
Legal Debt Margin	5,206,619
Margin Used	916,422
Margin Remaining	<u>\$ 4,290,197</u>

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, 2021, are as follows:

	Governmental	Business-Type
	Activities	Activities
Accrued paid time off	\$ 65,699	\$ 15,381
Less current portion	19,327	4,834
Long-term portion	<u>\$ 46,372</u>	<u>\$ 10,547</u>

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.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Other Post-Employment Benefits (OPEB) (Concluded)

The City has one retiree included in its healthcare premiums at April 30, 2021 or during the year ending April 30, 2021. As a result, the City's implicit liability is some minimal amount below what is considered material for purposes of this audit report for the year ending April 30, 2021.

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, 2021:

<u>Douglas County</u>	
Property taxes	\$ 2,048,328
Police fines	4,855
Total	<u>\$ 2,053,183</u>
<u>State of Illinois</u>	
Sales tax	\$ 195,504
Home rule sales tax	64,257
Income tax	75,385
Corporate pers. repl. tax	16,962
Gaming tax	29,712
Motor fuel tax	14,758
OSLAD Grant	144,800
Total	<u>\$ 541,378</u>

Tax Increment Financing Loans Receivable

On July 9, 2012, the City Council approved a loan of \$51,000 at 3% for 10 years to Jeremy and Lana Tengwall of Bailey James Enterprises, LLC for renovations at 123 W. Sale St. On July 22, 2013, the City Council approved additional amounts on this loan for a total of \$300,000. Additionally, the interest rate will be at 1.5%. As of April 30, 2021, all amounts of this loan were disbursed and the loan had entered the repayment phase, with an outstanding balance of \$37,497.

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, 2021, all amounts of this loan was disbursed and the loan had entered the repayment phase, with an outstanding balance of \$36,643. An additional \$2,933 is due for interest and late fees on past due balances.

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Tax Increment Financing Loans Receivable (Concluded)

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, 2021, \$41,735 of this loan was disbursed and the loan had entered the repayment phase, with an outstanding balance of \$13,046. An additional \$318 is due for interest and late fees on past due balances.

On April 27, 2015, the City Council approved a loan of \$100,000 at 1.5% for 6.5 years to Flesor Family Confectionary, Inc. for the expansion and renovation of Flesor's Candy Kitchen at 101, 103, and 105 W. Sale St. As of April 30, 2021, the loan had an outstanding balance of \$14,470.

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, 2021, the loan had an outstanding balance of \$298.

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, 2021, the loan had an outstanding balance of \$393.

On August 15, 2003, the City Council approved a loan of \$184,664 at 3% for 18.5 years to Scott Kibler of Scott Kibler Agency, Inc. for renovations at 129 W. Sale St. As of April 30, 2021, the loan had an outstanding balance of \$6,437.

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

On September 16, 2011, the City Council approved a loan of \$43,834 at 3% for 10.5 years to Vintage Karma for renovations at 110 W. Sale St. As of April 30, 2021, all amounts of this loan were disbursed and the loan had entered the repayment phase, with an outstanding balance of \$4,985.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

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, 2021 the Tax Increment Fund received \$1,298,851 in property taxes.

Tax Increment Grants

On May 14, 2018, the City Council approved a grant of \$195,000 to Kenny and Angela Hogue for renovations to the property at 125 W Sale St for purposes of operating a restaurant and bar. On May 13, 2019, the City Council approved an additional \$96,000 for this project to assist with cost overruns on the restaurant portion of this project, including electrical and HVAC work. At April 30, 2021, \$290,845 of this grant had been disbursed.

On December 9, 2019, the City Council approved a \$5,000 grant to Burgers and Beers for the extension of parking areas on the property at 901 E Southline Road. At April 30, 2021, none of these funds had been disbursed.

On April 12, 2021, the City Council approved a \$120,000 grant to Tuscola Packaging Group LLC for the installation of loading docks on the property at 1304 Tuscola Boulevard. At April 30, 2021, none of these funds had been disbursed.

Tax Increment Other Redevelopment Agreements and Commitments

On April 24, 2017, the City Council approved a three-year agreement with Tuscola Economic Development, Inc. (TEDI) for purposes of the City employing an economic development director position for TEDI as its annual funding commitment to the organization at an amount not to exceed \$100,000 per year. On March 22, 2021, the City Council approved an extension of the agreement with the same terms through December 31, 2021.

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, 2021, \$711,175 of this grant had been disbursed, of which \$22,241 in sales tax rebates and \$24,723 in property tax rebates was disbursed in the current year. These payments represent the 10th and final year of the agreement, thus no additional payments will be made under this agreement.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Tax Increment Other Redevelopment Agreements and Commitments (Concluded)

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, 2021, \$141,018 had been rebated to Tucker for this portion of the agreement, leaving \$258,328 owed to Tucker from future years' property taxes. During the year ended April 30, 2021, the City remitted \$30,203 for the property tax abatement.

On March 11, 2019, the City Council ratified an agreement with 3-D Development, LLC, Love's Travel Stops & Country Stores, Inc and Roserock Holdings, LLC to develop the property at the northwest corner of the I-57 and Route 36 intersection as a retail corridor with a Love's Travel Center as the anchor. Under the agreement, the City of Tuscola will provide reimbursement to the developer of up to \$1,800,000 for the construction of an access road north of the existing I-57 south exit ramp. At April 30, 2021, none of the funds had yet been disbursed.

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, 2021.

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.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

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

Joint Venture (Concluded)

Each member agency (the Cities of Arcola and Tuscola) holds an equity interest in the water main capital assets according to each City's share of water usage for the prior year and the proportion of funding provided by each City during a year. At April 30, 2021 the City of Tuscola's equity interest was 57.64%, or \$303,025, which is reported in the Proprietary Funds as investment in joint venture.

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

Summary financial information for the Tuscola-Arcola Water Main as of and for the year ended April 30, 2021 is provided below.

Financial Position as of April 30, 2021

Cash	\$ 407,080
Accounts receivable- customers	281
Accounts receivable – City of	118,396
Total assets	<u>\$ 525,757</u>
Total equity	<u>\$ 525,757</u>

Results of Operations for Fiscal Year Ending April 30, 2021

Total revenues	\$ 641,391
Total expenditures	<u>(502,039)</u>
Net income (loss)	139,352
Beginning total equity	<u>386,405</u>
Ending total equity	<u>\$ 525,757</u>

Economic Dependency

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

Rebuild IL Bond Fund Grant

The City was awarded \$295,250 from the Rebuild IL grant. It will be paid out in installments of \$49,208.27, they received three installments for the year ended April 30, 2021. They will receive three more installments in the year ended April 30, 2022. The money is to be used on a capital project, the City plans to use the money to resurface South Washington Street and Parke Street. The grant money is shown in a restricted cash account until the money is spent.

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 4 - Deferred Compensation Plan

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

Note 5 - Risk Management

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

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

Note 6 - Commitments and Contingencies

Grant Contingencies

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 7 - Pension Plan

IMRF Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is 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).

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, 2020, 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	12
Active Plan Members	27
Total	60

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 7 - Pension Plan (Continued)

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 2020 was 8.14%. For the fiscal year ended April 30, 2021, the City contributed \$118,705 to the plan. The accounting for pension plans is done on a calendar year basis. No adjustment had been reflected in the notes or the financial statements for any difference that may result from the City being on an April fiscal year end. Any difference in timing is considered to be immaterial. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from year 2017 to 2019.
- For **non-disabled retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Single Discount Rate

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 7 - Pension Plan (Continued)

Single Discount Rate (Concluded)

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 8,102,799	\$ 8,223,783	\$ (120,984)
Changes for the year:			
Service Cost	139,636	-	139,636
Interest on the Total Pension Liability	580,800	-	580,800
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual	90,241	-	90,241
Experience of the Total Pension Liability			
Changes of Assumptions	(46,822)	-	(46,822)
Contributions - Employer	-	122,997	(122,997)
Contributions - Employees	-	67,996	(67,996)
Net Investment Income	-	1,131,414	(1,131,414)
Benefit Payments, including Refunds of Employee Contributions	(323,170)	(323,170)	-
Other (Net Transfer)	-	64,172	(64,172)
Net Changes	440,685	1,063,409	(622,724)
Balances at December 31, 2020	<u>\$ 8,543,484</u>	<u>\$ 9,287,192</u>	<u>\$ (743,708)</u>

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

	1 % Lower (6.25%)	Current Discount (7.25%)	1 % Higher (8.25%)
Net Pension Liability	<u>\$184,359</u>	<u>(\$743,708)</u>	<u>(\$1,427,438)</u>

CITY OF TUSCOLA, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

Note 7 - Pension Plan (Concluded)

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

For the year ended April 30, 2021, the City recognized an increase in pension asset of \$317,834. At April 30, 2021, 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
<i>Deferred Amounts to be Recognized in Expense in Future Periods</i>			
Differences between expected and actual	\$ 79,925	\$ 45,069	\$ 34,856
Changes of assumptions	83,045	99,522	(16,477)
Net difference between projected and actual earnings on pension plan investments	355,266	999,352	(644,086)
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 518,236</u>	<u>\$ 1,143,943</u>	<u>\$ (625,707)</u>

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
2021	\$ (199,410)
2022	(65,835)
2023	(258,947)
2024	(101,515)
2025	-
Thereafter	-
Total	<u>\$ (625,707)</u>

Note 8 - Related Party Transactions

During the year April 30, 2021 the City council purchased Craig Hastings' property at 120 North Central for \$59,500. Craig Hastings is the Police Chief for the City of Tuscola. If the building is sold for transport, Hastings will be entitled to 50% of the proceeds for a period of 5 years and if the building is demolished Hasting will have first right to salvage building materials, doors, light fixtures, hardware, etc.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUSCOLA
Tuscola, Illinois

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

Calendar Years Ending December 31,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Cost	\$ 139,636	\$ 145,172	\$ 125,868	\$ 136,805	\$ 128,500	\$ 135,003
Interest on the Total Pension Liability	580,800	557,721	532,034	520,082	490,430	464,222
Changes of Benefit Terms	-	-	-	-	-	-
Difference between Expected and Actual Experience of the Total Pension Liability	90,241	(69,467)	16,047	(9,126)	34,719	(9,272)
Changes of Assumption	(46,822)	-	204,785	(208,863)	(8,687)	8,307
Benefit Payments, Including Refunds of Employee Contributions	(323,170)	(301,487)	(277,452)	(270,697)	(254,268)	(219,403)
Net Change in Total Pension Liability of	<u>440,685</u>	<u>331,939</u>	<u>601,282</u>	<u>168,201</u>	<u>390,694</u>	<u>378,857</u>
	8,102,799	7,770,860	7,169,578	7,001,377	6,610,683	6,231,826
Total Pension Liability - Ending (A)	<u>8,543,484</u>	<u>8,102,799</u>	<u>7,770,860</u>	<u>7,169,578</u>	<u>7,001,377</u>	<u>6,610,683</u>
Plan Fiduciary Net Position						
Contributions - Employer	122,997	99,796	126,735	118,904	119,261	127,492
Contributions - Employees	67,996	66,335	60,671	60,253	65,588	56,574
Net Investment Income	1,131,414	1,254,604	(330,034)	1,095,323	423,784	30,553
Benefit Payments, Including Refunds of Employee Contributions	(323,170)	(301,487)	(277,452)	(270,697)	(254,268)	(219,403)
Other (Net Transfer)	64,172	(9,052)	93,880	(59,453)	51,594	(33,907)
Net Change in Plan Fiduciary Net Position	<u>1,063,409</u>	<u>1,110,196</u>	<u>(326,200)</u>	<u>944,330</u>	<u>405,959</u>	<u>(38,691)</u>
Plan Fiduciary Net Position - Beginning	<u>8,223,783</u>	<u>7,113,587</u>	<u>7,439,787</u>	<u>6,495,457</u>	<u>6,089,498</u>	<u>6,128,189</u>
Plan Fiduciary Net Position - Ending (B)	<u>9,287,192</u>	<u>8,223,783</u>	<u>7,113,587</u>	<u>7,439,787</u>	<u>6,495,457</u>	<u>6,089,498</u>
Net Pension Liability/(Asset) - Ending (A) - (B)	<u>\$ (743,708)</u>	<u>\$ (120,984)</u>	<u>\$ 657,273</u>	<u>\$ (270,209)</u>	<u>\$ 505,920</u>	<u>\$ 521,185</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.70%	101.49%	91.54%	103.77%	92.77%	92.12%
Covered Valuation Payroll	\$ 1,511,021	\$ 1,474,107	\$ 1,348,242	\$ 1,262,251	\$ 1,208,310	\$ 1,257,207
Net Pension Liability as a Percentage of Covered Valuation Payroll	-49.22%	-8.21%	48.75%	-21.41%	41.87%	41.46%

Notes to Schedule:

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

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	118,904	0	1,262,251	9.42%
2018	126,735	126,735	0	1,348,242	9.40%
2019	99,797	99,796	1	1,474,107	6.77%
2020	122,997	122,997	0	1,511,021	8.14%

Estimated based on contribution rate of 8.14% and covered valuation payroll of \$1,511,021.

Notes to Schedule:

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

Methods and Assumptions Used to Determine 2020 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	Non-taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 23-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 18 years for most employers (three employers were financed over 27 years, four others were financed over 28 years).
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth :</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.25%
<i>Retirement Age:</i>	Experience-based table of rate that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

CITY OF TUSCOLA

Tuscola, Illinois

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Employer Contributions (Concluded)

Methods and Assumptions Used to Determine 2020 Contribution Rates (Concluded):

Mortality:

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017(base year 2015). The IMRF specific rates were developed 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 adjustment 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.

Other Information:

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation.

CITY OF TUSCOLA

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2021**

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	\$ 548,426	\$ 545,928	\$ (2,498)
Sales taxes	1,115,000	1,439,152	324,152
State income taxes	415,000	543,793	128,793
Replacement taxes	34,000	51,131	17,131
Video gaming taxes	80,000	91,252	11,252
Fines and fees	24,000	58,179	34,179
Rent	5,000	4,670	(330)
Licenses and permits	29,500	19,711	(9,789)
Bond Proceeds	325,000	-	(325,000)
Grant income	233,149	482,597	249,448
Franchise fees	15,000	13,245	(1,755)
Fire insurance	10,000	11,998	1,998
Pool income	-	-	-
Interest income	4,350	11,732	7,382
Miscellaneous	27,850	74,619	46,769
Total Revenues	<u>2,866,275</u>	<u>3,348,007</u>	<u>481,732</u>
Expenditures			
General Government			
Salaries - city officials and other	322,000	224,435	(97,565)
Payroll taxes	61,000	17,302	(43,698)
Employee benefits	160,000	60,264	(99,736)
Professional fees	275,000	82,604	(192,396)
Office and general expenses	190,000	28,120	(161,880)
Insurance	90,000	54,358	(35,642)
Publications	35,000	13,878	(21,122)
Maintenance	55,000	2,899	(52,101)
Utilities	50,000	15,626	(34,374)
Animal and bird control	182,500	15,718	(166,782)
Travel, training and education	35,000	5,801	(29,199)
Community activity subsidy	200,000	80,792	(119,208)
Substance abuse program	12,000	2,061	(9,939)
Miscellaneous	82,500	13,300	(69,200)
Total Expenditures - General Government	<u>1,750,000</u>	<u>617,158</u>	<u>(1,132,842)</u>

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, 2021**

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public Safety			
Fire Protection			
Salaries	300,000	138,921	(161,079)
Payroll taxes	32,500	11,156	(21,344)
Employee benefits	10,000	2,219	(7,781)
Subscriptions	5,000	715	(4,285)
Special bequests	50,000	10,508	(39,492)
Utilities	25,000	5,418	(19,582)
Travel, training and education	25,000	5,229	(19,771)
Office and general expenses	25,000	6,785	(18,215)
Uniforms	7,500	559	(6,941)
Repairs and maintenance	285,000	24,295	(260,705)
Supplies and parts	85,000	20,561	(64,439)
Fire prevention	5,000	977	(4,023)
Miscellaneous	5,000	574	(4,426)
Total Expenditures - Fire Protection	<u>860,000</u>	<u>227,917</u>	<u>(632,083)</u>

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, 2021**

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public Safety (continued)			
Police Protection			
Salaries	825,000	418,271	(406,729)
Payroll taxes	25,000	8,704	(16,296)
Employee benefits	275,000	137,578	(137,422)
Communications	25,000	11,408	(13,592)
Office and general expenses	20,000	3,177	(16,823)
Uniforms	10,000	2,071	(7,929)
Repairs and maintenance	210,000	46,554	(163,446)
Utilities	20,000	6,154	(13,846)
Subscriptions	7,500	240	(7,260)
Travel, training and education	15,000	2,043	(12,957)
Drug fund	20,000	-	(20,000)
K-9 unit	10,000	-	(10,000)
Miscellaneous	15,000	320	(14,680)
Total Expenditures - Police Protection	<u>1,477,500</u>	<u>636,520</u>	<u>(840,980)</u>
Building Inspection			
Salaries	85,000	54,567	(30,433)
Payroll taxes	11,000	3,647	(7,353)
Employee benefits	70,000	32,042	(37,958)
Insurance	500	50	(450)
Office and general expenses	22,500	3,213	(19,287)
Travel, training and education	7,500	32	(7,468)
Professional fees	120,000	300	(119,700)
Repairs and maintenance	40,000	433	(39,567)
Miscellaneous	1,500	50	(1,450)
Total Expenditures - Building Inspection	<u>358,000</u>	<u>94,334</u>	<u>(263,666)</u>
Total Expenditures - Public Safety	<u>2,695,500</u>	<u>958,771</u>	<u>(1,736,729)</u>

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, 2021**

	Original & Final Budget	Actual	Over (Under)
Expenditures (continued)			
Public Works			
Streets and Alleys			
Salaries	445,000	272,702	(172,298)
Payroll taxes	80,000	20,212	(59,788)
Employee benefits	225,000	107,992	(117,008)
Communications	5,000	426	(4,574)
Travel, training and education	5,000	210	(4,790)
Vehicle fuel	75,000	13,088	(61,912)
Vehicle maintenance	150,000	18,400	(131,600)
Utilities	100,000	41,255	(58,745)
Small equipment	102,500	3,144	(99,356)
Supplies and parts	20,000	2,319	(17,681)
Repairs and maintenance	300,000	1,901	(298,099)
Street, alley and curb maintenance	250,000	30,335	(219,665)
Sidewalks	25,000	462	(24,538)
Miscellaneous	5,000	105	(4,895)
Total Expenditures - Streets and Alleys	<u>1,787,500</u>	<u>512,551</u>	<u>(1,274,949)</u>
Total Expenditures - Public Works	<u>1,787,500</u>	<u>512,551</u>	<u>(1,274,949)</u>

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, 2021**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Expenditures (continued)			
Culture and Recreation			
Park			
Salaries	170,000	98,565	(71,435)
Payroll taxes	16,000	6,393	(9,607)
Employee benefits	250,000	63,176	(186,824)
Repairs and maintenance	145,000	14,259	(130,741)
Communications	5,000	179	(4,821)
Travel, training and education	5,000	45	(4,955)
Utilities	50,000	9,360	(40,640)
Supplies and parts	41,500	3,205	(38,295)
Miscellaneous	25,000	278	(24,722)
Total Expenditures - Park	<u>707,500</u>	<u>195,460</u>	<u>(512,040)</u>
Pool			
Salaries	80,000	-	(80,000)
Payroll taxes	10,000	-	(10,000)
Supplies	70,000	7,938	(62,062)
Repairs and maintenance	95,000	1,688	(93,312)
Advertising	5,000	47	(4,953)
Communications	5,000	70	(4,930)
Training	5,000	-	(5,000)
Utilities	50,000	3,264	(46,736)
Miscellaneous	20,000	40	(19,960)
Total Expenditures - Pool	<u>340,000</u>	<u>13,047</u>	<u>(326,953)</u>
Total Expenditures - Culture and Recreation	<u>1,047,500</u>	<u>208,507</u>	<u>(838,993)</u>

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

CITY OF TUSCOLA

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONCLUDED)
FOR THE YEAR ENDED APRIL 30, 2021**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Expenditures (concluded)			
Development			
Economic development	2,000,000	30,438	(1,969,562)
Total Expenditures - Development	<u>2,000,000</u>	<u>30,438</u>	<u>(1,969,562)</u>
Capital Outlay			
General government	500,000	25,746	(474,254)
Fire protection	1,000,000	63,070	(936,930)
Police protection	100,000	4,540	(95,460)
Building inspection	75,000	-	(75,000)
Streets and alleys	1,000,000	3,603	(996,397)
Municipal building	250,000	-	(250,000)
Park	1,000,000	653,667	(346,333)
Pool	500,000	-	(500,000)
Development	-	-	-
Total Expenditures - Capital Outlay	<u>4,425,000</u>	<u>750,626</u>	<u>(3,674,374)</u>
Total Expenditures	<u>13,705,500</u>	<u>3,078,051</u>	<u>(10,627,449)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,839,225)</u>	<u>269,956</u>	<u>11,109,181</u>
Other Financing Sources (Uses)			
Impairment loss on investment	-	80	80
Total Other Financing Sources (Uses)	<u>-</u>	<u>80</u>	<u>80</u>
Net Change in Fund Balances	<u>\$ (10,839,225)</u>	270,036	<u>\$ 11,109,261</u>
Fund Balances - Beginning		<u>6,442,075</u>	
Fund Balances - Ending		<u>\$ 6,712,111</u>	

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, 2021**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues			
Property taxes	\$ 1,298,587	\$ 1,298,851	\$ 264
Miscellaneous income	15,000	14,685	(315)
Interest income	12,500	7,173	(5,327)
Total Revenues	<u>1,326,087</u>	<u>1,320,709</u>	<u>(5,378)</u>
Expenditures			
Current			
Development	14,417,000	425,235	(13,991,765)
Debt Service			
Principal	500,000	-	(500,000)
Interest expense	150,000	-	(150,000)
Capital Outlay	2,050,000	84,887	(1,965,113)
Total Expenditures	<u>17,117,000</u>	<u>510,122</u>	<u>(16,606,878)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,790,913)</u>	<u>810,587</u>	<u>16,601,500</u>
Net Change in Fund balances	<u><u>\$ (15,790,913)</u></u>	<u>810,587</u>	<u><u>\$ 16,601,500</u></u>
Fund Balances - Beginning		<u>518,048</u>	
Fund Balances - Ending		<u><u>\$ 1,328,635</u></u>	

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, 2021**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues			
Motor fuel tax	\$ 192,926	\$ 160,402	\$ (32,524)
Grant Income	98,417	147,625	49,208
Interest income	300	285	(15)
Total Revenues	<u>291,643</u>	<u>308,312</u>	<u>16,669</u>
Expenditures			
Current			
Public works	250,000	-	(250,000)
Debt Service			
Principal	500,000	208,000	(292,000)
Interest expense	150,000	5,919	(144,081)
Capital Outlay	1,500,000	51,180	(1,448,820)
Total Expenditures	<u>2,400,000</u>	<u>265,099</u>	<u>(2,134,901)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,108,357)</u>	43,213	<u>\$ 2,151,570</u>
Fund Balances - Beginning		<u>277,263</u>	
Fund Balances - Ending		<u>\$ 320,476</u>	

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, 2021**

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenues			
Sales taxes - city	\$ 125,000	\$ 106,129	\$ (18,871)
Fines and fees	2,500	570	(1,930)
Interest income	500	538	38
Grant income	-	-	-
Miscellaneous	500	125	(375)
Total Revenues	<u>128,500</u>	<u>107,362</u>	<u>(21,138)</u>
Expenditures			
Current			
Development	972,000	93,812	(878,188)
Capital outlay	150,000	-	(150,000)
Total Expenditures	<u>1,122,000</u>	<u>93,812</u>	<u>(1,028,188)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (993,500)</u>	13,550	<u>\$ 1,007,050</u>
Fund Balances - Beginning		<u>284,174</u>	
Fund Balances - Ending		<u>\$ 297,724</u>	

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

CITY OF TUSCOLA

**BUDGETARY COMPARISON SCHEDULE - LIBRARY FUND
FOR THE YEAR ENDED APRIL 30, 2021**

	Original & Final Budget	Actual	Over (Under)
Revenues			
Property taxes	\$ 155,354	\$ 155,448	\$ 94
Replacement taxes	12,500	13,072	572
Fines and fees	6,800	4,529	(2,271)
Memorial funds	1,000	575	(425)
Interest income	2,300	185	(2,115)
Grant income	5,600	13,763	8,163
Miscellaneous	1,000	1,626	626
Total revenues	<u>184,554</u>	<u>189,198</u>	<u>4,644</u>
Expenditures			
Current			
Culture and recreation	707,500	154,064	(553,436)
Capital outlay	100,000	16,405	(83,595)
Total expenditures	<u>807,500</u>	<u>170,469</u>	<u>(637,031)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(622,946)</u>	<u>18,729</u>	<u>641,675</u>
Net Change in Fund Balances	<u><u>\$ (622,946)</u></u>	<u>18,729</u>	<u><u>\$ 641,675</u></u>
Fund Balances - Beginning		<u>90,799</u>	
Fund Balances - Ending		<u><u>\$ 109,528</u></u>	

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

CITY OF TUSCOLA, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1 - Budgets and Budgetary Accounting

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

1. Prior to the end of the first quarter, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing on May 1. The operating budget includes proposed expenditures and the means of financing those. The operating budget is the goal that the city department supervisors and council use to manage day to day decisions for the city, but the budgeted items are flexible to be easily changed as operating needs change.
2. Prior to July 31, the appropriations budget is legally enacted through passage of an ordinance. The appropriations ordinance budget sets the absolute legal spending limit for each budgeted line item of the city. There are very few instances that allow a change of the appropriations ordinance budget, so it is imperative that all contingencies are considered prior to the passage of this ordinance. For this reason, the appropriation ordinance contains inflated amounts as the highest possible spending for all contingencies must be planned for in that document.
3. The appropriations ordinance must be available for public inspection for a minimum of 10 days prior to the adoption of the ordinance. Public hearings are conducted by the City to obtain taxpayer comments. At least one public hearing must be held no later than 10 days prior to final approval of the appropriations ordinance. The final proposed document was made available to the public, and its availability publicly announced at a meeting of the city council on June 22, 2020. The appropriation hearing was held on July 13, 2020. The appropriations ordinance for the fiscal year ending April 30, 2021 was adopted on July 13, 2020.
4. The City Treasurer is authorized to transfer appropriated amounts between departments and their line items; however, any revisions that alter the total expenditures must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year; and, the budget is legally adopted. Budget amendments are also legally adopted.
6. The budget is adopted on the modified accrued basis of accounting.

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. In accordance with generally accepted accounting principles (GAAP), encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There are no encumbrances at April 30, 2021.

Note 2 - Appropriations Deficit

No funds that adopted budgets annually had excess expenditures over appropriations for the fiscal year ended April 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

CITY OF TUSCOLA
Tuscola, Illinois

**Equalized Assessed Valuations, Tax Rates, Taxes Extended and Collected
April 30, 2021**

Tax Levy Year	2020	2019	2018	2017	2016
Equalized Assessed Valuation (not including TIF Districts)	\$60,574,189	\$60,366,592	\$60,650,359	\$58,847,927	\$58,200,770
<u>Tax Rates</u>					
(Per \$100 Equalized Assessed Valuation)					
General corporate	\$ 0.1573	\$ 0.1510	\$ 0.1466	\$ 0.1474	\$ 0.1433
Audit	0.0118	0.0113	0.0109	0.0109	0.0105
ESDA	-	-	-	-	-
Liability insurance	0.0926	0.0889	0.0863	0.0867	0.0842
Social security	0.0773	0.0742	0.0720	0.0723	0.0702
Fire protection	0.1686	0.1618	0.1571	0.1579	0.1535
Parks	0.0767	0.0736	0.0714	0.0717	0.0697
Police protection	0.1555	0.1493	0.1449	0.1456	0.1415
IMRF	0.1169	0.1122	0.1089	0.1094	0.1063
Library	0.2615	0.2574	0.2499	0.2512	0.2442
Workmans compensation	0.0523	0.0502	0.0487	0.0489	0.0475
Total Tax Rate	\$ 1.1705	\$ 1.1299	\$ 1.0967	\$ 1.1020	\$ 1.0709
Equalized Assessed Valuation - TIF Districts only	\$16,624,683	\$16,504,227	\$16,516,787	\$19,572,240	\$20,282,421
TIF Districts	\$ 7.9388	\$ 7.7779	\$ 7.7720	\$ 8.0444	\$ 8.0426
<u>Tax Extensions</u>					
General corporate	\$ 95,283	\$ 91,154	\$ 88,913	\$ 86,742	\$ 83,402
Audit	7,148	6,821	6,611	6,414	6,111
ESDA	-	-	-	-	-
Liability insurance	56,092	53,666	52,341	51,003	49,005
Social security	46,824	44,792	43,668	42,547	40,857
Road and bridge	19,505	19,015	19,590	20,000	19,788
Fire protection	102,128	97,673	95,282	92,921	89,338
Parks	46,460	44,430	43,304	42,194	40,566
Police protection	94,193	90,127	87,882	85,683	82,354
IMRF	70,811	67,731	66,048	64,380	61,867
Library	158,402	155,384	151,565	147,826	142,126
Workmans compensation	31,680	30,304	29,537	28,777	27,645
TIF districts	1,319,802	1,298,587	1,283,686	1,574,471	1,631,236
Taxes extended - in total	\$ 2,048,328	\$ 1,999,684	\$ 1,968,427	\$ 2,242,958	\$ 2,274,295

CITY OF TUSCOLA
Tuscola, Illinois

Equalized Assessed Valuations, Tax Rates, Taxes Extended and Collected (Concluded)
April 30, 2021

Tax Levy Year	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Taxes Collected</u>					
General corporate	\$ -	\$ 91,157	\$ 88,569	\$ 86,926	\$ 83,032
Audit	-	6,822	6,585	6,428	6,084
Civil defense	-	-	-	-	-
Liability insurance	-	53,668	52,139	51,129	48,788
Social security	-	44,794	43,499	42,638	40,676
Road and bridge	-	19,004	19,533	19,706	19,696
Fire protection	-	97,679	94,913	93,118	88,943
Park	-	44,431	43,137	42,284	40,386
Police protection	-	90,130	87,542	85,865	81,989
IMRF	-	67,734	65,793	64,516	61,594
Library	-	155,389	150,978	148,132	141,493
Workmen's compensation	-	30,305	29,423	28,838	27,523
TIF Districts	-	1,298,357	1,281,094	1,645,083	1,610,499
Taxes collected	<u>\$ -</u>	<u>\$ 1,999,470</u>	<u>\$ 1,963,205</u>	<u>\$ 2,314,663</u>	<u>\$ 2,250,703</u>
Percentage of Extensions Collected	<u>0.00%</u>	<u>99.99%</u>	<u>99.73%</u>	<u>103.20%</u>	<u>98.96%</u>

INTENTIONALLY LEFT BLANK

INDEPENDENT ACCOUNTANTS' REPORT

To the City Council
City of Tuscola, Illinois

We have examined the City of Tuscola, Illinois' Tax Increment Financing Fund #2's compliance with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Tuscola, Illinois, complied in all material respects with the aforementioned requirements during the year ended April 30, 2021.

This report is intended solely for the information and use of the City Council, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Larsson Woodyard + Henson, LLP

Tuscola, Illinois
October 1, 2021