

**RESOLUTION NO. 2026-2**

**A RESOLUTION DIRECTING MUNICIPAL SALES TAX FUNDS FOR  
SEWER/WATER DEBT REPAYMENT PLAN**

**WHEREAS**, the City of Assumption, Christian County, Illinois (“City”), is a non-home rule municipal corporation duly organized and existing under the Constitution and laws of the State of Illinois; and,

**WHEREAS**, the corporate authorities of the City are vested with the authority to manage the finances of the City, to provide for the imposition, collection, deposit, and expenditure of municipal revenues, and to adopt such resolutions as necessary to carry out the powers conferred upon the City by law; and,

**WHEREAS**, the City has imposed a Non-Home Rule Municipal Retailers’ Occupation and a Non-Home Rule Municipal Service Occupation Tax pursuant to applicable provisions of the Illinois Municipal Code, including and without limitation, 65 ILCS 5/8-11-1.1, 8-11-1.2, 8-11-1.3 and 8-11-1.4, the proceeds of which are collected and remitted to the City by the Illinois Department of Revenue or other authorized entity; and,

**WHEREAS**, Sections 8-11-1.3 and 8-11-1.4 of the Illinois Municipal Code (65 ILCS 5/8-11-1.3 and 8-11-1.4) specifically authorize for the proceeds of taxes imposed pursuant to those Sections to be used for “public infrastructure” as defined by Section 8-11-1.2 (65 ILCS 5/8-11-1.2), including and without limitation, “waste disposal systems” and “water and sewer line extensions, water distribution facilities, and sewage treatment facilities”; and,

**WHEREAS**, the City owns, operates, and maintains a municipal water supply, treatment, distribution, and storage facilities and systems (collectively, the “Water System”) and municipal wastewater collection, treatment, and disposal facilities and systems (collectively, the “Wastewater

System”, and together with the Water System, the “Utility Systems”) for the benefit of the inhabitants of the City; and,

**WHEREAS**, the City is undertaking, or has undertaken, certain capital improvement projects, facility upgrades, replacements, expansions, rehabilitations, or related improvements to the Utility Systems that are financed or assisted, in whole or in part, through loans, grants, or other financial assistance from or through the Illinois Environmental Protection Agency (“IEPA”) or any successor agency; and,

**WHEREAS**, such projects include, without limitation, projects financed or to be financed pursuant to the Water Pollution Control Loan Program or the Public Water Supply Loan Program administered by or through IEPA, and any other IEPA-approved or IEPA-assisted water or wastewater projects of the City (each, an “IEPA Project, and collectively, the “IEPA Projects”); and,

**WHEREAS**, in connection with one or more IEPA Projects, the City has incurred, or anticipates incurring, obligations to repay principal of and interest on loans and/or bonds, and also may be subject to the payment of fees, charges, administrative costs, reserve requirements, and other amounts related to such financings (collectively, “IEPA Project Debt”); and,

**WHEREAS**, in addition to IEPA Project Debt, the City incurs and will continue to incur other IEPA Project-related costs, including but not limited to planning, design, engineering, legal, permitting, land or easement acquisition, construction, inspection, administration, contingencies, and other directly or indirectly associated costs, fees, and expenses (collectively, together with IEPA Project Debt, the “IEPA Project Costs”); and,

**WHEREAS**, the corporate authorities of the City find and determine that it is in the best interests of the City and its residents to designate all of the receipts from the City’s Non-Home

Rule Municipal Retailers' Occupation and Non-Home Rule Municipal Service Occupation Tax (together the "Designated Sales Tax Revenues") to be used to offset and pay IEPA Project Costs, including and without limitation, repayment of IEPA Project Debt, in order to promote financial stability of the Utility Systems, mitigate the rate impact of IEPA Projects on customers of the Utility Systems, enhance the City's ability to comply with applicable IEPA requirements and environmental standards, and support the long-term capital improvement plans of the Utility Systems; and,

**WHEREAS**, the corporate authorities of the City further find and determine that it is appropriate and desirable, and consistent with the City's budgetary and financial management practices, to adopt this Resolution to formally express the policy and intent of the City's corporate authorities regarding the use of Designated Sales Tax Revenues, provide direction to the City's officers and employees regarding accounting, budgeting, and application of such revenues, and promote transparency and accountability with respect to the funding of IEPA Project Costs; and

**WHEREAS**, the corporate authorities of the City acknowledge that nothing within this Resolution is intended to impair any contractual obligations of the City to the holders of its bonds or other creditors, or to restrict or limit the City's ability to take such additional actions as may be necessary to ensure timely payment of its debts and obligations

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Assumption, Christian County, Illinois, as follows:

**Section 1.** Recitals. The Recitals set forth above are hereby incorporated in this Resolution as if fully set forth herein.

**Section 2.** Designation of Revenues. Commencing with Designated Sales Tax Revenues received by the City on and after the effective date of this Resolution, and continuing

until amended or rescinded by further action of the City's corporate authorities, the Designated Sales Tax Revenues actually received by the City in each month or other applicable remittance period shall be designated as Designated Sales Tax Revenues for purposes of this Resolution. The Designated Sales Tax Revenues shall be accounted for and applied as provided in this Resolution for purposes of paying off or offsetting IEPA Project Costs.

**Section 3.** Permitted Uses. Subject to this Resolution, Designated Sales Tax Revenues may be used in such proportions and priorities as the City's corporate authorities or their designees may determine consistent with applicable law and any applicable bond or loan covenants for: i) payment of principal of and interest on IEPA Project Debt as the same becomes due, including any required sinking fund or amortization payments; ii) funding of any required debt service reserve fund, replacement reserve fund, or similar reserve or stabilization fund associated with IEPA Project Debt; iii) payment of other IEPA Project Costs not financed by or reimbursable from IEPA loan or grant proceeds, including and without limitation, engineering, legal, administrative, land acquisition, construction, and related costs; and iv) reimbursement to the City for IEPA Project Costs previously paid from other City funds, to the extent consistent with applicable law and any relevant loan, grant, or bond covenants.

In each annual budget and appropriation ordinance of the City adopted after the effective date of this Resolution, the City's corporate authorities will consider and, as appropriate, provide for the appropriation and planned use of Designated Sales Tax Revenues for IEPA Project Costs consistent with this Resolution and any applicable loan, grant, or bond covenants. In the event that the Designated Sales Tax Revenues and other revenues applied to IEPA Project Costs exceed the amount necessary to pay all IEPA Project Costs then due and payable in any fiscal year after the effective date of this Resolution, and to meet any required reserve or coverage requirements,

any such excess may remain in the IEPA Sales Tax Fund to be applied to future IEPA Project Costs, or to reduce the need for other funding sources in subsequent fiscal years, in addition to authorizing the transfer of any surplus amounts to other funds of the City, to the extent consistent with applicable law and any contractual restrictions (including bond and loan covenants) and by separate action), provided that such transfers do not adversely affect the City's ability to meet current and reasonably anticipated future IEPA Project Costs and related covenants.

**Section 4.** Priority and Coordination with Other Revenues. Designated Sales Tax Revenues shall be applied in coordination with other revenues of the Utility Systems and the City that are available for IEPA Project Costs, including and without limitation, user charges, connection fees, and other utility-related revenues, as provided in applicable ordinances, loan agreements, and bond resolutions. To the extent required by any applicable loan agreements, bond ordinances, or other contracts, Designated Sales Tax Revenues shall be applied in accordance with the priorities and covenants set forth in this Resolution, and nothing within this Resolution shall be construed to alter or impair such covenants. The City's corporate authorities may, in their discretion and consistent with applicable law and contracts, adjust the proportion of Municipal Sales Tax proceeds designated as Designated Sales Tax Revenues within Section 2 of this Resolution, from time to time, in response to changes in IEPA Project Costs, debt service requirements, or other financial considerations, by separate resolution or ordinance.

**Section 5.** Disbursements. Disbursements of Designated Sales Tax Revenues shall be made only for IEPA Project Costs, and only upon proper authorization, approval, and documentation as required by City ordinances, resolutions, procurement policies, internal controls, and budget and appropriation measures, and as consistent with any applicable IEPA loans or grant conditions or bond covenants. Nothing within this Resolution shall be construed as constituting

or substituting for a budget ordinance or appropriation ordinance, or separate authorization to incur obligations or make expenditures that have not been duly budgeted, appropriated, or otherwise authorized in accordance with applicable law.

**Section 6. Severability.** In the event a court of competent jurisdiction finds this resolution or any provision hereof to be invalid or unenforceable as applied, such finding shall not affect the validity of the remaining provisions of this ordinance and the application thereof to the greatest extent permitted by law.

**Section 7. Repeal and Savings Clause.** All resolutions or parts thereof in conflict herewith are hereby repealed; provided, however, that nothing herein contained shall affect any rights, actions, or causes of action which shall have accrued to the City prior to the effective date of this resolution.

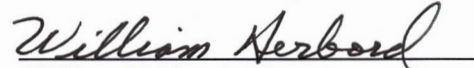
**Section 8. Effective Date.** This resolution shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

**PASSED AND APPROVED** by the City Council of the City of Assumption, Christian County, Illinois, this 6 day of May 2026; by the following roll call the vote:


	YES	NO	ABSENT	PRESENT
BRADSHAW			✓	
NELSEN	✓			
PALMER			✓	
PORTER			✓	
SULLIVAN	✓			
WALDEN	✓			
HERBORD				
TOTAL	3	0	3	0

DATED this 6 day of May 2026.

APPROVED:

  
William Herbord, Mayor

ATTEST:

  
Janet Waller, City Clerk