

CITY OF MATTOON, ILLINOIS

FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

For the year ended April 30, 2009
and
INDEPENDENT AUDITORS' REPORTS

CITY OF MATTOON, ILLINOIS

TABLE OF CONTENTS

	<u>Page(s)</u>
FINANCIAL SECTION:	
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis	3-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15-16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Assets – Proprietary Funds	23-24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	25-26
Statement of Cash Flows – Proprietary Funds.....	27-29

CITY OF MATTOON, ILLINOIS

**TABLE OF CONTENTS
(CONTINUED)**

	<u>Page(s)</u>
FINANCIAL SECTION (CONTINUED):	
Basic Financial Statements (Continued):	
Fund Financial Statements (Continued):	
Statement of Fiduciary Net Assets – Fiduciary Component Units	30
Statement of Changes in Fiduciary Net Assets – Fiduciary Component Units	31
Notes to Financial Statements.....	32-92
Required Supplementary Information:	
Illinois Municipal Retirement Fund – Schedule of Funding Progress.....	93
Police Pension Fund – Schedule of Funding Progress.....	94
Fire Pension Fund – Schedule of Funding Progress	95
Post-employment Healthcare Benefit Program – Schedule of Funding Progress.....	96
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Budgetary Basis – General Fund	97-98
Note to Required Supplementary Information.....	99
Combining and Individual Fund Statements and Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis – Capital Projects Fund	100
Combining Balance Sheet – Nonmajor Governmental Funds	101-102

CITY OF MATTOON, ILLINOIS

**TABLE OF CONTENTS
(CONTINUED)**

	<u>Page(s)</u>
FINANCIAL SECTION (CONTINUED):	
Combining and Individual Fund Statements and Schedules (Continued):	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	103-104
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis Nonmajor Governmental Fund – Motor Fuel Tax Fund.....	105
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis Nonmajor Governmental Fund – Hotel and Motel Tax Fund.....	106
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis Nonmajor Governmental Fund – Festival Management Fund	107
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis – Nonmajor Governmental Fund – Home Rehabilitation Grant Fund	108
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis – Nonmajor Governmental Fund – Revolving Loan Fund	109
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis – Nonmajor Governmental Fund – Midtown TIF District Fund	110
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Budgetary Basis – Nonmajor Governmental Fund – I-57 East TIF District Fund.....	111

CITY OF MATTOON, ILLINOIS

**TABLE OF CONTENTS
(CONTINUED)**

	<u>Page(s)</u>
FINANCIAL SECTION (CONTINUED):	
Combining and Individual Fund Statements and Schedules (Continued):	
Combining Statement of Net Assets – Internal Service Funds.....	112
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	113
Combining Statement of Cash Flows – Internal Service Funds	114-115
Balance Sheet – Governmental Component Unit (Mattoon Public Library)	116
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Component Unit (Mattoon Public Library)	117
Combining Statement of Fiduciary Net Assets – Fiduciary Component Units	118
Combining Statement of Changes in Fiduciary Net Assets – Fiduciary Component Units.....	119
ACCOMPANYING INFORMATION SECTION:	
Legal Debt Margin (Unaudited).....	120
COMPLIANCE SECTION:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	121-122

CITY OF MATTOON, ILLINOIS

**TABLE OF CONTENTS
(CONTINUED)**

	<u>Page(s)</u>
COMPLIANCE SECTION (CONTINUED):	
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	123-124
Schedule of Expenditures of Federal Awards.....	125-126
Notes to Schedule of Expenditures of Federal Awards	127
Schedule of Findings and Questioned Costs.....	128-130
Summary Schedule of Prior Audit Findings.....	131

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Mayor and City Commissioners
City of Mattoon
Mattoon, Illinois 61938

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mattoon, Illinois, as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mattoon, Illinois' management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mattoon, Illinois, as of April 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009, on our consideration of the City of Mattoon, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 14, budgetary comparison information on pages 97 through 98, pension plans' Schedules of Funding Progress on pages 93 through 95, and post-employment healthcare benefit program's Schedule of Funding Progress on page 96 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mattoon, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the combining and individual component unit statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Mattoon, Illinois. The combining and individual nonmajor fund financial statements and schedules, the combining and individual component unit statements, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The computation of legal debt margin has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

West & Company, LLC

December 31, 2009

**CITY OF MATTOON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the financial performance of the City of Mattoon is intended to provide an overview of the City's financial activities for the fiscal year ended April 30, 2009. Readers are encouraged to consider the information presented here in conjunction with additional information as furnished in the financial statements, which begins on page 15.

FINANCIAL HIGHLIGHTS

- The City of Mattoon has total assets of \$93,365,758 and liabilities of \$43,454,794, resulting in net assets of \$49,910,964 as of April 30, 2009. Total assets increased from April 30, 2008 by \$12,034,177, total liabilities increased from April 30, 2008 by \$12,165,414 and net assets decreased from April 30, 2008 by \$131,237. Of the net assets as of April 30, 2009, \$43,494,373 represents the City's investment in capital assets, net of related debt, \$1,798,589 is held for restricted purposes, and \$4,618,002 is available to meet the City's ongoing obligations to its citizens and creditors. The City's cash position in the governmental activities increased by \$9.25 million, from \$4.9 million to \$14.15 million. The City's cash position in the business-type activities decreased by \$100,000, from \$4.1 million to \$4.0 million.

- The following table shows the changes in major revenue sources from 2008 to 2009.

**City of Mattoon, Illinois
Changes in Major Revenue Sources
April 30, 2009**

<u>Source</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Intergovernmental Shared Revenues	\$ 9,586,859	\$ 9,591,733	\$ (4,874)
Property Tax Revenues	\$ 3,660,332	\$ 3,316,774	\$ 343,558
Utility Tax Revenues	\$ 1,284,807	\$ 1,322,050	\$ (37,243)
Hotel Tax Revenues	\$ 259,715	\$ 228,956	\$ 30,759
Water Fund Charges for Services	\$ 2,849,573	\$ 3,014,622	\$ (165,049)
Sewer Fund Charges for Services	\$ 3,333,547	\$ 3,447,455	\$ (113,908)
Cemetery Fund Charges for Services	\$ 115,722	\$ 113,643	\$ 2,079
Table Totals	\$ 21,090,555	\$ 21,035,233	\$ 55,322

- During FY 2009, due to budgetary concerns, the City of Mattoon stopped its plan for the replacement of aging infrastructure and the continuous replacement of the City's aging vehicle fleet. The City has continued to upgrade the technology used in operations and the improvement of utility services. The City still has not put in place a long-term capital budget and a long term plan for the purchase of vehicles. In the past the City has funded capital improvements on a year-to-year basis with little planning for the following fiscal years. The continued tightening of the City's budget has made the lack of a capital plan a significant issue.

- Illinois statute restricts municipality general obligation debt to less than 8.625% of equalized property value. As most of Mattoon's debt will be retired from revenue sources other than property taxes, the City's general obligation debt is well below the statutory limit. Between May 1, 2008 and April 30, 2009, the City issued \$10,000,000 in new debt to be used for various infrastructure and economic development projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section serves as an introduction to the City of Mattoon's basic financial statements. The basic financial statements for the City of Mattoon are comprised of three components:

- government-wide statements,
- fund financial statements, and
- notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The two government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business entities. The *Statement of Net Assets* presents information on all of the City of Mattoon's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found on pages 15 through 17 of this report.

Both of the government-wide financial statements distinguish those functions of the municipality that are principally supported by taxes and intergovernmental revenues, known as governmental activities, from other functions that are intended to recover all, or a significant portion, of their costs through user fees and services charges, called business-type activities. The governmental activities of the City of Mattoon include general government, public safety, public works, health and welfare, culture and recreation, economic development, capital outlay, debt service and other miscellaneous activities. The business-type activities of the City include the water and sewer utility services and Dodge Grove Cemetery.

In addition to these various direct operations of the City, or primary government, the financial statements also include financial information related to legally distinct entities for which the City has financial responsibility and accountability, known as component units. The City of Mattoon's component units include the Mattoon Firefighters Pension Fund, Mattoon Police Pension Fund, Mattoon Foreign Fire Insurance Tax Account and the Mattoon Public Library. These entities are described in note 1 following the financial statements.

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 Mattoon, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All of the funds of the City of Mattoon 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 the government-wide statements, governmental fund financial statements focus on near term inflows and outflows of current spendable resources, as well as balances of spendable resources that can be converted to cash and balances available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

Governmental funds include the general, special revenue, and capital projects funds. On the Balance Sheet – Governmental Funds, the General Fund, Capital Projects Fund and Broadway East Business District Fund are shown as separate columns and data from the other governmental funds are combined into a single column for aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Reconciliations follow the *Balance Sheet-Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds*. The reconciliations show the adjustments that are needed to convert the governmental funds financial statements to the government-wide *Statement of Net Assets* and *Statement of Activities*.

Proprietary Funds

Proprietary funds maintained by the City of Mattoon are of two different types: enterprise funds and internal service funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The City's fund financial statements present separate enterprise fund information for the water and sewer utilities and Dodge Grove Cemetery. The proprietary fund financial statements begin on page 23 of this report.

Internal service funds are used to account for enterprise-like operations that provide services, on a user fee basis, primarily or exclusively to departmental customers within the governmental entity itself, rather than to external customers. The City of Mattoon uses internal service funds to account for its employee and retiree health and life insurance and to account for the City's general liability, casualty and workers compensation insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City does not have any fiduciary funds, but it does include the Mattoon Police Pension Fund and the Mattoon Firefighters Pension Fund, both of which are fiduciary type discretely presented component units. Financial information for the Mattoon Police Pension Fund and Mattoon Firefighters Pension Fund can be found in the *Combining and Individual Fund Statements and Schedules* on pages 118 through 119 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 32 of this report.

Additional Supplementary Information

Following the basic government-wide and fund financial statements and accompanying notes, combining statements are included for the non-major governmental and fiduciary component units.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The *Statement of Net Assets* for the City of Mattoon is summarized in the table below. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by almost \$50 million as of April 30, 2009. The majority of these net assets reflect the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, and construction in progress, net of depreciation and related debt. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

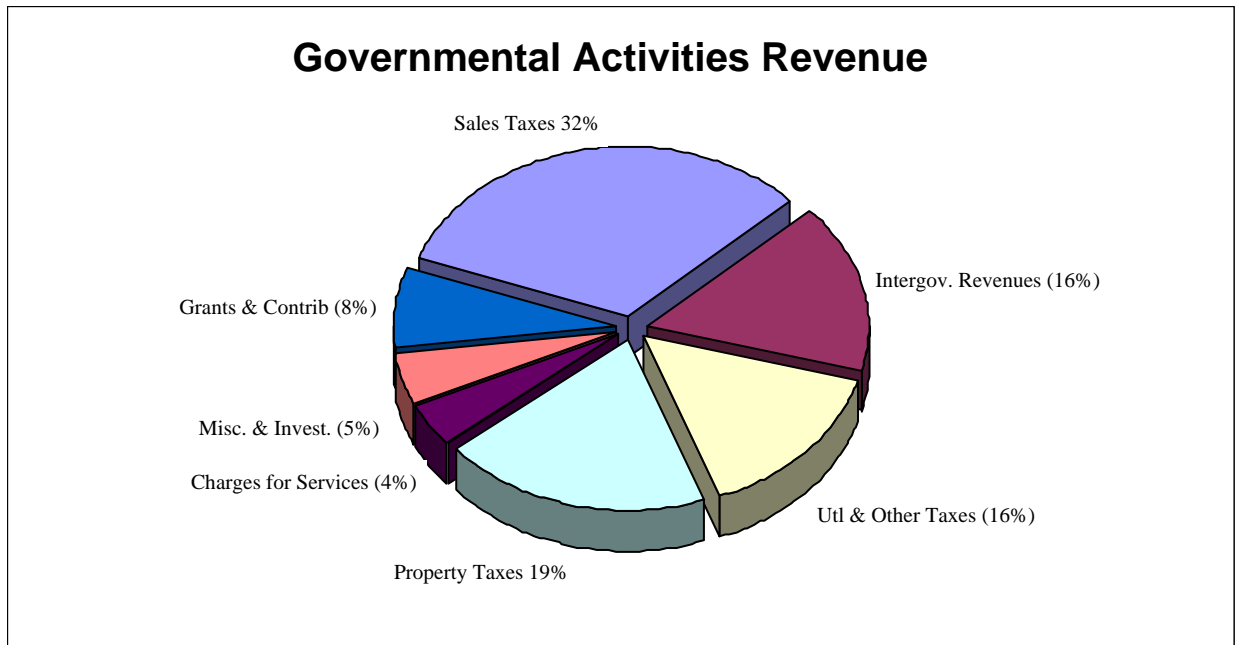
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current & Other Assets	\$24,139,787	\$11,881,779	\$4,140,018	\$4,716,723	\$28,279,805	\$16,598,502
Capital Assets (net)	<u>\$23,079,684</u>	<u>\$22,010,206</u>	<u>\$42,006,269</u>	<u>\$42,722,873</u>	<u>\$65,085,953</u>	<u>\$64,733,079</u>
Total Assets	<u><u>\$47,219,471</u></u>	<u><u>\$33,891,985</u></u>	<u><u>\$46,146,287</u></u>	<u><u>\$47,439,596</u></u>	<u><u>\$93,365,758</u></u>	<u><u>\$81,331,581</u></u>
Current Liabilities	\$7,361,438	\$4,594,657	\$573,674	\$546,796	\$7,935,112	\$5,141,453
Non-current Liabilities	<u>\$15,808,262</u>	<u>\$5,187,950</u>	<u>\$19,711,420</u>	<u>\$20,959,977</u>	<u>\$35,519,682</u>	<u>\$26,147,927</u>
Total Liabilities	<u><u>\$23,169,700</u></u>	<u><u>\$9,782,607</u></u>	<u><u>\$20,285,094</u></u>	<u><u>\$21,506,773</u></u>	<u><u>\$43,454,794</u></u>	<u><u>\$31,289,380</u></u>
Invested in Capital Assets,						
Net of Debt	\$20,489,568	\$19,156,768	\$23,004,805	\$22,142,002	\$43,494,373	\$41,298,770
Restricted	\$1,739,614	\$1,624,357	\$58,975	\$58,012	\$1,798,589	\$1,682,369
Unrestricted	<u>\$1,820,589</u>	<u>\$3,328,253</u>	<u>\$2,797,413</u>	<u>\$3,732,809</u>	<u>\$4,618,002</u>	<u>\$7,061,062</u>
Total Net Assets	<u><u>\$24,049,771</u></u>	<u><u>\$24,109,378</u></u>	<u><u>\$25,861,193</u></u>	<u><u>\$25,932,823</u></u>	<u><u>\$49,910,964</u></u>	<u><u>\$50,042,201</u></u>
Total Net Assets as a % of Total Liabilities	104%	246%	127%	121%	115%	160%
Unrestricted Net Assets as a % of Total Liabilities	8%	34%	14%	17%	11%	23%

A small portion of the City's net assets (3.6%) represents resources that are subject to other restrictions as to how they may be used. The remaining \$4.6 million of total net assets may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$2.8 million, or about sixty-one percent (61%), of these unrestricted net assets are related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities. As of April 30, 2009, the City is able to report positive balances in net assets for the governmental activities as well as business-type activities.

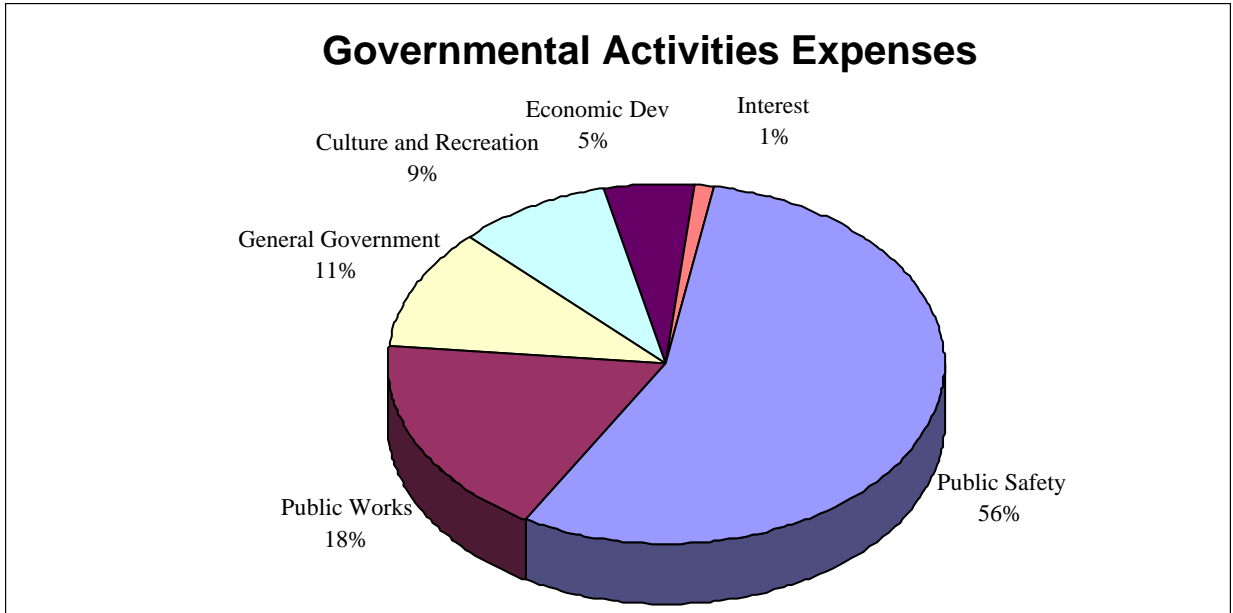
An examination of the *Statement of Activities* provides a concise picture of how the various activities of the City are funded. The following table summarizes the City's governmental and business-type activities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program Revenues						
Charges for Services	\$764,224	\$704,841	\$6,298,842	\$6,575,720	\$7,063,066	\$7,280,561
Operating Grants & Contr.	\$679,370	\$509,234	\$0	\$0	\$679,370	\$509,234
Capital Grants & Contr.	\$705,125	\$96,319	\$41,638	\$237,741	\$746,763	\$334,060
General Revenues						
Property Taxes	\$3,530,875	\$3,192,160	\$0	\$0	\$3,530,875	\$3,192,160
Sales Taxes	\$5,972,861	\$5,682,741	\$0	\$0	\$5,972,861	\$5,682,741
Utility Taxes	\$1,284,807	\$1,322,050	\$0	\$0	\$1,284,807	\$1,322,050
Telecommunication Taxes	\$928,246	\$802,713	\$0	\$0	\$928,246	\$802,713
Other Taxes	\$630,937	\$525,099	\$0	\$0	\$630,937	\$525,099
Intergovernmental Rev.	\$2,913,973	\$3,129,657	\$0	\$0	\$2,913,973	\$3,129,657
Investments Income	\$128,601	\$200,841	\$97,221	\$166,192	\$225,822	\$367,033
Miscellaneous Income	\$774,995	\$220,737	\$0	\$0	\$774,995	\$220,737
Gain (Loss) on Sale of Assets	\$7,682	-\$24,593	\$486,767	\$98,883	\$494,449	\$74,290
Total Revenue	\$18,321,696	\$16,361,799	\$6,924,468	\$7,078,536	\$25,246,164	\$23,440,335
Expenses						
Program Expenses						
General Government	\$2,002,435	\$1,749,319	\$0	\$0	\$2,002,435	\$1,749,319
Public Safety	\$10,246,377	\$9,185,406	\$0	\$0	\$10,246,377	\$9,185,406
Public Works	\$3,384,667	\$3,655,737	\$0	\$0	\$3,384,667	\$3,655,737
Health and Welfare	\$39,338	\$53,705	\$0	\$0	\$39,338	\$53,705
Culture and Recreation	\$1,608,933	\$1,601,762	\$0	\$0	\$1,608,933	\$1,601,762
Economic Development	\$1,002,296	\$534,744	\$0	\$0	\$1,002,296	\$534,744
Interest on Long-Term Debt	\$190,269	\$202,519	\$0	\$0	\$190,269	\$202,519
Water	\$0	\$0	\$3,159,394	\$2,949,675	\$3,159,394	\$2,949,675
Sewer	\$0	\$0	\$3,567,006	\$3,345,730	\$3,567,006	\$3,345,730
Cemetery	\$0	\$0	\$176,686	\$200,946	\$176,686	\$200,946
Total Expenses	\$18,474,315	\$16,983,192	\$6,903,086	\$6,496,351	\$25,377,401	\$23,479,543
Increase (decrease) in net assets before transfers	(\$152,619)	(\$621,393)	\$21,382	\$582,185	(\$131,237)	(\$39,208)
Transfers	\$93,012	\$90,224	(\$93,012)	(\$90,224)	\$0	\$0
Changes in Net Assets	(\$59,607)	(\$531,169)	(\$71,630)	\$491,961	(\$131,237)	(\$39,208)
Net Assets - May 1	\$24,109,378	\$24,640,547	\$25,932,823	\$25,440,862	\$50,042,201	\$50,081,409
Net Assets - April 30	\$24,049,771	\$24,109,378	\$25,861,193	\$25,932,823	\$49,910,964	\$50,042,201

The following chart illustrates how governmental activities are funded. Sales taxes provided thirty-two percent (32%) of the revenue for governmental revenues. Intergovernmental revenues (state shared taxes) provided sixteen percent (16%) of the revenue for governmental activities. Property taxes provided nineteen percent (19%) of the revenue for governmental activities. Utility taxes and other taxes provided sixteen percent (16%) of the revenue for governmental activities. Taxes, in one form or another, comprised eighty-three percent (83%) of the revenue for governmental activities. The remaining seventeen percent (17%) came from Charges for Services, four percent (4%), Miscellaneous and Investment Revenue, five percent (5%), and Grants and Contributions, eight percent (8%).



The following chart illustrates the expenditures of the governmental activities. Public Safety (fire and police protection) comprised fifty-six percent (56%) of the total expenditures of the governmental activities. Public works comprised eighteen percent (18%) of the total expenditures of the governmental activities. General government comprised eleven percent (11%) of the total expenditures of the governmental activities. The remaining fifteen percent (15%) came from expenditures for culture and recreation, nine percent (9%), economic development, five percent (5%) and interest, one percent (1%).



Business-type activities, water and sewer utilities and Dodge Grove cemetery, depend on charges for services as their primary revenue sources. Approximately ninety-one percent (91%) of revenues are generated from user charges.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in assessing the City's financing requirements.

As of April 30, 2009, the City of Mattoon's *Balance Sheet - Governmental Funds* reported combined ending fund balances of \$15,383,860, an increase of \$9,058,356 from April 30, 2008. Of the ending fund balances total, \$855,732 is reserved for specific legal requirements and other commitments, leaving total unreserved governmental fund balances of \$14,528,128 available for meeting future budget requirements. The \$14.5 million is broken down as follows: \$2 million in the general fund, a decrease of \$584,356 from April 30, 2008, \$5.9 million in special revenue funds, an increase of \$4.4 million from April 30, 2008, and \$6.7 million in the capital projects fund, an increase of \$5.2 million from April 30, 2008. The increases in the special revenue funds and the capital projects fund are directly attributable to the bonds issued by the City in late April of 2009.

The General fund is the primary operating fund used to account for the governmental operations of the City of Mattoon. The largest revenue sources for the General fund are taxes and intergovernmental revenues which account for ninety percent (90%) of revenues. Public safety and public works are the primary operations of the General fund. Approximately fifty-nine percent (59%) of the General fund expenditures of \$15.7 million are allocated to the public safety sector. Another twelve percent (12%) of the General fund costs are derived from the operations of public works. Over eleven percent (11%) of the General fund's costs are derived from general governmental expenditures.

The General Fund has an undesignated fund balance of \$2,010,077, a decrease of \$584,356 over the balance as of April 30, 2008. The Capital Projects Fund has a fund balance of \$6,664,747, an increase of \$5,181,524 over the balance as of April 30, 2008. The Broadway East Business District Fund was established during 2009 and ended the year with a balance of \$4,215,716. The General Fund's undesignated fund balance is available to be applied in a future year's budget to one-time capital projects or to reduce outstanding debt. The Capital Projects Funds may be used to fund the City's various infrastructure projects. The Broadway East Business District's fund balance is generally available to pay for eligible redevelopment costs and expenses related to projects within the district. The majority of the balance is due to the bond issuance for the redevelopment project at the Cross County Mall.

With regard to the Other Governmental Funds, the Motor Fuel Tax fund had a total fund balance of \$1,067,242; and the Revolving Loan fund had a total fund balance of \$1,043,158. The Motor Fuel Tax fund balance primarily reflects the amounts designated to pay for new bridges, resurfacing and construction of new streets. The Revolving Loan fund balance is primarily monies to be pledged for expenditure on loans to assist in the economic development of Mattoon. The remaining special revenue funds included in the Other Governmental Funds column in the balance sheet are the Hotel and Motel Tax Fund, Festival Management Fund, Home Rehabilitation Grant Fund, Midtown TIF District Fund, I-57 East TIF District Fund, South Route 45 Business District Fund, I-57 East Business District Fund, Broadway East TIF District Fund and the South Route 45 TIF District Fund. These remaining funds have a total fund balance as of April 30, 2009 of \$382,920. The total accumulated fund balances of all the Other Governmental Funds increased by \$114,329 during 2008-2009.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in greater detail. The detail of the City's proprietary funds can be found from page 23 to page 29. The net assets of the enterprise type proprietary funds at the end of 2009 totaled \$25,861,193, an decrease of \$71,630 from the previous year. The Water fund net assets increased \$158,579, the Sewer fund net assets decreased \$215,180 and the Cemetery fund net assets decreased \$15,029.

For the year ended April 30, 2009, revenues in the Water fund totaled \$2,849,573 (a decrease of \$165,049 from 2008), operating expenses totaled \$2,848,229 (an increase of \$231,813 from 2008) producing operating income of \$1,344 (a decrease of \$396,862 from 2008). Non-operating revenues, expenses and transfers netted an increase of \$157,235, leaving a gain of \$158,579 in the Net Assets of the Water fund. A portion of the increase, \$430,275 came from the sale of farm ground north of Mattoon and the land around Lake Paradise. The Water Fund has not increased rates since 2002 and it appears that it is unsustainable to continue operating the fund without an increase in water rates.

For the year ended April 30, 2009, revenues in the Sewer fund totaled \$3,333,547 (a decrease of \$113,908 from 2008), operating expenses totaled \$3,221,906 (an increase of \$240,525 from 2008) producing operating income of \$111,641 (a decrease of \$354,433 from 2008). Non-operating revenues, expenses and transfers netted a decrease of \$326,821, leaving a loss of \$215,180 in the Net Assets of the Sewer fund. The Sewer Fund is in a better position than the Water Fund because the Sewer Fund has had series of increases over the last five years. This position will also be unsustainable if the water sales continue to decline while costs continue to increase.

For the year ended April 30, 2009, revenues in the Cemetery fund totaled \$115,722 (an increase of \$2,079 from 2008), operating expenses totaled \$176,686 (a decrease of \$24,260 from 2008) producing an operating loss of \$60,964 (a decrease of \$26,339 from 2008). Non-operating revenues totaled \$2,640 and transfers from the General fund and contributions totaled \$43,295 leaving a loss of \$15,029 in the Net Assets of the Cemetery fund. The Cemetery Fund has required, and will continue to require, an annual subsidy from the General Fund. For the foreseeable future the Cemetery Fund will not have enough revenue to cover its expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Required Supplementary Information section contains the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual for the General Fund on pages 97 & 98. The original 2009 General fund budget authorized expenditures and other financing uses of \$15,227,645 funded by anticipated revenues and other financing sources of \$15,257,975 leaving the amount of revenues and other financing sources over expenditures and other financing uses of \$30,330. The actual amount of expenditures and other financing uses over revenues and other financing sources was \$584,356, a negative budget to actual variance of \$614,686.

This negative budget variance can be attributed to two main factors. The first is an unbudgeted increase in health insurance expenses of over \$342,000. The City is self-insured for health purposes and any significant health issue for one or more employees has a direct effect on the City's health insurance costs. The second factor is the expenditure of over \$250,000 in Omega funds during the fiscal year. This amount was not budgeted for because the money is held in a separate account and can only legally be used for these expenditures. The expenditures are included in our year end figures and skew the variance negatively. Even though the dollar amounts are large, the General Fund revenues were over budget by 2.6% and the expenditures were over budget by 9.12%.

The Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual for each of the Non-major Governmental Funds can be found in the Combining and Individual Fund Statements and Schedules, beginning on page 105.

CAPITAL ASSETS AND DEBT

Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded historical costs and depreciation expense associated with all of its capital assets. In accordance with the implementation requirements of GASB No. 34, the historical costs and depreciation expenses associated with all City infrastructure is reported in the financial statements for the period ending on April 30, 2009. As summarized in the table below, the City’s reported investment in capital assets for governmental and business-type activities as of April 30, 2009 totaled \$142.5 million. Forty-eight percent (48%) of this total cost was related to the business-type activities, with the City’s sewer collection and treatment system and water distribution system comprising the most significant component. The governmental activities comprised approximately fifty-two percent (52%) of the total, with the most significant portion being the infrastructure (roads, bridges and sidewalks) of the City.

Total accumulated depreciation was calculated to be over \$77.3 million, or approximately fifty-four percent (54%) of the historical asset cost. Net of accumulated depreciation, the City’s investment in capital assets is \$65.1 million.

City of Mattoon, Illinois Capital Assets, Net of Accumulated Depreciation April 30, 2009

Classification	Governmental Activities	Business-type Activities	Total
Land	\$ 3,359,287	\$ 588,555	\$ 3,947,842
Buildings and Improvements	\$ 6,169,808	\$ 12,920,940	\$ 19,090,748
Equipment, furniture and vehicles	\$ 6,294,706	\$ 3,432,763	\$ 9,727,469
Improvements other than buildings	\$ -	\$ 213,861	\$ 213,861
Infrastructure	\$ 58,856,022	\$ -	\$ 58,856,022
Treat. collect. and distrib. systems	\$ -	\$ 49,645,720	\$ 49,645,720
Construction in Progress	\$ 71,684	\$ 901,712	\$ 973,396
Subtotal	<u>\$ 74,751,507</u>	<u>\$ 67,703,551</u>	<u>\$142,455,058</u>
Less Accumulated Depreciation	\$(51,671,823)	\$(25,697,282)	\$(77,369,105)
Total	<u><u>\$ 23,079,684</u></u>	<u><u>\$ 42,006,269</u></u>	<u><u>\$ 65,085,953</u></u>

Long-Term Liabilities

On April 30, 2009, the City of Mattoon had \$35,519,682 of long-term liabilities outstanding (an increase of \$9,371,755 from April 30, 2008), as summarized in the following table:

City of Mattoon, Illinois
General Obligation Bonds, Notes Outstanding and Other Long-Term Liabilities
April 30, 2009

Classification	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	\$ 12,778,354	\$ 6,674,379	\$ 19,452,733
Notes Payable	\$ 385,210	\$ 12,443,653	\$ 12,828,863
Capital Leases	\$ 713,156	\$ 37,511	\$ 750,667
Compensated Absences	\$ 841,474	\$ 280,050	\$ 1,121,524
Post-Employment Healthcare	\$ 1,090,068	\$ 275,827	\$ 1,365,895
Total	<u>\$ 15,808,262</u>	<u>\$ 19,711,420</u>	<u>\$ 35,519,682</u>

The increase in the outstanding debt is attributable to two factors. The first is the issuance of \$10 million in new bonds for infrastructure and economic development projects. The second is the addition of the Post-Employment Healthcare Benefits to the schedule in accordance with the new accounting standards.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. The City of Mattoon provides the Financial Statements on our web page (www.mattoonillinois.org). If anyone has any questions about this report or needs additional financial information about the City of Mattoon, please contact the Finance Department at 208 North 19th Street, Mattoon, Illinois, 61938. Finance Department staff can also be reached at (217) 235-5483.

BASIC FINANCIAL STATEMENTS

CITY OF MATTOON, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2009

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business-type Activities	Total	Mattoon Public Library
ASSETS:				
Cash and cash equivalents	\$ 14,041,489	\$ 2,625,653	\$ 16,667,142	\$ 21,924
Certificates of deposit	--	1,117,265	1,117,265	--
Investments, at fair value	108	458	566	--
Receivables	8,509,859	226,493	8,736,352	--
Internal balances	298,877	(298,877)	--	--
Due from primary government	--	--	--	36,791
Due from component units	20,420	--	20,420	--
Prepaid items	108,213	6,750	114,963	738
Long-term receivables	803,743	--	803,743	--
Restricted assets:				
Cash and cash equivalents	116,975	239,505	356,480	--
Certificates of deposit	--	8,040	8,040	--
Investments, at fair value	--	--	--	21,930
Deferred bond issue expense	240,103	154,079	394,182	--
Cemetery development	--	60,652	60,652	--
Capital assets (net of accumulated depreciation):				
Land	3,359,287	588,555	3,947,842	--
Buildings and building improvements	4,055,678	9,049,626	13,105,304	1,947,365
Improvements other than buildings	--	109,732	109,732	--
Treatment, collection and distribution systems	--	29,707,760	29,707,760	--
Infrastructure	14,409,454	--	14,409,454	--
Equipment, furniture and vehicles	1,183,581	1,648,884	2,832,465	12,912
Construction in progress	71,684	901,712	973,396	--
 Total assets	 <u>\$ 47,219,471</u>	 <u>\$ 46,146,287</u>	 <u>\$ 93,365,758</u>	 <u>\$ 2,041,660</u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF NET ASSETS
(CONTINUED)
April 30, 2009**

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business-type Activities	Total	Mattoon Public Library
LIABILITIES:				
Accounts payable	\$ 484,445	\$ 133,493	\$ 617,938	\$ 9,793
Payroll liabilities payable	389,306	115,941	505,247	--
Other accrued expenses	61,967	205,300	267,267	--
Due to primary government	--	--	--	20,420
Due to component units	507,608	--	507,608	--
Deferred revenue	3,846,556	--	3,846,556	3,686
Short term note payable	2,068,084	--	2,068,084	--
Liabilities payable from restricted assets:				
Other payables	3,472	118,940	122,412	--
Non-current liabilities:				
Due within one year	789,677	1,670,720	2,460,397	7,182
Due in more than one year	15,018,585	18,040,700	33,059,285	28,728
Total liabilities	<u>23,169,700</u>	<u>20,285,094</u>	<u>43,454,794</u>	<u>69,809</u>
NET ASSETS:				
Invested in capital assets, net of related debt	20,489,568	23,004,805	43,494,373	1,960,277
Restricted for:				
Public safety	112,402	--	112,402	--
Highways and streets	1,067,242	--	1,067,242	--
Culture and recreation	102,999	--	102,999	--
Economic development	456,971	--	456,971	--
Other purposes	--	58,975	58,975	--
Permanent endowment:				
Nonexpendable	--	--	--	25,000
Unrestricted	1,820,589	2,797,413	4,618,002	(13,426)
Total net assets	<u>\$ 24,049,771</u>	<u>\$ 25,861,193</u>	<u>\$ 49,910,964</u>	<u>\$ 1,971,851</u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS

STATEMENT OF ACTIVITIES For the year ended April 30, 2009

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				Mattoon Public Library
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 2,002,435	\$ 172,839	\$ 2,330	\$ --	\$ (1,827,266)	\$ --	\$ (1,827,266)		
Public safety	10,246,377	233,647	218,250	49,995	(9,744,485)	--	(9,744,485)		
Public works	3,384,667	59,801	132,528	655,130	(2,537,208)	--	(2,537,208)		
Health and welfare	39,338	--	--	--	(39,338)	--	(39,338)		
Culture and recreation	1,608,933	297,937	26,262	--	(1,284,734)	--	(1,284,734)		
Economic development	1,002,296	--	300,000	--	(702,296)	--	(702,296)		
Interest on long-term debt	190,269	--	--	--	(190,269)	--	(190,269)		
Total governmental activities	<u>18,474,315</u>	<u>764,224</u>	<u>679,370</u>	<u>705,125</u>	<u>(16,325,596)</u>	<u>--</u>	<u>(16,325,596)</u>		
Business-type activities:									
Water	3,159,394	2,849,573	--	41,638	--	(268,183)	(268,183)		
Sewer	3,567,006	3,333,547	--	--	--	(233,459)	(233,459)		
Cemetery	176,686	115,722	--	--	--	(60,964)	(60,964)		
Total business-type activities	<u>6,903,086</u>	<u>6,298,842</u>	<u>--</u>	<u>41,638</u>	<u>--</u>	<u>(562,606)</u>	<u>(562,606)</u>		
Total primary government	<u>\$ 25,377,401</u>	<u>\$ 7,063,066</u>	<u>\$ 679,370</u>	<u>\$ 746,763</u>	<u>(16,325,596)</u>	<u>(562,606)</u>	<u>(16,888,202)</u>		
Component Unit:									
Mattoon Public Library	<u>\$ 554,236</u>	<u>\$ 17,596</u>	<u>\$ 10,556</u>	<u>\$ --</u>				<u>\$ (526,084)</u>	
General revenues:									
Property taxes					3,382,771	--	3,382,771	--	
TIF property tax increment					148,104	--	148,104	--	
Telecommunication taxes					928,246	--	928,246	--	
Utility taxes					1,284,807	--	1,284,807	--	
Other taxes					630,937	--	630,937	--	
Payments from primary government					--	--	--	445,358	
Sales taxes					5,972,861	--	5,972,861	--	
Income and use taxes					1,870,428	--	1,870,428	--	
Other intergovernmental revenues					1,043,545	--	1,043,545	--	
Investment income					128,601	97,221	225,822	(5,957)	
Miscellaneous income					774,995	--	774,995	8,164	
Gain on sale (loss on disposal) of capital assets					7,682	486,767	494,449	--	
Transfers					93,012	(93,012)	--	--	
Total general revenues and transfers					<u>16,265,989</u>	<u>490,976</u>	<u>16,756,965</u>	<u>447,565</u>	
Change in net assets					(59,607)	(71,630)	(131,237)	(78,519)	
Net assets, beginning of year					24,109,378	25,932,823	50,042,201	2,050,370	
Net assets, end of year					<u>\$ 24,049,771</u>	<u>\$ 25,861,193</u>	<u>\$ 49,910,964</u>	<u>\$ 1,971,851</u>	

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2009**

	General Fund	Capital Projects Fund	Broadway East Business District	Other Governmental Funds	Totals
ASSETS:					
Cash and cash equivalents	\$ 1,363,038	\$ 6,654,173	\$ 4,182,053	\$ 1,479,567	\$ 13,678,831
Investments, at fair value	108	--	--	--	108
Receivables	7,955,721	--	79,747	474,391	8,509,859
Due from other funds	266,695	49,866	--	40,539	357,100
Due from component units	20,000	--	--	--	20,000
Prepaid items	--	--	--	15,900	15,900
Long-term receivables	--	--	--	803,743	803,743
Advance to other fund	--	--	--	36,089	36,089
Restricted assets:					
Cash and cash equivalents	112,402	--	--	--	112,402
Total assets	\$ 9,717,964	\$ 6,704,039	\$ 4,261,800	\$ 2,850,229	\$ 23,534,032
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 140,581	\$ 39,292	\$ 20,750	\$ 131,405	\$ 332,028
Payroll liabilities payable	386,336	--	--	2,970	389,306
Due to other funds	198,836	--	--	2,096	200,932
Due to component units	504,718	--	--	--	504,718
Deferred revenue	4,373,243	--	25,334	220,438	4,619,015
Short-term note payable	2,068,084	--	--	--	2,068,084
Advances from other funds	36,089	--	--	--	36,089
Total liabilities	7,707,887	39,292	46,084	356,909	8,150,172
Fund balances:					
Reserved for:					
Prepaid items	--	--	--	15,900	15,900
Advances	--	--	--	36,089	36,089
Long-term receivables	--	--	--	803,743	803,743
Unreserved, reported in:					
General fund	2,010,077	--	--	--	2,010,077
Special revenue funds:					
Undesignated	--	--	4,215,716	1,637,588	5,853,304
Capital projects fund	--	6,664,747	--	--	6,664,747
Total fund balances	2,010,077	6,664,747	4,215,716	2,493,320	15,383,860
Total liabilities and fund balances	\$ 9,717,964	\$ 6,704,039	\$ 4,261,800	\$ 2,850,229	\$ 23,534,032

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES**

April 30, 2009

Total fund balances, governmental funds	\$ 15,383,860
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	23,079,684
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	772,459
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	443,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(15,630,126)</u>
Net assets of governmental activities	<u><u>\$ 24,049,771</u></u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the year ended April 30, 2009

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Broadway East Business District Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Revenues:					
Taxes	\$ 5,936,059	\$ --	\$ --	\$ 407,819	\$ 6,343,878
Licenses and permits	172,943	--	--	--	172,943
Intergovernmental revenues	8,219,145	--	274,873	745,932	9,239,950
Charges for services	448,003	--	--	--	448,003
Fines and forfeitures	143,278	--	--	--	143,278
Investment income	84,331	5,815	49	38,406	128,601
Contributions and miscellaneous revenues	656,667	9,307	--	200,228	866,202
Total revenues	15,660,426	15,122	274,922	1,392,385	17,342,855
Expenditures:					
Current:					
General government	1,791,937	1,100	--	--	1,793,037
Public safety	9,191,538	--	--	--	9,191,538
Public works	1,928,691	94,590	--	280,272	2,303,553
Health and welfare	39,338	--	--	--	39,338
Culture and recreation	1,191,880	630	--	325,780	1,518,290
Economic development	613,884	1,628	14,467	372,317	1,002,296
Capital outlay	176,180	1,289,065	--	226,948	1,692,193
Debt service:					
Principal	562,987	--	--	--	562,987
Interest and fiscal charges	180,041	--	--	--	180,041
Bond issuance costs	--	118,688	88,176	--	206,864
Total expenditures	\$ 15,676,476	\$ 1,505,701	\$ 102,643	\$ 1,205,317	\$ 18,490,137

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(CONTINUED)**

**GOVERNMENTAL FUNDS
For the year ended April 30, 2009**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Broadway East Business District Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (16,050)	\$ (1,490,579)	\$ 172,279	\$ 187,068	\$ (1,147,282)
Other financing sources (uses):					
Transfers in	136,307	621,985	--	58,404	816,696
Transfers out	(723,684)	--	--	--	(723,684)
Proceeds from sale of assets	19,071	--	--	--	19,071
Long-term debt issued	--	6,000,000	4,000,000	--	10,000,000
Premium on bonds issued	--	50,118	43,437	--	93,555
Total other financing sources (uses)	<u>(568,306)</u>	<u>6,672,103</u>	<u>4,043,437</u>	<u>58,404</u>	<u>10,205,638</u>
Net change in fund balances	(584,356)	5,181,524	4,215,716	245,472	9,058,356
Fund balances, beginning of year	<u>2,594,433</u>	<u>1,483,223</u>	<u>--</u>	<u>2,247,848</u>	<u>6,325,504</u>
Fund balances, end of year	<u>\$ 2,010,077</u>	<u>\$ 6,664,747</u>	<u>\$ 4,215,716</u>	<u>\$ 2,493,320</u>	<u>\$ 15,383,860</u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**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, 2009**

Net changes in fund balances, governmental funds \$ 9,058,356

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 408,242

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets. 661,236

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and some amounts reported as revenues in the funds were reported as revenues on the statement of activities in the prior year. This is the net effect of these differences in revenue recognition. 228,534

The effect of debt forgiveness is to increase net assets. 70,000

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (9,323,704)

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 governmental funds. (1,162,271)

Changes in net assets of governmental activities \$ (59,607)

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

April 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
					<u>Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other - Cemetery Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 970,141	\$ 1,471,959	\$ 183,553	\$ 2,625,653	\$ 362,658
Certificates of deposit	704,501	412,764	--	1,117,265	--
Investments, at fair value	458	--	--	458	--
Receivables	108,769	113,557	4,167	226,493	--
Due from other funds	--	--	--	--	142,709
Due from component units	--	--	--	--	420
Prepaid items	--	6,750	--	6,750	92,313
Total current assets	1,783,869	2,005,030	187,720	3,976,619	598,100
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	188,570	--	50,935	239,505	4,573
Certificates of deposit	--	--	8,040	8,040	--
Deferred bond issue expense	103,848	50,231	--	154,079	--
Cemetery development	--	--	60,652	60,652	--
Capital assets:					
Land	378,724	208,431	1,400	588,555	--
Buildings and building improvements	12,036,305	796,808	87,827	12,920,940	--
Improvements other than buildings	202,859	11,002	--	213,861	--
Treatment, collection and distribution systems	11,238,176	38,407,544	--	49,645,720	--
Equipment, furniture and vehicles	1,689,943	1,627,480	115,340	3,432,763	--
Construction in progress	901,712	--	--	901,712	--
Less accumulated depreciation	(8,732,412)	(16,850,983)	(113,887)	(25,697,282)	--
Total capital assets (net of accumulated depreciation)	17,715,307	24,200,282	90,680	42,006,269	--
Total noncurrent assets	18,007,725	24,250,513	210,307	42,468,545	4,573
Total assets	\$ 19,791,594	\$ 26,255,543	\$ 398,027	\$ 46,445,164	\$ 602,673

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF NET ASSETS
(CONTINUED)
PROPRIETARY FUNDS
April 30, 2009**

	Business-type Activities - Enterprise Funds				Governmental Activities
	Other - Cemetery			Totals	Internal Service Funds
	Water Fund	Sewer Fund	Fund		
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ 64,082	\$ 67,036	\$ 2,375	\$ 133,493	\$ 152,417
Payroll liabilities payable	54,266	54,777	6,898	115,941	--
Accrued interest	115,900	89,400	--	205,300	--
Due to other funds	93,440	17,389	188,048	298,877	--
Due to component units	--	--	--	--	2,890
Compensated absences payable	36,065	15,168	4,777	56,010	--
General obligation bonds - current	475,000	290,000	--	765,000	--
Capital lease obligation - current	5,925	5,925	--	11,850	--
Notes payable - current	392,325	445,535	--	837,860	--
Payable from restricted assets:					
Other payables	118,940	--	--	118,940	3,472
Total current liabilities	1,355,943	985,230	202,098	2,543,271	158,779
Noncurrent liabilities:					
Long-term debt payable:					
General obligation bonds payable (net of unamortized discounts and premiums and deferred amount on refunding)	3,154,757	2,754,623	--	5,909,380	--
Capital lease obligation	12,830	12,830	--	25,660	--
Notes payable	4,539,424	7,066,369	--	11,605,793	--
Compensated absences payable	144,260	60,673	19,107	224,040	--
Post-employment healthcare benefits obligation	147,682	128,145	--	275,827	--
Total noncurrent liabilities	7,998,953	10,022,640	19,107	18,040,700	--
Total liabilities	9,354,896	11,007,870	221,205	20,583,971	158,779
NET ASSETS:					
Invested in capital assets (net of related debt)	9,238,894	13,675,231	90,680	23,004,805	--
Restricted for other purposes	--	--	58,975	58,975	--
Unrestricted	1,197,804	1,572,442	27,167	2,797,413	443,894
Total net assets	\$ 10,436,698	\$ 15,247,673	\$ 176,822	\$ 25,861,193	\$ 443,894

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

For the year ended April 30, 2009

	Business-type Activities - Enterprise Funds			Governmental	
				Activities	
	Water Fund	Sewer Fund	Other - Cemetery Fund	Totals	Internal Service Funds
Operating revenues:					
Charges for services	\$ 2,849,573	\$ 3,333,547	\$ 115,722	\$ 6,298,842	\$ --
Fund charges and employee contributions	--	--	--	--	3,195,730
Insurance reimbursements	--	--	--	--	39,875
Miscellaneous operating revenues	--	--	--	--	31,388
Total operating revenue	2,849,573	3,333,547	115,722	6,298,842	3,266,993
Operating expenses:					
Reservoirs and sources of supply	82,422	--	--	82,422	--
Water treatment plant	907,556	--	--	907,556	--
Water distribution	528,589	--	--	528,589	--
Sewer collection system	--	511,565	--	511,565	--
Sewer lift stations	--	67,523	--	67,523	--
Wastewater treatment plant	--	1,031,730	--	1,031,730	--
Accounting and collection	235,513	223,735	--	459,248	--
Administrative and general	491,917	469,387	--	961,304	154,744
Insurance	--	--	--	--	919,221
Self insured retention and deductible	--	--	--	--	41,941
Health claims and uninsured judgments	--	--	--	--	2,151,136
Personnel services	--	--	142,195	142,195	--
Repairs and maintenance	--	--	4,520	4,520	--
Supplies	--	--	3,715	3,715	--
Purchased services	--	--	6,170	6,170	--
Utilities	--	--	7,722	7,722	--
Depreciation	602,232	917,966	12,364	1,532,562	--
Total operating expenses	2,848,229	3,221,906	176,686	6,246,821	3,267,042
Operating income (loss)	\$ 1,344	\$ 111,641	\$ (60,964)	\$ 52,021	\$ (49)

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
(CONTINUED)**

**PROPRIETARY FUNDS
For the year ended April 30, 2009**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Other - Cemetery</u>			<u>Totals</u>	<u>Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Fund</u>		
Non-operating revenues (expenses):					
Investment income	\$ 43,769	\$ 50,812	\$ 2,640	\$ 97,221	\$ 49
Capital grant revenue	41,638	--	--	41,638	--
Interest expense	(297,429)	(338,959)	--	(636,388)	--
Gain on sale of capital assets	430,275	56,492	--	486,767	--
Bond issuance costs	(13,736)	(6,141)	--	(19,877)	--
 Total non-operating revenues (expenses)	 204,517	 (237,796)	 2,640	 (30,639)	 49
 Income (loss) before contributions and transfers	 205,861	 (126,155)	 (58,324)	 21,382	 --
Transfers in	--	--	43,295	43,295	--
Transfers out	(47,282)	(89,025)	--	(136,307)	--
 Change in net assets	 158,579	 (215,180)	 (15,029)	 (71,630)	 --
 Net assets, beginning of year	 10,278,119	 15,462,853	 191,851	 25,932,823	 443,894
 Net assets, end of year	 <u>\$ 10,436,698</u>	 <u>\$ 15,247,673</u>	 <u>\$ 176,822</u>	 <u>\$ 25,861,193</u>	 <u>\$ 443,894</u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended April 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
					<u>Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other - Cemetery Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 2,864,116	\$ 3,336,823	\$ 121,378	\$ 6,322,317	\$ --
Receipts from interfund services provided	--	--	--	--	2,802,524
Receipts from component units	--	--	--	--	46,863
Receipts from employees and retirees	--	--	--	--	353,120
Payments to employees	(835,113)	(817,021)	(110,799)	(1,762,933)	--
Payments to suppliers	(892,407)	(1,035,889)	152,356	(1,775,940)	(1,022,000)
Payments to claimants	--	--	--	--	(2,123,725)
Payments for interfund services used	(294,415)	(316,193)	(17,782)	(628,390)	--
Other receipts	--	--	--	--	71,263
Net cash provided by operating activities	<u>842,181</u>	<u>1,167,720</u>	<u>145,153</u>	<u>2,155,054</u>	<u>128,045</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	--	--	43,295	43,295	--
Operating transfers out	(47,282)	(89,025)	--	(136,307)	--
Loans from other funds	<u>78,209</u>	--	--	<u>78,209</u>	--
Net cash provided (used) by noncapital financing activities	<u>\$ 30,927</u>	<u>\$ (89,025)</u>	<u>\$ 43,295</u>	<u>\$ (14,803)</u>	<u>\$ --</u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF CASH FLOWS
(CONTINUED)**

**PROPRIETARY FUNDS
For the year ended April 30, 2009**

	Business-type Activities - Enterprise Funds			Governmental	
				Activities	
	Water Fund	Sewer Fund	Other - Cemetery Fund	Totals	Internal Service Funds
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of capital assets	\$ (97,377)	\$ (779,233)	\$ --	\$ (876,610)	\$ --
Proceeds from capital grants	210,144	--	--	210,144	--
Proceeds from issuance of debt	--	--	--	--	--
Principal payments on debt	(842,359)	(724,679)	--	(1,567,038)	--
Interest and fiscal charges	(287,572)	(336,210)	--	(623,782)	--
Capital contributions	1,053	--	--	1,053	--
Proceeds from sale of assets	430,275	56,492	--	486,767	--
Net cash used by capital and related financing activities	<u>(585,836)</u>	<u>(1,783,630)</u>	<u>--</u>	<u>(2,369,466)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received (net of expense)	16,013	33,688	2,431	52,132	49
Net cash provided by investing activities	<u>16,013</u>	<u>33,688</u>	<u>2,431</u>	<u>52,132</u>	<u>49</u>
Net increase (decrease) in cash	303,285	(671,247)	190,879	(177,083)	128,094
Cash, restricted and unrestricted, beginning of year	<u>855,426</u>	<u>2,143,206</u>	<u>43,609</u>	<u>3,042,241</u>	<u>239,137</u>
Cash, restricted and unrestricted, end of year	<u>\$ 1,158,711</u>	<u>\$ 1,471,959</u>	<u>\$ 234,488</u>	<u>\$ 2,865,158</u>	<u>\$ 367,231</u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF CASH FLOWS
(CONTINUED)**

PROPRIETARY FUNDS

For the year ended April 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
					<u>Activities</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other - Cemetery Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,344	\$ 111,641	\$ (60,964)	\$ 52,021	\$ (49)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	602,232	917,966	12,364	1,532,562	--
(Increase) decrease in receivables	44,626	3,276	5,656	53,558	--
(Increase) decrease in due from other funds	--	--	--	--	6,238
(Increase) decrease in due from component units	--	--	--	--	(129)
(Increase) decrease in prepaid items	--	(917)	--	(917)	97,259
Increase (decrease) in accounts payable	27,148	5,362	948	33,458	25,381
Increase (decrease) in payroll liabilities payable	6,783	4,901	597	12,281	--
Increase (decrease) in due to other funds	(12)	(264)	186,815	186,539	669
Increase (decrease) in compensated absences payable	15,438	(2,390)	(263)	12,785	--
Increase (decrease) in meter deposits payable	(3,060)	--	--	(3,060)	--
Increase (decrease) in other post-employment benefits payable	147,682	128,145	--	275,827	--
Increase (decrease) in other payables	--	--	--	--	(1,324)
Net cash provided by operating activities	<u>\$ 842,181</u>	<u>\$ 1,167,720</u>	<u>\$ 145,153</u>	<u>\$ 2,155,054</u>	<u>\$ 128,045</u>

See notes to financial statements

CITY OF MATTOON, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY COMPONENT UNITS
April 30, 2009

	Pension Component Units
ASSETS:	
Cash	\$ 3,550,838
Interest receivable	130,249
Due from primary government	470,817
Investments, at fair value:	
U.S. government obligations	8,079,806
Insurance contracts	11,037,208
Open end mutual fund	857,088
Closed end mutual fund	75,982
Corporate notes and bonds	142,686
Corporate equity - preferred	63,960
Certificates of deposit	550,000
Total investments	20,806,730
Total assets	24,958,634
 LIABILITIES:	
Pensions payable	257,583
 NET ASSETS:	
Held in trust for pension benefits (a schedule of funding progress is presented on pages 94-95)	\$ 24,701,051

See notes to financial statements

CITY OF MATTOON, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY COMPONENT UNITS**

For the year ended April 30, 2009

	Pension Component Units
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 2,126,536
Plan members	424,041
	<u> </u>
Total contributions	<u>2,550,577</u>
Investment income (loss):	
Interest income	751,994
Net decrease in fair value of investments	(5,753,886)
	<u> </u>
Net investment income (loss)	<u>(5,001,892)</u>
Total additions	<u>(2,451,315)</u>
Deductions:	
Benefits and refunds of contributions	3,056,761
Miscellaneous	8,629
	<u> </u>
Total deductions	<u>3,065,390</u>
Change in net assets	(5,516,705)
Net assets held in trust, beginning of year	<u>30,217,756</u>
Net assets held in trust, end of year	<u><u>\$ 24,701,051</u></u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Mattoon, Illinois, operates under an elected Commission form of government. The City's major operations include public safety, public works, recreation and parks, and general administrative services. In addition, the City owns and operates two major enterprise activities, a water plant and local sewer system.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In accordance with Governmental Accounting Standards Board Statements No. 14 and 39, financial accountability was determined on the basis of authoritative appointments of a voting majority of the potential component unit's board, imposition of its will on the potential component unit, the existence of a financial benefit or burden, fiscal dependency, and the designation of management. Entities may also be part of the financial reporting entity if their inclusion is necessary to prevent the financial statements from being misleading or incomplete or if the entities are closely related to or financially integrated with the primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations, so data from these units would be combined with data of the City. Each discretely presented component unit is usually reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. However, discretely presented component units that are fiduciary in nature are reported separately in statements relating to fiduciary net assets. Separate financial statements are not issued for the individual component units listed below.

Blended component unit – The Mattoon Foreign Fire Insurance Tax Account is governed by the 2% Foreign Fire Board. The Mattoon Foreign Fire Insurance Account is treated as a blended component unit because its sole purpose is to account for monies received from the Illinois Municipal League to the City's firefighters to purchase equipment and supplies. The entity is reported as part of the General Fund.

Discretely presented component units – The Mattoon Public Library (Library) serves all of the citizens of the city and is governed by a board appointed by the City Council. The City is liable for general obligation bonds issued for construction and improvements of the Library. The Library is reported as a governmental fund type component unit. The Mattoon Police Pension Fund and the Mattoon Firefighters Pension Fund are responsible for funding pensions for their respective members. Because their sole purpose is to provide pension funding for the City's police officers and firefighters, the Mattoon Police Pension Fund and the Mattoon Firefighters Pension Fund are treated as discretely presented component units. Since they are fiduciary in nature, these component units are presented in fiduciary net asset statements.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved. Therefore, charges between the City's water and sewer function and various other functions of the government are included since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net assets includes all of the government's assets and liabilities, including capital assets. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are reported as follows:

Governmental Funds

The City of Mattoon reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. Included among these funds are:

Broadway East Business District Fund – This fund is used to account for the revenues and expenditures for implementation of the Broadway East Business District Plan and Project, including all sales and hotel/motel tax revenues received from the State of Illinois and City of Mattoon allocable to the operation of the Broadway East Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/1-74.3-1 et. seq.).

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

Governmental funds (Continued)

The City of Mattoon reports the following nonmajor governmental funds:

Special Revenue Funds

Motor Fuel Tax Fund – This fund is used to account for the revenue and expenditures related to projects financed by the motor fuel tax funds collected and distributed by the State of Illinois.

Hotel and Motel Tax Fund – This fund is used to account for the collection of a 5% room occupancy tax.

Festival Management Fund – This fund is used to account for the activities for the 4th of July Fireworks, Lightworks Festival, Water Sports Festival, Fall Festival, and Bagelfest.

Home Rehabilitation Grant Fund – This fund is used to account for housing grants and related expenditures.

Revolving Loan Fund – This fund is used to account for loans provided to businesses to promote economic development.

Midtown TIF District Fund – This fund is used to account for revenues and expenditures for implementation of the Mattoon Midtown Redevelopment Plan and Project, including all property tax increment revenues received from Coles County allocable to the operation of the Mattoon Midtown Tax Increment District as required by the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11 - 74.4-3 et seq.).

I-57 East TIF District Fund – This fund is used to account for revenues and expenditures for implementation of the I-57 East Redevelopment Plan and Project, including all property tax increment revenues received from Coles County allocable to the operation of the I-57 East Tax Increment District as required by the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-3 et. seq.).

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

Governmental Funds (Continued)

Special Revenue Funds (Continued)

South Rt 45 Business District Fund – This fund is used to account for revenues and expenditures for implementation of the South Rt 45 Business District Plan, including all sales tax and hotel/motel tax revenues received from the State of Illinois and City of Mattoon allocable to the operation of the South Rt 45 Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/1-74.3-1 et. seq.).

I-57 East Business District Fund – This fund is used to account for the revenues and expenditures for implementation of the I-57 East Business District Plan and Project, including all sales and hotel/motel tax revenues received from the State of Illinois and City of Mattoon allocable to the operation of the I-57 East Business District Fund as required by the Business District Development and Redevelopment Act (65 ILCS 5/1-74.3-1 et. seq.).

Broadway East TIF District Fund – This fund is used to account for the revenue and expenditures for implementation of the Broadway East Redevelopment Plan and Project, including all property tax increment revenues received from Coles County allocable to the operation of the Broadway East Tax Increment District as required by the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-3 et. seq.).

South Rt 45 TIF District Fund – This fund is used to account for the revenues and expenditures for implementation of the South Rt. 45 Redevelopment Plan and Project, including all property tax increment revenues received from Coles County allocable to the operation of the South Rt. 45 Tax Increment District as required by the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-3 et. seq.).

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

Proprietary Funds

The City of Mattoon reports the following major proprietary funds:

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Fund – This fund is used to account for the activities of the government’s water distribution system.

Sewer Fund – This fund is used to account for the activities of the government’s sewage treatment plant, sewage pumping stations and collection systems.

The City of Mattoon reports the following nonmajor proprietary funds:

Enterprise Funds

Cemetery Fund – This fund is used to account for the activities of the Dodge Grove Cemetery.

Internal Service Funds – Internal Service Funds are used to account for financing of services provided by one department or agency to other departments or agencies of the governmental unit, or other governmental units, on a cost-reimbursement basis.

Health Insurance Fund – This fund is used to account for employee and retiree health insurance.

Insurance and Tort Judgment Fund – This fund is used to account for the insurance premiums paid by the City.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Financial Statement Presentation (Continued)

Other Fund Types

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the City in a custodial capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City does not have any fiduciary funds, but it does include the Mattoon Police Pension Fund and the Mattoon Firefighters Pension Fund, both of which are fiduciary type discretely presented component units.

D. Measurement Focus and Basis of Accounting

The City's records are generally maintained on the modified accrual basis of accounting. The basis of accounting used in the preparation of the basic financial statements is described in the following paragraphs.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In the government-wide financial statements and the fund financial statements for the proprietary funds, the City has elected to not apply FASB Statements and Interpretations issued after November 30, 1989.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues to be available if they are collectible within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include property taxes, franchise fees, interest, and various taxes collected by the state or other party on behalf of the government. In general, other revenues, such as charges for services and miscellaneous revenues, are considered to be measurable and available only when cash is received. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having a legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources.

Property taxes are levied no later than the last Tuesday of December. These taxes attach as an enforceable lien on property as of January 1 of the calendar year that the levy ordinance was enacted. The taxes are payable by property owners in two equal installments. The first installment is due 30 days after the bills are mailed, while the second payment is due around September 1. The Coles County Treasurer distributed the 2007 tax extension to the City on August, 15, 2008, September 11, 2008, October 22, 2008, and November 21, 2008. The City Council adopted the 2008 tax levy (receivable in calendar year 2009) on December 23, 2008. For governmental fund financial statements, the 2008 property tax levy is deferred since this amount is normally not collected within the time period to be available (defined as within 60 days). The 2008 property tax levy is also deferred in the government-wide statements, since the levy is intended to finance fiscal year 2010 expenditures. Property tax revenues recorded in these financial statements are from the 2007 and prior tax levies.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water enterprise fund, the Sewer enterprise fund, the Cemetery enterprise fund, and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City considers cash on hand, checking accounts, savings accounts, money market funds, and investments held with an original maturity date of less than three months to be cash and cash equivalents. The City maintains a cash pool for use by most funds. Each fund's portion of this pool is included in the financial statements as cash and cash equivalents. Investments of the City, as well as its component units, are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Unrealized gains or losses from the appreciation or depreciation in fair value of investments in the Firefighters Pension Fund and Police Pension Fund are reported as "net increase (decrease) in fair value of investments."

Statutes authorize the City and the Library to invest in obligations of the United States of America and its agencies, direct obligations of any bank or savings and loan association that is insured by the Federal Deposit Insurance Corporation, short term obligations of corporations subject to certain qualifications, money market mutual funds whose portfolios are limited to governmental securities and obligations, the Illinois Funds Money Market Fund, and bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, subject to certain qualifications.

Statutes authorize the Police and Firefighters Pension component units to invest in obligations of the United States of America and its agencies, bonds of the State of Illinois, bonds of any county, township or municipal corporation of the State of Illinois, Illinois Funds Money Market Fund, money market mutual funds under the Investment Company Act of 1940 subject to certain restrictions, general accounts of life insurance companies authorized to transact business in Illinois, separate accounts managed by life insurance companies subject to certain qualifications, and mutual funds meeting certain requirements. Through an appointed investment adviser, the Pension component units can also invest in common and preferred stocks, subject to certain requirements. Furthermore, investments may be made in banks, savings and loan associations, and credit unions covered by depository insurance.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” for the current portion of interfund loans or “advances to/from other funds” for the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not expendable available financial resources.

Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for uncollectibles is considered necessary at year-end.

3. Inventories and Prepaid Items

It has been the policy of the Water and Sewer Funds to charge all materials, chemicals, repair parts, and supplies directly to expense at the time they are purchased. Therefore, no inventory is included in these funds. Inventories of governmental funds are considered immaterial at year-end.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Land, buildings, furniture, equipment, and vehicles are included at estimated historical cost on various dates prior to December 7, 1971. Property purchased subsequent to that date is valued at historical cost. Donated capital assets are valued at their estimated fair value on the date donated.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

4. Capital Assets (Continued)

The City has adopted an ordinance establishing capitalization thresholds for different classes of capital assets. The capitalization thresholds are as follows:

<u>Property</u>	<u>Threshold</u>
Land	\$ 5,000
Buildings and improvements	\$ 50,000
Infrastructure	\$ 50,000
Equipment and vehicles	\$ 10,000
Software	\$ 10,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of business-type activities is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized.

Depreciation has been reported using the straight-line method over the estimated useful lives of the respective assets. Land is not depreciated. The estimated useful lives for each capital asset type are as follows:

<u>Property</u>	<u>Years</u>
Buildings and building improvements	50
Improvements other than buildings	20
Infrastructure:	
Sidewalks and bike paths	15
Streets, curbs and gutters	20
Traffic signals	25
Bridges and storm sewers	50
Radio-read water meter equipment	10
Equipment and vehicles	5
Software	2

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Compensated Absences Payable

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits to specified maximums. Upon separation from service, employees are eligible to receive only a portion of accumulated time. Such amounts are accrued when incurred in the government-wide and proprietary fund financial statements. For governmental funds and the governmental component unit, the amount of compensated absences payable from available resources is recorded only when due for payment, such as when an employee retires or resigns.

6. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental or business-type activities columns or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, as the differences between the straight line method and the effective interest method are considered immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Fund Balances

In the governmental fund financial statements, funds report reservations of fund balances that are legally segregated for a specific purpose by outside third parties or are not appropriable for future expenditures. Designations of fund balance represent tentative management plans that are subject to change.

8. Net Assets

In the government-wide and proprietary fund financial statements, net assets represent the difference between assets and liabilities. Net assets are displayed in three categories:

Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation, less outstanding principal of related debt.

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

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The Governmental Activities column on the Statement of Net Assets reports \$1,739,614 of restricted net assets, of which \$102,999 is restricted by enabling legislation.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, and Net Assets or Equity (Continued)

8. Net Assets (Continued)

The business-type activities column of the statement of net assets and the Cemetery Fund on the statement of net assets for proprietary funds contain restricted net assets for mausoleums as follows:

Hearn-Howland Mausoleum

A contribution of \$2,000 plus interest is currently invested in a savings certificate. This contribution and the interest earned thereon are to be used only for the maintenance of the Hearn-Howland mausoleum. The current amount restricted for the Hearn-Howland Mausoleum is \$8,040.

Dodge Grove Cemetery Mausoleum

The Dodge Grove Cemetery mausoleum reserve consists of revenues collected from the sale of crypts. Also included in the reserve is cash received from the Mattoon Mausoleum Company upon its dissolution. This reserve is to be used for the maintenance of the mausoleum. The current amount restricted for the Dodge Grove Cemetery Mausoleum is \$50,935.

The discretely presented component unit, the Mattoon Public Library, has permanently restricted net assets with unrestricted investment earnings.

It is the City's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. New Accounting Pronouncement

The City of Mattoon has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* effective for the fiscal year beginning May 1, 2008. This Statement requires accrual-basis measurement and recognition of other postemployment benefit (OPEB) costs over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the costs. For the fiscal year ended April 30, 2008 and prior fiscal years, the City recognized OPEB costs on a pay-as-you-go basis.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The reconciliation of total governmental fund balances to net assets of governmental activities includes a reconciliation between "total fund balances, governmental funds" and "net assets of governmental activities." One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of the reconciling amount are as follows:

Bonds Payable	\$ (12,742,000)
Less: Deferred charge on refunding (to be amortized as interest expense)	63,181
Plus: Deferred issuance premium (to be amortized as interest expense)	(99,535)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	240,103
Accrued interest payable	(61,967)
Capital leases payable	(713,156)
Notes payable	(385,210)
Compensated absences payable	(841,474)
Post-employment healthcare benefits obligation	<u>(1,090,068)</u>
Net adjustment to reduce "total fund balances, governmental funds" to arrive at "net assets of governmental activities"	<u>\$ (15,630,126)</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (CONTINUED)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between “net changes in fund balances, governmental funds” and “changes in net assets of governmental activities.” One element of the reconciliation explains that “governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of the reconciling amount are as follows:

Capital outlay	\$	1,692,193
Depreciation expense		<u>(1,283,951)</u>
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	\$	<u>408,242</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets.” The details of the reconciling amounts are as follows:

Gain from capital assets sold	\$	7,682
Proceeds from sale of assets		(19,071)
Capital assets provided by grants		<u>672,625</u>
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	\$	<u>661,236</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.” The details of the reconciling amount are as follows:

Debt issued or incurred	
General obligation bonds	(10,000,000)
Less issuance costs	206,864
Plus issuance premium	(93,555)
Principal repayments	
General obligation bonds	353,000
Capital leases	96,730
Notes payable	<u>113,257</u>
Net adjustment to increase "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	 <u><u>\$ (9,323,704)</u></u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (CONTINUED)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that “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 governmental funds.” The details of the reconciling amount are as follows:

Compensated absences	\$ (61,975)
Accrued interest	1,355
Amortization of deferred charge on refunding	(8,319)
Amortization of deferred bond premium	618
Amortization of deferred bond issuance costs	(3,882)
Post-employment healthcare benefits obligation	<u>(1,090,068)</u>
Net adjustment to decrease "net changes in fund balances, governmental funds" to arrive at "changes in net assets of governmental activities"	<u>\$ (1,162,271)</u>

3. DEPOSITS AND INVESTMENTS

A. Deposits

At April 30, 2009, the carrying amount of the primary government’s deposits was \$7,995,515 and the bank balance was \$9,393,579. The governmental component unit (Mattoon Public Library) had deposits with a carrying amount of \$21,646 and bank balances totaling \$42,964. The fiduciary component units had deposits with a carrying amount of \$3,584,925 and bank balances totaling \$3,036,106. The primary government and governmental component unit (Mattoon Public Library) had cash on hand of \$630 and \$278, respectively. The fiduciary component units had cash held by their investment broker of \$515,913.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At April 30, 2009, the government and its component units did not have any bank balances exposed to custodial credit risk.

B. Investments

At April 30, 2009, the City's primary government had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>
Corporate equity	\$ 66	N/A	N/A
Preferred corporate equity	500	N/A	N/A
Illinois Funds Money Market Fund	10,074,840	AAAm	Demand *
Money market accounts	<u>77,942</u>	AAAm/Aaa	0.11
Total	<u>\$ 10,153,348</u>		

* The City uses this money market fund as a savings account as funds are available on demand.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At April 30, 2009, the City's governmental component unit (Mattoon Public Library) had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>
Investment pool - Southeastern Illinois Community Foundation	<u>\$ 21,930</u>	N/A	N/A

Southeastern Illinois Community Foundation

In previous years, the Mattoon Public Library had received a donation from the Lumpkin Family which was used to establish a fund with the Mattoon Area Community Foundation (MACF) to benefit the library. When held by MACF the fund was held in a separate account and invested separately from the other funds of MACF. During the 2008-2009 fiscal year, MACF formed an alliance with the Effingham County Community Foundation. The resulting organization, the Southeastern Illinois Community Foundation (SICF), is an umbrella organization covering its two member foundations. As part of this alliance the individual foundations have pooled their administrative functions, including the investment of the different funds administered by each foundation. This pooling included an aggregation of the investments held by each fund into one investment account. While invested as a pool, the individual funds are accounted for by the foundation on an individual fund basis. The investment policy of the SICF is to keep all its assets invested seventy percent (70%) in equities and thirty percent (30%) in fixed assets and cash or cash equivalents. During the last fiscal year the value of the fund has fluctuated with the value of the market as a whole.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At April 30, 2009, the City's fiduciary component units had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Credit Rating</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 8,079,806	AAA	19.55
Corporate notes and bonds	142,686	BBB-/BAA2	15.13
Insurance contracts	4,749,891	A+/A1	N/A
Insurance contracts	6,287,317	AA-/A1	N/A
Open end mutual fund	857,088	N/A	N/A
Closed end mutual fund	75,982	N/A	N/A
Corporate equity - preferred	31,720	BB/A1	N/A
Corporate equity - preferred	32,240	B+/Ba2	N/A
	<u>\$ 20,256,730</u>		
Total	<u>\$ 20,256,730</u>		

The Illinois Funds Money Market Fund

The Illinois Funds Money Market Fund (Illinois Funds) enables custodians of public funds an investment option with a competitive rate of return on fully collateralized investments and immediate access to the funds. Although not subject to direct regulatory oversight, the investment pool is administered by the Illinois State Treasurer in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235. The investment policy of the Illinois Funds states that, unless authorized specifically by the Treasurer, a minimum of 75% of its investments shall have less than one-year maturity and no investment shall exceed two years maturity. The policy also limits investment categories to 25% of the portfolio, with the exception of cash equivalents and U.S. Treasury securities, unless specifically authorized by the Treasurer. Further, certificates of deposit cannot exceed 10% of any single financial institution's total deposits. The Illinois Funds received Standard & Poor's highest rating.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To help assess this risk, investments in debt securities are rated on their credit quality by nationally recognized statistical rating organizations. Statutes state that any short term obligations of corporations invested in by the City's primary government or the Mattoon Public Library component unit must be rated at the time of purchase at one of the three highest classifications established by at least two standard rating services. Investments in bonds of local governments must be rated within the four highest classifications established by a rating service nationally recognized for expertise in rating bonds of states and their political subdivisions. Neither the City nor the Mattoon Public Library governmental component unit has an investment policy that further limits its investments' exposure to credit risk. In addition to the limitations listed above, the City's fiduciary component units' have investment policies that further limit their investments in contracts and agreements of life insurance companies to those rated at least A by A.M. Best Company and A rated by Moody's and Standard and Poor's rating services.

As of April 30, 2009, the City of Mattoon Police Pension Fund and Fire Pension Fund had investments with AIG Annuity Company totaling \$4,749,891 in market value. AIG Annuity Insurance Company is a subsidiary of AIG, which received an \$80 billion bailout from the federal government on September 16, 2008. These investments are held in separate accounts for each pension fund and are the general assets of AIG Annuity Insurance Company. While not insured, they would not be available to the general creditors of AIG Annuity Insurance Company should the situation deteriorate any further.

The City considers these securities no riskier than securities held by any other brokerage service. With regard to the insurance components of the variable annuities, these policies are covered under the Illinois Insurance Guarantee Fund.

Over the last year, various investments held by both the Mattoon Firefighters Pension Fund and Mattoon Police Pension Fund have been downgraded by the national rating agencies. These downgrades have been part of the larger national crises facing the investment community and the country. Neither pension fund believes that the downgrades materially affect the ability of the borrower to repay these investments, and neither fund expects any losses from these downgrades. Both pension funds are long-term investors and both intend to hold these investments until maturity.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The primary government of the City and the Mattoon Public Library component unit do not have formal investment policies that limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The fiduciary component units' investment policies do not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. State statutes limit the investments in short term obligations of corporations to one-third or less of the government's funds. Neither the City nor the Mattoon Public Library component unit has an investment policy that further limits the percentage of investments from a single issuer. There are no investments (other than investments in external investment pools) in any one issuer that represent five percent or more of total investments for the primary government of the City. The Mattoon Public Library component unit's only investment is in a pooled investment account with Southeastern Illinois Community Foundation.

State statutes limit the fiduciary component units' investments in separate accounts managed by life insurance companies and mutual funds to a maximum of forty-five percent of the market value of the pension's net present assets in its most recent annual report. Further, the market value of stock in any one corporation cannot exceed five percent of the cash and invested assets of the pension fund. The investment policies of the fiduciary component units do not further limit investment concentrations. More than five percent of the City's fiduciary funds' investments are in the Federal Home Loan Bank (5.57%), the Federal Home Loan Mortgage Corporation (11.35%), the Federal National Mortgage Association (19.89%), AIG Annuity Insurance Company annuities (23.45%), and ING Life Insurance annuities (31.04%).

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

3. DEPOSITS AND INVESTMENTS (CONTINUED)

C. Reconciliation Between the Deposits, Investments, and Cash on Hand as Shown in the Notes and the Cash, Certificates of Deposit, and Investments as Shown on the Financial Statements

	<u>Primary government</u>	<u>Governmental- Type Component Unit (Mattoon Public Library)</u>	<u>Fiduciary-Type Component Units (Pensions)</u>
Deposits, investments, and cash on hand per notes:			
Deposits	\$ 7,995,515	\$ 21,646	\$ 3,584,925
Investments	10,153,348	21,930	20,256,730
Cash on hand	630	278	--
Cash held by investment broker	<u> --</u>	<u> --</u>	<u>515,913</u>
 Total deposits, investments, and cash on hand	 <u><u>\$ 18,149,493</u></u>	 <u><u>\$ 43,854</u></u>	 <u><u>\$ 24,357,568</u></u>
 Cash, certificates of deposit, and investments per statements:			
Cash and cash equivalents	\$ 16,667,142	\$ 21,924	\$ 3,550,838
Certificates of deposit	1,117,265	--	--
Investments	566	--	20,806,730
Restricted assets:			
Cash and cash equivalents	356,480	--	--
Certificates of deposit	8,040	--	--
Investments, at fair value	<u> --</u>	<u>21,930</u>	<u> --</u>
 Total cash and cash equivalents, certificates of deposit and investments	 <u><u>\$ 18,149,493</u></u>	 <u><u>\$ 43,854</u></u>	 <u><u>\$ 24,357,568</u></u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

4. RECEIVABLES

Receivables balances as of April 30, 2009 for the primary government were as follows:

	Governmental Activities			Business-type Activities		
	General Fund	Broadway East Business District Fund	Other Governmental Funds	Water Fund	Sewer Fund	Other - Cemetery Fund
Property taxes	\$ 3,628,000	\$ --	\$ 194,392	\$ --	\$ --	\$ --
Utility taxes	85,735	--	--	--	--	--
Telecommunications taxes	222,907	--	--	--	--	--
Income and use taxes	492,688	--	--	--	--	--
Sales taxes	1,299,759	79,747	8,373	--	--	--
Personal property replacement taxes	101,292	--	--	--	--	--
Motor fuel taxes	--	--	36,525	--	--	--
Other taxes	--	--	55,617	--	--	--
Grants	3,052	--	51,627	42,549	--	--
Customer receivables	--	--	--	65,047	113,557	--
Other receivables	54,204	--	127,857	1,173	--	4,167
Coles Together pledges	2,068,084	--	--	--	--	--
Totals	<u>\$ 7,955,721</u>	<u>\$ 79,747</u>	<u>\$ 474,391</u>	<u>\$ 108,769</u>	<u>\$ 113,557</u>	<u>\$ 4,167</u>

Receivables balances as of April 30, 2009 for the discretely presented component units were as follows:

	Fiduciary Activities	
	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund
Interest	<u>\$ 58,619</u>	<u>\$ 71,630</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

5. SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY

Payables and receivables between funds consisted of the following at April 30, 2009:

Due to/from other funds

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 266,695	\$ 198,836
Capital Projects Fund	49,866	--
Other Governmental Funds:		
Motor Fuel Tax Fund	25,073	--
Hotel and Motel Tax Fund	--	320
Revolving Loan Fund	15,466	--
I-57 East Business District Fund	--	1,269
Broadway East TIF District Fund	--	507
Total other governmental funds	<u>40,539</u>	<u>2,096</u>
Total governmental funds	<u>357,100</u>	<u>200,932</u>
Proprietary Funds:		
Enterprise Funds:		
Water Fund	--	93,440
Sewer Fund	--	17,389
Other - Cemetery Fund	--	188,048
Total enterprise funds	<u>--</u>	<u>298,877</u>
Internal Service Funds:		
Health Insurance Fund	112,361	--
Insurance & Tort Judgment Fund	30,348	--
Total internal service funds	<u>142,709</u>	<u>--</u>
Total proprietary funds	<u>142,709</u>	<u>298,877</u>
Due to/from other funds	<u>\$ 499,809</u>	<u>\$ 499,809</u>

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

5. SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY
(CONTINUED)

The amount receivable to the General Fund from the I-57 Business District Fund, Broadway East TIF District Fund, Water Fund, and Cemetery Fund is to cover negative cash balances within the pooled account. The amount receivable to the Capital Projects Fund consists of the transfer of one-half of the sales tax increase earmarked for capital projects. The amount receivable to the Motor Fuel Tax Fund consists of a reimbursement of street lighting and other expenditures due from the General Fund. The amount receivable to the Revolving Loan Fund consists of the current portion of a long-term loan due from the General Fund. The amount receivable to the Health Insurance Fund consists of charges for services due from the General Fund, Hotel and Motel Tax Fund, Water Fund, Sewer Fund, and Cemetery Fund. The amount receivable to the Insurance & Tort Judgment Fund consists of charges for services due from the General Fund, Hotel and Motel Tax Fund, Water Fund, Sewer Fund, and Cemetery Fund.

Advance to/from other funds

	Receivable	Payable
Governmental Funds:		
General Fund	\$ --	\$ 36,089
Other Governmental Funds:		
Revolving Loan Fund	36,089	--
Advance to/from other funds	\$ 36,089	\$ 36,089

The amount receivable to the Revolving Loan Fund consists of the long-term portion of an economic development loan due from the General Fund.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

5. SCHEDULE OF PAYABLES AND RECEIVABLES WITHIN THE REPORTING ENTITY
(CONTINUED)

Payables and receivables between funds and component units, classified as “due from primary government” and “due to component units,” consisted of the following at April 30, 2009:

Due between primary government and component units

	Receivable	Payable
Primary Government:		
Governmental Fund:		
General Fund	\$ 20,000	\$ 504,718
Proprietary Funds:		
Internal Service Funds:		
Health Insurance Fund	--	2,890
Insurance & Tort Judgment Fund	420	--
Total internal service funds	420	2,890
Total primary government	20,420	507,608
Component Units:		
Governmental Component Unit:		
Mattoon Public Library	36,791	20,420
Fiduciary Component Units:		
Firefighters Pension Fund	270,376	--
Police Pension Fund	200,441	--
Total fiduciary component units	470,817	--
Total component units	507,608	20,420
Due between primary government and component units	\$ 528,028	\$ 528,028

The amount receivable to the General Fund from the Library is to provide the Library with funds for operations until property tax revenue is received. The amount receivable to the Insurance & Tort Judgment Fund consists of charges for services due from the Mattoon Public Library component unit. The amount receivable to the Mattoon Public Library component unit consists of personal property replacement taxes from the General Fund and an overpayment of charges from the Health Insurance Fund. The amounts receivable to the Fiduciary Component Units consist of personal property replacement taxes from the General Fund.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS

Analysis of changes in primary government capital assets:

	<u>Balance</u> <u>April 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2009</u>
Primary government:				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,122,851	\$ 1,236,436	\$ --	\$ 3,359,287
Construction in progress	<u>77,330</u>	<u>52,629</u>	<u>58,275</u>	<u>71,684</u>
Total capital assets not being depreciated	<u>2,200,181</u>	<u>1,289,065</u>	<u>58,275</u>	<u>3,430,971</u>
Capital assets being depreciated:				
Buildings and improvements	6,107,362	62,446	--	6,169,808
Less: Accumulated depreciation	<u>(1,988,267)</u>	<u>(125,863)</u>	<u>--</u>	<u>(2,114,130)</u>
Buildings and improvements, net	<u>4,119,095</u>	<u>(63,417)</u>	<u>--</u>	<u>4,055,678</u>
Infrastructure	57,915,670	940,352	--	58,856,022
Less: Accumulated depreciation	<u>(43,690,600)</u>	<u>(755,968)</u>	<u>--</u>	<u>(44,446,568)</u>
Infrastructure, net	<u>14,225,070</u>	<u>184,384</u>	<u>--</u>	<u>14,409,454</u>
Equipment, furniture and vehicles	6,273,126	131,230	109,650	6,294,706
Less: Accumulated depreciation	<u>(4,807,266)</u>	<u>(402,120)</u>	<u>(98,261)</u>	<u>(5,111,125)</u>
Equipment, furniture and vehicles, net	<u>1,465,860</u>	<u>(270,890)</u>	<u>11,389</u>	<u>1,183,581</u>
Total capital assets being depreciated, net	<u>19,810,025</u>	<u>(149,923)</u>	<u>11,389</u>	<u>19,648,713</u>
Governmental activities, Capital assets, net	<u>\$ 22,010,206</u>	<u>\$ 1,139,142</u>	<u>\$ 69,664</u>	<u>\$ 23,079,684</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (CONTINUED)

Analysis of changes in primary government capital assets (continued):

	<u>Balance</u> <u>April 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2009</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 588,555	\$ --	\$ --	\$ 588,555
Construction in progress	2,219,944	297,676	1,615,908	901,712
	<u>2,808,499</u>	<u>297,676</u>	<u>1,615,908</u>	<u>1,490,267</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings and building improvements	12,627,090	293,850	--	12,920,940
Less: Accumulated depreciation	<u>(3,642,218)</u>	<u>(229,096)</u>	<u>--</u>	<u>(3,871,314)</u>
Buildings and building improvements, net	<u>8,984,872</u>	<u>64,754</u>	<u>--</u>	<u>9,049,626</u>
Improvements other than building	298,504	--	84,643	213,861
Less: Accumulated depreciation	<u>(176,471)</u>	<u>(12,301)</u>	<u>(84,643)</u>	<u>(104,129)</u>
Improvements other than building, net	<u>122,033</u>	<u>(12,301)</u>	<u>--</u>	<u>109,732</u>
Treatment, collection and distribution systems	48,029,812	1,615,908	--	49,645,720
Less: Accumulated depreciation	<u>(18,860,899)</u>	<u>(1,077,061)</u>	<u>--</u>	<u>(19,937,960)</u>
Treatment, collection and distribution systems, net	<u>29,168,913</u>	<u>538,847</u>	<u>--</u>	<u>29,707,760</u>
Equipment, furniture and vehicles	3,342,714	285,084	195,035	3,432,763
Less: Accumulated depreciation	<u>(1,764,810)</u>	<u>(214,104)</u>	<u>(195,035)</u>	<u>(1,783,879)</u>
Equipment, furniture and vehicles, net	<u>1,577,904</u>	<u>70,980</u>	<u>--</u>	<u>1,648,884</u>
	<u>39,853,722</u>	<u>662,280</u>	<u>--</u>	<u>40,516,002</u>
Total capital assets being depreciated, net				
Business-type activities, Capital assets, net	<u>\$ 42,662,221</u>	<u>\$ 959,956</u>	<u>\$ 1,615,908</u>	<u>\$ 42,006,269</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 75,560
Public safety	270,289
Public works	904,031
Culture and recreation	<u>34,071</u>
Governmental activities, Depreciation expense	 <u><u>\$ 1,283,951</u></u>
Business-type activities:	
Water	\$ 602,232
Sewer	917,966
Cemetery	<u>12,364</u>
Business-type activities, Depreciation expense	 <u><u>\$ 1,532,562</u></u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS (CONTINUED)

Analysis of changes in component unit capital assets:

	Balance <u>April 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2009</u>
Component unit (Mattoon Public Library):				
Governmental activities:				
Capital assets being depreciated:				
Buildings and improvements	2,665,224	--	--	2,665,224
Less: Accumulated depreciation	<u>(664,554)</u>	<u>(53,305)</u>	--	<u>(717,859)</u>
Buildings and improvements, net	<u>2,000,670</u>	<u>(53,305)</u>	--	<u>1,947,365</u>
Equipment, furniture and vehicles	69,344	--	--	69,344
Less: Accumulated depreciation	<u>(52,726)</u>	<u>(3,706)</u>	--	<u>(56,432)</u>
Equipment, furniture and vehicles, net	<u>16,618</u>	<u>(3,706)</u>	--	<u>12,912</u>
Governmental activities, Capital assets, net	<u>\$ 2,017,288</u>	<u>\$ (57,011)</u>	<u>\$ --</u>	<u>\$ 1,960,277</u>

Depreciation expense was charged to functions/programs of the discretely presented component unit, Mattoon Public Library, as follows:

Governmental activities:	
Culture and recreation	<u>\$ 57,011</u>
Governmental activities, Depreciation expense	<u>\$ 57,011</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

7. CONSTRUCTION IN PROGRESS

The City has active construction projects in progress as of April 30, 2009. The projects include the construction of a multi-sport complex, a drainage project, a new water main, a water system improvement, and a water line interconnect. At April 30, 2009 the City's construction in progress is as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Project:		
Primary government:		
Governmental activities:		
Roundhouse Multi-Sport Complex	\$ 22,500	\$ 396,555
South Side Drainage	44,118	1,800,000
Route 45 Watermain	<u>5,066</u>	<u>see below</u>
Total governmental activities	<u>\$ 71,684</u>	<u>\$ 2,196,555</u>
Business-type activities:		
Lake Conservation and Clean Lakes Project	\$ 835,783	\$ 152,217
Route 45 Watermain	27,790	see below
Lake Paradise Pumphouse	<u>38,139</u>	<u>361,861</u>
Total business-type activities	<u>\$ 901,712</u>	<u>\$ 514,078</u>

The Route 45 Watermain project is being funded by both the governmental activities and business-type activities. The amount spent-to-date and the remaining commitment for the project as a whole are \$32,856 and \$782,439, respectively.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

8. CEMETERY DEVELOPMENT

Cemetery development consists of land held for future expansion and the Dodge Grove Cemetery Mausoleum. The carrying value of the mausoleum is equal to the cost of renovation less cost of crypt spaces sold.

Mausoleum carrying value, April 30, 2008	\$ 39,473
Less: cost of crypts sold	----- --
Mausoleum carrying value, April 30, 2009	39,473
Land held for future expansion, estimated carrying value, April 30, 2009	<u>21,179</u>
	<u>\$ 60,652</u>

9. RESTRICTED ASSETS

The General Fund has restricted cash from the Department of Justice for certain public safety expenditures. The Water Fund has restricted cash accounts for customer meter deposits. The Cemetery Fund has restricted cash and investments for mausoleums. The Internal Service Fund has restricted cash for the employees' flexible spending account. The Mattoon Public Library has restricted investment accounts for technology and for a \$25,000 endowment.

10. DEFERRED COMPENSATION PLAN

In January 1977, the City entered into a deferred compensation plan agreement with participating employees, funded with a group variable annuity contract in accordance with Internal Revenue Code Section 457. Additional plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The City has very little administrative involvement and performs no investing function for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City's creditors. Accordingly, these plan assets are not reflected in the financial statements.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

11. SHORT-TERM DEBT

The City received a short-term loan from First-Mid Illinois Bank & Trust to provide funding for the FutureGen project as follows:

	Balance April 30, 2008	Additions	Deletions	Balance April 30, 2009
Short-term loan from First Mid-Illinois Bank & Trust	\$ --	\$ 2,068,084	\$ --	\$ 2,068,084

12. GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

	Interest Rates	Amount
Governmental activities:		
Series 2003A	4.35%	\$ 865,000
Series 2009A	1.50% - 4.35%	6,000,000
Series 2009B (Taxable)	4.00% - 5.70%	4,000,000
Governmental activities - refunding:		
Series 2003	1.00% - 3.15%	292,000
Series 2005B	2.50% - 4.05%	1,585,000
Total governmental activities bonds		\$ 12,742,000

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

12. GENERAL OBLIGATION BONDS (CONTINUED)

	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities - refunding:		
Series 2003	3.00% - 3.50%	\$ 3,770,000
Series 2005A	2.50% - 4.00%	3,120,000
Total business-type activities bonds		\$ 6,890,000

The General Fund services all of the general obligation bonds for governmental activities, except the Series 2009A and 2009B bonds. The Capital Projects Fund will service the Series 2009A general obligation bonds, while the Broadway East Business District Fund will service the Series 2009B bonds.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending April 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 405,000	\$ 781,320	\$ 765,000	\$ 236,896
2011	737,000	506,934	795,000	213,221
2012	764,000	484,154	830,000	187,846
2013	791,000	456,797	865,000	160,463
2014	745,000	427,948	905,000	130,968
2015-2019	3,165,000	1,783,994	2,730,000	215,460
2020-2024	3,015,000	1,175,813	--	--
2025-2029	3,120,000	391,938	--	--
Total	\$ 12,742,000	\$ 6,008,898	\$ 6,890,000	\$ 1,144,854

13. CAPITAL LEASES

Previously, the City entered into lease agreements to finance an extension of the City's sanitary sewer and water systems, to finance the purchase of a fire truck, and to purchase various vehicles used by such departments as public works, parks, and water and sewer. All of the lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of future minimum lease payments as of the inception date.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

13. CAPITAL LEASES (CONTINUED)

The assets acquired through current capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Various vehicles	\$ 119,283	\$ 64,533
Fire truck	748,078	--
Sanitary sewer and water extensions	--	374,471
Less: Accumulated depreciation	<u>(443,636)</u>	<u>(127,705)</u>
	<u>\$ 423,725</u>	<u>\$ 311,299</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2009, were as follows:

<u>Years Ending April 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2010	\$ 138,889	\$ 13,881
2011	89,376	13,881
2012	89,376	13,881
2013	64,452	--
2014	64,452	--
2015-2019	322,262	--
2020-2024	<u>193,084</u>	<u>--</u>
Total minimum lease payments	961,891	41,643
Less: amount representing interest	<u>(248,735)</u>	<u>(4,132)</u>
Present value of minimum lease payments	<u>\$ 713,156</u>	<u>\$ 37,511</u>

Although the water and sewer extensions are recorded in the business-type activities, the governmental activities are reporting the lease payments. This is due to the fact that the assets are used for economic development, which is a function of the governmental activities.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

14. NOTES PAYABLE

The City has issued various notes as follows:

	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
First Mid-Illinois Bank & Trust note, serviced by the General Fund, proceeds used to purchase a tub grinder	4.375%	\$ 112,400
First Mid-Illinois Bank & Trust note, serviced by the General Fund, proceeds used to purchase a street sweeper	4.690%	58,279
First Mid-Illinois Bank & Trust note, serviced by the General Fund, proceeds used to purchase various vehicles	4.540%	<u>214,531</u>
Total governmental activities notes		<u><u>\$ 385,210</u></u>
Business-type activities:		
Illinois Environmental Protection Agency note, serviced by the Water Fund, proceeds used for construction of a new water treatment plant	2.865%	\$ 4,899,479
First Mid-Illinois Bank & Trust note, serviced by the Water Fund, proceeds used to purchase various vehicles	4.540%	32,270
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for sewer wastewater treatment plant rehabilitation	2.865%	277,853
Illinois Environmental Protection Agency note, serviced by the Sewer Fund, proceeds used for expansion of the sewer wastewater treatment plant	2.675%	7,213,418
First Mid-Illinois Bank & Trust note, serviced by the Sewer Fund, proceeds used to purchase various vehicles	4.540%	<u>20,633</u>
Total business-type activities notes		<u><u>\$ 12,443,653</u></u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

14. NOTES PAYABLE (CONTINUED)

Notes payable debt service requirements to maturity are as follows:

Year ending April 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 114,649	\$ 17,719	\$ 837,860	\$ 338,091
2011	119,756	12,579	861,444	314,506
2012	93,358	7,783	885,697	290,253
2013	57,447	2,929	910,703	265,315
2014	--	--	921,544	239,585
2015-2019	--	--	4,972,478	797,923
2020-2024	--	--	3,053,927	184,057
Total	<u>\$ 385,210</u>	<u>\$ 41,010</u>	<u>\$ 12,443,653</u>	<u>\$ 2,429,730</u>

15. DEVELOPER CONTRACTS

Mattoon Midtown TIF District

This TIF District was established December 16, 2003. The City entered into a formal agreement with the Mattoon Area Industrial Development Corporation (MAID) approved by Ordinance No 2002-5137 to underwrite the cost of advance planning expenses incidental to organizing the TIF District. Pursuant to this Agreement, MAID provided a no interest loan of \$70,000 for expenditures related to the establishment of the Midtown TIF District. This loan was forgiven by MAID in the fiscal year ended April 30, 2009.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

16. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the primary government for the year ended April 30, 2009 was as follows:

	<u>Balance</u> <u>April 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
Primary Government:					
Governmental Activities:					
General obligation bonds	\$ 3,095,000	\$ 10,000,000	\$ 353,000	\$ 12,742,000	\$ 405,000
Add (less) deferred amounts:					
On refunding	(71,500)	--	(8,319)	(63,181)	--
For issuance premiums	<u>6,598</u>	<u>93,555</u>	<u>618</u>	<u>99,535</u>	<u>--</u>
Total general obligation bonds	3,030,098	10,093,555	345,299	12,778,354	405,000
Capital leases	809,886	--	96,730	713,156	101,733
Notes payable	498,467	--	113,257	385,210	114,649
Developer contracts	70,000	--	70,000	--	N/A
Compensated absences	779,499	61,975	--	841,474	168,295
Post-employment healthcare benefits	<u>--</u>	<u>1,090,068</u>	<u>--</u>	<u>1,090,068</u>	<u>N/A</u>
Governmental activities, Long-term liabilities	<u>\$ 5,187,950</u>	<u>\$ 11,245,598</u>	<u>\$ 625,286</u>	<u>\$ 15,808,262</u>	<u>\$ 789,677</u>
Business-type Activities:					
General obligation bonds	\$ 7,630,000	\$ --	\$ 740,000	\$ 6,890,000	\$ 765,000
Add (less) deferred amounts:					
On refunding	(307,890)	--	(37,104)	(270,786)	--
For issuance premium	<u>62,401</u>	<u>--</u>	<u>7,236</u>	<u>55,165</u>	<u>--</u>
Total general obligation bonds	7,384,511	--	710,132	6,674,379	765,000
Capital leases	48,746	--	11,235	37,511	11,850
Notes payable	13,259,455	--	815,802	12,443,653	837,860
Compensated absences	267,265	12,785	--	280,050	56,010
Post-employment healthcare benefits	<u>--</u>	<u>275,827</u>	<u>--</u>	<u>275,827</u>	<u>N/A</u>
Business-type activities, Long-term liabilities	<u>\$ 20,959,977</u>	<u>\$ 288,612</u>	<u>\$ 1,537,169</u>	<u>\$ 19,711,420</u>	<u>\$ 1,670,720</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

16. CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the component unit for the year ended April 30, 2009 was as follows:

	<u>Balance</u> <u>April 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
Component Unit (Mattoon Public Library):					
Governmental Activities:					
Compensated absences	\$ 29,125	\$ 6,785	\$ --	\$ 35,910	\$ 7,182

17. TAXES

Tax revenues during the year ended April 30, 2009 were as follows:

	<u>Primary Government</u>	
	<u>Governmental</u> <u>Activities</u>	
	<u>General Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>
Property taxes	\$ 3,382,771	\$ --
TIF property tax increment	--	148,104
Telecommunication taxes	897,259	--
Utility taxes	1,284,807	--
Road and bridge taxes	129,457	--
Hotel taxes	--	259,715
Cable TV franchise taxes	177,798	--
Gas and electric franchise taxes	63,967	--
Totals	<u>\$ 5,936,059</u>	<u>\$ 407,819</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

18. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues during the year ended April 30, 2009 were as follows:

	Governmental Activities		
	General Fund	Broadway East Business District Fund	Other Governmental Funds
Income and use taxes	\$ 1,647,650	\$ --	\$ --
Sales taxes	5,688,098	274,873	35,434
Personal property replacement taxes	530,810	--	--
Pull tabs and jar games tax	4,862	--	--
Motor fuel taxes	--	--	477,309
Foreign fire insurance taxes	30,564	--	--
Operating grants and contributions	284,661	--	23,189
Capital grants and contributions	32,500	--	--
HOME grant	--	--	210,000
Totals	<u>\$ 8,219,145</u>	<u>\$ 274,873</u>	<u>\$ 745,932</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

19. COMPARATIVE SCHEDULE OF PROPERTY TAXES EXTENDED, COLLECTED, AND DISTRIBUTED

	For Tax Levy Year		
	2008	2007	2006
Assessed valuation	\$ 182,767,058	\$ 179,444,578	\$ 172,356,293
Rate per \$100, excluding road and bridge rate	<u>1.9106</u>	<u>1.8849</u>	<u>1.7743</u>
Taxes extended, excluding road and bridge taxes	3,491,983	3,382,279	3,058,118
Add: City's share of road and bridge taxes extended	<u>139,909</u>	<u>129,581</u>	<u>124,606</u>
Total taxes extended	<u>\$ 3,631,892</u>	<u>\$ 3,511,860</u>	<u>\$ 3,182,724</u>
Taxes available to City after abatements and losses in collection (2008 estimated)	<u>\$ 3,628,000</u>	<u>\$ 3,512,228</u>	<u>\$ 3,178,140</u>
Percentage of extension available to City (2008 estimated)	<u>99.89%</u>	<u>100.01%</u>	<u>99.86%</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

19. COMPARATIVE SCHEDULE OF PROPERTY TAXES EXTENDED, COLLECTED, AND DISTRIBUTED (CONTINUED)

	For Tax Levy Year		
	2008	2007	2006
Distribution of taxes available (2008 estimated):			
General Fund:			
General government	\$ 456,000	\$ 521,529	\$ 406,591
Fire protection	274,000	263,890	237,190
Police protection	274,000	263,890	237,190
Street, including road & bridge	139,000	129,457	124,614
Park	137,000	134,345	104,061
Street lighting	91,000	--	--
Mattoon Public Library	420,000	404,631	402,746
Firefighters Pension Fund	1,009,000	947,584	892,487
Police Pension Fund	828,000	840,430	778,650
	\$ 3,628,000	\$ 3,505,756	\$ 3,183,529

The City Council has abated the 2006, 2007 and 2008 tax levies applicable to the series 1998 Sewer bond, 1999 General Obligation bond, 2003 Water Refunding bond, 2003 Library Refunding bond, and 2003 Pension bond.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

20. SCHEDULE OF OPERATING TRANSFERS WITHIN THE REPORTING ENTITY

Operating transfers between funds during the year ended April 30, 2009 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water Fund	\$ 47,282
General Fund	Sewer Fund	89,025
Capital Projects Fund	General Fund	621,985
Other Proprietary-Cemetery	General Fund	43,295
Other Governmental-Motor Fuel Tax	General Fund	<u>58,404</u>
		<u>\$ 859,991</u>

The first and second transfers allocated debt service requirements to the Water Fund and Sewer Funds. The third transfer reclassified amounts of one-half sales tax increase earmarked for capital projects. The fourth transfer subsidized the Cemetery Fund from the General Fund. The fifth transfer reimbursed the Motor Fuel Tax Fund for construction services that were not approved by IDOT.

21. DEFINED BENEFIT PENSION PLAN

Plan Description - The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

21. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy - As set by statute, the City Regular plan members are required to contribute 4.50 percent 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 employer contribution rate for calendar year 2008 was 10.15 percent of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost - For 2008, the City's annual pension cost of \$412,170 for the Regular plan was equal to the City's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/08	\$ 412,170	100%	--
12/31/07	439,349	100%	--
12/31/06	460,940	100%	--

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3 percent annually. The actuarial value of the City Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20 percent corridor between the actuarial and market value of assets. The City Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2006, valuation was 24 years.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

21. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funded Status and Funding Progress - As of December 31, 2008, the most recent actuarial valuation date, the Regular plan was 71.39 percent funded. The actuarial accrued liability for benefits was \$12,060,875 and the actuarial value of assets was \$8,610,169, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,450,706. The covered payroll (annual payroll of active employees covered by the plan) was \$4,060,785 and the ratio of the UAAL to the covered payroll was 85 percent.

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

22. DEFINED BENEFIT PENSION PLANS – POLICE AND FIREFIGHTERS

Plan Descriptions

The City of Mattoon contributes to two single-employer defined benefit pension plans: Firefighters Pension Plan and Police Pension Plan. Each plan provides retirement and disability benefits to plan members and their beneficiaries. Cost of living adjustments are provided at the discretion of the Illinois legislature. Although they are single-employer pension plans, the defined benefits as well as the employee and employer contribution levels are mandated by the Illinois Compiled Statutes, Chapter 40, Article 4, and may be amended only by the Illinois legislature.

Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of the Firefighters and Police Pension Plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments – Plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

22. DEFINED BENEFIT PENSION PLANS – POLICE AND FIREFIGHTERS (CONTINUED)

Contributions and Revenues

There are no long-term contracts for contributions to the plans.

Concentrations

The Firefighters and Police Pension Plans complied with the investment guidelines set forth at 40 ILCS 5/1-113.

Membership

Membership of the plans consisted of the following at April 30, 2009:

	Police Pension	Firefighters Pension
Retirees and beneficiaries receiving benefits	39	51
Current employees:		
Vested	7	5
Nonvested	34	33
Total	80	89

Benefit Provisions

Retirement – Employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held at the date of retirement. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years of service up to 30 years, to a maximum of 75% of such salary. Police employees with at least 8 years but less than 20 years and fire employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a fire employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least age 55, by 3% of the pension and 3% annually thereafter.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

22. DEFINED BENEFIT PENSION PLANS – POLICE AND FIREFIGHTERS (CONTINUED)

Benefit Provisions (Continued)

Disability – Employees physically or mentally disabled in the performance of an act of duty are entitled to a pension of 65% of the salary attached to their rank held at the date of suspension of duty or retirement. If the disability occurs while not in performance of an act of duty, the employees are entitled to a pension of 50% of the salary attached to their rank at the date of suspension of duty or retirement.

Funding Policy

The contribution requirement of plan members and the City are established and may be amended by the State legislature. Firefighter Plan members are required to contribute 9.455%. Police Plan members are required to contribute 9.91%. If an employee, fire or police, leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City of Mattoon is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The City's contribution rate for the fiscal year ended April 30, 2008 has been estimated at 42.678% and 51.502% of annual covered payroll for the Police and Firefighters Pension Plans, respectively. By the year 2033, the City's contributions must accumulate to the point where the past service costs for the Pension Plans are fully funded.

Funding Status and Progress

The amount shown below as the “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the system.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

22. DEFINED BENEFIT PENSION PLANS – POLICE AND FIREFIGHTERS (CONTINUED)

Significant actuarial assumptions used in determining the pension benefit obligation as of April 30, 2008 include:

	<u>Police Pension</u>	<u>Firefighters Pension</u>
a. Funding Method Used	Entry Age Normal Cost	Entry Age Normal Cost
b. Amortization Method	Level percentage of payroll	Level percentage of payroll
c. Interest Rate Assumption	7.0%	7.0%
d. Mortality Rate Assumption	1971 Group Annuity Mortality Table	1971 Group Annuity Mortality Table
e. Decrement Assumption Other than Mortality	State of Illinois DOI Experience Tables	State of Illinois DOI Experience Tables
f. Salary Progression Assumption	5.5%	5.5%
g. Status of Social Security in Assumption	None	None

The pension benefit obligation as of April 30, 2008 was as follows:

	<u>Police Pension</u> April 30, 2008	<u>Firefighters Pension</u> April 30, 2008
Pension Benefit Obligation		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 19,045,635	\$ 22,887,702
Active participants	<u>8,486,390</u>	<u>7,956,528</u>
Total pension benefit obligation	27,532,025	30,844,230
Net assets available for benefits	<u>14,390,466</u>	<u>15,789,402</u>
Pension benefit obligation in excess of assets	<u>\$ 13,141,559</u>	<u>\$ 15,054,828</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

22. DEFINED BENEFIT PENSION PLAN – POLICE AND FIREFIGHTERS (CONTINUED)

Actuarially Determined Contribution Requirements and Contribution Made

The plans' funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. The plans used a level dollar amount method to amortize the unfunded liability over a 40 year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described above.

	<u>Police Pension</u>	<u>Firefighters Pension</u>
Actuarial Valuation Date	April 30, 2008	April 30, 2008
Amount necessary to provide the employer normal costs	\$ 313,535	\$ 438,996
Amount necessary to amortize the unfunded actuarial accrued liability	624,783	715,745
	<u>\$ 938,318</u>	<u>\$ 1,154,741</u>
As a percentage of current covered payroll (at April 30, 2008):		
Employer normal costs	14.650%	21.650%
Amortization of unfunded actuarial accrued liability	29.199%	35.302%
	<u>43.849%</u>	<u>56.952%</u>
Contributions made as a dollar amount as of valuation date (April 30, 2008):		
Employer	\$ 913,188	\$ 1,044,189
Plan members	222,846	194,289
	<u>\$ 1,136,034</u>	<u>\$ 1,238,478</u>
As a percentage of current covered payroll (at April 30, 2008):		
Employer	42.678%	51.502%
Plan members	10.415%	9.583%
	<u>53.093%</u>	<u>61.085%</u>

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

22. DEFINED BENEFIT PENSION PLAN – POLICE AND FIREFIGHTERS (CONTINUED)

Police Pension Fund

Schedule of Employer Contributions

Year Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2008	\$ 938,318	\$ 913,188	97.32%
2007	841,915	862,335	102.43%
2006	778,439	735,816	94.52%
2005	734,188	693,571	94.47%
2004	617,911	695,441	112.55%
2003	581,902	615,918	105.85%
2002	553,637	573,485	103.59%
2001	540,547	506,725	93.74%
2000	489,757	429,043	87.60%
1999	447,126	403,358	90.21%

Schedule of Funding Progress

The Schedule of Funding Progress for the Police Pension Fund gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Funding Progress for the past ten years is reported as required supplementary information.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

22. DEFINED BENEFIT PENSION PLAN – POLICE AND FIREFIGHTERS (CONTINUED)

Firefighters Pension Fund

Schedule of Employer Contributions

Year Ended April 30,	Annual Required Contribution	Employer Contribution	Percentage Contribution
2008	\$ 1,154,741	\$ 1,044,189	90.43%
2007	949,325	1,020,381	107.48%
2006	892,249	925,870	103.77%
2005	873,336	720,353	82.48%
2004	785,507	721,576	91.86%
2003	747,299	702,772	94.04%
2002	696,435	635,990	91.32%
2001	615,667	517,898	84.12%
2000	540,423	443,750	82.11%
1999	507,100	427,463	84.30%

Schedule of Funding Progress

The Schedule of Funding Progress for the Firefighters Pension Fund gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Funding Progress for the past ten years is reported as required supplementary information.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

23. POST-EMPLOYMENT HEALTHCARE BENEFITS

The City provides post-employment healthcare benefits to former employees and retirees.

Former employees, who are not retirees, are provided COBRA healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act. Former employees, who are qualified under the Act, may apply for coverage by the City's self-insured health plan. The cost is 100% funded on a monthly pay-as-you-go basis by the former employee based upon actual cost of the health plan for either "single" or "family" coverage.

Illinois statutes mandate that a municipality must offer its retirees a health insurance plan equivalent to that offered to active employees. Illinois statutes enable a municipality to make the health plan benefits supplemental to Medicare and to offer these supplemental benefits at a different retiree contribution rate than regular benefits provided by the group plan. State statutes do not presently require the municipality to pay any portion of the cost of the plan for retired employees. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the City and is the basis for the OPEB obligation accounted for under GASB 45.

Funding Policy

For fiscal year 2009, the City contributed \$849,260 for retiree healthcare benefits. Presently, the City requires retirees with monthly pensions less than \$1,625 per month to contribute \$49 per month for those with no dependents or \$99 per month for those with dependents, approximately 15% of the total cost of their healthcare. Retirees with a monthly pension greater than \$1,625 per month are required to contribute \$89 per month for those with no dependents or \$181 per month for those with dependents, approximately 25% of the total cost of their healthcare. The municipality bears all cost above the amount contributed by retirees on a pay-as-you-go basis. For the fiscal year ending April 30, 2010, the total cost of healthcare is projected to be \$444 for single coverage and \$767 for family coverage. Retirees with monthly pensions less than \$1,625 per month will be required to contribute \$67 per month for those with no dependents and \$115 for those with dependents, approximately 15% of the total cost. Retirees with monthly pensions greater than \$1,625 per month will be required to contribute \$133 per month for those with no dependents and \$230 for those with dependents, approximately 30% of the total cost.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

23. POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The ARC represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years. The following table shows the annual OPEB costs for the year, the amount contributed to the plan and changes in the net OPEB obligation. The Net OPEB Obligation is the amount entered as of year end as the net liability for post-employment benefits.

Item	Total
Annual required contribution	\$2,215,155
Interest on net OPEB obligation	--
Adjustment to annual required contribution	--
Annual OPEB cost (expense)	2,215,155
Contributions made	(849,260)
Increase in net OPEB obligation	1,365,895
Net OPEB obligation - beginning of year	--
Net OPEB obligation - end of year	\$1,365,895

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended April 30, 2009 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2009	\$ 2,215,155	38.30%	\$1,365,895

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

23. POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of April 30, 2009, the actuarial accrued liability for benefits was \$26,631,983. The covered payroll was approximately \$7,672,228, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 347%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended April 30, 2009, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

CITY OF MATTOON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

24. SELF-INSURANCE

The City has offered its employees and retirees a self-insured group health insurance plan managed by a third party administrator (TPA) since January 1, 1983. The health plan offers medical, dental and prescription drug benefits. A third party administrator is responsible for the approval and processing of claims and for the payment of claims from the City's Health Insurance Internal Service Fund. The City is responsible for the payment of monthly administration fees and stop loss insurance premiums to the plan administrators. The plan administrators are PersonalCare of Illinois for medical benefits and Delta Dental for dental benefits.

Presently, the municipality requires active employee and retiree contributions to the health plan. Note 23 provides the funding information for retirees. The contribution for active employees is \$49 per month for those with no dependents or \$99 per month for those with dependents, approximately 15% of total costs. The municipality bears all cost above the amount contributed by employees on a pay-as-you-go basis. For the fiscal year ending April 30, 2010, the total cost of the health plan per employee is projected to be \$323 per month for employees with no dependents or \$657 per month for employees with dependents. Based on these estimated costs, the contribution for active employees will be \$67 per month for those with no dependents or \$115 per month for those with dependents, or 15% of total costs, for the fiscal year ending April 30, 2010.

In addition to the monthly contributions, participants are required to pay an annual deductible and co-payments on claims incurred after the annual deductible. The co-payments required of participants are lower for PPO providers. The plan underwrites 100% of the cost of claims after the participant has made co-payments in excess of the deductible each calendar year. There is a \$600 calendar year out of pocket family maximum or \$300 calendar year out of pocket single maximum after the deductible for PPO providers. The out-of-pocket family maximum and out-of-pocket single maximum in excess of the deductible are \$2,000 per year and \$1,000 per year, respectively, for out-of-network providers. There are separate annual deductible, co-payment and yearly maximums for the dental plan. There are separate co-payment amounts required for the prescription drug benefit. The lifetime maximum benefit is \$2 million.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

24. SELF-INSURANCE (CONTINUED)

The specific stop loss insurance coverage presently attaches at costs in excess of \$150,000 per claim. The aggregate stop loss coverage attaches at costs in excess of about \$1.94 million per calendar year. The exact attachment point for the annual aggregate coverage varies each year and is determined by a formula and the number of enrolled participants

At the end of the fiscal year, the City had 270 employees, former employees, and retirees participating in the group health plan. Of this number, 156 were active employees, 1 was a former employee, and 113 were retirees. Seventy-six of the participants had single coverage, and 194 had family coverage.

The health plan is funded on a pay-as-you go basis. The City incurred health plan claims expenditures of \$2,151,136 in the fiscal year that ended April 30, 2009, which includes \$145,553 of claims incurred, but not paid. An actuarial estimate of claims incurred, but not reported, was not determined.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

25. INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees for which the City carries commercial insurance. There have been no decreases of insurance coverage in the last three years. The following schedule presents information pertaining to lines of insurance coverage that were in effect at the end of the fiscal year.

<u>Exposure</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Expiration</u>
Workers Compensation	TCICA ¹	Statutory Limits First dollar coverage	12/1/2009
Property & Equipment	TCICA	Replacement Cost Blanket Building & Contents Limit Property - \$5,000 deductible Inland Marine - \$1,000 deductible	12/1/2009
Auto Physical Damage	TCICA	Actual Cash Value \$500 deductible	12/1/2009
Inland Marine	Cincinnati	\$200,000 for Lake Paradise Dam \$400,000 for Lake Mattoon Dam \$1,000 deductible	5/12/2009
General Liability ²	TCICA	\$1 million each occurrence \$3 million aggregate	12/1/2009
Automotive Liability	TCICA	\$1 million	12/1/2009
Umbrella Liability ³	TCICA	\$10 million \$10,000 deductible	12/1/2009

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

25. INSURANCE (CONTINUED)

¹ Travelers Casualty Insurance Company of America.

² The general liability coverage is subject to exclusions and sub-limits for exposures related to Products/Completed Operations, Personal Injury & Advertising, Employee Benefits Errors & Omissions, Premises Medical Payments, Acts prior to 1999 for EMT and Employee Benefits Liability, Public Officials Errors & Omissions and Crime. See the policy on file with the City for exclusion and sub-limit information.

³ The umbrella policy is excess liability coverage with limits that follow the general liability coverage form. The Public Officials Errors & Omissions excess coverage is a claims made form and is subject to a \$1 million sublimit.

26. CONTINGENCIES

At April 30, 2009, the City was a defendant in several pending lawsuits. Management believes that the liability insurance of the City is sufficient to cover the asserted claims.

27. FUTUREGEN PLEDGES AND NOTE PAYABLE

For the last three years, the City of Mattoon has been working closely with Coles Together to be named as the site for the FutureGen project. This project involves the construction of the world's first near-zero emissions coal fired power plant. After submitting a detailed proposal, Mattoon was named as the site for the project in December of 2007. As part of the winning proposal, Coles Together promised to provide FutureGen with three million dollars (\$3,000,000) to be used for the purchase of the plant site. After the City of Mattoon was named as the winner, Coles Together received pledges from the community totaling more than the amount necessary to be provided to FutureGen. Since these pledges are collectible over the coming years, the City of Mattoon agreed to help Coles Together provide FutureGen with the three million dollar pledge. In August of 2008, the City of Mattoon entered into an agreement with Coles Together, calling for the City to secure funding for the three million dollar pledge and Coles Together to assign all the pledges to the City for payment on the debt. Additionally, the agreement calls for Coles Together to indemnify the City and reimburse the City for any and all costs associated with the debt. The amount outstanding as of April 30, 2009 was \$2,068,084.

CITY OF MATTOON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

28. DEFICIT FUND BALANCES

The following individual funds carried the following deficit balances as of April 30, 2009:

I-57 East TIF District Fund	\$ 183
I-57 East Business District Fund	\$ 1,269
Broadway East TIF District Fund	\$ 507

The City intends to reduce these deficits by reducing expenditures in future periods.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MATTOON, ILLINOIS

**ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/08	\$ 8,610,169	\$ 12,060,875	\$ 3,450,706	71.39%	\$ 4,060,785	84.98%
12/31/07	10,805,966	11,773,599	967,633	91.78%	4,023,342	24.05%
12/31/06	9,385,852	10,638,815	1,252,963	88.22%	3,781,297	33.14%

On a market value basis, the actuarial value of assets as of December 31, 2008 is \$5,072,085. On a market basis, the funded ratio would be 42.05 percent.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2008 are based on the 2005-2007 Experience Study.

CITY OF MATTOON, ILLINOIS
POLICE PENSION FUND
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/08	\$ 14,390,466	\$ 27,532,025	\$ 13,141,559	52.27%	\$ 2,139,709	614.18%
4/30/07	14,514,232	26,108,574	11,594,342	55.59%	2,106,237	550.48%
4/30/06	13,714,306	24,651,931	10,937,625	55.63%	1,981,068	552.11%
4/30/05	12,372,599	22,891,319	10,518,720	54.05%	1,907,510	551.44%
4/30/04	12,603,149	20,792,195	8,189,046	60.61%	1,897,771	431.51%
4/30/03	11,591,993	19,271,369	7,679,376	60.15%	1,837,998	417.81%
4/30/02	10,105,246	16,998,094	6,892,848	59.45%	1,911,560	360.59%
4/30/01	10,084,741	16,119,994	6,035,253	62.56%	2,065,331	292.22%
4/30/00	9,782,589	14,851,300	5,068,711	65.87%	2,014,674	251.59%
4/30/99	8,996,035	13,230,480	4,234,445	67.99%	1,940,729	218.19%

CITY OF MATTOON, ILLINOIS
FIRE PENSION FUND
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
4/30/08	\$ 15,789,402	\$ 30,844,230	\$ 15,054,828	51.19%	\$ 2,027,483	742.54%
4/30/07	16,473,916	27,955,081	11,481,165	58.93%	1,909,726	601.19%
4/30/06	15,801,053	26,768,722	10,967,669	59.03%	1,833,262	598.26%
4/30/05	14,534,610	25,333,419	10,798,809	57.37%	1,833,235	589.06%
4/30/04	14,917,261	24,051,200	9,133,939	62.02%	1,813,453	503.68%
4/30/03	14,344,721	23,207,775	8,863,054	61.81%	1,737,246	510.18%
4/30/02	14,049,553	22,040,342	7,990,789	63.74%	1,971,604	405.29%
4/30/01	14,009,394	20,000,142	5,990,748	70.05%	1,746,448	343.02%
4/30/00	13,505,395	18,488,680	4,983,285	73.05%	1,603,837	310.71%
4/30/99	12,989,581	17,454,067	4,464,486	74.42%	1,562,393	285.75%

CITY OF MATTOON, ILLINOIS

**POST-EMPLOYMENT HEALTHCARE BENEFIT PROGRAM
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
4/30/2009	\$ --	\$ 26,631,983	\$ 26,631,983	0.00%	\$ 7,672,227	347.12%

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
GENERAL FUND
For the year ended April 30, 2009**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 5,783,169	\$ 5,783,169	\$ 5,936,059	\$ 152,890
Licenses and permits	186,575	186,575	172,943	(13,632)
Intergovernmental revenues	8,335,500	8,335,500	8,219,145	(116,355)
Charges for services	548,231	548,231	448,003	(100,228)
Fines and forfeitures	118,500	118,500	143,278	24,778
Investment income	178,500	178,500	84,331	(94,169)
Contributions & miscellaneous revenues	107,500	107,500	656,667	549,167
Total revenues	<u>15,257,975</u>	<u>15,257,975</u>	<u>15,660,426</u>	<u>402,451</u>
Expenditures:				
Current:				
General government	1,312,531	1,312,531	1,791,937	(479,406)
Public safety	9,047,700	9,047,700	9,191,538	(143,838)
Public works	2,098,445	2,098,445	1,928,691	169,754
Health and welfare	40,500	40,500	39,338	1,162
Culture and recreation	1,181,116	1,181,116	1,191,880	(10,764)
Economic development	147,000	147,000	613,884	(466,884)
Capital outlay	--	--	176,180	(176,180)
Debt service:				
Principal	538,058	538,058	562,987	(24,929)
Interest and fiscal charges	1,500	1,500	180,041	(178,541)
Total expenditures	<u>\$ 14,366,850</u>	<u>\$ 14,366,850</u>	<u>\$ 15,676,476</u>	<u>\$ (1,309,626)</u>

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
GENERAL FUND
(CONTINUED)
For the year ended April 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ 891,125	\$ 891,125	\$ (16,050)	\$ (907,175)
Other financing sources (uses):				
Transfers in	--	--	136,307	136,307
Transfers out	(860,795)	(860,795)	(723,684)	137,111
Proceeds from sale of assets	--	--	19,071	19,071
Total other financing sources (uses)	(860,795)	(860,795)	(568,306)	292,489
Net change in fund balances	<u>\$ 30,330</u>	<u>\$ 30,330</u>	(584,356)	<u>\$ (614,686)</u>
Fund balance, beginning of year			<u>2,594,433</u>	
Fund balance, end of year			<u>\$ 2,010,077</u>	

CITY OF MATTOON, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. **BUDGETARY INFORMATION**

Annual budgets for governmental funds are adopted on the cash basis of accounting, which is an other comprehensive basis of accounting. However, the difference between cash basis and a basis consistent with generally accepted accounting principles is considered immaterial. All annual budgets lapse at fiscal year end. The legal level of budgetary control is the fund level. The City Council must approve any changes to the original budget.

2. **EXCESS OF EXPENDITURES OVER BUDGET**

For the year ended April 30, 2009, expenditures exceeded the budget for the General Fund by \$1,309,626. These overexpenditures were funded by available fund balance in the General Fund.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
CAPITAL PROJECTS FUND
For the year ended April 30, 2009**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ 1,000,000	\$ 1,000,000	\$ --	\$ (1,000,000)
Investment income	22,000	22,000	5,815	(16,185)
Contributions & miscellaneous revenues	250,000	250,000	9,307	(240,693)
Total revenues	<u>1,272,000</u>	<u>1,272,000</u>	<u>15,122</u>	<u>(1,256,878)</u>
Expenditures:				
Current:				
General government	1,100	1,100	1,100	--
Public works	8,250,000	8,250,000	94,590	8,155,410
Culture and recreation	--	--	630	(630)
Economic development	1,260,000	1,260,000	1,628	1,258,372
Capital outlay	--	--	1,289,065	(1,289,065)
Debt service:				
Bond issuance costs	--	--	118,688	(118,688)
Total expenditures	<u>9,511,100</u>	<u>9,511,100</u>	<u>1,505,701</u>	<u>8,005,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,239,100)</u>	<u>(8,239,100)</u>	<u>(1,490,579)</u>	<u>6,748,521</u>
Other financing sources (uses):				
Transfers in	680,000	680,000	621,985	(58,015)
Long-term debt proceeds	6,000,000	6,000,000	6,000,000	--
Premium on bonds issued	--	--	50,118	50,118
Total other financing sources (uses)	<u>6,680,000</u>	<u>6,680,000</u>	<u>6,672,103</u>	<u>(7,897)</u>
Net change in fund balances	<u>\$ (1,559,100)</u>	<u>\$ (1,559,100)</u>	5,181,524	<u>\$ 6,740,624</u>
Fund balance, beginning of year			<u>1,483,223</u>	
Fund balance, end of year			<u>\$ 6,664,747</u>	

CITY OF MATTOON, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2009

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Festival Management Fund	Home Rehabilitation Grant Fund	Revolving Loan Fund	Midtown TIF District Fund
ASSETS:						
Cash and cash equivalents	\$ 1,061,300	\$ 59,871	\$ 85,960	\$ 21,169	\$ 60,003	\$ 152,978
Receivables	36,525	55,617	--	51,627	127,857	187,748
Due from other funds	25,073	--	--	--	15,466	--
Long-term receivables	--	--	--	--	803,743	--
Advance to other fund	--	--	--	--	36,089	--
Prepaid items	--	15,900	--	--	--	--
Total assets	\$ 1,122,898	\$ 131,388	\$ 85,960	\$ 72,796	\$ 1,043,158	\$ 340,726
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 55,656	\$ 1,861	\$ 595	\$ 72,770	\$ --	\$ 332
Payroll liabilities payable	--	2,970	--	--	--	--
Due to other funds	--	320	--	--	--	--
Deferred revenue	--	23,238	--	--	--	187,748
Total liabilities	55,656	28,389	595	72,770	--	188,080
Fund balances:						
Reserved for:						
Prepaid items	--	15,900	--	--	--	--
Advances	--	--	--	--	36,089	--
Long-term receivables	--	--	--	--	803,743	--
Unreserved:						
Undesignated	1,067,242	87,099	85,365	26	203,326	152,646
Total fund balances (deficits)	1,067,242	102,999	85,365	26	1,043,158	152,646
Total liabilities and fund balances	\$ 1,122,898	\$ 131,388	\$ 85,960	\$ 72,796	\$ 1,043,158	\$ 340,726

CITY OF MATTOON, ILLINOIS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

April 30, 2009

	I-57 East TIF District Fund	South Rt 45 Business District Fund	I-57 East Business District Fund	Broadway East TIF District Fund	South Rt 45 TIF District Fund	Totals
ASSETS:						
Cash and cash equivalents	\$ 8	\$ 38,278	\$ --	\$ --	\$ -	\$ 1,479,567
Receivables	974	8,373	--	4,485	1,185	474,391
Due from other funds	--	--	--	--	--	40,539
Long-term receivables	--	--	--	--	--	803,743
Advance to other fund	--	--	--	--	--	36,089
Prepaid items	--	--	--	--	--	15,900
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 982</u>	<u>\$ 46,651</u>	<u>\$ --</u>	<u>\$ 4,485</u>	<u>\$ 1,185</u>	<u>\$ 2,850,229</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ 191	\$ --	\$ --	\$ --	\$ --	\$ 131,405
Payroll liabilities payable	--	--	--	--	--	2,970
Due to other funds	--	--	1,269	507	--	2,096
Deferred revenue	974	2,808	--	4,485	1,185	220,438
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,165</u>	<u>2,808</u>	<u>1,269</u>	<u>4,992</u>	<u>1,185</u>	<u>356,909</u>
Fund balances:						
Reserved for:						
Prepaid items	--	--	--	--	--	15,900
Advances	--	--	--	--	--	36,089
Long-term receivables	--	--	--	--	--	803,743
Unreserved:						
Undesignated	(183)	43,843	(1,269)	(507)	--	1,637,588
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>(183)</u>	<u>43,843</u>	<u>(1,269)</u>	<u>(507)</u>	<u>--</u>	<u>2,493,320</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 982</u>	<u>\$ 46,651</u>	<u>\$ --</u>	<u>\$ 4,485</u>	<u>\$ 1,185</u>	<u>\$ 2,850,229</u>

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended April 30, 2009

	Motor Fuel Tax Fund	Hotel and Motel Tax Fund	Festival Management Fund	Home Rehabilitation Grant Fund	Revolving Loan Fund	Midtown TIF District Fund
Revenues:						
Taxes	\$ --	\$ 259,715	\$ --	\$ --	\$ --	\$ 147,144
Intergovernmental revenues	500,498	--	--	210,000	--	--
Investment income	11,549	--	--	--	24,304	2,550
Contributions and miscellaneous revenues	46,335	26,262	107,631	--	--	--
Total revenues	558,382	285,977	107,631	210,000	24,304	149,694
Expenditures:						
Current:						
Public works	280,272	--	--	--	--	--
Culture and recreation	--	191,529	134,251	--	--	--
Economic development	--	--	--	210,005	2,727	135,966
Capital outlay	226,948	--	--	--	--	--
Total expenditures	507,220	191,529	134,251	210,005	2,727	135,966
Excess (deficiency) of revenues over (under) expenditures	51,162	94,448	(26,620)	(5)	21,577	13,728
Other financing sources (uses):						
Operating transfers in	58,404	--	60,000	--	--	--
Operating transfers out	--	(60,000)	--	--	--	--
Total other financing sources (uses)	58,404	(60,000)	60,000	--	--	--
Net change in fund balances	109,566	34,448	33,380	(5)	21,577	13,728
Fund balances, beginning of year	957,676	68,551	51,985	31	1,021,581	138,918
Fund balances (deficits), end of year	\$ 1,067,242	\$ 102,999	\$ 85,365	\$ 26	\$ 1,043,158	\$ 152,646

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

For the year ended April 30, 2009

	I-57 East TIF District Fund	South Rt 45 Business District Fund	I-57 East Business District Fund	Broadway East TIF District Fund	South Rt 45 TIF District Fund	Eliminations	Totals
Revenues:							
Taxes	\$ 959	\$ --	\$ --	\$ 1	\$ --	\$ --	\$ 407,819
Intergovernmental revenues	--	35,434	--	--	--	--	745,932
Investment income	3	--	--	--	--	--	38,406
Contributions and miscellaneous revenues	--	--	20,000	--	--	--	200,228
Total revenues	962	35,434	20,000	1	--	--	1,392,385
Expenditures:							
Current:							
Public works	--	--	--	--	--	--	280,272
Culture and recreation	--	--	--	--	--	--	325,780
Economic development	1,759	83	21,269	508	--	--	372,317
Capital outlay	--	--	--	--	--	--	226,948
Total expenditures	1,759	83	21,269	508	--	--	1,205,317
Excess (deficiency) of revenues over (under) expenditures	(797)	35,351	(1,269)	(507)	--	--	187,068
Other financing sources (uses):							
Operating transfers in	--	--	--	--	--	(60,000)	58,404
Operating transfers out	--	--	--	--	--	60,000	--
Total other financing sources (uses)	--	--	--	--	--	--	58,404
Net change in fund balances	(797)	35,351	(1,269)	(507)	--	--	245,472
Fund balances, beginning of year	614	8,492	--	--	--	--	2,247,848
Fund balances (deficits), end of year	\$ (183)	\$ 43,843	\$ (1,269)	\$ (507)	\$ --	\$ --	\$ 2,493,320

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUND
MOTOR FUEL TAX FUND
For the year ended April 30, 2009**

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 507,500	\$ 507,500	\$ 500,498	\$ (7,002)
Investment income	35,000	35,000	11,549	(23,451)
Contributions and miscellaneous revenues	60,000	60,000	46,335	(13,665)
Total revenues	<u>602,500</u>	<u>602,500</u>	<u>558,382</u>	<u>(44,118)</u>
Expenditures:				
Current:				
Public works	596,598	596,598	280,272	316,326
Capital outlay	--	--	226,948	(226,948)
Total expenditures	<u>596,598</u>	<u>596,598</u>	<u>507,220</u>	<u>316,326</u>
Excess of revenues over expenditures	5,902	5,902	51,162	272,208
Other financing sources:				
Transfers in	--	--	58,404	(58,404)
Net change in fund balances	<u>\$ 5,902</u>	<u>\$ 5,902</u>	109,566	<u>\$ 103,664</u>
Fund balance, beginning of year			<u>957,676</u>	
Fund balance, end of year			<u>\$ 1,067,242</u>	

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUND
HOTEL AND MOTEL TAX FUND
For the year ended April 30, 2009**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 250,000	\$ 250,000	\$ 259,715	\$ 9,715
Contributions and miscellaneous revenues	--	--	26,262	26,262
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>285,977</u>	<u>35,977</u>
Expenditures:				
Current:				
Culture and recreation	<u>190,022</u>	<u>190,022</u>	<u>191,529</u>	<u>(1,507)</u>
Excess of revenues over expenditures	59,978	59,978	94,448	34,470
Other financing uses:				
Operating transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>--</u>
Net change in fund balances	<u>\$ (22)</u>	<u>\$ (22)</u>	34,448	<u>\$ 34,470</u>
Fund balance, beginning of year			<u>68,551</u>	
Fund balance, end of year			<u>\$ 102,999</u>	

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUND
FESTIVAL MANAGEMENT FUND
For the year ended April 30, 2009**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Contributions & miscellaneous revenues	\$ 105,750	\$ 105,750	\$ 107,631	\$ 1,881
Expenditures:				
Current:				
Culture and recreation	165,750	165,750	134,251	31,499
Deficiency of revenues under expenditures	(60,000)	(60,000)	(26,620)	33,380
Other financing sources:				
Operating transfers in	60,000	60,000	60,000	--
Net change in fund balances	\$ --	\$ --	33,380	\$ 33,380
Fund balance, beginning of year			51,985	
Fund balance, end of year			\$ 85,365	

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUND
HOME REHABILITATION GRANT FUND
For the year ended April 30, 2009**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental revenues	\$ 210,000	\$ 210,000	\$ 210,000	\$ --
Expenditures:				
Current:				
Economic development	<u>210,000</u>	<u>210,000</u>	<u>210,005</u>	<u>(5)</u>
Deficiency of revenues under expenditures	<u>\$ --</u>	<u>\$ --</u>	(5)	<u>\$ (5)</u>
Fund balance, beginning of year			<u>31</u>	
Fund balance, end of year			<u>\$ 26</u>	

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUND
REVOLVING LOAN FUND
For the year ended April 30, 2009**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 2,000	\$ 2,000	\$ 24,304	\$ 22,304
Contributions and miscellaneous revenues	120,000	120,000	--	(120,000)
Total revenues	122,000	122,000	24,304	(97,696)
Expenditures:				
Current:				
Economic development	155,600	155,600	2,727	152,873
Excess (deficiency) of revenues over (under) expenditures	\$ (33,600)	\$ (33,600)	21,577	\$ 55,177
Fund balance, beginning of year			1,021,581	
Fund balance, end of year			\$ 1,043,158	

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUND
MIDTOWN TIF DISTRICT FUND
For the year ended April 30, 2009**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 170,000	\$ 170,000	\$ 147,144	\$ (22,856)
Investment income	4,000	4,000	2,550	(1,450)
Total revenues	174,000	174,000	149,694	(24,306)
Expenditures:				
Current:				
Economic development	134,475	134,475	135,966	(1,491)
Excess of revenues over expenditures	\$ 39,525	\$ 39,525	13,728	\$ (25,797)
Fund balance, beginning of year			138,918	
Fund balance, end of year			\$ 152,646	

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUND
I-57 EAST TIF DISTRICT FUND
For the year ended April 30, 2009**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,000	\$ 1,000	\$ 959	\$ (41)
Investment income	--	--	3	3
Total revenues	1,000	1,000	962	(38)
Expenditures:				
Current:				
Economic development	400	400	1,759	(1,359)
Excess (deficiency) of revenues over (under) expenditures	\$ 600	\$ 600	(797)	\$ (1,397)
Fund balance, beginning of year			614	
Fund balance (deficit), end of year			\$ (183)	

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

April 30, 2009

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 34,981	\$ 327,677	\$ 362,658
Due from other funds	112,361	30,348	142,709
Due from component units	--	420	420
Prepaid items	<u> </u>	<u>92,313</u>	<u>92,313</u>
Total current assets	147,342	450,758	598,100
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>4,573</u>	<u> </u>	<u>4,573</u>
Total assets	<u>151,915</u>	<u>450,758</u>	<u>602,673</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	145,553	6,864	152,417
Due to component units	2,890	--	2,890
Payable from restricted assets:			
Other payables	<u>3,472</u>	<u> </u>	<u>3,472</u>
Total current liabilities	<u>151,915</u>	<u>6,864</u>	<u>158,779</u>
NET ASSETS:			
Unrestricted	<u>\$ -</u>	<u>\$ 443,894</u>	<u>\$ 443,894</u>

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the year ended April 30, 2009**

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Fund charges and employee contributions	\$ 2,388,667	\$ 807,063	\$ 3,195,730
Insurance reimbursements	39,875	--	39,875
Miscellaneous operating revenue	<u>18,632</u>	<u>12,756</u>	<u>31,388</u>
Total operating revenue	<u>2,447,174</u>	<u>819,819</u>	<u>3,266,993</u>
Operating expenses:			
Administrative and general	137,197	17,547	154,744
Insurance	158,890	760,331	919,221
Self insured retention and deductible	--	41,941	41,941
Health claims and uninsured judgments	<u>2,151,136</u>	<u> </u>	<u>2,151,136</u>
Total operating expenses	<u>2,447,223</u>	<u>819,819</u>	<u>3,267,042</u>
Operating loss	(49)	--	(49)
Non-operating revenues:			
Investment income	<u>49</u>	<u> </u>	<u>49</u>
Change in net assets	--	--	--
Net assets, beginning of year	<u> </u>	<u>443,894</u>	<u>443,894</u>
Net assets, end of year	<u>\$ </u>	<u>\$ 443,894</u>	<u>\$ 443,894</u>

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended April 30, 2009**

	Health Insurance Fund	Insurance and Tort Judgment Fund	Total
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 2,018,822	\$ 783,702	\$ 2,802,524
Receipts from component units	33,941	12,922	46,863
Receipts from employees and retirees	353,120	--	353,120
Payments to suppliers	(296,087)	(725,913)	(1,022,000)
Payments to claimants	(2,123,725)	--	(2,123,725)
Other receipts	58,507	12,756	71,263
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by operating activities	44,578	83,467	128,045
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received (net of expense)	49	--	49
	<u> </u>	<u> </u>	<u> </u>
Net increase in cash	44,627	83,467	128,094
Cash, restricted and unrestricted, beginning of year	<u>(5,073)</u>	<u>244,210</u>	<u>239,137</u>
Cash, restricted and unrestricted, end of year	<u>\$ 39,554</u>	<u>\$ 327,677</u>	<u>\$ 367,231</u>

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
(CONTINUED)**

**INTERNAL SERVICE FUNDS
For the year ended April 30, 2009**

	<u>Health Insurance Fund</u>	<u>Insurance and Tort Judgment Fund</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (49)	\$ --	\$ (49)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
(Increase) decrease in due from other funds	16,548	(10,310)	6,238
(Increase) decrease in due from component units	--	(129)	(129)
(Increase) decrease in prepaid items	--	97,259	97,259
Increase (decrease) in accounts payable	28,734	(3,353)	25,381
Increase (decrease) in due to other funds	669	--	669
Increase (decrease) in other payables	<u>(1,324)</u>	<u>--</u>	<u>(1,324)</u>
Net cash provided by operating activities	<u>\$ 44,578</u>	<u>\$ 83,467</u>	<u>\$ 128,045</u>

CITY OF MATTOON, ILLINOIS

**BALANCE SHEET
GOVERNMENTAL COMPONENT UNIT (MATTOON PUBLIC LIBRARY)
April 30, 2009**

ASSETS:

Cash and cash equivalents	\$ 21,924
Due from primary government	36,791
Prepaid items	738
Restricted assets:	
Other investments	<u>21,930</u>
 Total assets	 <u><u>\$ 81,383</u></u>

LIABILITIES AND FUND BALANCE:

Liabilities:

Accounts payable	\$ 9,793
Due to primary government	20,420
Deferred revenue	<u>3,686</u>
 Total liabilities	 <u>33,899</u>

Fund balance:

Reserved for prepaid items	738
Reserved for endowment	25,000
Unreserved	<u>21,746</u>
 Total fund balance	 <u>47,484</u>

Total liabilities and fund balance	<u><u>\$ 81,383</u></u>
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CITY OF MATTOON, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL COMPONENT UNIT (MATTOON PUBLIC LIBRARY)
For the year ended April 30, 2009**

Revenues:	
Payments from primary government	\$ 445,358
Charges for services	6,388
Fines and forfeitures	11,209
Investment income	(5,957)
Miscellaneous revenues	<u>18,720</u>
Total revenues	<u>475,718</u>
Expenditures:	
Current:	
Culture and recreation	490,361
Debt service:	
Interest	<u>80</u>
Total expenditures	<u>490,441</u>
Deficiency of revenues under expenditures	(14,723)
Fund balance, beginning of year	<u>62,207</u>
Fund balance, end of year	<u><u>\$ 47,484</u></u>

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY COMPONENT UNITS**

April 30, 2009

	<u>Mattoon Police Pension Fund</u>	<u>Mattoon Firefighters Pension Fund</u>	<u>Totals</u>
ASSETS:			
Cash	\$ 2,318,692	\$ 1,232,146	\$ 3,550,838
Interest receivable	58,619	71,630	130,249
Due from primary government	200,441	270,376	470,817
Investments, at fair value:			
U.S. government obligations	3,773,964	4,305,842	8,079,806
Insurance contracts	5,495,402	5,541,806	11,037,208
Open end mutual fund	253,620	603,468	857,088
Closed end mutual fund	--	75,982	75,982
Corporate notes and bonds	--	142,686	142,686
Corporate equity - preferred	--	63,960	63,960
Certificates of deposit	--	550,000	550,000
Total investments	<u>9,522,986</u>	<u>11,283,744</u>	<u>20,806,730</u>
Total assets	12,100,738	12,857,896	24,958,634
LIABILITIES:			
Pensions payable	<u>110,708</u>	<u>146,875</u>	<u>257,583</u>
NET ASSETS:			
Held in trust for pension benefits (a schedule of funding progress is presented on pages 94-95)	<u>\$ 11,990,030</u>	<u>\$ 12,711,021</u>	<u>\$ 24,701,051</u>

CITY OF MATTOON, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY COMPONENT UNITS
For the year ended April 30, 2009**

	Mattoon Police Pension Fund	Mattoon Firefighters Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 992,277	\$ 1,134,259	\$ 2,126,536
Plan members	220,791	203,250	424,041
Total contributions	<u>1,213,068</u>	<u>1,337,509</u>	<u>2,550,577</u>
Investment income (loss):			
Interest income	344,204	407,790	751,994
Net decrease in fair value of investments	<u>(2,585,139)</u>	<u>(3,168,747)</u>	<u>(5,753,886)</u>
Net investment income (loss)	<u>(2,240,935)</u>	<u>(2,760,957)</u>	<u>(5,001,892)</u>
Total additions	<u>(1,027,867)</u>	<u>(1,423,448)</u>	<u>(2,451,315)</u>
Deductions:			
Benefits and refunds of contributions	1,310,851	1,745,910	3,056,761
Miscellaneous	4,132	4,497	8,629
Total deductions	<u>1,314,983</u>	<u>1,750,407</u>	<u>3,065,390</u>
Change in net assets	<u>(2,342,850)</u>	<u>(3,173,855)</u>	<u>(5,516,705)</u>
Net assets held in trust, beginning of year	<u>14,332,880</u>	<u>15,884,876</u>	<u>30,217,756</u>
Net assets held in trust, end of year	<u>\$ 11,990,030</u>	<u>\$ 12,711,021</u>	<u>\$ 24,701,051</u>

ACCOMPANYING INFORMATION SECTION

COMPLIANCE SECTION

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
BRIAN E. DANIELL
JANICE K. ROMACK
DIANA R. SMITH
D. RAIF PERRY
JOHN H. VOGT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and City Commissioners
City of Mattoon, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mattoon, Illinois, as of and for the year ended April 30, 2009, which collectively comprise the City of Mattoon, Illinois' basic financial statements and have issued our report thereon dated December 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Mattoon, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mattoon, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mattoon, Illinois' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Mayor and City Commissioners
City of Mattoon, Illinois
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mattoon, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Mattoon, Illinois, in a separate letter dated December 31, 2009.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

West + Company, LLC

December 31, 2009

WEST & COMPANY, LLC

MEMBERS

E. LYNN FREESE
RICHARD C. WEST
KENNETH L. VOGT
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Commissioners
City of Mattoon, Illinois

Compliance

We have audited the compliance of the City of Mattoon, Illinois with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2009. The City of Mattoon, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Mattoon, Illinois' management. Our responsibility is to express an opinion on the City of Mattoon, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mattoon, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Mattoon, Illinois' compliance with those requirements.

In our opinion, the City of Mattoon, Illinois complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2009.

Internal Control Over Compliance

The management of the City of Mattoon, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Mattoon, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mattoon, Illinois' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

West + Company, LLC

December 31, 2009

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended April 30, 2009**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
HOME Investment Partnership Program	14.239	HO-2844	\$ 210,000
 U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	2007BUBX07038122	1,250
Omega - sharing of federally forfeited property	16.UNKNOWN		250,530
DOJ Paul Coverdell Forensics Sciences Improvement Grant	16.742	2008-CD-BX-0083	32,500
<i>Passed through Illinois Criminal Justice Info Authority:</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	405003	28,142
Edward Byrne Memorial Justice Assistance Grant	16.738	406003	80,000
Total Edward Byrne Memorial Justice Assistance			108,142
Community Prosecution and Project Safe Neighborhoods	16.609	107013	10,612
Community Prosecution and Project Safe Neighborhoods	16.609	108003	8,997
Total Community Prosecution and Project Safe Neighborhoods			19,609
Total U.S. Department of Justice			412,031
 U.S. Department of Transportation			
<i>Passed through Illinois Department of Transportation:</i>			
State and Community Highway Safety	20.600	AL8-3625-460	2,281
Safety Belt Performance Grants	20.609	AL9-3625-551	3,222
(m) Federal Bridge Program (BRP)	20.UNKNOWN	BRM-5042(15)	655,130
Total U.S. Department of Transportation			660,633
(m) - Audited as a major program			

CITY OF MATTOON, ILLINOIS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)**

For the year ended April 30, 2009

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Homeland Security			
Commercial Equipment Direct Assistance Program	97.096	CEDAP-52424	<u>17,495</u>
<i>Passed through Illinois Emergency Management Agency:</i>			
(m) Disaster Grants-Public Assistance	97.036	FEMA-1771-029-47553-00	<u>41,948</u>
<i>Passed through Illinois Emergency Management Agency passed through Mutual Aid Box Alarm System:</i>			
State Homeland Security Program	97.073	N/A	<u>6,397</u>
Homeland Security Grant Program	97.067	N/A	<u>16,689</u>
Total U.S. Department of Homeland Security			<u>82,529</u>
TOTAL			<u><u>\$ 1,365,193</u></u>

(m) - Audited as a major program

CITY OF MATTOON, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended April 30, 2009

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mattoon, Illinois for the year ended April 30, 2009, presented on the modified accrual basis of accounting. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on this schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF MATTOON, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended April 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: UNQUALIFIED

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
20.UNKNOWN 97.036	Federal Bridge Program (BRP) Disaster Grants-Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as a low-risk auditee? yes X no

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the year ended April 30, 2009

Section II - Financial Statement Findings

No findings were noted for the year ended April 30, 2009.

CITY OF MATTOON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
For the year ended April 30, 2009

Section III - Federal Award Findings

No findings were noted for the year ended April 30, 2009.

CITY OF MATTOON, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended April 30, 2009

Finding Number	Condition	Current Status
08-01	A review of the aged accounts receivable reports for the Water and Sewer Funds showed that they had not been reconciled on a monthly basis to the general ledger. Therefore, the utility account receivable reported in the general ledger did not agree to the amount shown on the aged receivable report.	Corrected